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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549

FORM 20-F

(Mark One)

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended March 31, 2018

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report . . . .

For the transition period from to

Commission file number 001-10086

VODAFONE GROUP PUBLIC LIMITED COMPANY

(Exact name of Registrant as specified in its charter)

(Translation of Registrant's name into English)

England
(Jurisdiction of incorporation or organization)

Vodafone House, The Connection, Newbury, Berkshire RG14 2FN, England
(Address of principal executive offices)

Rosemary Martin (Group General Counsel and Company Secretary)
tel +44 (0) 1635 33251 email ir@vodafone.co.uk
Vodafone House, The Connection, Newbury, Berkshire RG14 2FN, England
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Name of each exchange on which registered
See Schedule A	See Schedule A

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None
(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

Ordinary Shares of 20 20/21 US cents each	26,676,624,411
7% Cumulative Fixed Rate Shares of £1 each	50,000

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
☒ Yes ☐ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.
☐ Yes ☒ No

Note — Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☐ International Financial Reporting Standards as issued by the International Accounting Standards Board ☒ Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

☐ Item 17 ☐ Item 18

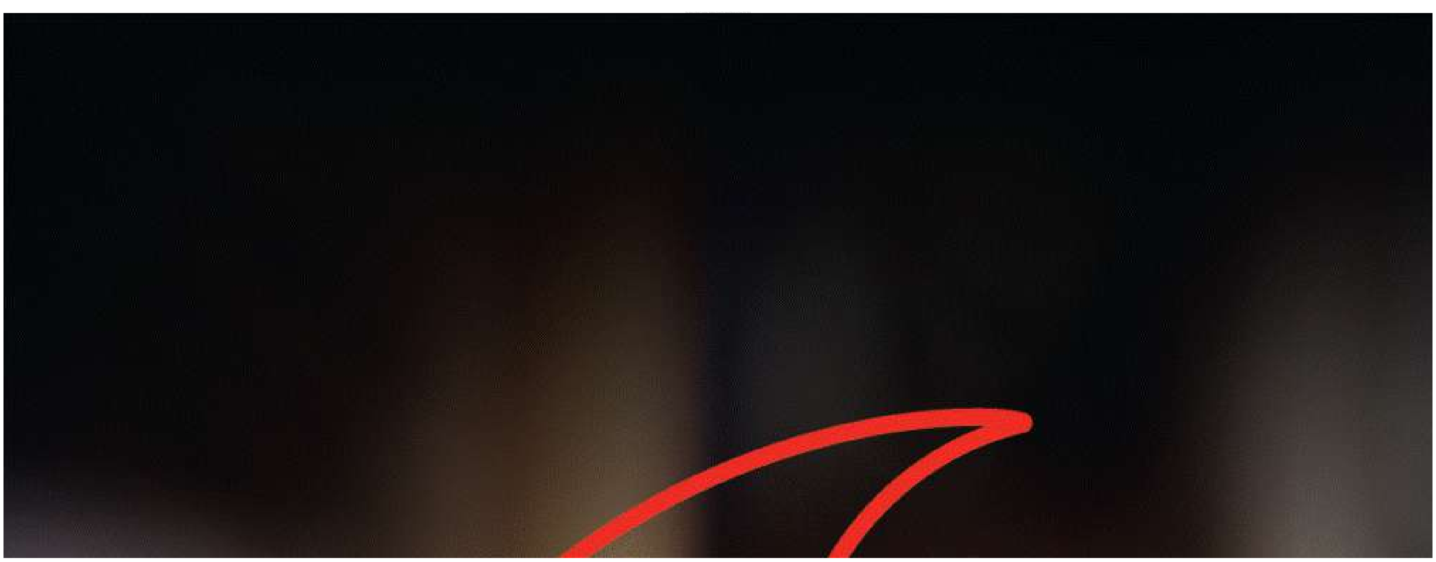
If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

☐ Yes ☒ No

SCHEDULE A

Title of each class	Name of each exchange on which registered
Ordinary shares of 20 20/21 US cents each	NASDAQ Global Select Market*
American Depositary Shares (evidenced by American Depositary Receipts) each representing ten ordinary shares	NASDAQ Global Select Market
4.625% Notes due July 2018	New York Stock Exchange
5.450% Notes due June 2019	New York Stock Exchange
4.375% Notes due March 2021	New York Stock Exchange
2.500% Notes due September 2022	New York Stock Exchange
2.950% Notes due February 2023	New York Stock Exchange
3.750% Notes due 16 January 2024**	New York Stock Exchange
US$1,000,000,000 Floating Rate Notes due 16 January 2024**	New York Stock Exchange
4.125% Notes due 30 May 2025**	New York Stock Exchange
4.375% Notes due 30 May 2028**	New York Stock Exchange
7.875% Notes due February 2030	New York Stock Exchange
6.250% Notes due November 2032	New York Stock Exchange
6.150% Notes due February 2037	New York Stock Exchange
5.000% Notes due 30 May 2038**	New York Stock Exchange
4.375% Notes due February 2043	New York Stock Exchange
5.250% Notes due 30 May 2048**	New York Stock Exchange

* Not for trading, but only in connection with the registration of American Depositary Shares, pursuant to the requirements of the Securities and Exchange Commission.
** As announced on May 30, 2018, Vodafone has applied to list the notes on the New York Stock Exchange. Listing is due to take place on June 11, 2018.



Our strategic framework

Overview

Our purpose:

Connecting everybody to live a better today and build a better tomorrow

Our strategy:

A converged communications leader, enabling the Gigabit Society

We are building a competitive advantage through our core programmes…

- Network leadership 10
- Customer eXperience eXcellence (CARE) 11
- Fit for Growth 12

…as we reinvent our business model through…

- Digital Vodafone 13

…all of which underpins our strategic growth engines.

- Mobile data 15
- Fixed and Convergence 16
- Enterprise 17

These are supported by our responsible approach to…

- Sustainable business 32
- Our people and culture 36
- Risk management 38
- Governance 46

…so that we create value for society and for shareholders.

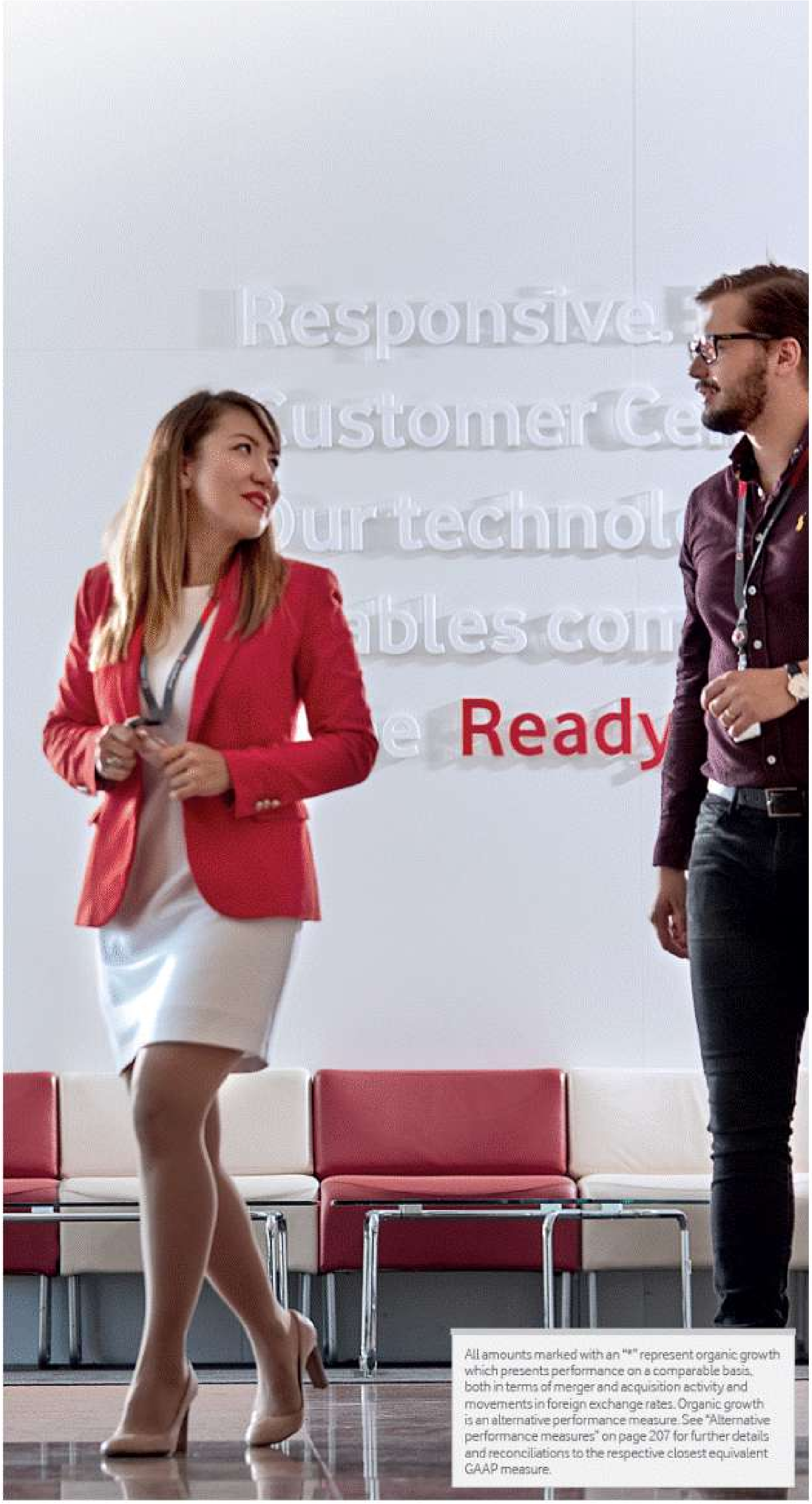
The future is exciting.
Ready?

View our 2018 report online: **vodafone.com/ar2018**

This constitutes the annual report on Form 20-F of Vodafone Group Plc (the 'Company') in accordance with the requirements of the US Securities and Exchange Commission (the 'SEC') for the year ended 31 March 2018 and is dated 8 June 2018. This document contains certain information set out within the Company's annual report in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB'), adopted by the EU and with those parts of the UK Companies Act 2006 applicable to companies reporting under IFRS, dated 8 June 2018, as updated or supplemented if necessary. The content of the Group's website (www.vodafone.com) or any other website referenced in this document is not incorporated into this document and should not be considered to form part of this annual report on Form 20-F. We have included any website as an inactive textual reference only.

In this year's report

Overview



All amounts marked with an "*" represent organic growth which presents performance on a comparable basis, both in terms of merger and acquisition activity and movements in foreign exchange rates. Organic growth is an alternative performance measure. See "Alternative performance measures" on page 207 for further details and reconciliations to the respective closest equivalent GAAP measure.

Strategic Report

Governance

Financials

Other information

Highlights

A year of good strategic

progress and strong financial performance

22 Read more on our financial performance

Statutory figures

		2018	2017	2016
Group revenue	€m	**46,571**	47,631	49,810
Operating profit	€m	**4,299**	3,725	1,320
Profit/(loss) for the financial year	€m	**2,788**	(6,079)	(5,122)
Closing net debt	€m	**(31,469)**	(31,169)	(28,801)
Weighted average number of shares	m	**27,770**	27,971	26,692
Total dividends per share	€c	**15.07**	14.77	14.48

Alternative performance measures

Read more on our Alternative performance measures 207

		2018	2017	2016
Group service revenue	€m	**41,066**	42,987	44,618
Adjusted EBITDA	€m	**14,737**	14,149	14,155
Adjusted EBIT	€m	**4,827**	3,970	3,769
Adjusted earnings per share	€c	**11.59**	8.04	6.87
Free cash flow pre-spectrum	€m	**5,417**	4,056	1,271
Free cash flow	€m	**4,044**	3,316	(2,163)

Key financial ratios

Read more on our Key financial ratios 207

		2018	2017	2016
Organic service revenue growth	%	**1.6**[1]	1.9	1.1
Adjusted EBITDA margin	%	**31.6**	29.7	28.4
Organic adjusted EBITDA growth	%	**11.8**	5.8	2.3
Organic adjusted EBIT growth	%	**47.2**	7.0	(7.3)
Capex intensity	%	**15.7**	16.1	21.2

Operational metrics

		2018	2017	2016
Europe mobile customers[2]	millions	**118.7**	120.7	121.4
AMAP mobile customers[3]	millions	**417.1**	395.0	371.2
Group fixed broadband customers[2,3]	millions	**19.7**	18.0	13.4
Group consumer converged customers[2]	millions	**5.5**	3.8	3.1
Group data traffic	exabytes	**3.6**	2.2	1.4
European NGN homes passed (on-net)[2]	millions	**36.1**	36.1	27.1
Average number of employees	thousands	**104**	106	105

Sustainable business metrics

		2018	2017	2016
Women in management and leadership roles	%	**29**	28	27
Estimated additional female customers in emerging markets	millions	**3.9**	9.4	–
Greenhouse gas emissions (scope 1 and 2)	m tonnes CO_2e	**2.58**	2.54	2.54

Strategic growth engines (2018)

Mobile data growth

63%
Group mobile data growth

Fixed/Convergence momentum

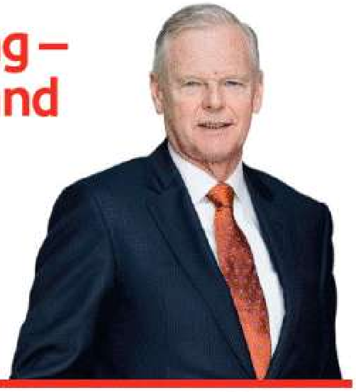
1.3m
Broadband net adds

Enterprise outperfomance

2.1% ex. regulation[4]
Service revenue growth

1 Excluding the impact of a German legal settlement. 2 Including VodafoneZiggo. 3 Including India, JVs and associates. 4 Excluding the impact of EU regulation.

The future is exciting – for our customers and for Vodafone



Significant strategic progress

We have made further progress this year on our ambition to be a converged communications leader in all of our European markets, a mobile data leader in Africa and India, and an Enterprise leader internationally. These strategically strong positions will enhance our ability to achieve our purpose as a Group – which is to connect everybody to live a better today and build a better tomorrow.

A key development was the announcement in May 2018 of our intention to acquire Liberty Global's cable assets in Germany, the Czech Republic, Hungary and Romania for €18.4 billion, which will transform Vodafone into Europe's leading next generation infrastructure owner and a truly converged challenger to dominant incumbents. Please see Vittorio Colao's CEO review on pages 14 to 17 for more insight into this transaction. In addition, we made good progress in securing approvals for the merger of Vodafone India with Idea Cellular, which is expected to close in June 2018.

A strong financial performance

In addition to these strategic achievements, the Group enjoyed a strong financial performance. Our organic service revenue growth remained modest at a little below 2%, but our sustained focus on cost efficiencies through the "Fit for Growth" programme contributed to organic adjusted EBITDA growth of 12% (8% on an underlying basis)[1], with broad-based improvements across most of our markets. This in turn drove a 47% rise in organic adjusted EBIT.

Progress in Netherlands, challenges in India

In order to strengthen our assets strategically amid highly competitive markets, in recent years we have announced joint ventures in the Netherlands ('VodafoneZiggo') and India ('Vodafone-Idea'). Despite a 4% local currency revenue decline in the year, VodafoneZiggo's financial performance is expected to stabilise during the year ahead, supported by the success of its convergence strategy and significant cost and capex synergies.

Vodafone India experienced a 19% organic service revenue decline during the year, reflecting intense competitive and regulatory pressures. Nick Read will outline in his CFO review the steps which we are taking to strengthen the combined company's future financial position, ensuring that we can compete effectively going forwards in a consolidated market.

The future is exciting – for our customers and for Vodafone

Vodafone's ultrafast and widely available fixed and mobile networks are enabling a range of exciting new technologies, which contribute to society and create an exciting future for our customers, employees and shareholders. Our new global brand campaign, "The future is exciting. Ready?", which launched last autumn, communicated that Vodafone will support our customers every step of the way, helping them to make the most of new and exciting innovations.

We have ambitious sustainable business goals

Our sustainable business strategy, which we outline on pages 32 to 35, lies at the heart of our development, as we are convinced that the long-term success of our business is closely tied to the success of the communities in which we operate. Vodafone's digital networks and services act as a catalyst not only for economic growth, but also for equality and empowerment. We focus our efforts where we believe we can make the greatest impact, and we now have long-term external and internal ambitions in place to deliver our strategy.

Key highlights include our commitment to reduce our greenhouse gas emissions by 40% and purchase 100% of electricity we use from renewable sources. We also intend to support 10 million young people by 2022 through our future digital jobs programme, "What will you be?", which will help to address the dual challenges of youth unemployment and a growing digital skills gap.

1 Excluding the net impact of EU regulation, UK handset financing, and settlements.

Returns are improving

We have previously highlighted the need for the Group to improve the returns that we are achieving on the substantial organic and inorganic investments that we have made in recent years. In part, this relies upon a better balancing of competition and investment considerations by European regulators and governments, particularly as we approach spectrum auctions for 5G. However, we also remain focused on making improvements under existing industry conditions.

This has been a challenging year for the Telecoms sector in Europe and particularly in India. While we underperformed the FTSE 100 we outperformed our peers, in some cases materially so, as a result of the progress we are making. The Board's confidence in our outlook is demonstrated by a further 2% increase in our dividend per share to 15.07 eurocents for the year.

CEO succession: our thanks to Vittorio

In May 2018, we announced the succession plan for the Group Chief Executive role. From 1 October, Vittorio Colao will be succeeded by Nick Read, our current Group CFO, with Margherita Della Valle (our Deputy CFO) succeeding Nick Read and joining the Board after the AGM in July.

On behalf of the Board, I would like to express our gratitude to Vittorio for an outstanding tenure. He has been an exemplary leader and strategic visionary who has overseen a dramatic transformation of Vodafone into a global pacesetter in converged communications, ready for the Gigabit future. Vittorio will leave as his legacy a company of great integrity with strong inclusive values that is exceptionally well-positioned for the decade ahead. I would also like to recognise from a governance perspective the great way in which Vittorio has worked together with the Board in an atmosphere of openness, transparency and trust.

Nick has been the co-architect of the Group's strategy together with Vittorio, combining extensive international operational and commercial leadership with world-class financial acumen. I am confident Vodafone will benefit greatly from his experience, insight and wisdom in his new role as Group Chief Executive. Margherita has a strong track record in financial leadership at the highest levels, and I am delighted to welcome her to the Board. I would also add that the appointment of Nick and Margherita serves as a testament to the strength and depth of the Vodafone senior leadership team that Vittorio has assembled and led over the last decade.

/s/ Gerard Kleisterlee

Gerard Kleisterlee
Chairman

Overview
Strategic Report
Governance
Financials
Other information

Our business at a glance

Overview

What we offer

We offer a broad range of communication services to both consumers and enterprises.

