

# Vodafone Investor Update

February 16th 2021

Jason Paris, Chief Executive



**Creating a better future for  
Aotearoa New Zealand through  
remarkable technology that  
simplifies lives and businesses**



# Executive Summary

18 months in, we are becoming a **higher performing network and services business**

We have reduced costs across the company, and have reinvested **in areas our customers care the most about; connectivity, value, products and customer service**

We have achieved our **highest ever customer service performance and IT stability, we have NZ's largest 5G mobile network** and are competing hard in a stable but intensely price competitive market

We are on track to deliver **upper end of Infratil EBITDA guidance of \$425m to \$455m** for Vodafone FY21 results

This year we are gathering momentum:

- Our cross company **cost reduction and targeted reinvestment** programme will continue
- We will **increase the utilisation of our unique set of network assets** through 5G and regional network upgrades, fixed wireless acceleration and assessing infrastructure sharing options

We will further **improve our customer experience** through the first release of our digital transformation programme and having more New Zealand based customer service teams

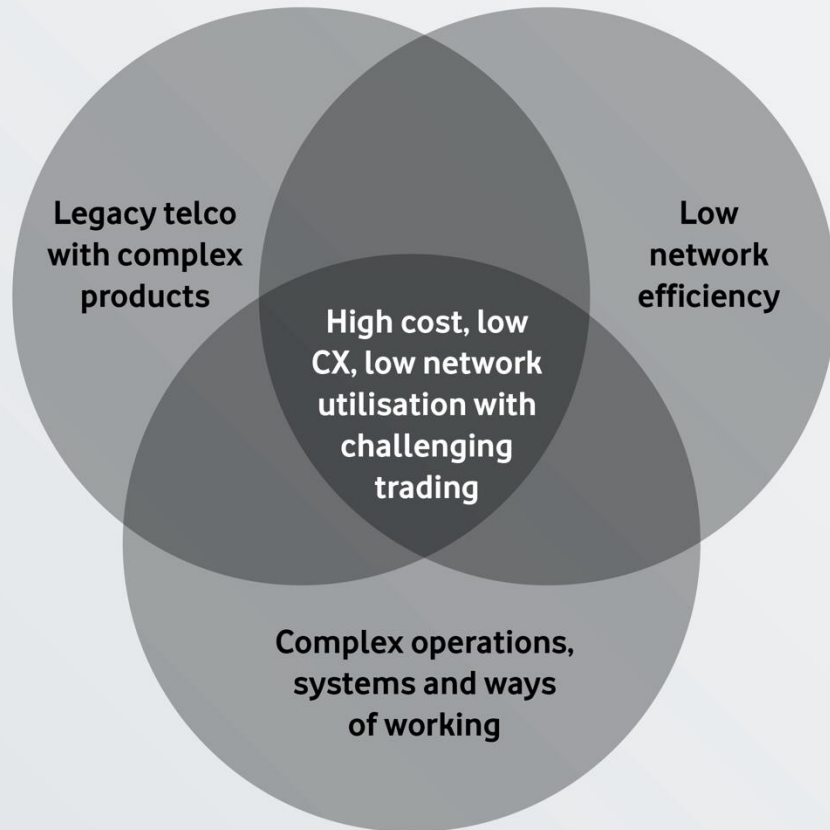
We will **grow our customer base** by continuing to strengthen our relationships with our existing customers and expanding our ICT product offering

We will **attract and retain the best capability** while moving to a leaner, faster, **lower cost operating model**

