

Who we are

We are a global communications business giving people the power to connect with each other – and to learn, work, play, be entertained and broaden their horizons – wherever and however they choose.

The numbers speak for themselves. At the last count, over 404 million customers use our services in more than 30 countries around the globe. They choose Vodafone because we stand for great coverage, a reliable connection and good value – as well as a passion for improving the customer experience.



View our year in conversation online:
vodafone.com/ar2012



What we do and how we do it

We want to be admired for empowering people – making their lives simpler, easier and a good deal richer and more rewarding. These are the four pillars of the Vodafone Way which forms the foundation of our culture:

Customer obsessed

We are passionate about exceeding customer expectations, understanding their needs and earning their increasing loyalty.

Innovation hungry

We promote a climate that fosters innovation and calculated risk taking to develop new services and ways of working.

Ambitious and competitive

We bring energy and passion to our work, setting ourselves high standards. We measure our success compared to our competitors not just to our plans.

One company, local roots

We operate as one company across diverse teams and markets to achieve the best outcome for our customers. We have an international brand and values, but are part of the local community.



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Where we do it

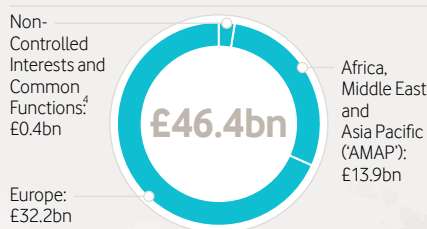
We are one of the world's largest mobile companies. We operate in over 30 countries and we partner with other network operators across over 40 more – extending our reach beyond our equity interests.

Global footprint

Equity interests

Europe	Hungary	Portugal
	Albania	Ireland
	Czech Republic	Italy
	Germany	Malta
	Greece	Netherlands
		Romania
		Spain
		Turkey
		United Kingdom
AMAP	India	
	Australia	Safaricom ¹
	Egypt	New Zealand
	Fiji	Qatar
	Ghana	Vodacom ²
		Non-Controlled Interests
		Verizon Wireless ¹