Our wide range of products and services

66%
Consumer

Mobile
We provide a range of mobile services, enabling customers to call, text and access data whether at home or travelling abroad.

Fixed broadband, TV and voice
Our fixed line services include broadband, TV offerings and voice. We offer high speed connectivity through our next-generation network ("NGN").

Other value added services
These include mobile money services through our M-Pesa offering, our consumer IoT proposition "V by Vodafone" (which launched this year), as well as security and insurance products.

5%
Other

We rent capacity to mobile virtual network operators ("MVNOs") who use this to provide mobile services. We also offer a variety of services to operators outside our footprint through our partner market agreements.

29%
Enterprise

We offer mobile, fixed and a suite of converged communication services to support the growing needs of our enterprise customers, who range from small businesses to large multinational companies.

Internet of Things ("IoT")
IoT connections bring objects to life by allowing them to communicate securely through our network. We offer a diverse range of services including managed IoT connectivity, automotive and insurance services, smart metering and health solutions.

Cloud & Security
Our Cloud & Security portfolio includes both public and private cloud services, as well as cloud-based applications and products for securing networks and devices.

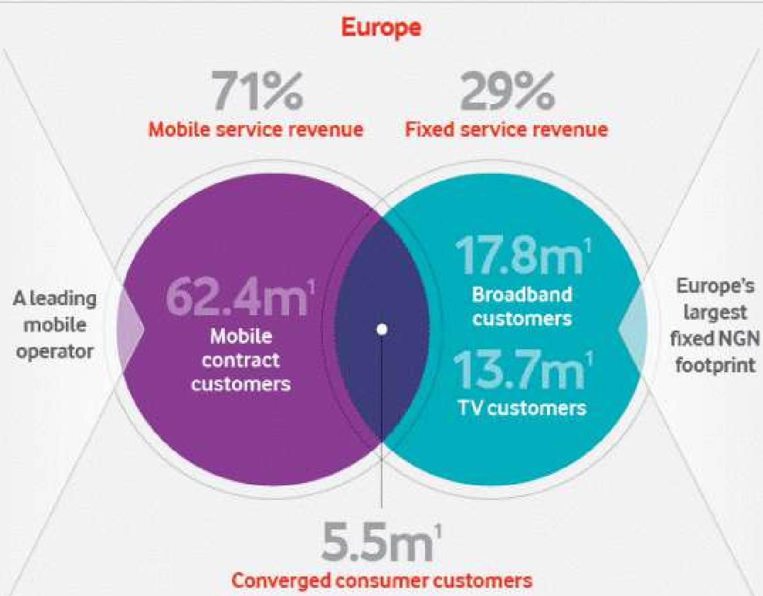
Carrier Services
We sell capacity on our global submarine and terrestrial cable systems. The services we offer include international voice, IP transit and messaging.

Providing converged solutions

Our converged offers, which combine mobile, fixed and content services, provide simplicity and better value for customers. They also increase customer loyalty and lower churn.

We market these converged bundles as "GigaKombi" in Germany and "Vodafone One" in Spain and Italy.

We also offer a comprehensive set of converged communication solutions to our Enterprise customers such as "Vodafone One Net Enterprise" and "Vodafone Meet Anywhere".



Note:
1 Includes VodafoneZiggo.

Where we operate

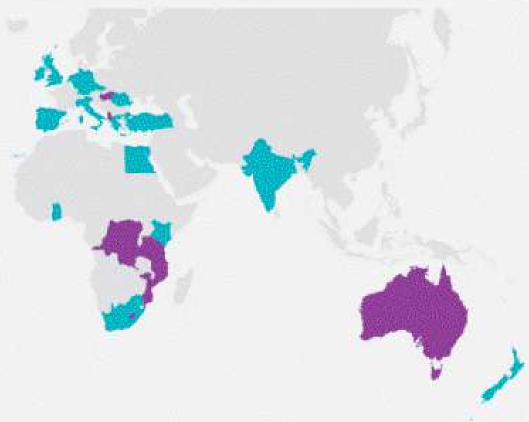
We manage our business across two geographic regions – Europe, and Africa, Middle East and Asia-Pacific ('AMAP').

Operations in 25 countries

We are the number one or two mobile operator in most of our country operations and are a rapidly growing fixed provider.

Mobile and fixed services
We provide both mobile and fixed services in 18 countries.

Mobile only
We provide mobile only services in seven countries.



Europe
Albania, Czech Republic[2], Germany[2], Greece[2], Hungary, Ireland[2], Italy[2], Malta[2], Netherlands[2] (joint venture), Portugal[2], Romania[2], Spain[2], UK[2]

AMAP
Australia (joint venture), Egypt[2], Ghana[2], India[2,3], New Zealand[2], Turkey[2], Vodacom Group (South Africa[2], Tanzania, Democratic Republic of Congo, Mozambique, Lesotho, Kenya[2] (associate))

Notes:
2 Mobile and fixed broadband markets.
3 We also part-own the tower company, Indus Towers, in India.

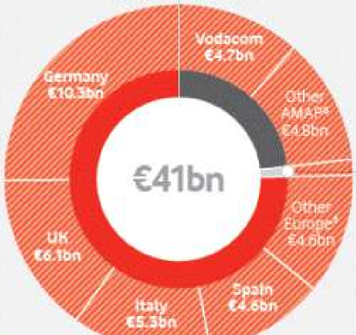
Worldwide service reach

47
partner markets
To extend our reach beyond the companies we own, we have partnership agreements with local operators in 47 countries.

77
countries with IP-VPN
We are among the top five internet providers globally and one of the largest operators of submarine cables.

144
countries with 4G roaming coverage
Our leading global 4G roaming footprint serves twice as many destinations as the next best local competitor in most of our markets.

Group service revenues



Other 2% €0.7bn (includes partner markets and common functions)[4]

Notes:

Our main markets and joint ventures

	Mobile customers (m)	Mobile revenue market share (%)	Fixed broadband customers (m)	Fixed revenue market share (%)	Consumer converged customers (m)	Convergence penetration (%)[9]
Germany	30.2	33.6	6.6	21.3	0.7	12
UK	17.5	22.0	0.4	4.9	0.2	63
Italy	22.3	32.7	2.5	7.1	0.7	36
Spain	14.1	19.0[7]	3.3	19.0[7]	2.3	89
South Africa	50.1	50.1[8]	0.01	4.1[8]	–	–
India	223	20.9[8]	0.2	n/m[10]	–	–
VodafoneZiggo (NL)	4.9	29.3	3.3	39.4	0.9	29

Notes:
4 Common functions includes revenue from services provided centrally or offered outside our operating company footprint, including some markets where we have a licensed network operation, for example offering IP-VPN services in Singapore.
5 Other Europe including eliminations.
6 Other AMAP including eliminations.

Notes:
7 Due to the converged nature of the Spanish market only total communications market shares are reported.
8 December 2017.
9 % of consumer broadband customer base that is converged.
10 Figure not material.

Industry trends

Overview

We operate in a rapidly changing industry where innovation and scale are key

Rising global smartphone penetration, ubiquitous superfast internet access, increasingly converged solutions and remarkable new technologies are rapidly transforming the way that we live and work, while simultaneously creating a range of new commercial, regulatory and societal challenges.

Growing demand for mobile data, high speed broadband and converged solutions

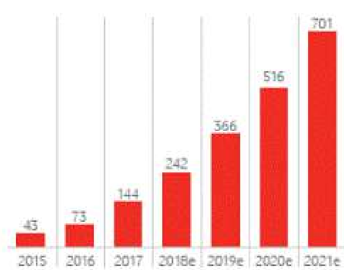
15 See pages 15–17 of this report for further insights

Demand for mobile data is growing rapidly, driven by increased smartphone penetration, customers moving to 4G (which provides a significantly better data experience), the growing use of social, media, and video applications and bigger data bundles. On average, global consumers now use 1.7GB per month up from 0.1GB five years ago. As a result, between 2012 and 2017 total mobile data traffic increased by an average of 76% per annum and growth over the next four years is expected to average 48%.

The challenge for operators is to monetise this strong volume growth. In Europe, total mobile service revenues remained flat last year due to substantial unitary price deflation, driven by technological improvements, regulation and a high level of competitive intensity. In emerging markets, revenue growth is stronger, supported by a lack of fixed infrastructure and rapid smartphone adoption.

In fixed, demand for NGN high speed broadband services over cable or fibre is also growing rapidly. During the next five years it is estimated that around 50 million households in Europe will move to NGN services (almost double current levels) within Vodafone's European footprint.

Global mobile data traffic
'000 petabytes (1 petabyte = 1m gigabytes)

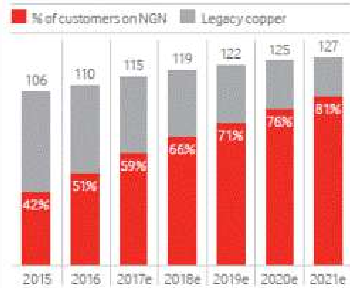


Source: Analysys Mason

This represents a significant window of opportunity for operators with access to high quality NGN infrastructure. Fixed revenue trends in Europe have grown by 2% over the last three years, supported by the shift to NGN.

Today, consumers are increasingly taking bundles of mobile, landline, broadband and TV services. For the consumer this provides the benefit of simplicity – one provider for multiple services – and better value. For operators this provides higher customer loyalty as well as operational efficiencies.

European fixed broadband customers[1] (m)



Source: Analysys Mason 1 In Vodafone's footprint.

The same motivations apply for businesses, which are increasingly taking advantage of converged services that bring together communications tools that work across all fixed and mobile end points.

The future is exciting
Vodafone has leading or co-leading mobile network NPS scores in 14 out of 20 markets, and we have Europe's largest NGN footprint covering 107 million European households. This provides us with a significant platform to grow.

Rapid technological change

10 See page 10 of this report for further insights

Over the last 30 years mobile and fixed networks have evolved significantly. In the 1990s, second generation (2G) mobile networks primarily carried voice calls and SMS data traffic (i.e. texts). Today, mobile phone users can experience 4G+ download speeds in excess of 800Mbps (>4,000 times

This will eventually enable average download speeds in excess of 1Gbps combined with extremely low latency. We expect 5G services in Europe to be commercially available by 2020. The business case for 5G is driven primarily by the opportunity to provide substantial inexpensive incremental capacity.

Broadband download speeds have evolved quickly from sub-64Kbps via the dial up modem in the late 1990s to download speeds of 1Gbps today through high speed NGN services. Further technological advancements, such as DOCSIS 3.1 for cable and deeper fibre penetration, will deliver even faster than 2G) supported by the latest technological advancements, such as carrier aggregation and massive MIMO (multiple input and multiple output) antennae.

The next technological evolution of mobile networks will be to deploy 5G, supported largely by the infrastructure deployed for 4G combined with new 5G radio spectrum and antennae.

In time, 5G will also enable the development of new IoT services and niche fixed wireless solutions, as well as other new business cases.

The evolution of fixed networks has been equally rapid, with legacy copper technology being superseded by NGN infrastructure such as cable and fibre-to-the-home ('FTTH').

faster speeds of up to 10Gbps in the future.

The future is exciting
Our mobile networks are already benefiting from the evolution to 4G+, and this year we have started 5G trials. In fixed, we are upgrading our cable infrastructure to DOCSIS 3.1, enabling us to deliver future-proof gigabit speeds.

Digital transformation opportunity

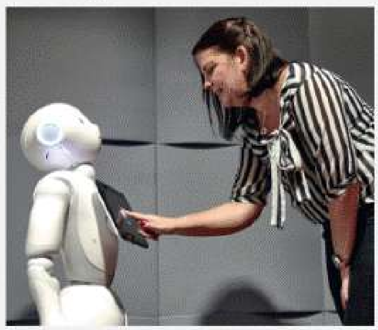
13 See page 13 of this report for further insights

The world is undergoing a rapid digital transformation. New technologies including smartphones, cloud computing, artificial intelligence and robotic process automation are enabling companies to connect with customers directly, proactively offering personalised solutions, while simplifying and automating operational processes and improving the efficiency of all commercial and technological decisions.

Digitalisation is a key operational theme for the telecoms industry, which has a significant proportion of costs that can be automated, while also having unrivalled insight into customer usage trends.

1 Goldman Sachs

By using advanced digital technologies operators will be able to enhance their customers' experience, generate incremental revenue opportunities, and reduce costs.



The cost cutting opportunity alone for European telecoms has been estimated to be as much as €60 billion[1].

Speed of execution will be key in order for operators to further differentiate their services and retain the benefits from digitalisation.

The future is exciting
The "Digital Vodafone" programme was launched across the Group this year. This will enable us to deliver a leading digital customer experience; leverage the latest data analytics techniques; and automate and simplify our operations, underpinned by new agile ways of working.

Regulatory intervention

199 See page 199 of this report for further insights

The remit of regulators is extensive, including wholesale charges between operators, spectrum allocation, and obligations in relation to consumer rights. Regulators are also responsible for topics relating to data protection and cyber security. The decision to regulate or not has material consequences.

Regulators are tasked with protecting consumers and incentivising investment.

Historically the balance has been tilted towards consumers. In the first half of calendar 2018, the European Commission is expected to complete the overhaul of its existing telecoms rules – the European Electronic Communications Code. The Commission's original proposals struck a balance between investment incentives in networks and competition.

The future is exciting
Only 6.8% of our European service revenues now come from regulated roaming and termination fees; the code if finalised according to the original proposals is supportive of Vodafone's position as Europe's fastest growing fixed challenger.

Highly competitive markets

The telecommunication industry is highly competitive, with many alternative providers giving customers a wide choice of suppliers.

In each of the countries in which we operate, there are typically three or four mobile network operators (MNOs), such as Vodafone, who own their own network infrastructure, as well as several resellers that "wholesale" network services from MNOs. In addition, there are an increasing number of over-the-top ('OTT') operators that provide internet-based apps for content and communication services.

In fixed, there is usually one national incumbent (typically the former state owned operator), who is generally required to offer wholesale access to its network at regulated prices to resellers, while most markets will also have one or two cable or satellite operators.

In some markets, the uncompetitive wholesale access terms offered by incumbents and the slow pace of NGN infrastructure rollout has seen the emergence of alternative fibre builders, who are looking to capitalise on the growing customer demand for gigabit speeds by offering attractive wholesale access and terms to resellers.

The future is exciting
Thanks to our substantial investments, we offer market leading network quality and customer service levels positioning us well for the future.

Changing customer and societal expectations

32 See page 32 of this report for further insights

Today, communication networks underpin every aspect of society. Consumers have access to content and information of a breadth and depth that was inconceivable even a decade ago. This is bringing about a revolution in the way millions of people across the world share, learn and access education, healthcare and financial services, among others.

Few industry sectors can claim a closer alignment between their commercial objectives and the achievement of meaningful gains for society. There are, however, areas within the communications industry that can be a source of public concern, including customer privacy, tax and digital human rights.

Our industry needs to continue to make sure these concerns are addressed in an ethical, responsible and transparent manner.

The future is exciting

Our sustainable business strategy aligns our commercial objectives with a clear social purpose to create long term value and meet customer expectations.

Our business model

Delivering value for society and returns for our shareholders

Our leading scale enables us to sustain our investments in superior gigabit infrastructure, delivering an excellent customer experience which both benefits society and drives our revenue growth. Together with the substantial opportunity to improve all aspects of our business model through digitalisation, this allows us to grow our cash flows, reinvest and provide attractive returns to our shareholders. A virtuous business cycle.

€81bn

invested over the past five years. This comprises of:

€48bn capex[1]	to modernise our mobile and IT networks and deploy fixed fibre networks in Europe.
€15bn spectrum and licences[1]	to secure spectrum primarily for 4G.
€18bn M&A	including cable companies in Germany, Spain and the Netherlands.

Differentiated assets and leading scale

- Leading/co-leading market positions in mobile supported by our 4G networks and deep spectrum positions.
- Europe's largest fixed NGN network.
- Global Enterprise scale and footprint.
- A strong brand and the best people.
- A sustainable business focus.

36 Read more on our people and culture
32 Read more on our sustainable business

Sustained reinvestment

Delivering value for society and improving returns for our shareholders

Our focus on driving revenue growth as well as cost efficiencies is driving an improvement in cash generation.

- Free cash flow ("FCF") pre-spectrum increased to €5.4bn in 2018 from €4.1bn in 2017.
- After spectrum and restructuring we generated FCF of €4.0bn in 2018 vs €3.3bn in 2017.
- A covered dividend post-spectrum and restructuring.

22 Read more on our financial performance

Improving cash flow

1 Including India.

Mobile data

We are monetising the rapid growth in mobile data usage through "more-for-more" propositions and personalised offers.

Fixed and Convergence

As demand for NGN grows we have a window of opportunity to gain substantial market share in fixed line, and to drive convergence across our combined fixed/mobile customer base.

Enterprise

We are connecting the people, places and things that matter to businesses.

15 Read more on Mobile data
16 Read more on Fixed and Convergence
17 Read more on Enterprise

Growing revenue streams

The dividend has grown at 2% for the past three years and is a key contributor to shareholder returns, along with share price performance. At the same time we have announced several new key milestones on our journey to build a better tomorrow for the societies in which we operate.

€3.9bn
Dividends to shareholders in 2018
(2017: €3.7bn)

50m
Additional female customers connected to mobile in emerging markets
(target by 2025)

10m

Supporting young people to access digital skills
(target by 2022)

Digital transformation opportunity

Digital Vodafone

- The Digital Vodafone programme is the next step in our strategic development and is expected to generate incremental revenue and cost opportunities.
- We aim to deliver a leading digital customer experience, data driven decisions, simpler and automated operations.

13 Read more on Digital Vodafone

Our core programmes

We are building a competitive advantage through our core strategic programmes

Network leadership

Our sustained investment in network quality has enabled us to establish differentiated and market leading network positions

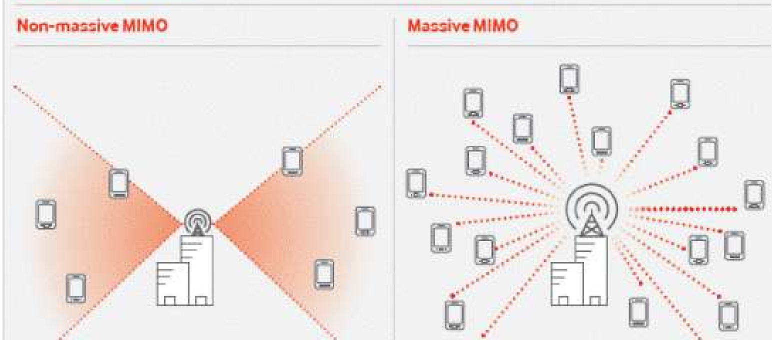
We continue to invest in our network and IT infrastructure to further expand coverage, improve reliability, and enhance data speeds. As a result, we now have leading or co-leading mobile network NPS scores in 14 out of 20 markets, including India.