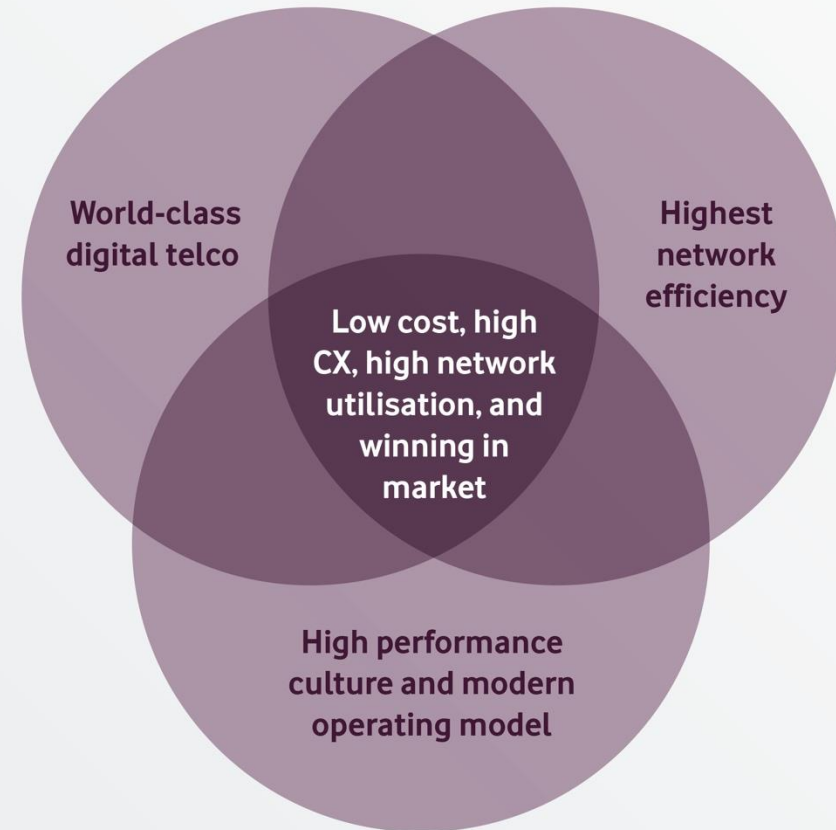


# Moving towards a target state

## Where we were in FY20



## Target state



# Operating performance is continuing to improve

## Opportunity

## Progress

### Strategy



Long-term transformation strategy confirmed and execution on-track

### Cost



Strong gross cost & revenue improvements continuing for FY21, allowing reinvestment elsewhere

### Trading



Strong Q3 mobile post-pay growth, disproportionate pre-pay impact, consumer fixed still tough, ICT opportunities

### Network



Maintained 5G mobile network leadership, FWA on track for FY21, increase in Wholesale activity

### CX



Best ever CX and IT stability, on-shoring key service roles, new digital platform build underway

### Product



~1700 products & plans retired, endless data & SuperWiFi strong, ICT product set emerging

### Culture



Attractive employment brand. Upskill/reskill focus, moving towards future operating model



# FY21 performance and FY22 outlook

## **FY21**

- Strong Q3 mobile post-pay growth, disproportionate pre-pay impact, fixed remains challenging.
- Cost improvements for FY21 enabling targeted reinvestment into strategic priorities
- FY21 Covid-19 impacts on EBITDA still expected to be \$60-75m
- On-track to deliver towards upper end of FY21 guidance range of \$425m to \$455m

## **FY22**

- Current planning provides confidence around ~10% increase in FY22 EBITDA
- Confidence in ongoing cost discipline and trading improvements
- Key strategic priorities funded
- Expect to see ongoing impacts of Covid-19 into FY22



# Key investments in FY22

5G

**Network** – expansion of 5G and improvements in 4G, upgrading of HFC network, acceleration of FWA



**Digital** – build underway to address legacy complexity



**Customer experience** – ongoing improvements to existing platforms, processes and systems, ongoing simplification and digitisation