Revenue³

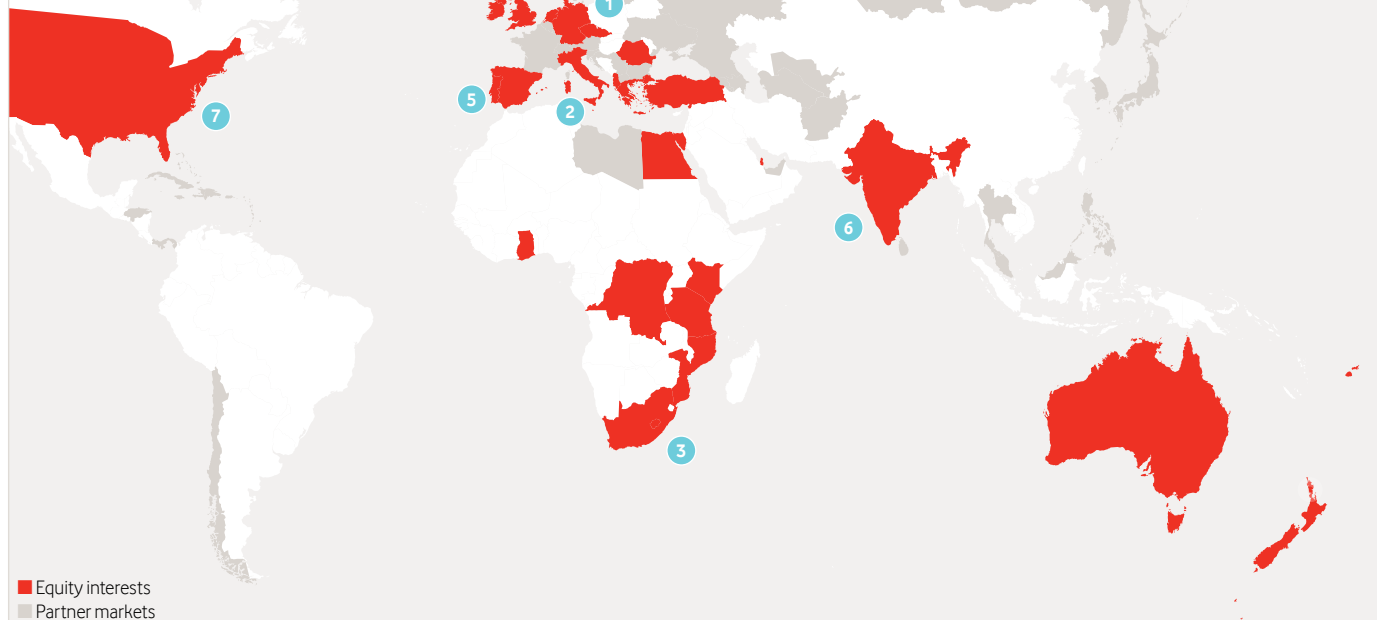


Adjusted operating profit³



Notes:

- 1 Associates.
- 2 Includes South Africa, Tanzania, Mozambique, Lesotho and the Democratic Republic of Congo.
- 3 The sum of these amounts do not equal Group totals due to inter-company eliminations and roundings.
- 4 Common Functions primarily represent the results of the partner markets and the net result of unallocated central Group costs.





1 Germany 

36m mobile customers



Our largest market by revenue

We are the leading mobile operator in Germany, with a revenue market share of 35%. In 2010 we became the first operator in Germany to launch super fast 4G mobile data services with peak data download speeds of up to 50 Mbps. Germany is our largest market for fixed broadband customers with 3.4 million users.

2 Italy 

30m¹ mobile customers



We are the largest mobile operator in Italy

We acquired operations in Italy in 2000. In 2011 we became the largest mobile operator and now have a 37% revenue market share. While the economic recession led to a fall in revenue during the year, our flexible cost structure, due to low handset subsidies, has ensured that overall profitability remains high.

3 Vodacom 

57m mobile customers



Growing strongly in Africa

We own 65% of Vodacom which covers five countries in Southern Africa – including South Africa which is the largest business, accounting for about 85% of revenue. Tanzania, Lesotho, Mozambique and the Democratic Republic of Congo. In South Africa we are the market leader and continue to deliver strong revenue growth due to the rapid take up of mobile data services.

4 UK 

19m mobile customers



Our first market

We made the first UK mobile phone call in 1985 and we were the first UK mobile network operator to launch commercial 3G services in 2001. Our business has expanded rapidly and today we account for 26% of the UK market (measured by revenue) and have a market leading 37% share of the mobile enterprise market.

5 Spain 

18m mobile customers



Challenging market conditions

The economic recession is extremely harsh in Spain, with unemployment at 24% leading to significant declines in organic revenue as customers cut back on spending. We remain confident of Spain's longer term prospects and therefore we recently invested around £500 million in new spectrum which will be used to rollout 4G services.

6 India 

150m mobile customers



Our largest market by customers

We acquired a controlling stake in India in 2007. Since then we have grown the customer base from 28 million to over 150 million and increased our revenue market share from 16% to 21%. Through our investments in 3G technology and low cost handsets we are bringing mobile internet services to this fast growing market.

7 Verizon Wireless 

93m¹ mobile customers



A leading US operator

We own 45% of Verizon Wireless, the largest mobile operator in the United States measured by revenue. During last year Verizon Wireless achieved 7.3% service revenue growth driven by good customer growth and the strong take-up of mobile data services. Its leading 4G network now covers two-thirds of the US population.

Note:


¹ Represents 100%. The Group's share based on its equity interests are 23 million in Italy and 42 million in Verizon Wireless.

Where we are heading

In November 2010 we set out a new strategy to develop from a strong Vodafone into a more valuable Vodafone. The strategy is driven by a focus on four key areas of growth potential:

Data services

Customer appetite for the mobile internet and related services will be the single biggest driver of our business going forward.

 Find out how we are seizing the opportunity
Pages 22 to 25


Emerging markets

Our businesses in Africa and India are growing strongly as mobile communications are having a transformational impact on people's lives.

 Read more about our strategy for emerging markets
Pages 26 and 27


Enterprise and total communications

Businesses account for a large part of our activity and growth in this sector will be driven by employees becoming more mobile, devices more secure and the convergence of fixed and wireless communications.