This strong and differentiated network position enables us to provide our customers with an excellent user experience, with 92% of all data sessions in Europe now at high definition video standard and a dropped call rate for voice

Evolving our 4G network to be 5G ready

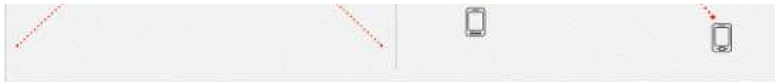
We are continuing to evolve our 4G network towards delivering gigabit data speeds, increased network capacity, improved response (latency) times, and new service capabilities. These network enhancements are being delivered through a range of advanced technological solutions. As an example, we are now rolling out massive MIMO (multiple input and multiple output) antennas in our markets. These antennae fundamentally change the way in which we transmit radio signals. Rather than the signal being transmitted everywhere, massive MIMO provides multiple beams of signal and each beam is assigned to a unique user or group. It therefore delivers a better and more reliable user experience, creates less interference, and has the benefit of increasing the site capacity by improving spectrum efficiency. This evolution of 4G combined with new 5G radio spectrum and antennae will provide the underlying network infrastructure for 5G.

Radio site evolution



of just 0.34%. In fixed line, we have created Europe's largest NGN footprint covering 107 million households (including VodafoneZiggo), of which 36 million are owned cable or fibre and 7 million are through strategic partnerships with attractive wholesale rates. As a result we are able to market NGN services to 65% of our European footprint.

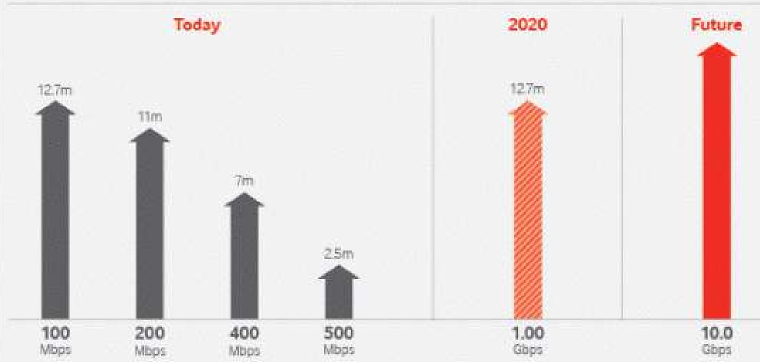
In order to maintain our leadership position we will continue to enhance our network and deploy new market leading technologies.



Future-proofing our fixed line infrastructure

In fixed, we are upgrading our cable infrastructure to the latest DOCSIS 3.1 technology and deploying fibre deeper into the network. This delivers a significant improvement in maximum user speeds and network capacity. The rollout of DOCSIS 3.1 is now well advanced in Spain, while in Germany we have commenced a two year rollout programme starting in 2018.

Vodafone Germany household cable coverage and speeds



Customer eXperience eXcellence ('CXX')

Delivering an outstanding and differentiated experience for our customers

The Group's CXX programme is our core marketing strategy for brand and service differentiation. Through our CXX programme we aim to deliver an outstanding and differentiated user experience for our customers, further building on our network leadership position.

The programme focuses on four key aspects of our customers' experience with Vodafone, summarised by the acronym "CARE".

Given the strategic importance of the programme, CXX performance indicators including Net Promoter Scores ('NPS') and brand consideration represent up to 40% of the annual bonus award for employees across the Group.

As the initiatives described below illustrate, we have made good progress this year in each of the areas covered by our CARE framework:

Connectivity that is secure and smart

Our "Secure Net" proposition is now live in ten markets, providing customers with extra security protection. And we have mobile network guarantees in place across 17 markets, promising customers their money back if the network fails to meet their expectations within their first month of use.

Always excellent value

Through our Big Data platform, which is live in 15 markets, we are able to notify customers of personalised solutions which meet their specific needs. Today, 35% of our communications with customers in these markets are supported by Big Data analysis.

Real-time relevant rewards

Loyalty and reward programmes have now been implemented in 18 markets and are available either via the My Vodafone app or the Vodafone website. In 14 markets, we have also introduced gamification activities to make redemption of these rewards a fun experience, such as "Shake", where customers shake their phone to receive rewards.

Easy, personal instant access

The My Vodafone app, which is now live across all of our markets, provides customers with a flexible way of monitoring and managing their services online. By the end of the financial year, My Vodafone app penetration across the Group reached 60%, up 5% year-on-year with customers on average using the app over nine times per month.

We continued to see the benefits of these CXX initiatives in our customer satisfaction scores. Overall we maintained our market-leading or co-leading position in consumer NPS in 17 out of 20 markets, and maintained the average gap between Vodafone and the third placed operator at 16 points. Our Enterprise position is even stronger, with leading or co-leading positions in 19 out of 20 markets.

We expect to further enhance our customers' experience through digital channels and platforms. The focus will be on scaling up real-time and personalised offers, deploying artificial intelligence (AI) across both service and sales touchpoints and simplifying the access and use of our services, for example, via touch ID login and integrated virtual assistants.

Market-leading net promoter score

Consumer
(points)

Improvement over the last three years

Net promoter score improved	15/20 markets
Gap to next best improved	17/20 markets
Average score improvement to next best	+8 points

Our core programmes (continued)

Fit for Growth

Our comprehensive cost efficiency programme

"Fit for Growth" is a comprehensive cost efficiency programme designed to drive operating leverage and margin expansion across the Group.

This targeted programme uses

We have continued to make good progress this year in lowering our operating cost base, reflecting the success of our Fit for Growth efforts. These Group initiatives include centralising procurement, developing shared service centres in low cost regions, improving sales channel efficiency, standardising network design and zero based budgeting ("ZBB") initiatives. As a result, we were able to lower our net operating costs on an organic basis for the second year running. Importantly, this cost reduction was achieved while maintaining our robust commercial momentum and despite a 63% increase in mobile data traffic during the year.

Fit for Growth impact over three years

Centralised procurement	Number of full-time employees in Shared Services	Network design standardisation savings	Group support functions ZBB savings
80% +20pp	19,000	€340m	€240m

This sustained focus on cost efficiencies meant that for the third year in a row we were able to grow our adjusted EBITDA faster than service revenues, supporting a significant improvement in our adjusted EBITDA margins. This improvement was broad-based, with 20 out of 25 markets external "best in class" benchmarks to determine cost saving opportunities both at a local market and a Group level, where our global scale can provide a competitive advantage.

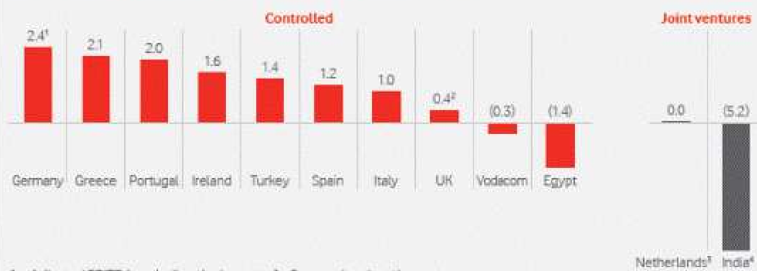
At the start of this year we launched our second phase of Fit for Growth, enabling us to broaden and deepen our cost saving initiatives.

We have also developed a new customer profitability analytics platform, which has now been rolled out across nine markets. We see a substantial opportunity for margin improvement as we take commercial actions to capitalise on these insights.

growing adjusted EBITDA faster than service revenue during the past year. Overall, we achieved a 1.3 percentage point improvement in the Group's underlying organic adjusted EBITDA margin (excluding EU regulation, UK handset financing, and settlements).

Broad based adjusted EBITDA improvement from Fit for Growth

2018 YoY adjusted EBITDA margin movement (pp)



1 Adjusted EBITDA excluding the impact of a German legal settlement.
2 Adjusted EBITDA excluding UK handset financing and regulatory settlements.
3 Based on US GAAP reporting.
4 Merger with Idea Cellular in India has not yet closed.

New "cost teardown" model implemented

During the year we implemented a structured teardown methodology to better understand our costs at a component level. The model enables an accurate "should cost" figure to be calculated which can then be used to better inform negotiations with suppliers.

€125m

Our "cost teardown" model has enabled us to deliver procurement savings of €125 million this year.

It does this by defining the absolute minimum requirements (AMR), increasing knowledge of discrete parts, and enabling design optimisation and trade-off of requirements. This year, we have been able to deliver procurement savings of €125 million from the adoption of this methodology. Our initial focus has been on hardware costs, while going forward we see further opportunity to expand into services and customer premises equipment to deliver future savings.

Digital Vodafone

The next phase of the Group's strategic development

The "Digital Vodafone" programme develops and strengthens our existing Customer eXperience eXcellence ('CXX') programme and enables us to build on our Fit for Growth achievements.

We aim to deliver the most engaging digital experience for our customers, blending the digital and physical assets of Vodafone to provide personal, instant and easy interactions.

By using advanced digital technologies our ambition is to enhance our customers' experience, generate incremental revenues and continue to reduce net

Our goal: to lead the industry in the transition to digital

Digital customer management — Digital technology — Digital operations

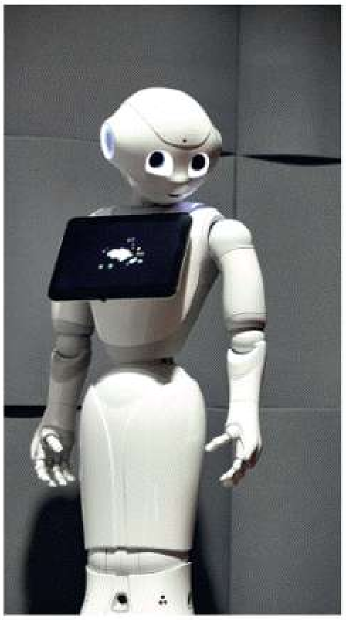
	March 2017	March 2018	March 2021
CVM campaigns enabled by Big Data Better targeting of the base[1]	15%	35%	100%
Digital channels share of sales mix[2] Reduce reliance on indirect channels	9%	11%	>40%
My Vodafone app penetration Improve customer engagement	55%	60%	95%
Chatbots (% of contacts) Moving from mostly human to mostly digital	0%	1%	60%
Frequency of contacts[3] Blending the best of digital and human interactions	1.9	1.7	1.2

Notes:
1 Average of EU4 (Germany, Italy, UK and Spain).
2 Mobile and Fixed acquisitions and upgrades.
3 FOC requiring human intervention per year.

Digital customer management

We intend to increase the use of data analytics to provide predictive, proactive and personalised offers to our customers, optimising the efficiency of our marketing spend, enhancing ARPU and improving our direct channel mix. The My Vodafone app and our digital marketing channels will, over time, become our main customer acquisition and management platform.

We will also be able to meet any customer request through automated, digital support – for example, by using chatbots and digital agents that utilise rapidly developing artificial operating costs on an organic basis.



intelligence technologies, developed and shared on a Group-wide basis.

Digital technology management

We will rapidly install new "middleware" on top of our legacy IT systems. This "Digital eXperience Layer" will accelerate the deployment of new digital capabilities, de-coupling them from the longer and financially costly upgrade cycles for our legacy billing and other systems. In addition, real-time data analytics will enable even smarter network planning and deployment, as well as more precise ROI-based investment decisions.

Together with the ongoing effort to migrate 65% of our IT applications to the cloud, we aim to achieve significant capex and opex efficiencies, allowing us to re-invest based on customers' actual and predicted profitability.

Digital operations

We see substantial scope for digitalisation to accelerate the simplification and automation of standard processes, in both operational and support areas. These include IT and network operations, customer management back office functions and all other administrative activities. We have already established an automation unit and we have made good progress with over 200 bots active in our Shared Service Centres.

Building a digital leader in data communications

Review of the year

This has been a year of robust commercial momentum and significant strategic progress, with a strong financial performance that exceeded our initial expectations for profitability and cash generation. Our customers enjoyed our best ever mobile network performance, and together with improvements in customer service and in the stability of our modernised IT and

We expect to deepen our 4.5G coverage and then launch 5G services in 2020, once handsets are widely available, as this will become the lowest cost option to add incremental capacity. We expect 5G investments to be funded from within our existing levels of capital expenditure.

Acquiring Liberty Global's cable assets in Germany,

Customer eXperience eXcellence ('CXX') and Digital Vodafone

Our efforts to deliver an outstanding customer experience, capitalising on our leading network quality, contributed to further gains in NPS across most of our markets during the year. In 17 out of 20 markets we now have a leading or co-leading consumer NPS score. Even more importantly, the NPS gap between ourselves and the third placed competitor (typically the value-players) is now 16 points.

During the year we decided to initiate a new strategic programme, "Digital Vodafone", which will leverage on our earlier work with the CXX programme. We aim to transform our business model by delivering the most engaging digital experience for our customers; using advanced data analytics to improve all commercial and technology investment decisions; and automating key aspects of our operations. Our ambition is to generate incremental revenues and to further reduce net operating costs on an organic basis.

billing platforms, particularly in the UK, this contributed to our highest ever net promoter scores ('NPS') at year-end.

As I describe in more detail overleaf, our three "growth engines" performed well. Mobile data growth remains strong, up 63% year on year, and our "more-for-more" propositions helped to offset regulatory headwinds. We remained Europe's fastest growing and leading challenger in broadband, adding 1.1 million households during the year, and also added 0.8 million converged customers, typically increasing ARPU and reducing churn. Meanwhile, our Enterprise business continued to outperform our peers thanks to the success of our world-leading IoT division, despite an overall declining market environment. We achieved all of this while lowering our net operating costs on an organic basis for the second year in a row, thanks to our Fit for Growth initiatives.

Network leadership: preparing for 5G

The substantial investments we made during Project Spring, supported by sustained ongoing capital expenditure, have allowed us to maintain our network leadership and co-leadership positions in mobile. In several markets – notably in Germany and Italy – the gap in performance between ourselves and the value players continued to widen, supporting a premium price differential.

We are optimistic about the long-term potential of 4.5G and 5G services, and we intend to invest in the upcoming 5G spectrum auctions over the next two years in order to maintain and optimise our spectrum position across all technologies.

Central and Eastern Europe

In May 2018, we announced our intention to acquire Unitymedia in Germany, as well as the UPC cable assets in Central and Eastern Europe ('CEE'), from Liberty Global for a total enterprise value of €18.4 billion. This transaction transforms Vodafone into Europe's leading next generation infrastructure owner with 54 million on-net homes, out of a total NGN footprint of 114 million. In Germany we will become a converged national challenger, and in our predominately mobile-only markets in CEE we will significantly accelerate our convergence strategy. In total we will acquire gigabit capable networks passing 17.4 million marketable homes, including 11.0 million in Germany, with an attractive organic growth outlook given a speed advantage versus local incumbents and relatively low broadband penetration. In-market consolidation across the four countries is expected to create synergies with an NPV of over €7.5 billion, with run-rate cost and capex savings of €535 million by the fifth year post completion (before integration costs). The transaction is subject to regulatory approvals and is expected to close around the middle of calendar 2019.

Creating a new market leader in India

I am pleased with the progress we are making in securing regulatory approvals for the merger of Vodafone India with Idea Cellular, which is expected to close by the end of June, and we recently announced the appointment of a combined management team. Separately, in April 2018 we also announced the merger of Indus Towers with Bharti Infratel, creating India's leading listed tower company in which we will own a significant liquid stake.

The programme is already being implemented across our largest operating businesses, where we are merging commercial and technology teams to achieve better and more efficient product and service development, at a lower cost than in the traditional "siloed" functional model. We are also insourcing critical digital skills, in order to reduce reliance on external developers and adopt more agile working processes, and we have strengthened our internal digital marketing platforms and units, to achieve a better return on our media investments.

This transformational programme will be the most important source of differentiation and efficiency gains for Vodafone in the coming years.

Chief Executive succession

It has been a privilege to spend 20 years of my life working at Vodafone, the last ten of which as Group CEO. The company has evolved from a collection of assets – mostly consumer mobile – and minorities, to a strong mobile and fixed infrastructure owner, with co-controlled JVs and a strong Enterprise business. I am highly confident that Nick Read and Margherita Della Valle, whom I have worked with extensively throughout this time, are the right choices to lead the company through this exciting next phase of convergence and digital transformation.

/s/ Vittorio Colao

Vittorio Colao
Chief Executive

Our growth engines

Mobile data

Providing the best mobile data experience

Context

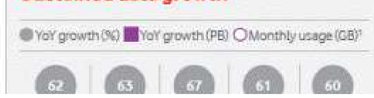
– The demand for mobile data is growing rapidly. Over the past three years data usage on our network has more than tripled

– This is being driven by increased smartphone adoption, customers moving to 4G (which provides faster data speeds and lower latency for a better user experience), and an increasing trend towards bigger data bundles

The demand for mobile data has continued to grow rapidly

During the financial year, data traffic across our network increased by 63% (Europe: 61%, AMAP: 66%). Additionally, India data traffic increased fourfold following a steep decline in data prices. This reflected strong 4G customer growth, up 63% to 122 million customers (an increase of 47 million in the year), together with increased data allowances. Smartphone usage also continued to grow, with customers using 2.5GB on average each month, up 51% year-on-year (Europe: 2.6GB, AMAP 2.2GB, India 3.5GB).

Sustained data growth



In AMAP, data revenues grew strongly, supported by the relative scarcity of fixed internet access, low data penetration and the success of our personalised offers to customers.

We have launched new "worry-free" services

In 2017, we launched "Vodafone Pass", an innovative proposition which allows customers to buy passes that give worry-free access to social, media and video applications without using their data allowance. Vodafone Pass is now available in 13 markets, with 13.0 million unique users enjoying over 19 million passes by the end of the year.

13.0m

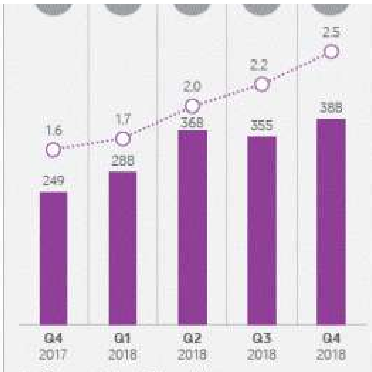
Overview

Strategic Report

– Customers want to use data in a "worry-free" way, without incurring unexpected costs whether using their mobiles at home or abroad
– Our substantial network investments create a strong platform to capture this demand and enable us to differentiate ourselves versus our competitors on data quality

Our goals

– To monetise this growth in mobile data through a range of "more-for-more propositions" (where we provide additional benefits to customers for a small incremental monthly fee), as well as providing personalised offers supported by our advanced data analytics
– Provide worry-free offers to customers to further encourage data usage
– Further increase smartphone and data penetration across our customer base. In Europe and AMAP smartphone penetration is 73% and 43% respectively
– Accelerate the adoption of new consumer IoT products and services, both using our own "V by Vodafone" and third-party solutions
– Further improve and enhance our network to provide the best data experience



1 iPhone and Android monthly average usage.