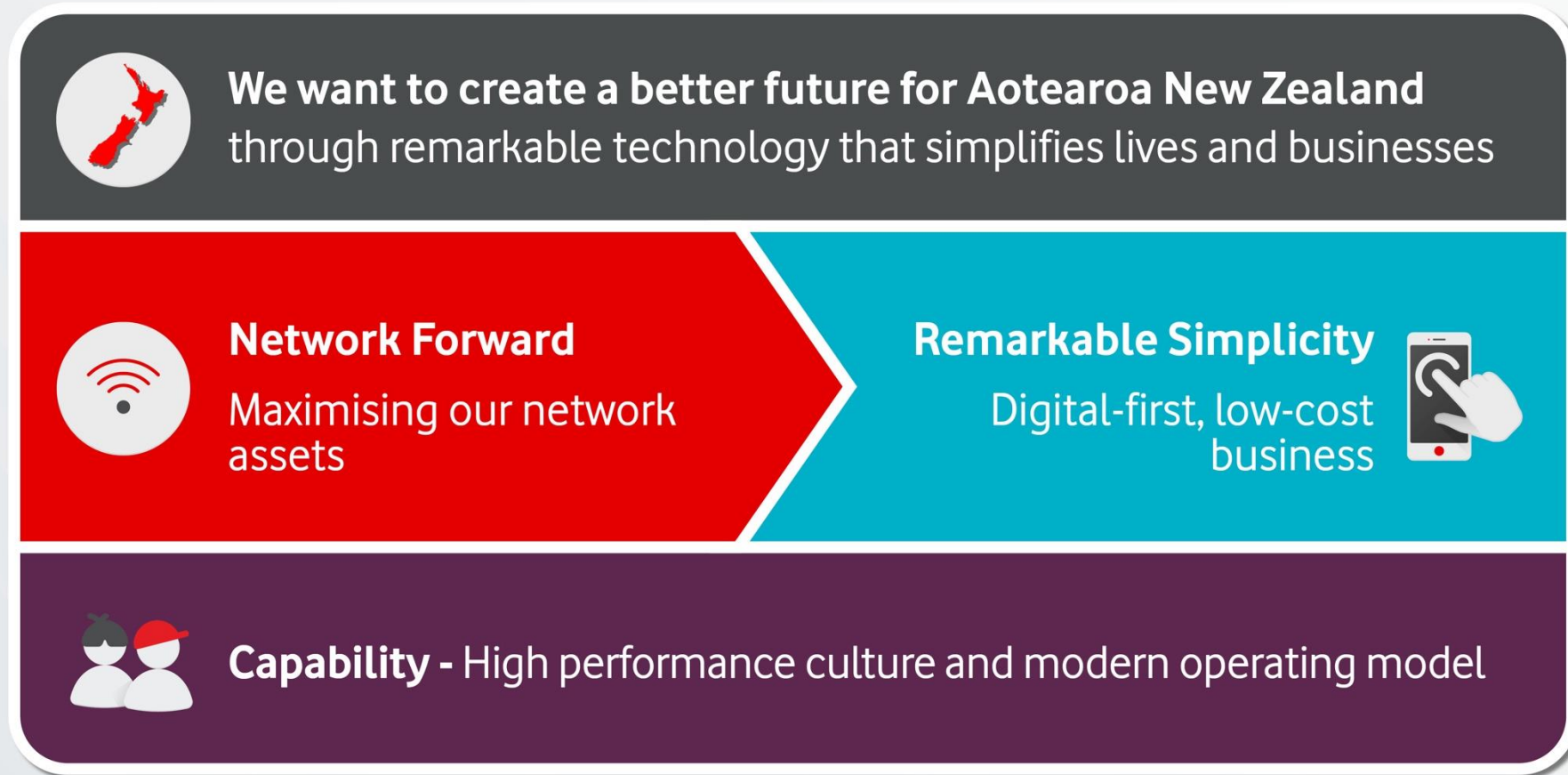
**Group Separation** – investments in system separation from Vodafone Group



**Spectrum** – part of multi-year investment in 1800/2100 spectrum



# Recap: Our three strategic pillars for transformation





# 1. Network Forward

## Now or near-term



### On-net acceleration

- Industry economics driving On-net
- Further investment in FWA and HFC



### Network performance

- 5G mobile leadership, regional focus
- RCG and Moran (2degrees) proven infrastructure sharing models



### Wholesale scaling

- International connectivity growth
- Scaling of Wholesale capability

## Longer-term opportunities

### Infra asset monetisation opportunities:

- 3rd party investment and/or re-rating
- E.g. Optus, Telstra and Vodafone

### Infrastructure Sharing:

- Faster digital infrastructure rollout, business digital transformation, amplified coverage and capacity, environmental benefits, competition preserved
- Potential to drive network and operational efficiencies, network resilience and diversity, and proven in New Zealand



## 2. Remarkable Simplicity

### Now or near-term



#### Business & Cost improvements

- Cost improvement allowing reinvestment in next phase of strategy



#### Trading performance

- Improving trading on current telco model and platforms



#### CX and IT stability

- Focus on CX and IT stability

### Longer-term opportunities

#### World-class digital telco:

- Need for service designed out
- Acceleration of digital self-service
- Nearly all customers on single, Cloud-based IT stack and modern CRM
- Significantly lower cost to serve
- Market-leading
- Opportunity to disrupt digital adjacencies