 Learn more about why we are well placed to succeed
Pages 28 and 29

New services

Machine-to-machine, mobile commerce services and operator billing, among many others, offer exciting new avenues for growth.

 More about how new services are set to enhance customer experience
Pages 30 and 31

Controlled and jointly controlled operations

Sustained cash flow

Shareholder returns
Reinvestment

Growth drivers

Data services
Emerging markets
Enterprise and total communications
New services

Core strengths

Capital discipline
Cost efficiency

 Read more
Pages 32 and 33

Non-controlled operations

Shareholder returns
Reinvestment

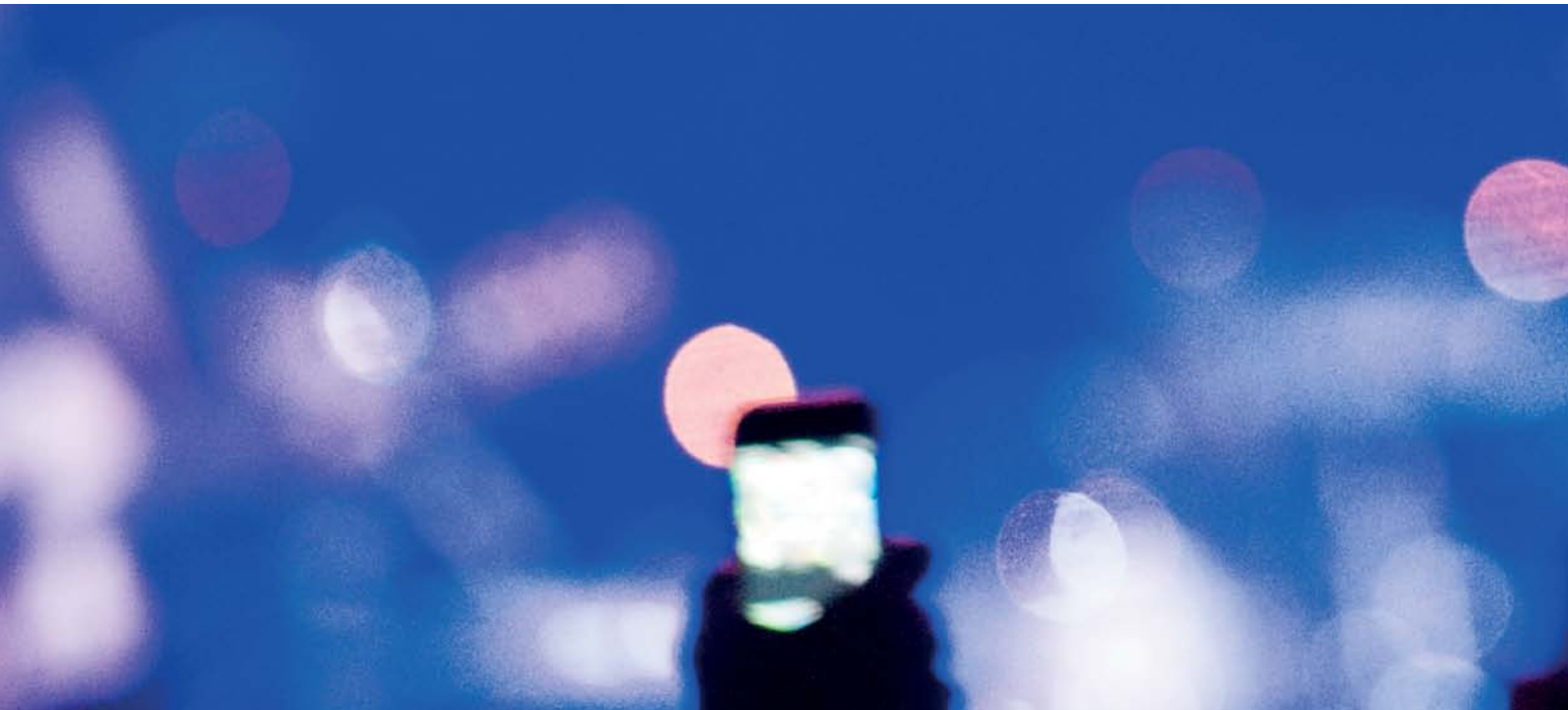
Liquidity and cash flow

 Read more
Pages 55 and 56



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How we're doing

We track our performance against 12 key financial, operational and commercial metrics which we judged to be the best indicators of how we're doing.