Monetising data growth through "more-for-more" propositions

In Europe, we are monetising the growth in data usage through a range of "more-for-more" propositions as well as personalised offers utilising advanced data analytics. As a result, underlying consumer contract ARPU is stabilising across many of our markets, although regulatory drags and a mix shift towards lower priced SIM-only contracts are weighing on reported ARPU metrics.

unique Vodafone Pass users

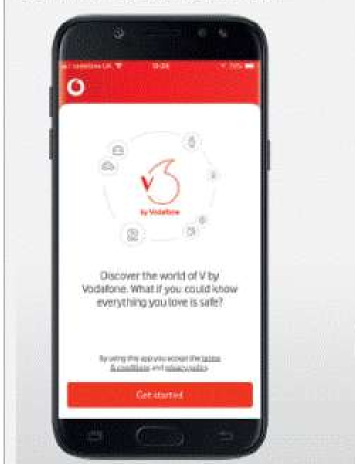
Following the introduction of "Roam-like-at-home" regulation in Europe our customers can now also benefit from worry-free roaming across 35 markets where they can use their domestic voice and data allowances abroad at no additional cost. As a result, roaming data usage is up 132% YoY.

The future is exciting

In November, we launched our new "V by Vodafone" consumer Internet of Things (IoT) business.

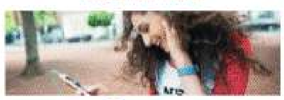
This enables customers to connect both Vodafone branded and third party electronics products to Vodafone's leading international IoT network. These products can be easily managed using the "V by Vodafone" smartphone app, providing customers with a single overview of all IoT-enabled products registered to their account.

Customers pay a low-cost fixed monthly subscription for each "V-Sim"; initial products include the V-Auto, V-Camera, V-Pet, V-Bag and V-Home connected devices.



Examples of our more-for-more and personalised offers

More-for-more



Germany
In October 2017 all new customers received a monthly "pass" in return for +€3/month

Vodafone Pass

Live in 13 markets
Available for different durations, for example, in Egypt available on an hourly basis

Segmented offers

Portugal
Youth segment "Yorn Shake It" prepaid top-up gaming experience

Personalised offers/data analytics

South Africa
1.45 billion "Just 4 You" bundles sold this year, +99% year-on-year

Our growth engines (continued)

Fixed and Convergence

Winning fixed share, combining fixed and mobile

Context

– Over the next five years, the number of households with NGN broadband (i.e. fibre or cable) is expected to double within Vodafone's European footprint. This equates to c.50 million additional NGN households

We have Europe's largest NGN footprint

Our fixed NGN footprint has continued to expand and now covers 107 million marketable households, an increase of 11 million in the year. Within this, 36 million households are on our fully owned network ("on-net") including VodafoneZiggo in the Netherlands, and a further 7 million households are covered through strategic partnership agreements where we have attractive commercial/access terms. This provides us with a significant platform for growth.

European homes marketable[2]

Capital-smart infrastructure strategy

We are Europe's fastest

– This shift to NGN represents a significant window of opportunity for Vodafone to capture substantial and profitable market share gains

– This opportunity is available to us as a result of our flexible and capital-smart infrastructure strategy, which has enabled us to create Europe's largest NGN footprint covering 107 million households

– Gaining scale in fixed also allows us to sell bundles of fixed and mobile services within a single contract to our combined base, providing the opportunity to lower customer churn, grow ARPU through upselling additional services and increase customer lifetime value

– Demand for convergence across our European markets is moving at different speeds, but we are well prepared to capitalise on this opportunity as it develops

Our goals

– To make substantial and profitable market share gains in fixed line

– Further grow and optimise our NGN footprint utilising our capital-smart strategy

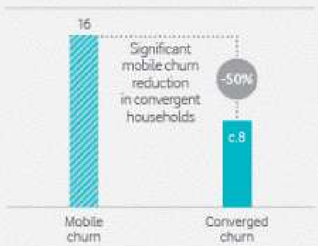
– Increase on-net penetration on our owned NGN network. Today, penetration across our European markets is 28%[1]

– Continue to grow fixed service revenue as a percentage of our total service revenues. Over the last three years this percentage has grown from 22% to 25% today (29% in Europe)

– Drive convergence across our markets in a disciplined way – making our customer base increasingly secure and more valuable

Vodafone Germany: Converged customers have lower churn

Q3 2018 customer churn reduction (%)



1 Including VodafoneZiggo.
2 Across all Vodafone's 13 markets.

(Q4 2018 – million)

Using our flexible and capital smart infrastructure strategy

Our market-leading NGN footprint has been achieved using a flexible and capital efficient strategy which combines build/co-build, strategic partnering, wholesale and acquisition/buy options. This approach allows us to continually optimise and improve our fixed access position over time. For example, during the year we signed a number of strategically important agreements, these included:

– Our "Gigabit investment plan" in Germany, where we intend to invest approximately €2 billion on ultrafast services by the end of 2021. We expect this largely success-based plan to drive incremental growth and attractive returns. We aim to deploy fibre to around 2,000 business parks, working with partners and independently; partner with local municipalities to reach around 1 million rural consumer homes with FTTH; and upgrade our existing cable infrastructure to deliver 1Gbps speeds to 12.7 million households.

– A long-term strategic partnership with CityFibre in the UK. This provides us with the ability to market FTTH to up to five million UK households by 2025 at attractive commercial terms. Our initial commitment is to one million households.

We are Europe's fastest growing broadband provider

Penetration of our European on-net NGN households is 28%[1], leaving substantial room for growth given competition primarily comes from incumbent's copper-centric networks. Our off-net wholesale penetration is just 4%, a further growth opportunity.

During the past year, we added 1.3 million new broadband customers across the Group and maintained our position as the fastest growing broadband provider in Europe. As a result, our total broadband customer base across the Group is 16.1 million (19.7 million including JVs and associates). This strong commercial performance was supported by record growth in our NGN customer base of 2.0 million, reaching 9.9 million (13.2 million including VodafoneZiggo).

Gaining momentum in convergence

Our momentum in convergence has accelerated with 0.8 million converged customers added in the past year. In total our Group converged customer base now totals 4.5 million (5.5 million including VodafoneZiggo). We are seeing clear improvements in both customer churn and NPS for converged customers. The opportunity to grow our converged base remains significant with c.35% of our consumer broadband base in Europe (including VodafoneZiggo) taking both fixed and mobile products.

The future is exciting

– In May 2018, we announced our intention to acquire Liberty Global's operations in Germany, the Czech Republic, Hungary and Romania.

– This further accelerates our convergence strategy, enabling us to become the leading NGN owner in Europe, expanding our "on-net" footprint to 54 million cable and fibre households covered and a total reach of 114 million homes and businesses including wholesale arrangements.

Enterprise

Connecting the people, places and things that matter to businesses

Context

Organic Enterprise service revenue growth

(%)

We are also highly focused on our cost base and have implemented a multi-year margin improvement programme. This includes retiring expensive-to-run networks and services and migrating legacy customers to more profitable solutions. Through our own digital transformation programmes, we are also driving operational efficiencies by using Artificial Intelligence, machine learning and greater use of digital self-service tools.

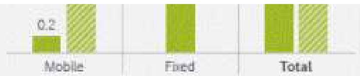
- The ability to turn inanimate objects into intelligent assets, collecting data and communicating, now makes it possible for businesses of all sizes to create new revenue streams and business models. Digital transformation is now a means of competitive differentiation
- The divisions between mobile, fixed and IT have blurred and competition from OTT providers is intensifying
- The growth of IoT, security and other value added services such as data analytics, artificial intelligence and virtual reality continues to accelerate

Our goals

- To help businesses, small and large, to succeed in a digital world
- We aim to maintain our strong mobile market share and gain a profitable share in fixed line and converged services
- We also aim to lead the market in integrating value added services for SOHO and SMEs and be the partner of choice for large enterprises to connect their people, places and things to the Cloud

Our Enterprise business

Enterprise is a key part of our business, representing 29% of Group service revenue. During the year, we continued to grow enterprise service revenue by 0.9%*, led by the success of our world-leading IoT platform, despite headwinds from roaming regulation in Europe. Excluding the impact of regulation, we grew service revenue by 2.1%* in the year.



1 Excludes the impact of EU regulation and mobile termination rate changes.

What differentiates us

We have a unique global footprint that spans 25 countries where we own networks and have partner agreements in 47 countries. As a result, we have a cost advantage compared to nationally based competitors who are forced to wholesale at a higher cost in order to provide services outside of their home footprint. We are also able to provide global service level agreements ('SLAs') to multinational customers as we own all of our infrastructure.

Being a challenger in fixed line, we are not held back by either legacy infrastructure or the loss of fixed voice revenues and continue to gain market share. Additionally, the upcoming technology shift to Software Defined Networking enhances the opportunity for us to provide new fixed services.

Our business also continues to benefit from greater exposure to fast growing emerging markets, such as South Africa, Turkey and Egypt, which make up 17% of Enterprise service revenues.

Finally, we have a market-leading platform in the rapidly growing Internet of Things ('IoT') segment. This provides us with the benefits of owner economics, and the ability to control the platform's development and deployment as customer demands evolve. We also provide not just connectivity but truly "end-to-end" IoT services. This year, we grew our IoT service revenue by 14%*, adding more than a million SIMs per month and scaled our services businesses in key verticals including automotive and financial services. In total, we now have 68 million SIMs on our network.

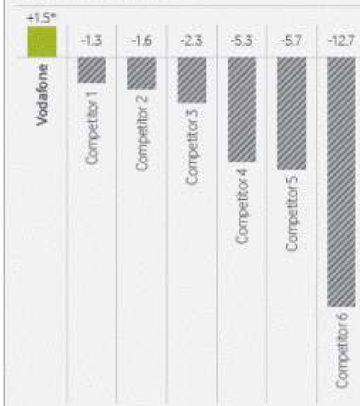
This differentiation is reflected in our market-leading NPS scores, where we are the leader or co-leader in 19 out of 20 countries.

Outperforming our peers

These important differences have enabled us to maintain our service revenue growth over the past year while also continuing to outperform our peers.

Outperforming peers

Q4 2018 revenue growth



In alphabetical order:
AT&T Business Solutions, BT Business & Public Sector, BT Global Services, Deutsche Telekom T-Systems, Orange Enterprise, Verizon Enterprise Solutions.

Challenges

Consistent with the industry, we continue to experience downward pressure on mobile prices and ARPU, driven by aggressive competition and the consumerisation of Enterprise services, such as the Bring Your Own Device ('BYOD') trend. We are also reaching high smartphone penetration levels, and near ubiquitous availability of Wi-Fi that enables OTT operators to offer substitute services. For example, using WhatsApp to call when abroad instead of roaming on our network.

To off-set these challenges, we continue to develop value added services such as "Device Lifecycle Management" and new tariffs that monetise data.

The future is exciting

- Our performance in the IoT automotive segment remains particularly strong, with over 14.4 million vehicles connected to our IoT platform. Vodafone is the only telco that is a Tier 1 supplier to automotive original equipment manufacturers ('OEMs'), with customers including eight of the top ten car manufacturers globally.
- We are continuing to expand our services in the automotive and insurance sectors with five vehicle manufacturers taking additional telematics services and we are now the second biggest provider of Usage Based Insurance information in Europe.

Chief Financial Officer's review

Improving margins and strong financial results

Digital Vodafone will build on "Fit for Growth" achievements

I am pleased to report that for the third year in a row we grew our adjusted EBITDA faster than service revenues, supporting a significant improvement in our adjusted EBITDA margins, which have now risen from a low of 28.3% in 2015 to 31.6% in 2018. Adjusted EBIT has recovered even more sharply with organic growth of 47%. This margin improvement was supported by a further annual reduction in our organic operating costs on an absolute basis, reflecting the success of our "Fit for Growth" efforts. These include centralising procurement, developing Shared Service Centres and undertaking zero based budgeting efforts across the Group. Importantly, we achieved this cost reduction while maintaining robust commercial momentum, and despite a 63% increase in mobile data traffic during the year.

20

out of 25 markets growing adjusted EBITDA faster than service revenue

Our ambition is to continue to reduce net operating costs over the long-term through the "Digital Vodafone" programme, which aims to achieve savings by digitalising key aspects of our customer management, technology management and operational processes – activities which at present represent over €8 billion of annual cash costs. We are increasing our investments in "Agile" cross-functional teams, digital tools and IT capabilities, in order to strengthen our ability to market directly to our customers via the web and the My Vodafone app. By the 2021 financial year, our target is that over 40% of our sales are via digital channels, up from just 11% today. This will allow us to reduce the commissions paid to third-party distributors and optimise the size of our retail footprint.

We are also creating efficient digital customer care solutions, including AI-enabled chatbots, in order to reduce the loading in our call centres, with a target that 60% of contacts are via digital agents by 2021. And we are introducing new "smart capex" allocation methodologies, based on broader and deeper data analytics which enable us to understand our profitability both by customer and by mobile site.

Maintaining a strong balance sheet post acquisitions

Vodafone has benefited throughout its history from a strong balance sheet and a robust investment grade credit rating, providing reliable and cost-effective access to debt capital markets. Our proposed acquisition of Unitymedia in Germany and cable operations in Central and Eastern Europe from Liberty Global does not alter this fundamental commitment.

We believe that modestly higher financial leverage – within an expected range of 2.5x–3.0x net debt/adjusted EBITDA moving forwards – is fully justified by an improved organic growth outlook and a more resilient revenue mix, as the Group becomes both more converged and more European following the acquisition.

Our determination to maintain a robust investment grade credit rating is reflected in our intention to issue around €3 billion of new mandatory convertible bonds, as well as hybrid debt securities (which receive equity credit from rating agencies), as part of the financing for the acquisition. We will have the option to buy the mandatory convertible bonds back in three years' time, avoiding equity dilution for our shareholders, providing that we have sufficient headroom within our targeted leverage range. On a pro-forma basis for the transaction with Liberty Global, our leverage was 3.0x as at 31 March 2018.

Developments in India

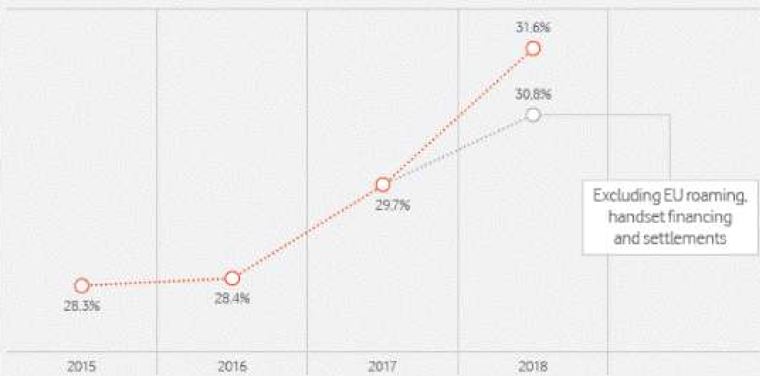
Given high competitive intensity and regulatory pressure, Vodafone India's service revenue contracted by 19%* and adjusted EBITDA by 35%* on an organic basis during the year, while Idea Cellular reported a similar financial performance. We have taken a number of steps during the year to strengthen the financial position of the future joint venture, raising approximately €3.5 billion in incremental financing for the business. These actions include:

- The sale of Vodafone India and Idea's standalone tower assets for €1.0 billion, which we announced in October 2017
- Idea's equity raise of €0.8 billion in January 2018, which Vodafone Group will match at the time the merger closes; combined with other adjustments, we currently estimate a net capital injection into India of up to €1 billion at closing in June 2018
- The option to sell Idea's 11.15% stake in Indus Towers to Bharti Infratel for approximately €0.8 billion in cash (based on the announcement on 25 April 2018); alternatively, the JV can elect to receive shares in the enlarged Indus Towers Ltd when the merger between Indus Towers and Bharti Infratel completes (by the end of fiscal 2019, subject to regulatory and other approvals).

These measures will support the joint venture while it focuses on capturing operational synergies as fast as possible; in addition, post competitor rationalisation the Indian mobile market has scope to recover, especially given the cash outflows currently experienced by the remaining operators. However, the company's financial leverage is currently high on a pro-forma basis. In the event that in the future the joint venture partners decide to put in additional funding, the Group would draw upon the value of its stake in Indus Towers.

Third consecutive year of EBITDA margin expansion

Group adjusted EBITDA margin (%)



Strong 2018 financial results – exceeding guidance

During the year we exceeded our initial guidance for "4-8% organic adjusted EBITDA growth" and "around €5 billion of FCF pre-spectrum". At our half year results we revised our guidance upwards to "around 10% organic adjusted EBITDA growth", stating that we expected "to exceed €5 billion of FCF pre-spectrum". We more than met these revised targets, with 12%* organic adjusted EBITDA growth and €5.6 billion of FCF pre-spectrum on a guidance basis. However, it is important to note that excluding the benefit of UK handset financing, settlements in the UK and Germany and the impact of EU regulation, our organic adjusted EBITDA growth was closer to 8%*.

A covered dividend

During the year we invested €1.1 billion in spectrum, renewing our 2G spectrum in Italy and making a down-payment for the UK 5G spectrum auction. Consequently, our FCF generation post spectrum and restructuring was €4.0 billion, higher than our cash dividend obligation of €3.9 billion. In the coming two years we expect higher spectrum costs as we look to acquire 5G spectrum in the 3.4-3.7GHz bands, as well the 700MHz band, across most European markets.

On the basis that this concentration of auction activity does not change our long-term average annual spectrum cost, which was €1.2 billion taking the average of the past nine years, we expect that our FCF generation will – on average – continue to cover our dividend obligations. This provides the Board with the confidence to reiterate our intention to grow the dividend per share annually, and recommend a further 2.0% increase in the dividend to 15.07 eurocents for the year.

Looking ahead

In the 2019 financial year, we expect to grow adjusted EBITDA by 1–5% on an organic basis, excluding the impact of UK handset financing and settlements, despite the arrival of a new entrant in Italy and increased competition in Spain. This implies an adjusted EBITDA range of €14.15–€14.65 billion at guidance exchange rates, under current accounting standards. We expect to generate FCF pre-spectrum of at least €5.2 billion.

During the coming year we will report our results under the new IFRS 15 accounting standard as well as under the prior accounting standards. Under IFRS 15, we expect our organic service revenue growth will be slightly higher, and our absolute adjusted EBITDA slightly lower, primarily due to the elimination of the impact of UK handset financing under our current accounting standards, with no impact on FCF.