# 3. Capability

## Now or near-term



### Capability & Performance Uplift

- Focused upskilling and reskilling
- Targeted talent acquisition



### Modern Operating Model

- Empowered decision-making
- Modern workplace tools



### Org Health

- Improving org health scores

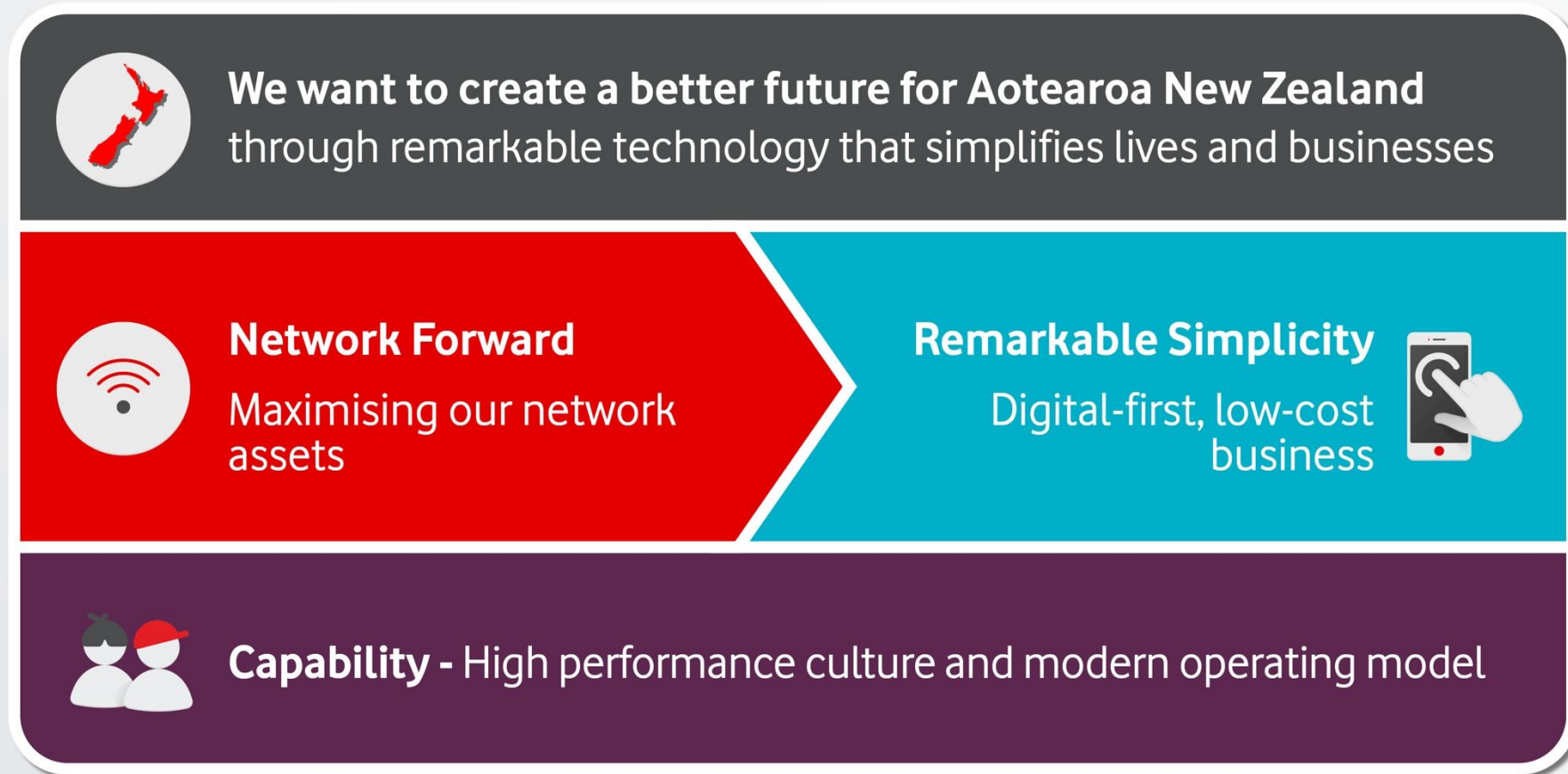
## Longer-term opportunities

### Faster, Leaner, More Agile:

- Highly flexible working capability
- World-class organisational health
- Improved prioritisation
- Faster decision-making
- Less complexity and duplication
- End-to-end digital product development



# Recap: Our three strategic pillars for transformation



# Questions



## Appendix 1 – acronym guide

|        |   |
|--------|---|
| FTF    | First time fix of customer enquiries  |
| CX     | Customer experience   |
| NPS    | Net Promoter Score  |
| IVR    | Interactive Voice Response for customer call centres  |
| FWA    | Fixed Wireless Access broadband using a mobile network                                      |
| On-Net | Provision of services to customers that rely primarily on our own assets and infrastructure |
| HFC    | Hybrid Fibre Coaxial cable  |

