

How we do business

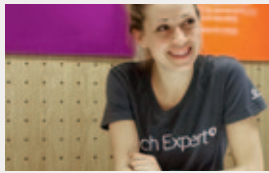
A simple business model

We pursue a virtuous circle of investment, revenue, strong cash conversion and reinvestment – while rewarding shareholders along the way.



Networks

We aim to have a great mobile network in each of our markets. This means giving our customers far-reaching coverage, a very reliable connection, and increasing speeds and data capacity. We combine our ongoing high level of network investment with a commitment to securing the best possible portfolio of spectrum. For more information on our network build-out, see page 30.



People

We have a highly skilled, motivated and diverse workforce, and we believe each individual should be a key advocate of Vodafone's products and services. For more information on our people, see page 34.



Distribution

We reach our customers through around 15,000 of our own stores, a broad network of exclusive distribution partners and third-party retailers. The internet, whether accessed through a mobile device or PC, is becoming an increasingly important channel.



Brand

Vodafone is ranked as one of the most valuable telecoms brands in the world, with an attributed worth of US\$27 billion (source: Brand Finance). This brand strength is a major driver of purchasing decisions for consumers and enterprise customers alike.



Supplier relationships

Given our scale and global reach, we tend to be a key strategic partner for many of our suppliers. We work closely with them to build great networks, develop innovative services and offer the widest range of the latest devices.

Assets

Supplier relationships
Networks
Distribution
People
Brand

Reinvestment in the business

Our track record demonstrates a successful balance between the capital requirements of the business – in networks, spectrum and IT platforms – and our desire to sustain an attractive annual cash return to shareholders.

Capital expenditure

2011	£6.2bn
2012	£6.4bn
2013	£6.3bn

Customers

404 million

With 404 million customers, Vodafone is one of the biggest mobile operators in the world. We provide services to everyone, from many of the biggest multinational companies, to individuals in some of the poorest countries in the world.

Consumer customers: 92%



Enterprise customers: 8%

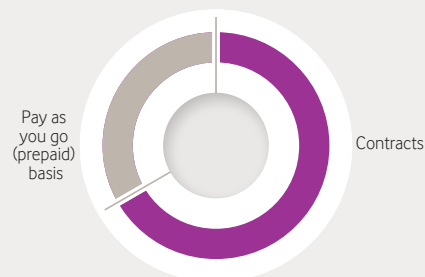


Our ordinary dividend, funded from our annual cash flow, is the primary form of shareholder remuneration. We have increased the ordinary dividend per share by over 22% over the last three years. Going forward the Board aims at least to maintain the ordinary dividend per share at current levels.

Shareholder remuneration

Revenue

We generate service revenue, through the supply of communications services over our networks. Around two-thirds is under contracts with the remainder from customers buying our services on a 'pay as you go' (or prepaid) basis.



Cash flow

£5.6bn

2013 free cash flow

The conversion of revenue to cash flow is key both to ongoing reinvestment in the business and rewarding shareholders. We have strong market share positions in most of our markets, which, combined with highly efficient networks, deliver healthy cash flow.