My priorities: Delivering a Digital Vodafone, leading in a Gigabit world

I feel both privileged and hugely energised by the opportunity to lead Vodafone, supported by a world class team, and I would like to recognise Vittorio for transforming Vodafone into the company it is today, and personally thank him for his mentorship over the past 12 years.

My immediate priorities will be to continue to work closely with Vittorio to conclude the India merger process, to make good progress in securing regulatory approvals for the acquisition of Liberty Global's cable assets, and to accelerate the Digital Vodafone programme.

The Group has a clear strategic direction, so in the coming year I intend to focus on our organic performance, building on our leadership in next-generation networks and mobile to place us at the heart of a converged Gigabit Society. We need to deliver on our integration plans and the substantial synergies arising from our transactions in India, Germany and Central and Eastern Europe. At the same time, we must use Digital Vodafone to transform not only the world around us, but also our own business – enhancing the experience for our customers, while simplifying and streamlining our internal processes to achieve a much higher level of efficiency, and generate higher returns.

/s/ Nick Read

Nick Read
Chief Financial Officer

Key performance indicators

Strategic Report

Monitoring progress and performance

We measure our success by tracking key performance indicators that reflect our strategic, operational and financial progress and performance.

These drive internal management of the business and our remuneration.

Changes to KPIs this year

We have updated some of our KPIs to more accurately reflect our progress and performance.

New KPIs

- Mobile data growth and network quality
- Average smartphone data usage per customer in Europe
- IoT SIM growth

KPIs removed

- 4G coverage

Notes:
1 Includes Netherlands.
2 Includes India.
3 Excludes Qatar.
4 Excluding the impact of a German legal settlement.

Service revenue, fixed revenue, enterprise service revenue, IoT revenue, adjusted EBITDA, adjusted EBITDA margin, free cash flow (pre-spectrum) and organic growth are alternative performance measures. See "Alternative performance measures" on page 207 for further details and reconciliations to the respective closest equivalent GAAP measure.

Paying for performance

The incentive plans used to reward the performance of our Directors and our senior managers, with some local variances, include measures linked to our KPIs. These KPIs continued to show improvement, and as a result this year's Group annual bonus was higher than last years as overall performance was ahead of our internal targets.

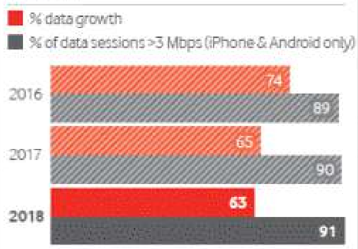
70 Read more on rewards and performance in the Remuneration Report

Core programmes

Network leadership
Mobile data growth and network quality

The growth of Group data traffic over our network and proportion of data sessions delivered at high-definition (HD) quality (i.e. exceeds 3 Mbps).

Achieved

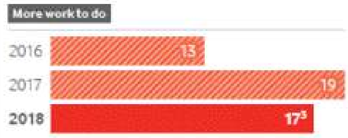


Customer eXperience eXcellence ('CXX')
Consumer mobile net promoter score[1,2]

number of markets with NPS leadership or co-leadership, out of 20 markets

We use NPS to measure the extent to which our customers would recommend us to friends and family. Our goal is to be NPS leader in all of our markets.

More work to do

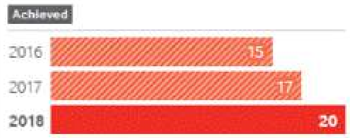


Fit for Growth
Grow adjusted EBITDA faster than service revenue, improving margins

out of 25 markets

The number of markets growing organic adjusted EBITDA faster than service revenue.

Achieved



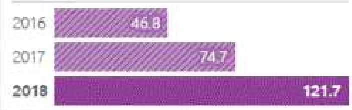
Growth engines

Mobile data
4G customers[1,2]

million

To monetise our network investments, we aim to migrate and attract new customers on to our 4G network. We have continued to significantly grow our 4G customer base and as a result data usage on our network has increased by 63% over the last year.

Achieved

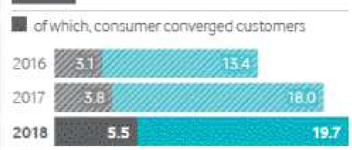


Fixed and Convergence
Fixed broadband and converged consumer customers[1,2]

million

We aim to rapidly grow our fixed broadband customer base through market share gains, and drive convergence across our fixed and mobile customer base. During the year we added 1.3 million broadband customers, and maintained our position as the fastest growing broadband provider in Europe, taking our total customer base to 19.7 million (including JVs and associates). We also added 0.8 million converged customers in the year, taking our overall total base to 5.5 million (including VodafoneZiggo).

Achieved

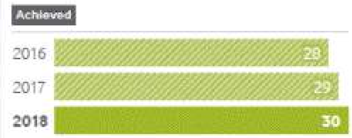


Enterprise
Fixed as a percentage of enterprise service revenue

%

Our core European mobile business continued to face ARPU pressure in mobile reflecting ongoing price competition. As a result, we are seeking to diversify into fixed and enterprise related services to offset this pressure.

Achieved

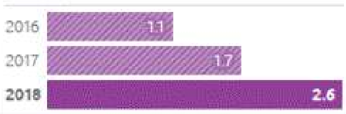


Overview
Strategic Report
Governance
Financials
Other information

Mobile data
Average smartphone data usage per customer in Europe
GB/month (iPhone & Android only)

Our range of "more-for-more" propositions (where we provide additional benefits to our customers for a small incremental fee) and "worry-free" offers are encouraging customers to use more data and enabling us to monetise this growth.

Achieved



Fixed and Convergence
European owned NGN coverage and strategic partnerships[1]
million marketable households passed

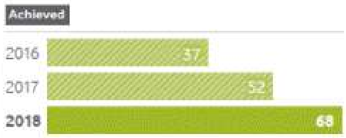
To meet the growing demand for NGN fixed and converged services we aim to continually grow and optimise our NGN reach. We now have the largest NGN footprint in Europe covering 107 million marketable households. This comprises of 36 million homes passed by our owned cable and fibre network (including VodafoneZiggo), 7 million through strategic partnership agreements, and a further 64 million via wholesale access terms.

Achieved

Enterprise:
IoT SIM growth
million

We are a market leader in the rapidly growing Internet of Things ("IoT") segment. We offer a diverse range of services to our Enterprise customers including managed IoT connectivity, automotive and insurance services, smart metering and health solutions. This year we grew our IoT service revenue by 14%*, and in total we now have 68 million SIMs on our network.

Achieved



Financial performance

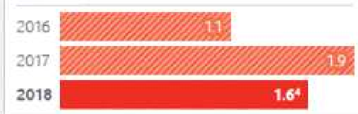
The Group delivered a strong financial performance supported by our good commercial momentum and sustained focus on cost efficiencies. As a result we were able to exceed both our initial and revised financial targets for the year, delivering 11.8% organic adjusted EBITDA growth and €5.6 billion of free cash flow pre-spectrum. Our dividend per share grew by 2% to 15.07 eurocents.

22 Read more on financial performance

Organic service revenue growth
%

Growth in revenue demonstrates our ability to grow our customer base and/or ARPU. Our goal is to continue to grow our service revenue. We met this goal again this year despite new EU roaming regulation dragging on our reported results. Overall, we delivered organic Group service revenue growth of 1.6%*[4] in the year (Europe: 0.6%*[4]; AMAP 7.7%).

Achieved



Organic adjusted EBITDA growth
%

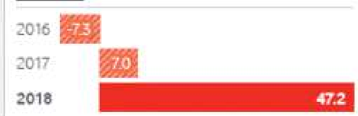
Growth in adjusted EBITDA supports our free cash flow which helps fund investment and shareholder returns. Our adjusted EBITDA grew organically by 11.8% this year, a significantly faster pace than service revenue, or 7.9% excluding regulation, UK handset financing and settlements. Consequently, the Group's adjusted EBITDA margin improved by 1.9 percentage points to 31.6%, or by 1.3 percentage points on an organic basis excluding regulation, UK handset financing and settlements.

Exceeded

Organic adjusted EBIT growth
%

Adjusted EBIT is an important indicator of profitability and returns for the Group. On a reported basis, our organic adjusted EBIT grew by 47% driven by our strong adjusted EBITDA performance, which translated into even faster adjusted EBIT growth, combined with lower depreciation and amortisation expenses which continue to stabilise as our capital intensity normalises post Project Spring. It has been a strong in-year performance, but there is still more work to be done to improve profitability and our return on capital.

Exceeded



Free cash flow pre-spectrum
€ billion

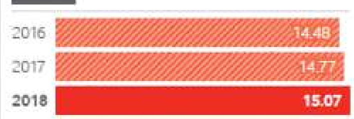
Cash generation is key to delivering strong shareholder returns. On a guidance basis, we delivered €5.6 billion of free cash flow pre-spectrum in the year, fully covering our dividend obligations, or €5.4 billion pre-spectrum payments on a reported basis.

Exceeded

Dividend per share
eurocents

The ordinary dividend per share continues to be a key component of shareholder return. It is the Board's intention to grow the dividend per share annually. This year we increased the dividend per share by 2%.

Achieved



Strategic Report

Our financial performance

This section presents our operating performance, providing commentary on how the revenue and the adjusted EBITDA performance of the Group and its operating segments have developed over the last year. The results for both years include the results of Vodafone India as discontinued operations following the agreement to combine it with Idea Cellular.

Group[1,2]

	Europe €m	AMAP €m	Other[3] €m	Eliminations €m	2018 €m	2017 €m	% change Reported	% change Organic*
Revenue	33,888	11,462	1,408	(187)	46,571	47,631	(2.2)	3.8
Service revenue	30,713	9,501	1,037	(185)	41,066	42,987	(4.5)	1.6[4]
Other revenue	3,175	1,961	371	(2)	5,505	4,644		
Adjusted EBITDA	11,036	3,757	(56)	–	14,737	14,149	4.2	11.8
Depreciation and amortisation	(8,181)	(1,655)	(74)	–	(9,910)	(10,179)		
Adjusted EBIT	**2,855**	**2,102**	**(130)**	**–**	**4,827**	**3,970**	**21.6**	**47.2**
Share of adjusted results in associates and joint ventures[5]	40	351	(2)	–	389	164		
Adjusted operating profit	**2,895**	**2,453**	**(132)**	**–**	**5,216**	**4,134**	**26.2**	**49.0**
Adjustments for:								
Restructuring costs					(156)	(415)		
Amortisation of acquired customer bases and brand intangible assets					(974)	(1,046)		
Other income and expense[6]					213	1,052		
Operating profit					**4,299**	**3,725**		
Non-operating income and expense					(32)	(1)		
Net financing costs					(389)	(932)		
Income tax credit/(expense)					879	(4,764)		
Profit/(loss) for the financial year from continuing operations					**4,757**	**(1,972)**		
Loss for the financial year from discontinued operations					**(1,969)**	**(4,107)**		
Profit/(loss) for the financial year					**2,788**	**(6,079)**		

Notes:
1 2018 results reflect average foreign exchange rates of €1:£0.88, €1:INR 75.48, €1:ZAR 15.19, €1:TKL 4.31 and €1: EGP 20.84.
2 Service revenue, adjusted EBITDA, adjusted EBIT and adjusted operating profit are alternative performance measures which are non-GAAP measures that are presented to provide readers with additional financial information that is regularly reviewed by management and should not be viewed in isolation or as an alternative to the equivalent GAAP measure. See "Alternative performance measures" on page 207 for reconciliations to the closest respective equivalent GAAP measure and "Definition of terms" on page 222 for further details.
3 The "Other" segment primarily represents the results of shareholder recharges received from Vodafone Netherlands, VodafoneZiggo and Vodafone India, partner markets and the net result of unallocated central Group costs.
4 Excluding the impact of a German legal settlement.
5 Excludes amortisation of acquired customer bases and brand intangible assets of €0.4 billion (2017: €0.1 billion).
6 Year ended 31 March 2017 includes a €1.3 billion gain on the formation of the VodafoneZiggo joint venture in the Netherlands.

Revenue

Group revenue decreased 2.2% to €46.6 billion and service revenue decreased 4.5% to €41.1 billion. In Europe, organic service revenue increased 0.9%* and in AMAP, organic service revenue increased by 7.7%*. Further details on the performance of these regions is set out below.

Note:
* All amounts in the Our financial performance section marked with an "*" represent organic

Adjusted EBITDA

Group adjusted EBITDA increased 4.2% to €14.7 billion, with organic growth in Europe and AMAP partly offset by foreign exchange movements and the deconsolidation of Vodafone Netherlands following the creation of our joint venture "VodafoneZiggo".
The Group's adjusted EBITDA margin improved by 1.9 percentage points to 31.6%. On an organic basis, adjusted EBITDA rose 11.8%* and the Group's adjusted EBITDA margin increased by 2.2* percentage points driven by organic margin improvement in Europe.

Adjusted EBIT

Adjusted EBIT increased by 21.6% to €4.8 billion as a result of both strong adjusted EBITDA growth and lower depreciation and amortisation expenses. On an organic basis, adjusted EBIT increased by 47.2%* for the year.

growth which presents performance on a comparable basis, both in terms of merger and acquisition activity and movements in foreign exchange rates. Organic growth is an alternative performance measure. See "Alternative performance measures" on page 207 for further details and reconciliations to the respective closest equivalent GAAP measure.

Operating profit

Adjusted EBIT excludes certain income and expenses that we have identified separately to allow their effect on the results of the Group to be assessed. The items that are included in operating profit but are excluded from adjusted EBIT are discussed below.

The Group's share of adjusted results in associates and joint ventures was €0.4 billion, up from €0.2 billion in the prior year due to higher contributions from VodafoneZiggo and Vodafone Hutchison Australia. Restructuring costs decreased by €0.2 billion due to the prior year including the impact of cost efficiency actions taken in Germany and the UK. Amortisation of intangible assets in relation to customer bases and brands is recognised under accounting rules after we acquire businesses and was €1.0 billion, largely unchanged compared to the prior year. Other income and expense were a €0.2 billion gain during the year compared to €1.1 billion in the prior year which included a €1.3 billion gain on the formation of VodafoneZiggo.

Including the above items, operating profit increased by €0.6 billion to €4.3 billion. Higher adjusted EBIT and share of adjusted results in associates and joint ventures and lower restructuring costs more than offset the inclusion of the gain on the formation of the VodafoneZiggo joint venture in the prior year.

Net financing costs

	2018 €m	2017 €m
Investment income	685	474
Financing costs	(1,074)	(1,406)
Net financing costs	**(389)**	**(932)**
Analysed as:		
Net financing costs before interest on settlement of tax issues	(749)	(979)
Interest income/(expense) arising on settlement of outstanding tax issues	11	(47)
	(738)	**(1,026)**
Mark-to-market gains	27	66
Foreign exchange[1]	322	28
Net financing costs	**(389)**	**(932)**

Note:
1 Primarily comprises foreign exchange rate differences reflected in the income statement in relation to certain sterling and US dollar balances.

Net financing costs decreased by €543 million primarily driven by favourable foreign exchange rate movements.

Net financing costs before interest on settlement of tax issues includes favourable foreign exchange movements related to both subsidiary borrowings and central hedging strategies. Excluding these, underlying financing costs remained stable, reflecting consistent average net debt balances and weighted average borrowing costs for both periods.

Taxation

	2018 €m	2017 €m
Income tax credit/(expense)	**879**	(4,764)
Profit before tax	**3,878**	2,792
Effective tax rate	**(23%)**	171%

The Group's statutory effective tax rate for the year ended 31 March 2018 was -23% compared to 171% for the last financial year.

The effective tax rate for both years includes the following items; deferred tax on the use of Luxembourg losses of €304 million (2017: €369 million); an increase in the deferred tax asset of €330 million (2017: increase of €328 million) arising from a revaluation of investments based upon the local GAAP financial statements and tax returns; the recognition of a deferred tax asset of €1,603 million due to higher interest rates; and a tax charge in respect of capital gains on the transfer of shares in Vodafone Kenya Limited to the Vodacom Group of €110 million (2017: €nil). The year ended 31 March 2017 also includes a reduction in our Luxembourg deferred tax assets of €2,651 million following a reduction in the Luxembourg corporate tax rate to 26.0%. These items change the total losses we have available for future use against our profits in Luxembourg and do not affect the amount of tax we pay in other countries.

Our financial performance (continued)

Earnings per share

Adjusted earnings per share, which excludes the results of Vodafone India which are included in discontinued operations, were 11.59 eurocents, an increase of 44.2% year-on-year, as higher adjusted operating profit and lower net financing costs more than offset the increase in income tax expense.

Basic earnings per share were 8.78 eurocents, compared to a loss per share of 22.51 eurocents for the year ended 31 March 2017, with the increase largely due to the prior year including a non-cash impairment charge of €3.7 billion, net of tax, recognised in discontinued operations in respect of the Group's investment in India and the changes in deferred tax on losses, as described above, both of which have been excluded from adjusted earnings per share.

	2018 €m	2017 €m
Profit/(loss) attributable to owners of the parent	**2,439**	**(6,297)**
Adjustments:		
Amortisation of acquired customer base and brand intangible assets	974	1,046
Restructuring costs	156	415
Other income and expense	(213)	(1,052)
Non-operating income and expense	32	1
Investment income and financing costs	(419)	70
	530	**480**
Taxation	(1,707)	3,975
India[1]	1,969	4,107
Non-controlling interests	(13)	(16)
Adjusted profit attributable to owners of the parent[2]	**3,218**	**2,249**
	Millions	Millions
Weighted average number of shares outstanding – basic	27,770	27,971
	eurocents	eurocents
Earnings per share:		
Basic earnings/(loss) per share	8.78c	(22.51)c
Adjusted earnings per share	11.59c	8.04c

Notes:
1 India is classified as discontinued operations and includes the operating results, financing, tax and other gains and losses of Vodafone India recognised during the year
2 See "Alternative performance measures" on page 207 for further details and reconciliations to the respective closest equivalent GAAP measure.

Section 219 SEC filings of interest

Vodafone Group Plc ('Vodafone') does not have any subsidiaries, other equity investments, assets, facilities or employees located in Iran, and Vodafone has made no capital investment in Iran. To the best of its knowledge, no U.S. persons, including any U.S. affiliates of Vodafone, are involved in the activities described below. Except as specified below, to the best of Vodafone's knowledge, neither it, its subsidiaries, nor its affiliates have engaged in any conduct needing to be disclosed under Section 13(r) of the Securities Exchange Act of 1934.

Roaming and interconnect

Vodafone has wholesale roaming and interconnect arrangements with mobile and fixed line operators in Iran. Vodafone has, or has had, relationships with telecommunications operators in Iran in connection with such roaming and interconnect arrangements, some of which it believes are or may be government-controlled entities. In addition, Vodafone provides telecommunications services to Iranian national embassies located globally. The approximate gross revenue and costs attributable to the roaming (including embassies) and interconnect arrangements were €461,000 and €1,839,000 respectively, for the financial year ended 31 March 2018.

