

Key performance indicators

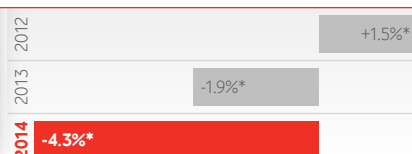
Monitoring our progress and performance

We track our performance against 12 key financial, operational and commercial metrics which we judge to be the best indicators of how we are doing. The pressures we have faced in Europe are reflected in the decline in service revenue and EBITDA margin and the loss of market position. Despite this we met our financial guidance and increased our dividend per share and we have made clear progress in our operational and commercial KPIs.

Organic service revenue growth

More work to do 

Growth in the top line demonstrates our ability to grow our customer base and stabilise or increase ARPU. It also helps to maintain margins. We aim to return to service revenue growth.



We were unable to grow our service revenue this year, as the competitive, regulatory and macroeconomic pressures in Europe seen last year continued.

EBITDA margin¹

More work to do 

Growth in our EBITDA margin magnifies the impact of revenue growth on the profitability of our business. We expected this year's margin to be lower than last year's.



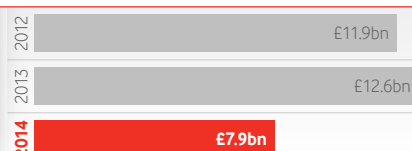
As expected, competitive, regulatory and macroeconomic pressures in Europe offset improvements in AMAP and our margin declined.

Adjusted operating profit ('AOP')¹

Achieved 

AOP includes the impact of depreciation and amortisation and includes the results of our non-controlling interests.

We gave guidance of around £5 billion for the year on a pro forma basis, see page 39.



The fall in AOP reflects the disposal of Verizon Wireless during the year, the decline in EBITDA and higher depreciation and amortisation.

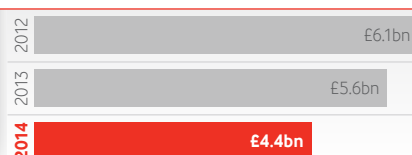
On a guidance basis, AOP was £4.9 billion (see page 39 for details).

Free cash flow

Achieved 

Maintaining a high level of cash generation is key to delivering strong shareholder returns.

We gave guidance of £4.5–£5 billion for the year on a pro forma basis, see page 39.



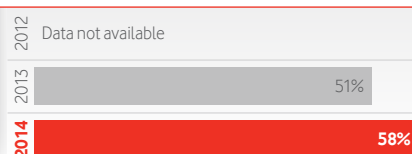
Free cash flow fell in the year as a result of exchange rate movements in some of our emerging markets and lower EBITDA.

On a guidance basis, free cash flow was £4.8 billion (see page 39 for details).

% of European mobile service revenue in-bundle²

Achieved 

Our strategic push towards bundling voice, text and data allows us to defend our revenue base from substitution, and to monetise future data demand growth. We aim to increase this proportion each year.

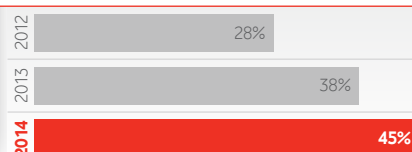


We continue to make great progress in this area, helped by the rapid adoption of our Vodafone Red plans (see page 22).

Smartphone penetration (March 2014, Europe²)

Achieved 

Smartphones are key to giving our customers access to data; the more our customers have them, the bigger our data opportunity becomes. We aim to increase penetration to over 50% by 2015.



Our customers increasingly want smartphones as data becomes more and more crucial to everyday life. We are on course to meet our target of half of our European customers using smartphones by next year. See pages 22 and 23 for more information.



KPIs achieved

Want to find out more?

All KPIs are shown on a management basis

➔ 03

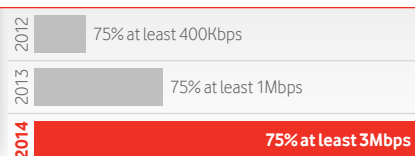
See how these targets are used with the incentive plans for senior management

➔ 69

Mobile network performance floor (Europe²)

Achieved ✓

We continuously improve the speed of our European network to create the best data experience for our customers and had a target of 75% of smartphone data sessions to be at least 3Mbps by 2015.



We achieved our 2015 target this year. Our new target is for 90% of data sessions in Europe to be at least 3Mbps by March 2016. See page 30 for more detail on our Network strategy.

Relative mobile market share performance

More work to do ✗

We track our relative performance by measuring the change in our revenue market share against our key competitors. We aim to gain or hold revenue market share in most of our markets.



We lost share in the majority of our European markets over the year but gained share in some of our key emerging markets, including India, South Africa and Turkey.

Ordinary dividend per share

Achieved ✓

The ordinary dividend remains the primary method of shareholder return and we have an outstanding record of growth here.

Our target was to maintain the dividend per share at its 2013 level.



The Verizon Wireless transaction enabled us to increase the dividend per share by 8% to 11.00 pence and we now expect to increase it annually.

Consumer net promoter score ("NPS")

Achieved ✓

We use NPS to measure the extent to which our customers would recommend us to friends and family. We aim to increase or maintain the number of markets where we are ranked number one by NPS.



This year we increased the number of markets where we are ranked number one but the total of nine markets remains too low. We aim to improve our position over the coming year.

Employee engagement

Achieved ✓

The employee engagement score measures employees' level of engagement – a combination of pride, loyalty and motivation. Our goal here is to retain our top quartile position.



Our employee engagement score remains broadly stable and we retained a top quartile position. More information can be found on page 36.

% of women in the senior leadership team

Achieved ✓

Diversity increases the range of skills and styles in our senior leadership team, our 223 most senior managers. Increased female representation is one measure of diversity. Our goal is simple, to increase the proportion each year.



Gender diversity is a key area of our global diversity strategy and we have continued to make progress in this area. We also increased the number of women on both the Executive Committee and the Board. See page 36 for more details.

Notes: 1 EBITDA and AOP have been redefined to exclude restructuring costs. AOP has also been redefined to exclude amortisation of customer bases and brand intangible assets. Comparatives have been restated.
2 Europe now excludes Turkey.