Organic service revenue growth

Growth in the top line demonstrates our ability to grow our customer base and stabilise or increase ARPU. It also helps to maintain margins.

Target: 1–4% per year to March 2014.

2010	-1.6%	
2011		2.1%
2012	1.5%	

achieved

EBITDA margin

Trends in our EBITDA margins demonstrate whether our revenue growth is generating a good return on our investment in customer acquisition, and whether we can offset underlying cost pressures in our business with cost efficiencies elsewhere.

Target: EBITDA margin to stabilise by March 2014.

2010	33.1%
2011	32.0%
2012	31.2%

on-track

Adjusted operating profit ('AOP')

Because of the significant contribution made to our overall profitability by our US associate, Verizon Wireless, AOP is a better determinant of overall profitability than EBITDA.

Target: £11.0 – £11.8 billion in 2012 financial year.

2010	£11.5bn
2011	£11.8bn
2012	£11.5bn

achieved

% of European network with 3G (14.4 Mbps or better)

Faster, more reliable networks with wider coverage stimulate data usage and create a clear point of difference over other operators.

Target: 99% by March 2015.

82%
of European 3G network at least 14.4 Mbps, up from 66% in 2011

on-track

Relative market share performance

We track our relative performance by measuring the change in our mobile market share against our competitors.

Target: Gain or hold mobile service revenue market share in most of our main markets against our principal competitor.

5/7

We gained mobile service revenue market share in 5 out of 7 of our main markets.

achieved

Returns to shareholders

Consistent and balanced returns to shareholders demonstrate our commitment to capital discipline.

Target: Dividend per share growth of at least 7% per year to March 2013 (excluding special dividends).

2010	+6.9%
2011	+7.1%
2012	+7.0%

achieved



Free cash flow

Our regular dividend is paid out of free cash flow, so maintaining a high level of cash generation (even after significant continued investment in capex) is key to delivering our dividend growth target.

Target: £5.5 – £6.5 billion per year to March 2014.

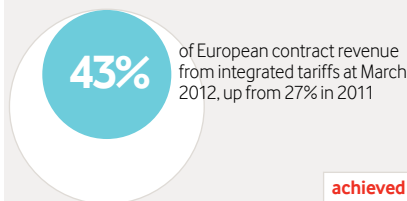
2010	£7.2bn
2011	£7.0bn
2012	£6.1bn

achieved

% of consumer contract revenue from integrated tariffs

Our strategic push towards integrated tariffs allows us both to defend our revenue base from voice/SMS substitution, and to monetise future data demand growth.

Target: To significantly increase each year.

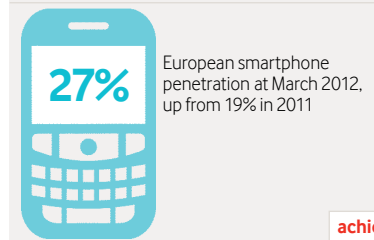


achieved

Smartphone penetration

Smartphones are the key to giving our customers access to the mobile internet; the more our customers have them, the bigger our data opportunity becomes.

Target: To significantly increase each year.



achieved

Share ownership by senior leadership team ('SLT')

We have recently introduced share ownership targets throughout the SLT, to more closely align operational management's goals with those of external shareholders.

Target: 14 million shares.



achieved

Employee engagement

The employee engagement score measures employees level of engagement, a combination of pride, loyalty and motivation.

Target: Maintain top quartile.

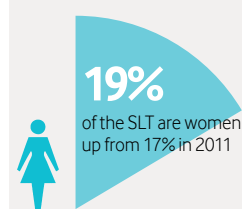


achieved

% of women in the senior leadership team

This is one measure of the diversity in our business which brings us a more balanced range of skills and management styles.

Target: To improve each year.



achieved