HiWEB partnership

Vodafone has a non-equity agreement with Dodeh Gostar ASR Novin (established in 2016) under the HiWEB brand. HiWEB is an Iranian internet company that floated 10% of its shares in an initial public offering on Tehran Stock Exchange in September 2017. The aim of the HiWEB partnership continues to be the roll out, modernisation and expansion of the telecommunications network and development of fixed and mobile services. Gross revenues arising from this agreement to date were €3.5m.

EPEG Project

During the financial year ended 31 March 2018, Vodafone Global Network Limited (VGN) continued to be a member of a consortium made up of Telecommunication Infrastructure Company of Iran ('TIC') (an entity controlled by the government of Iran), Rostelecom and Omantel, that has built a high-speed cable network from a landing point in Oman to Germany. Each member of the consortium is responsible for funding, building and maintaining its section of the cable, with VGN owning and being responsible for the segment from the Ukrainian border with Russia to Frankfurt, Germany. No consortium transactions or purchase of capacity took place during the financial year ended 31 March 2018 for which Vodafone was due any revenues. Netting arrangements are in place for the settlement of any such transactions which arise.

Intellectual Property

Vodafone, through one of its subsidiaries, also makes some insignificant payments to Iran in order to register and renew certain domain names and certain trademarks, and protect its brand globally. The costs of registering and renewing domain names for the financial year ended 31 March 2018 were approximately €1,020, of which €567 has been paid and €453 is due to be paid. Vodafone pays these fees to IRNIC (the Domain Registry at the Institute for Studies in Theoretical Physics and Mathematics) via a Jordanian agent Abu-Ghazaleh Intellectual Property ('AGIP') and the Iranian law firm, Ali Laghaee & Associates Inc. International.

Vodafone continues to maintain Iranian trademarks in Iran but no renewal fees were due to the Iranian trademarks office during the financial year ended 31 March 2018

Europe

	Germany €m	Italy €m	UK €m	Spain €m	Other Europe €m	Eliminations €m	Europe €m	2017 €m	% change Reported	% change Organic*
Year ended 31 March 2018										
Revenue	10,847	6,204	7,078	4,978	4,941	(160)	33,888	34,550	(1.9)	3.0
Service revenue	10,262	5,302	6,094	4,587	4,625	(157)	30,713	31,975	(3.9)	0.9
Other revenue	585	902	984	391	316	(3)	3,175	2,575		
Adjusted EBITDA	4,010	2,329	1,762	1,420	1,515	–	11,036	10,283	7.3	13.0
Adjusted operating profit	1,050	1,049	168	163	465	–	2,895	1,890	53.2	86.3
Adjusted EBITDA margin	37.0%	37.5%	24.9%	28.5%	30.7%		32.6%	29.8%		

European revenue decreased by 1.9%. Foreign exchange movements contributed a 0.8 percentage point negative impact and the deconsolidation of Vodafone Netherlands contributed a 4.1 percentage point negative impact, offset by 3.0% organic growth. Service revenue increased by 0.9%* or 0.6%* excluding a legal settlement in Germany in Q4, driven by strong fixed customer growth and the benefit of the Group's "more-for-more" mobile propositions in several markets, which offset increased regulatory headwinds following the implementation of the EU's "Roam Like At Home" policy in June and the impact of the introduction of handset financing in the UK. Excluding regulation and UK handset financing, as well as a legal settlement in Germany in Q4, service revenue growth was 2.0%* (Q3: 1.9%*, Q4: 1.7%*).

Adjusted EBITDA increased 7.3%, including a 5.1 percentage point negative impact from the deconsolidation of Vodafone Netherlands and a 0.6 percentage point negative impact from foreign exchange movements. On an organic basis, adjusted EBITDA increased 13.0%*, supported by the benefit of the introduction of handset financing in the UK, regulatory settlements in the UK and a legal settlement in Germany. Excluding these items, as well as the net impact of roaming, adjusted EBITDA grew by 7.9*, reflecting operating leverage and tight cost control through our "Fit for Growth" programme.

Adjusted EBIT increased by 86.3%*, reflecting strong adjusted EBITDA growth and stable depreciation and amortisation expenses.

	Reported change %	Other activity (including M&A) pps	Foreign exchange pps	Organic* change %
Revenue – Europe	**(1.9)**	**4.1**	**0.8**	**3.0**
Service revenue				
Germany	2.6	–	–	2.6
Italy	1.0	0.2	–	1.2
UK	(8.1)	0.1	4.5	(3.5)
Spain	1.8	0.3	–	2.1
Other Europe	(19.6)	22.9	(0.4)	2.9
Europe	**(3.9)**	**4.0**	**0.8**	**0.9**
Adjusted EBITDA				

Germany

Service revenue grew 2.6%* or 1.6%* excluding the benefit in Q4 of a one-off fixed line legal settlement. This performance was driven by strong contract customer base growth in both mobile and fixed, partially offset by regulatory drags. Excluding regulation and the legal settlement, service revenue grew by 2.5%*. Q4 service revenue grew 5.9%*, or 1.8%* excluding the legal settlement, a slower rate of growth than in Q3 (2.5%*). This reflected a tough prior year comparator, particularly in wholesale, which more than offset the benefit from fully lapping the MTR cut implemented on 1 December 2016.

Mobile service revenue grew 0.4%* or 1.8%* excluding regulation. This was driven by a higher contract customer base, which more than offset lower contract ARPU (driven by a mix shift towards SIM-only/multi-SIM family contracts and regulation) and lower wholesale revenues. Q4 mobile service revenue grew 0.3%* (Q3: 1.8%*), with minimal impact from regulation. This slowdown in quarterly trends primarily reflects the lapping of strong wholesale MVNO revenues in the prior year. Our commercial performance in the year was strong as we added 657,000 contract customers (2016/17: 212,000). This was driven by higher activity in direct channels, lower contract churn and the continued success of our Gigacube fixed-wireless proposition. Our 4G population coverage is now 92% with the ability to offer 500Mbps in 40 cities, and we are currently piloting 1Gbps services in four cities. Our customer service was recently ranked 1st by "Connect" for overall service quality, consistent with our market-leading NPS ranking.

Fixed service revenue grew by 6.1%* or 3.5%* excluding the legal settlement. This was supported by good customer base growth. Quarterly service revenue trends (excluding the legal settlement) improved to Q4: 4.2%* (Q3: 3.5%*). During the year we added 362,000 broadband customers, of which 258,000 were on cable with the rest on DSL. Customer demand for our high speed propositions increased, with over 70% of cable gross adds in Q4 now taking our 200Mbps to 500Mbps offers. Our TV base remained stable at 7.7 million. Our convergence momentum continued to improve, supported by our GigaKombi proposition, and we added 278,000 converged customers in the year, taking our total consumer converged customer base to 700,000.

Germany	10.9	(0.1)	(0.1)	10.7
Italy	4.5	0.1	–	4.6
UK	45.4	(1.2)	7.6	51.8
Spain	4.4	0.6	–	5.0
Other Europe	(18.8)	26.8	(0.3)	7.7
Europe	**7.3**	**5.1**	**0.6**	**13.0**
Europe adjusted operating profit	**53.2**	**34.8**	**(1.7)**	**86.3**

Adjusted EBITDA grew 10.7%* or 8.3%* excluding the legal settlement. This was driven by service revenue growth, our focus on more profitable direct channels, and a reduction in operating costs of 2.3%* despite the strong growth in customer numbers. Our adjusted EBITDA margin was 37.0% and the adjusted EBITDA margin improved by 2.9 percentage points, or 2.4 percentage points excluding the legal settlement.

Our financial performance (continued)

Italy

Service revenue grew 1.2%* supported by strong customer base growth in fixed line, partly offset by lower mobile revenues. Q4 service revenue grew 0.7%* (Q3: -0.4%*), with the quarterly improvement led by mobile. In April 2018 we implemented a shift from 28-day billing to "solar" monthly billing across all products, however the antitrust authority (AGCOM) blocked the related change in monthly pricing; subsequently, we announced new price plans, which will be implemented at the end of May 2018.

Mobile service revenue declined 1.0%*, driven by intense price competition in the prepaid market and the lapping of pricing actions from the prior year. Promotional activity in the prepaid segment remained high, driven by aggressive "below-the-line" offers. During the year we launched new segment led propositions and personalised offers, which helped to improve our sales mix and customer retention, supporting prepaid ARPU despite a competitive environment. We also retained our market leading network and NPS position in consumer and enterprise. Q4 mobile service revenue declined 1.5%* (Q3: -2.9%*).

Fixed line service revenue grew 12.4%* driven by continued strong customer base growth and higher ARPU. This strong momentum was maintained in Q4 with service revenue growth of 11.1%* (Q3: 12.0%*). We added a record 307,000 broadband households in the year to reach a total broadband customer base of 2.5 million. Through our owned NGN footprint and strategic partnership with Open Fiber, we now cover 5.3 million marketable households. In April 2018, we announced an extension to our wholesale partnership with Open Fiber, enabling us to provide FTTH services to 9.5m households (271 cities) by 2022, at attractive commercial terms. During the year, we launched our new converged proposition "Vodafone One", providing customers with a single fibre and 4.5G offer that can be enriched via Vodafone TV as well as exclusive advantages for family members. We added 268,000 converged consumer customers in the year, taking our total base to 743,000.

Adjusted EBITDA grew 4.6%*, with a 1.0 percentage point improvement in adjusted EBITDA margin to 37.5%. This was driven by revenue growth and tight cost control, having delivered a 6.0%* reduction in operating costs in the year.

UK

Service revenue declined 3.5%*, impacted by the drag from handset financing which weighed on organic service revenue by 2.5 percentage points. Excluding the impact of handset financing and regulatory drags, service revenue grew 0.3%*, with trends improving throughout the year, driven by improvements in consumer mobile and fixed line, largely offset by continued declines in Enterprise fixed. Q4 service revenue declined 3.4%* (Q3: -4.8%*), including an increased drag from handset financing of 4.4 percentage points (Q3: 3.6 percentage points). Excluding the impact from handset financing and regulation, Q4 service revenue grew 1.4%* (Q3: 0.4%*).

Mobile service revenue declined 4.2%*, but grew 0.7%* excluding the impact of handset financing and regulation. This underlying growth was supported by more-for-more actions, a better inflow mix of higher-value customers, and RPI-linked consumer price increases. Enterprise continued to decline in a competitive market, however ARPU trends improved with an increasing proportion of customers adopting our bespoke SoHo tariffs. Q4 mobile service revenue declined 5.7%* (Q3: 5.2%*), but grew 0.7%* (Q3: 1.6%*) excluding handset financing and regulation. Our operational performance during the year improved, resulting in our best ever network performance and customer net promoter scores. Our 4G network coverage is now 99%, and we are well positioned for the evolution to 5G having acquired the largest share of 3.4GHz spectrum (50MHz) in the recent UK auction. We added 106,000 contract customers in the year excluding Talkmobile, our low-end mobile brand which is being phased out.

Fixed line service revenue declined 1.1%*, with strong customer momentum in consumer broadband being more than offset by competitive pricing pressure and a lower customer base in enterprise. In Q4 service revenue returned to growth (Q4: 3.6%*, Q3: -3.6%*), supported by the timing of project work in Enterprise and record consumer broadband net additions of 65,000 (Q3: 39,000), making us the fastest growing operator in the UK broadband market. In total we now serve 382,000 broadband customers.

Adjusted EBITDA grew 51.8%* and the adjusted EBITDA margin was 24.9%. Excluding the impact of handset financing and regulatory settlements in the year, adjusted EBITDA grew by 1.4%* and the adjusted EBITDA margin improved 0.3* percentage points as out-of-bundle roaming declines were more than offset by lower operating costs delivered through our Fit for Growth programme. In total we delivered a 4.9% reduction in operating costs year-on-year.

Spain

Service revenue grew by 2.1%*. This was driven by a higher customer base in both mobile and fixed and our more-for-more tariff refresh at the start of the year, partly offset by increased promotional activity, particularly in the value segment. In Q4 promotional activity moderated but the market remained highly competitive driven by value players offering aggressive prices and handset subsidies. Interconnect revenues also fell following an MTR cut on 1 February. As a result, Q4 service revenue grew 1.0%* (Q3: 2.0%*).

We continued to grow our customer base adding 164,000 mobile contract customers, 109,000 fixed broadband households and 51,000 TV households in the year, however high competitive intensity in Q4 led to an increase in churn and a decline in our broadband and TV base. Vodafone One, our fully integrated fixed, mobile and TV service, reached 2.5 million households by the end of the year, up 154,000 year-on-year. Consumer converged revenues grew by 13.7%* and now represent 59% of total consumer revenue.

We maintained our market leading NPS position in consumer, and further improved our market leading network position during the year. This was reflected in the latest independent network tests by P3 which showed we had extended our overall lead across both voice and data. Our 4G coverage is now 96%. In fixed, including our commercial wholesale agreement with Telefónica, our NGN footprint now covers 20.5 million households (of which 10.3 million are on-net). We continued to deploy DOCSIS 3.1 in our cable footprint, enabling us to deliver broadband speeds of up to 1Gbps to 7.9 million households by the end of the year. We expect to complete the DOCSIS 3.1 rollout in the first half of fiscal 2018/19.

Adjusted EBITDA grew 5.0%*, and the adjusted EBITDA margin improved by 1.2 percentage points to 28.5%. This improvement was driven by service revenue growth and lower commercial and operating costs; these more than offset higher content, roaming and wholesale access costs. Operating costs were 2.5%* lower year-on-year, reflecting the impact of our Fit for Growth programme.

Other Europe

Service revenue grew 2.9%* with all of the larger markets growing during the year (excluding the impact of an MTR cut in Ireland). Quarterly service revenue trends were broadly stable at 3.3%* in Q4 (Q3: 2.9%*). Adjusted organic EBITDA grew 7.7%* in the year, and adjusted EBITDA margin grew 0.3 percentage points to 30.7% reflecting continued strong cost control.

In Ireland service revenue declined 0.2%*, but grew 1.3%* excluding the impact of regulation, supported by fixed customer growth. Portugal service revenue grew 4.6%* driven by a return to growth in mobile, and continued strong customer growth in fixed. In Greece, service revenue grew by 3.7%*, driven by ARPU growth in consumer mobile and strong fixed customer base growth. In January, we announced the acquisition of fixed and mobile telecommunications provider CYTA Hellas for a total enterprise value of €118 million. This acquisition provides further scale and momentum to our fixed line and convergence strategy in Greece. The transaction is subject to regulatory approval and is expected to close in the first half of 2019 financial year.

VodafoneZiggo

The results of VodafoneZiggo (in which Vodafone owns a 50% stake), are reported here on a US GAAP basis, broadly consistent with Vodafone's accounting policies.

Total revenue declined by 3.8%, or by 2.2% excluding the impact of regulation. This reflected intense price competition in mobile, particularly in the SoHo segment, partially offset by growth in fixed line driven by higher RGUs and ARPU. In Q4 revenues declined 2.9% (Q3: 3.7%) or 1.5% (Q3: -1.9%) excluding regulation. Within this mobile declined 12.5% (Q3: -12.4%) and fixed grew 1.3% (Q3: 0.6%). Excluding the drags from regulation, a mix-shift towards SIM-only sales and convergence discounts, mobile revenue was stable.

We gained good commercial momentum during the year, supported by our new converged offers. We added 924,000 converged customers, equivalent to 28% of our fixed customer base, with these households using a total of 1.3 million mobile SIMs, including 62% of Vodafone-branded consumer contract customers. This strong take up of our converged products is contributing to a higher customer NPS and a significant reduction in churn across both mobile and fixed. In Q4 we recorded mobile contract net additions of 35,000 (Q3: 14,000), excluding the impact of discontinued non-revenue generating secondary SIMs as part of the migration of former Ziggo mobile subscribers to Vodafone. In fixed broadband we maintained our good momentum, adding 12,000 customers (Q3: 26,000).

Adjusted EBITDA declined 3.8%, as lower revenues were partly offset by lower equipment expenses as a result of new consumer credit regulations which increased the proportion of SIM-only sales during the year. In Q4, adjusted EBITDA was down 0.6% year-on-year despite lower revenues, reflecting lower interconnect and roaming costs, lower equipment expenses, and operating cost savings from integration activities. We have continued to make good progress on integrating the business, and remain on track to deliver total annualised cost synergies of at least €210 million by 2021. Net third party debt and capital lease obligations was €10.1 billion at year-end, equivalent to 5.4x annualised adjusted EBITDA (last two quarters annualised).

During 2018 financial year, Vodafone received €220 million in dividends from the joint venture, €55 million in interest payments on the shareholder loan and €100 million of principal repayments on the shareholder loan, which reduced to €900 million. For calendar year 2018, VodafoneZiggo expects stabilising adjusted EBITDA, supporting total cash returns of €600–800 million to its parents. As a result, we expect to receive total cash returns (including dividends, interest payments and shareholder loan repayments) of €300–400 million during the 2018 calendar year from the joint venture.

Our financial performance (continued)

Africa, Middle East and Asia-Pacific

	Vodacom €m	Other AMAP €m	Eliminations €m	AMAP €m	2017 €m	% change Reported	% change Organic*
Year ended 31 March 2018							
Revenue	5,692	5,770	–	11,462	11,773	(2.6)	9.4
Service revenue	4,656	4,845	–	9,501	9,956	(4.6)	7.7
Other revenue	1,036	925	–	1,961	1,817		
Adjusted EBITDA	2,203	1,554	–	3,757	3,854	(2.5)	8.6
Adjusted operating profit	1,594	859	–	2,453	2,238	9.6	17.9
Adjusted EBITDA margin	38.7%	26.9%		32.8%	32.7%		

Revenue in AMAP decreased 2.6%, with strong organic growth offset by an 11.5 percentage point adverse impact from foreign exchange movements, particularly with regards to the Turkish lira and Egyptian pound. On an organic basis service revenue was up 7.7%* driven by strong commercial momentum in South Africa, Turkey and Egypt.

Adjusted EBITDA decreased 2.5%, including a 10.8 percentage point adverse impact from foreign exchange movements. On an organic basis, adjusted EBITDA grew 8.6%*, driven by service revenue growth and a continued focus on cost control and efficiencies to offset inflationary pressures. Adjusted EBIT increased 11.6%*.

	Reported change %	Other activity (including M&A) pps	Foreign exchange pps	Organic* change %
Revenue – AMAP	**(2.6)**	**0.5**	**11.5**	**9.4**
Service revenue				
Vodacom	4.7	–	0.3	5.0
Other AMAP	(12.1)	1.6	21.2	10.7
AMAP	**(4.6)**	**0.6**	**11.7**	**7.7**
Adjusted EBITDA				
Vodacom	6.8	–	(0.3)	6.5
Other AMAP	(13.2)	1.0	24.1	11.9
AMAP	**(2.5)**	**0.3**	**10.8**	**8.6**
AMAP adjusted				

Data revenue grew 12.8%* in the year and now represents 43% of total service revenue. In October, we took the decision to reduce out-of-bundle data rates by up to 50% and increase bundles sizes in order to improve customer experience and stimulate data take-up. We are successfully managing this pricing migration, as demonstrated by the acceleration in data revenue growth in Q4 to 13.1%* (Q3: 8.7%*). Voice revenues declined 4.6%*, an improvement on the prior year, reflecting the success of our personalised bundle strategy through our "Just 4 You" platform. Our mobile network has now reached 80% 4G population coverage, and we also maintained our market leading NPS position.

Vodacom's International operations outside of South Africa, which represent 22.2% of Vodacom Group service revenue, grew 8.3%* in the year and 11.1%* in Q4 (Q3: 10.4%*). Service revenue growth accelerated in the second half of the year supported by strong growth in Mozambique and Lesotho, an improved performance in the DRC and sustained growth in Tanzania. This improvement was driven by strong data growth and by M-Pesa, which now contributes 23.8% of International revenues and grew 24% in the year. In total we added 2.5 million customers in the year, reaching 32.2 million, up 8.6% year-on-year. In each of these markets we are No.1 for customer NPS.

Vodacom's adjusted EBITDA grew by 6.5%*, reflecting revenue growth and good cost control. Adjusted EBITDA margins declined by 0.3 percentage points to 38.7%, primarily due to strong growth in handset sales.

AMAP adjusted operating profit	9.6	(1.6)	9.9	17.9

Vodacom

Vodacom Group service revenue grew 5.0%*, supported by strong customer additions and data growth in South Africa, as well as growing data demand and M-Pesa in Vodacom's International operations. Q4 service revenue grew by 5.8%* (Q3: 5.3%*), supported by improved data growth despite out-of-bundle rates being reduced in South Africa during Q3 and the continued strong performance of our International operations.

In South Africa, service revenue grew 4.9%*, improving to 5.2%* in Q4 (Q3: 4.9%*). This was supported by continued strong customer base growth resulting from our effective segmentation and bundle strategy. We added 3.2 million prepaid customers in the year (excluding the impact of a change in disconnection policy in Q3), taking our total prepaid customer base to 44.8 million, an increase of 7.6% year-on-year. Our bundle strategy continued to deliver strong results, supported by big data applications to deliver personalised bundle offers. In total we now have 18.7 million bundle users, up 13.9% year-on year, and sold a total of 2.3 billion bundles, an increase of 51% year-on-year.

Other AMAP

Service revenue grew 10.7%*, with strong local currency growth in both Turkey and Egypt. Q4 service revenue grew 10.2%* (Q3: 8.3%*). This growth excludes the contribution of Vodafone Qatar in all periods, following the sale of our 51% stake in March 2018 for a total cash consideration of €301 million. Organic adjusted EBITDA grew 11.9%* and the organic adjusted EBITDA margin improved by 0.2* percentage points to 26.9% driven by good cost control.

In Turkey, service revenue grew 14.1%* supported by good growth in consumer contract and data revenue, outstripping local price inflation of 11% in the year. Organic adjusted EBITDA grew 22.6%* and adjusted EBITDA margin improved by 1.4 percentage points to 22.6%, driven by revenue growth and improved cost control.

Egypt service revenue grew by 20.7%* with successful segmented campaigns, rising data penetration and price increases supporting higher ARPU, combined with strong customer base growth. This significantly exceeded local price inflation of 13%. Organic adjusted EBITDA grew 14.9%* and adjusted EBITDA margin declined by 1.4 percentage points to 43.0% as revenue growth and strong cost discipline were more than offset by inflationary pressures.

In New Zealand, service revenue declined 0.5%*, with growth in mobile offset by pressure in fixed. We continue to explore a potential Initial Public Offering ('IPO') of Vodafone New Zealand.

Associates and joint ventures

Vodafone Hutchison Australia ('VHA') continued to perform well in a competitive environment, with local currency service revenue growth of 0.8% during year. This was driven by growth in our mobile contract customer base. Local currency adjusted EBITDA excluding changes in pricing structure for new mobile phone plans grew 1.9%, supported by revenue growth and strong commercial cost discipline.

Our stake in Indus Towers Limited ('Indus Towers'), the Indian towers company in which Vodafone owned a 42% interest during the year, achieved local currency revenue growth of 6.8% and adjusted EBITDA growth of 4.7%. In total, Indus Towers paid dividends of €138 million to the Group during the year.

On 25 April 2018, Vodafone, Bharti Airtel Limited ('Bharti Airtel') and Idea announced the merger of Indus Towers into Bharti Infratel Limited ('Bharti Infratel'), creating a combined company that will own the respective businesses of Bharti Infratel and Indus Towers. Bharti Airtel and Vodafone will jointly control the combined company, in accordance with the terms of a new shareholders' agreement. Vodafone will be issued with 783.1 million new shares in the combined company, in exchange for its shareholding in Indus Towers. On the basis that (a) Providence decides to sell 3.35% of its 4.85% shareholding in Indus Towers for cash and (b) Idea Group decides to sell its full 11.15% shareholding in Indus Towers for cash, these shares would be equivalent to a 29.4% shareholding in the combined company. The final number of shares issued to Vodafone will be subject to closing adjustments, including but not limited to movements in net debt and working capital for Bharti Infratel and Indus Towers. The transaction is conditional on regulatory and other approvals and is expected to close before the end of the financial year ending 31 March 2019.

India[1]

On 20 March 2017, Vodafone announced an agreement to combine its subsidiary, Vodafone India (excluding its 42% stake in Indus Towers), with Idea Cellular. The combined company will be jointly controlled

Service revenue declined 18.7%* as a result of intense price competition following the arrival of the new entrant. During the second half of the year the market leader increased the competitiveness of its tariffs, triggering further price reductions by the new entrant in the fourth quarter. This was further exacerbated by cuts to both domestic and international MTR rates in the second half of the year. Excluding the impact of regulation, service revenue declined 14.0%*. In Q4 service revenue declined by 21.2%* (Q3: -23.1%*), or by 9.4%* ex-regulation (Q3: -14.2%*). On a sequential basis, local currency service revenues excluding regulation declined 3.8% quarter-on-quarter.

Adjusted EBITDA declined 34.5%*, with a 5.2 percentage point deterioration in adjusted EBITDA margin to 22.1%. This reflected lower revenues, partially offset by significant cost actions and a provision release in the fourth quarter following positive legal judgements. These cost initiatives included active network site sharing, the renegotiation of tower maintenance contracts and the closure of sites with low utilisation.

During the year we continued to invest in network quality in our leadership circles, with a capital expenditure/sales ratio of 20.4%. We added 48,500 sites in the year, supporting our leading network-NPS scores. As a result of this investment we were able to carry 4.5x more data traffic than last year.

Net debt in India was €7.7 billion at the end of the period, down from €8.7 billion at the end of the prior financial year due to the positive translation impact of closing foreign exchange rates on the debt balance of €1.2 billion and proceeds from the sale of Vodafone India's standalone towers to American Tower Corporation of €0.5 billion, partially offset by negative free cash flow of €0.2 billion and accrued interest expense of €0.3 billion.

Following the completion of Idea's equity raising in February 2018, under the terms of the merger agreement the Group intends to inject up to €1 billion of incremental equity into India, net of the proceeds of the sale of a stake in the joint venture to the Aditya Birla Group, prior by Vodafone and the Aditya Birla Group. Vodafone India has been classified as discontinued operations for Group reporting purposes. From an operational perspective, the Group remains highly focused on the management of the business and committed to its success, both prior to the completion of the merger and thereafter. The results of Vodafone India are detailed below.

	2018 €m	2017 €m	% change Reported	% change Organic*
Revenue	4,670	5,853	(20.2)	(18.5)
Service revenue	4,643	5,834	(20.4)	(18.7)
Other revenue	27	19		
Direct costs	(1,165)	(1,583)		
Customer costs	(282)	(313)		
Operating expenses	(2,193)	(2,361)		
Adjusted EBITDA	1,030	1,596	(35.5)	(34.5)
Depreciation and amortisation	(40)	(1,116)		
Adjusted operating profit	**990**	**480**	**106.3**	**110.7**
Adjustments for:				
Impairment loss[2]	–	(4,515)		
Other income and expense[3]	416	–		
Other	(107)	(136)		
Operating profit/(loss)	**1,299**	**(4,171)**		
Adjusted EBITDA margin	22.1%	27.3%		

Notes:
1 The results of Vodafone India are classified as discontinued operations in accordance with IFRS.
2 2017 includes a gross impairment charge of €4.5 billion (€3.7 billion net of tax) recorded in respect of the Group's investment in India. In addition, in 2018 we recorded a non-cash re-measurement charge of €3.2 billion (€2.2 billion net of tax) in respect of Vodafone India's fair value less costs of disposal, as set out in note 7 "Discontinued operations, assets and liabilities held for sale" for further details.
3 Includes the profit on disposal of Vodafone India's standalone tower business to ATC Telecom during the year ended 31 March 2018 (2017: €nil).

to completion. In the event that the joint venture partners decide to put in additional funding in the future, the Group would draw upon the value of its stake in Indus Towers.

We are making good progress in securing the necessary regulatory approvals for the merger of Vodafone India and Idea Cellular. The merger is expected to complete in June 2018.

Financial position and resources

Consolidated statement of financial position

The consolidated statement of financial position is set out on page 103. Details on the major movements of both our assets and liabilities in the year are set out below:

Assets

Goodwill and other intangible assets

Goodwill and other intangible assets decreased by €2.9 billion to €43.3 billion. The decrease primarily arose as a result of €0.7 billion of spectrum additions, principally in Italy, plus €2.3 billion of software additions, offset by €4.4 billion of amortisation, €0.9 billion of disposals arising from the sale of the Group's interest in Vodafone Qatar and €0.6 billion of unfavourable foreign exchange movements.

Property, plant and equipment

Property, plant and equipment decreased by €1.9 billion to €28.3 billion, principally due to €5.1 billion of additions driven by continued investment in the Group's networks, offset by €6.0 billion of depreciation charges, €0.6 billion of unfavourable foreign exchange and €0.4 billion of disposals from the sale of the Group's interest in Vodafone Qatar.

Other non-current assets

Other non-current assets increased by €0.6 billion to €36.1 billion, mainly due to a €1.9 billion increase in deferred tax assets in Luxembourg from higher interest rates and a revaluation of investments based upon the local GAAP financial statements and tax returns. This was offset by a €0.5 billion decrease in trade and other receivables as well as €0.6 billion and €0.3 billion reductions in investments in associates and joint ventures and other investments respectively.

Current assets

Current assets decreased by €1.4 billion to €24.1 billion, which includes a €4.2 billion decrease in cash and cash equivalents offset by a €2.7 billion

adjusted for the pound sterling equivalent of aggregate dividends paid in August 2016, February 2017 and August 2017.

Date of share purchase	Number of shares purchased[1] 000s	Average price paid per share inclusive of transaction costs Pence	Total number of shares purchased under publicly announced share buyback programme[2] 000s	Maximum number of shares that may yet be purchased under the programme[3] 000s
August 2017	9,562	221.77	9,562	719,515
September 2017	252,851	212.07	262,413	466,664
October 2017	320,849	215.15	583,262	145,815
November 2017	145,815	221.25	729,077	–
Total[4,5]	**729,077**	**215.39**	**729,077**	**–**

Notes:
1 The nominal value of shares purchased is 20 $^{20}/_{21}$ US cents each.
2 No shares were purchased outside the publicly announced share buyback programme.
3 In accordance with shareholder authority granted at the 2017 annual general meeting.
4 The total number of shares purchased represents 2.7% of our issued share capital, excluding treasury shares, at 15 May 2018.
5 The programme to repurchase 729.1 million shares was announced on 25 August 2017 and concluded on 15 November 2017.

Dividends

Dividends will continue to be declared in euros and paid in euros, pounds sterling and US dollars, aligning the Group's shareholder returns with the primary currency in which we generate free cash flow. The foreign exchange rate at which future dividends declared in euros will be converted into pounds sterling and US dollars will be calculated based on the average exchange rate over the five business days during the week prior to the payment of the dividend.

The Board is recommending a final dividend per share of 10.23 eurocents, representing a 2.0% increase over the prior financial increase in other investments.

Assets and liabilities held for sale

Assets and liabilities held for sale of €13.8 billion (2017: €17.2 billion) and €11.0 billion (2017: €11.8 billion) respectively, relate to our operations in India following the agreement to combine with Idea Cellular.

Total equity and liabilities

Total equity

Total equity decreased by €5.1 billion to €68.6 billion largely due to €4.3 billion of dividends paid to equity shareholders and non-controlling interests and the repurchase of treasury shares for €1.7 billion partially offset by the total comprehensive income for the year of €0.4 billion.

Non-current liabilities

Non-current liabilities decreased by €0.6 billion to €38.0 billion primarily due to a €1.6 billion decrease in long-term borrowings which is partially offset by a €1.1 billion increase in trade and other payables.

Current liabilities

Current liabilities decreased by €2.6 billion to €28.0 billion mainly due to a €1.7 billion decrease in short-term borrowings. Trade payables at 31 March 2018 were equivalent to 48 days (2017: 48 days) outstanding, calculated by reference to the amount owed to suppliers as a proportion of the amounts invoiced by suppliers during the year. It is our policy to agree terms of transactions, including payment terms, with suppliers and it is our normal practice that payment is made accordingly.

Share buybacks

On 25 August 2017, Vodafone announced the commencement of a new irrevocable and non-discretionary share buyback programme (the 'Programme'). The sole purpose of the Programme was to reduce the issued share capital of Vodafone and thereby avoid any change in Vodafone's issued share capital as a result of the maturing of the first tranche of the mandatory convertible bond ('MCB') in August 2017.

In order to satisfy the first tranche of the MCB, 729.1 million shares were reissued from treasury shares on 25 August 2017 at a conversion price of £1.9751. This reflected the conversion price at issue (£2.1730)

year's final dividend per share. The ex-dividend date for the final dividend is 7 June 2018 for ordinary shareholders, the record date is 8 June 2018 and the dividend is payable on 3 August 2018. Dividend payments on ordinary shares will be paid directly into a nominated bank or building society account.

Contractual obligations and commitments

A summary of our principal contractual financial obligations and commitments at 31 March 2018 is set out below, and excludes the Group's intention to inject up to €1 billion of incremental equity into India under the terms of the merger agreement (see note 28 "Commitments") and commitments arising from the Group's announcement on 9 May 2018 that it had agreed to acquire Liberty Global's operations in Germany, the Czech Republic, Hungary and Romania (see note 31 "Subsequent events").

	Payments due by period €m				
Contractual obligations and commitments[1]	Total	< 1 year	1–3 years	3–5 years	>5 years
Borrowings[2]	52,551	11,316	7,541	8,537	25,157
Operating lease commitments[3]	9,694	2,686	2,788	1,620	2,600
Capital commitments[3,4]	2,706	1,973	391	278	64
Purchase commitments[5]	8,652	4,753	2,016	841	1,042
Total	**73,603**	**20,728**	**12,736**	**11,276**	**28,863**

Notes:
1 This table includes commitments in respect of options over interests in Group businesses held by non-controlling shareholders (see "Potential cash outflows from option agreements and similar arrangements" on page 148) and obligations to pay dividends to non-controlling shareholders (see "Dividends from associates and to non-controlling shareholders" on page 148). The table excludes current and deferred tax liabilities and obligations under post employment benefit schemes, details of which are provided in notes 6 "Taxation" and 25 "Post employment benefits" respectively. The table also excludes the contractual obligations of associates and joint ventures.
2 See note 20 "Borrowings".
3 See note 28 "Commitments".
4 Primarily related to spectrum and network infrastructure.
5 Primarily related to device purchase obligations.

Liquidity and capital resources

Our liquidity and working capital may be affected by a material decrease in cash flow due to a number of factors as outlined in "Identifying our risks" on pages 38 to 45.

In addition to the commentary on the Group's consolidated statement of cash flows below, further disclosure in relation to the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities and its exposures to credit risk and liquidity risk can be found in "Borrowings", "Liquidity and capital resources" and "Capital and financial risk management" in notes 20, 21 and 22 respectively to the consolidated financial statements.

Cash flows

A reconciliation of cash generated by operations to free cash flow, a non-GAAP measure used by management, is shown on page 208. A reconciliation of adjusted EBITDA to the respective closest equivalent GAAP measure, operating profit, is provided in note 2 "Segmental analysis" to the consolidated financial statements.

The reconciliation to net debt is shown below.

	2018 €m	2017 €m
Adjusted EBITDA	14,737	14,149
Capital additions[1]	(7,321)	(7,675)
Working capital	(584)	(984)
Disposal of property, plant and equipment	41	43

Operating free cash flow

Operating free cash flow increased by €1.4 billion mainly due to higher adjusted EBITDA, lower capital additions and lower working capital cash outflows, which were predominately related to the final payments for Project Spring in the prior year.

Free cash flow

Free cash flow (pre-spectrum) was €5.4 billion, an increase of €1.4 billion, largely driven by the increase in operating free cash flow (see above).

Licence and spectrum payments

Licence and spectrum payments include amounts relating to the purchase of spectrum in Italy of €0.6 billion, UK of €0.3 billion and Germany of €0.1 billion (2017: €0.1 billion in Germany and €0.3 billion in Egypt).

Licence and spectrum additions, which exclude working capital cash movements and represent licences acquired during the year, were €0.7 billion including €0.6 billion in Italy and €0.1 billion in Greece.

Acquisitions and disposals

Acquisitions and disposals include €1.0 billion of proceeds from the placing of Vodacom shares following the transfer of the Group's interests in Safaricom to Vodacom and €0.2 billion from the Tanzanian initial public offering.

Foreign exchange

A foreign exchange gain of €0.6 billion was recognised on net debt as a result of the translation impact of closing foreign exchange rates,

Other	128	94
Operating free cash flow[2]	**7,001**	**5,627**
Taxation	(1,010)	(761)
Dividends received from associates and investments	489	433
Dividends paid to non-controlling shareholders in subsidiaries	(310)	(413)
Interest received and paid	(753)	(830)
Free cash flow (pre-spectrum)[2]	**5,417**	**4,056**
Licence and spectrum payments	(1,123)	(474)
Restructuring payments	(250)	(266)
Free cash flow[2]	**4,044**	**3,316**
Acquisitions and disposals	1,405	460
Equity dividends paid	(3,920)	(3,714)
Share buybacks[3]	(1,626)	–
Foreign exchange	622	(1,372)
Other[4]	(825)	(1,058)
Net debt increase	**(300)**	**(2,368)**
Opening net debt	(31,169)	(28,801)
Closing net debt	**(31,469)**	**(31,169)**

Notes:
1 Capital additions include the purchase of property, plant and equipment and intangible assets, other than licence and spectrum, during the year.
2 Operating free cash flow, free cash flow (pre-spectrum) and free cash flow are alternative performance measures which are non-GAAP measures that are presented to provide readers with additional financial information that is regularly reviewed by management and should not be viewed in isolation or as an alternative to the equivalent GAAP measure. In addition, free cash flow has been redefined to include restructuring and licence and spectrum payments to ensure greater comparability with similarly titled measures and disclosures by other companies. See "Alternative performance measures" on page 207 for reconciliations to the closest respective equivalent GAAP measure and "Definition of terms" on page 222 for further details.
3 Share buybacks are shown net of €140 million of receipts from the option structure entered into in February 2016, when the mandatory convertible bond was issued. The options structure was intended to ensure that the total cash outflow to execute the programme was broadly equivalent to the £1.44 billion raised on issuing the first tranche.
4 Other cash flows for the year ended 31 March 2018 include €nil (2017: €2,366 million) received from the repayment of US$2.5 billion of loan notes issued by Verizon Communications Inc. and €nil (2017: €3,571 million) from a capital injection into Vodafone India.

mainly due to movements in the US dollar and sterling against the euro.

Net debt

Closing net debt at 31 March 2018 was €31.5 billion (2017: €31.2 billion) and excludes €7.7 billion (2017: €8.7 billion) of net debt for Vodafone India, which is instead included in assets and liabilities held for sale on the consolidated statement of financial position; the remaining £1.4 billion mandatory convertible bond issued in February 2016 (see note 21 "Liquidity and capital resources"), which will be settled in equity shares; US$2.5 billion of loan notes receivable from Verizon Communications Inc. and €0.9 billion of shareholder loans receivable from VodafoneZiggo (see note 13 "Other investments").

Closing net debt also continues to include liabilities of €1.8 billion (2017: €1.8 billion) relating to minority holdings in KDG and certain bonds which are reported at an amount €1.65 billion (2017: €2.0 billion) higher than their euro-equivalent cash redemption value as a result of hedge accounting under IFRS. In addition, where bonds are issued in currencies other than euros, the Group has entered into foreign currency swaps to fix the euro cash outflows on redemption. The impact of these swaps are not reflected in gross debt and would increase the euro equivalent redemption value of the bonds by €0.6 billion (2017: reduction €0.9 billion). See note 21 "Liquidity and capital resources" for further details.

This year's report contains the Strategic Report on pages 4 to 45, which includes an analysis of our performance and position, a review of the business during the year, and outlines the principal risks and uncertainties we face. The Strategic Report was approved by the Board and signed on its behalf by the Chief Executive and Chief Financial Officer.

/s/ Vittorio Colao	/s/ Nick Read
Vittorio Colao	**Nick Read**
Chief Executive	Chief Financial Officer
8 June 2018	8 June 2018

Governance Financials Other information

Sustainable business

Building a sustainable business

Our sustainable business strategy is built on an unwavering commitment to operating responsibly and a recognition that we have a significant role to play in contributing to the societies in which we operate.

Strategic Report

Our sustainable business strategy

Our sustainable business strategy is founded on Vodafone's purpose – to connect everybody to live a better today and build a better tomorrow – and on our commitment to responsible behaviour in everything we do. At the heart of our strategy is our intention to deliver significant transformation in three

Our transformation areas

Women's empowerment

Communications technology plays a critical role in empowering women to improve their

To contribute towards that goal, we have launched commercial propositions focused on women living on low-incomes, such as our Business Women Connect programme in Tanzania and Mozambique, and Vodacom's Mum & Baby initiative in South Africa (see case study overleaf).

Progress towards our 50 million women goal
Estimated number of female customers (millions)

We are committed to diversity and believe that achieving greater gender parity will strengthen our business significantly over time. Our long-term ambition is to become an employer distinct areas, each of which has the potential to deliver meaningful socio-economic benefits for our customers and for wider society. Our programmes focus on women's empowerment, energy innovation and youth skills and jobs, and we now have long-term targets in place for each of these areas.

We remain committed to helping to achieve the UN Sustainable Development Goals ('SDGs') through the delivery of our strategy and have identified the areas in which we have the greatest impact.

Read more about how our networks and innovative products and services make a difference to societies and the SDGs in our Sustainable Business Report 2018.

Read more at vodafone.com/sbreport2018

1 Democratic Republic of Congo, Egypt, Ghana, India, Kenya, Mozambique, South Africa and Tanzania, Turkey and Qatar.

lives and livelihoods. Owning even the most basic mobile device enables a woman to communicate, access information, learn, manage her finances and set up and run a business. Mobile technology also enhances many public and commercial services of value to women and girls in emerging markets, from accessing vaccinations and maternal healthcare, to mobile banking and online support for smallholder farmers.

To enable women to access greater opportunities we are focused on delivering commercial programmes that help us to achieve our goal:

Goal
– To connect an additional 50 million women living in emerging markets[1] to mobile by 2025

This year, we have made progress against that goal and now have an additional estimated 13.3 million active female customers, 3.9 million more than last year. This brings the total number of female customers to 113.7 million.

with such a strong track record for attracting, retaining and developing talented women that by 2025 we are widely considered to be the world's best employer for women. We are making progress in this area: women currently hold 29% of our leadership and management roles and as of 31 March 2018, they hold 33% of our Board positions.

Goal
– We aim to be the world's best employer for women by 2025

To help us recruit, retain and develop talented women at every level of our workforce, we are developing a range of programmes, including our ground-breaking global maternity policy and our ReConnect initiative, which supports people to return to work after a career break. This year, we also piloted an approach to adjust the vocabulary used in Vodafone's job advertisements to help increase the number of women who apply for our vacancies.

Sustainable business strategy

Our purpose is to connect everybody, to live a better today and build a better tomorrow

Our transformation areas

- Women's empowerment
- Energy innovation
- Youth skills and jobs

Our transparency areas

- Tax and total economic contribution
- Digital rights and freedoms
- Supply chain integrity and safety
- Mobiles, masts and health

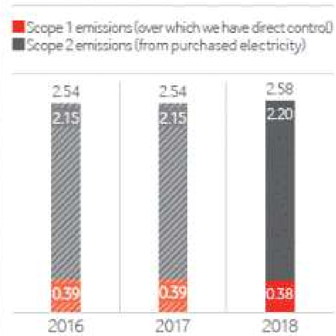
Principles and practice

Providing mums and babies with free health advice

Internet access is often key to finding a job, helping a child get a better education, finding health information, or keeping in touch with friends and family. In South Africa, Vodacom's Siyakha ('we are building') platform

Greenhouse gas ('GHG') emissions

million tonnes of CO_2e



Note:
Calculated using local market actual or estimated data sources from invoices, purchasing requisitions,

Overview
Strategic R

aims to lower the cost of communicating while simultaneously seeking to increase people's digital and social connectivity. Targeted at people on low incomes, Siyakha offers free access to websites related to education and job seeking, as well as lower priced products and services. The platform currently has 7.5 million users.

This year, Siyakha services were expanded to include a mobile-based platform for pregnant women called Mum & Baby. This new service provides parents and caregivers with free health information and includes videos that are useful at different stages of pregnancy and through the first five years of a child's life. For many, this is the first time such health information has been made easily available to them. During the year 1.2 million registered users accessed this free health information.

Energy innovation

There is clear evidence that global temperatures are rising rapidly and a consensus among scientists and policy makers that man-made greenhouse gases ('GHGs') are having a direct impact on climate change. Our business has a role to play in holding global temperature rises to below 2°C and this year we have introduced two new targets as a result. By 2025, we aim to:

Goals
- Reduce our greenhouse gas emissions by 40%
- Purchase 100% of the electricity we use from renewable sources

This year, our total GHG emissions increased by just over 1% to 2.58 million tonnes of CO_2e (carbon dioxide equivalent), predominantly due to a slight increase in our energy consumption in response to customer data demand. This does not include Vodafone Qatar, which was sold in March 2018, where GHG emissions were 0.03 million tonnes of CO_2e[1]. We continued to improve our overall energy efficiency profile during the year and achieved a 39% reduction in the volume of GHG emissions per petabyte (PB) of data carried, to reach an average of 682 tonnes CO_2e per PB (2017: 1,113).

We have also estimated our indirect (Scope 3) GHG emissions to identify and prioritise where emissions are highest and where we have the greatest opportunity to influence third party GHG strategies.

We will meet our targets through a combination of further investment in energy efficiency initiatives across our networks, particularly in power supply and cooling, and moving towards purchasing 100% of our electricity from renewable sources.

We have also joined RE100, a collaborative initiative led by The Climate Group in partnership with CDP, which brings together major businesses committed to switch to 100% renewable electricity.

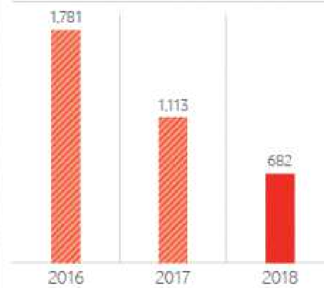
In parallel, we are innovating to help our customers minimise their energy needs, particularly through the development of IoT services that use network intelligence to optimise performance and minimise energy use. In 2015, we set ourselves a goal to help our customers reduce their CO_2e emissions by two tonnes for every one tonne of emissions produced from our own operations, by March 2018. We have met that goal, helping our customers to save an estimated 2.1 tonnes of CO_2e for every tonne we generated through our own activities.

Vodafone Foundation

Through its "Connecting for Good" programme, the Vodafone Foundation supports projects around the world that are run in partnership with charitable organisations and NGOs. In 2018, the total amount donated to the Vodafone Foundation from Vodafone was €54.3 million.

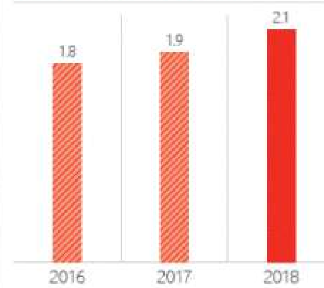
direct data measurement and estimations. Carbon emissions calculated in line with GHG Protocol standards. Scope 2 emissions are reported using the market-based methodology. For full methodology see our Sustainable Business Report 2018.

GHG emissions per petabyte of data carried by our mobile networks
tonnes of CO_2e



Note:
Figures include all data carried by our mobile networks with an adjustment to include only part of the data carried in India, where only base stations under our operational control are included in our GHG emissions totals.

Ratio of GHG emission savings for customers to our own GHG footprint



Note:
Figures include all data carried by our mobile networks. Emissions savings for customers have been calculated based on GeSI's ICT Enablement Methodology.

1 Following the sale of our stake in Qatar in March 2018, the GHG emissions for Vodafone Qatar are no longer included in our total GHG emissions figure.

Sustainable business (continued)

Youth skills and jobs

Youth unemployment is a significant social and economic challenge in many of our markets. The International Labour Organization estimates that more than 210 million young people are either unemployed or work while living in poverty[1]. Simultaneously, some advances in technology, such as robotics and artificial intelligence, are enabling the automation of many categories of job, reducing employment

Our transparency areas

We remain committed to ensuring that our business operates ethically, lawfully and responsibly. Our transparency programme provides detailed information on our policies, principles and approach in four areas, each the focus of intense public debate, as well as a number of statutory and material non-financial disclosures.

Taxation and total economic contribution
In 2013, we became the first communications company in the world to report our total

Supply chain integrity and safety
Our businesses rely on a very large global and complex supply chain. We recognise there are many different labour rights and safety and environmental risks inherent within our supply chain and that similar risks can also arise in the business operations under our own direct control. Through our policies, training and audit programmes, we work to ensure the safety and wellbeing of everyone who works with Vodafone, in any capacity.

Mobiles, masts and health
The health and safety of our customers and the wider public is an absolute priority for

Strategic Report

opportunities and altering the nature of work.

With a growing digital skills gap, in addition to the challenges facing the world of work, we believe that urgent action is needed to help young people develop their digital skills and access learning and employment opportunities, so that they can thrive in the digital economy. To respond to these challenges, we have introduced two new goals that will enable us, by 2022 to:

Goals
- Support 10 million young people to access digital skills, learning and employment opportunities
- Provide up to 100,000 young people with a digital workplace experience at Vodafone

This year, we introduced our international future jobs programme, "What will you be?", to provide career guidance and access to training content and job opportunities in the digital economy. As part of this programme we launched our "Future Jobs Finder" platform, outlined in the case study below.

1 www.ilo.org/global/topics/youth-employment.

taxation and economic contribution on a country-by-country and actual cash paid basis. We have expanded the data we disclose in this report year-on-year, to ensure we continue to share the most relevant information available to help our stakeholders understand our tax position and economic impact.

Read more at vodafone.com/tax

Digital rights and freedoms

In 2014, we published our first Law Enforcement Disclosure transparency report, explaining how we respond to lawful demands for access to our customers' private data from law enforcement and intelligence agencies. The report has been updated and expanded since then and is available in our online Digital Rights and Freedoms Reporting Centre, which contains our principles and approach on a wide range of topics including law enforcement surveillance, privacy, data protection, freedom of expression, censorship and the digital rights of the child.

Read more at vodafone.com/digitalrights

Vodafone. While our mobile devices and masts operate well within the guidelines set by the International Commission on Non-Ionizing Radiation Protection ('ICNIRP'), we recognise that in a number of countries there is still some public concern regarding the electromagnetic frequency ('EMF') emissions from mobile devices and base stations. We endeavour to address these concerns by providing up to date, open, transparent information on our website and by engaging with local communities.

Read more at vodafone.com/mmh

Human rights

Our networks, products and services play an important role in helping to underpin individual human rights. We enable citizens around the world to share information widely, extending their ability to freely express themselves as well as enabling greater scrutiny of people in power.

Some of our most salient human rights risks relate to an individual's right to privacy and freedom of expression. Our online Digital Rights and Freedoms Reporting Centre contains our views on these topics and those most closely related to the protection of our customers' private communications.

In addition to human rights that extend into the digital realm, there are also other human rights risks in our operations and particularly in our complex supply chain. Our respect for an individual's human rights is enshrined in our Code of Conduct, which underpins everything we do. The most relevant human rights risks applicable to our business include: labour rights; civil and political rights (particularly privacy and freedom of expression); the rights of the child; and economic, social and cultural rights (in particular with regard to bribery, corruption and political lobbying). Ensuring responsible and ethical behaviour across our supply chain is important and challenging. We have developed and implemented policies and processes to extend our human rights commitments into our supply chain, as specified in our Code of Ethical Purchasing. The Code sets out the standards we expect our suppliers to meet on health and safety, labour

Future Jobs Finder: Improving digital skills

Over the past year, Vodafone has worked with psychologists, HR professionals, training providers and young people, to develop a smartphone-based service called Future Jobs Finder. It offers young people a free and comprehensive gateway to understand the digital skills they will need in the workplace, as well as find new opportunities for employment in the growing digital economy.

A choice of quick, "gamified" psychometric tests have been designed to help users identify their aptitudes and interests. The service uses this information to suggest the "top five" most suitable digital job types for each individual and directs them to current job opportunities in their region, including those on offer with Vodafone. In the first four weeks since launch, 111,000 unique users completed Future Jobs Finder accessing digital job and training recommendations.

You can visit Vodafone's Future Jobs Finder at www.vodafone.com/whatwillyoube

(including child or forced labour) rights, ethics and environmental protection.

Our commitment to human rights is overseen by our Group Executive Committee. In each of the countries in which we operate, the chief executive responsible for our operating company oversees human rights matters, with governance support from the relevant local market professionals.

Ensuring compliance in our supply chain

On-site audits provide detailed insights into how a supplier's policies translate into action in the workplace. These involve an examination of written policies and procedures, inspections of site facilities, and discussions with factory management and employees. We work through the Joint Audit Cooperation ('JAC') initiative to share audits with peer companies with whom we share a number of suppliers. Between January and December 2017, there were 81 shared on-site audits, of which 75 were within Vodafone's supply chain. In parallel, we conduct our own on-site assessments for specific suppliers that we have identified as high risk but that are not covered by the shared assessments. This year, we conducted 17 such on-site assessments.

Detecting excessive working hours and ensuring ethical working conditions are an important part of our supplier assessments but are often hard to assess. Increasingly we seek feedback directly from our suppliers'

Overview

Over the past year, we have undertaken significant work and introduced robust measures in order to prepare for the European General Data Protection Regulation, which became effective on 25 May 2018.

Read more at vodafone.com/digitalrights

employees to help us and our suppliers to identify areas for improvement. We use Laborlink, which is a simple mobile phone-based independent worker survey, to gather confidential and unbiased feedback directly from employees. This enables employees to reply anonymously to pre-recorded questions in their local language at any time and from any location. During 2018, more than 2,500 suppliers' employees in ten supplier factories responded to Laborlink surveys directly to tell us about their working conditions.

Read more at vodafone.com/sbreport2018

Anti-bribery and corruption

Vodafone does not tolerate bribery and corruption in any form – we would rather walk away from a business opportunity than engage in any act of corruption. Our anti-bribery and corruption policy is summarised in our Code of Conduct, which is mandatory for everyone working for Vodafone. It states that employees or others working on our behalf must never offer or accept any kind of bribe. Our policy is consistent with the UK Bribery Act and the US Foreign Corrupt Practices Act and any breaches can lead to dismissal or termination of contract.

The policy provides guidance about what constitutes a bribe and prohibits the giving or receiving of any excessive or improper gifts and hospitality. It also makes clear that where our policy differs in degree from an equivalent local law, the more stringent of the two must be followed. Training in our Code of Conduct is incorporated into our standard induction processes and all employees complete refresher training every two years.

Our Group Chief Executive and Group Executive Committee oversee and spearhead our efforts to prevent bribery and corruption. They are supported by our country chief executives, who are responsible for ensuring our anti-bribery and corruption programme is implemented effectively in their local market.

The implementation of the policy is monitored regularly in all local markets by our anti-bribery specialist teams, and also as part of the annual Group Policy Compliance Review assurance process, which assesses key anti-bribery controls. Visits to local markets on a rotating basis enable us to formally review the implementation of the anti-bribery programme. This year, reviews conducted in Ghana and Greece found good implementation of key controls, however some areas for improvement in relation to supplier management and monitoring were identified and are now being addressed.

All Vodafone employees are encouraged to report any suspected breaches of our Code of Conduct as soon as possible using our "Speak Up" process. Senior executives review every Speak Up report and the programme is reviewed by the Group Risk and Compliance Committee. In our latest Global People Survey, 86% of respondents said they would use Speak Up to report unethical behaviour.

Engaging employees to raise awareness of bribery risk

Every Vodafone employee has an obligation to help us address the risk of bribery and corruption. To ensure they understand how they can each play a part, we run a high-profile communications programme, Doing What's Right. This uses a range of materials to highlight some of the most common compliance challenges facing employees and focuses in particular on bribery-related risks, as well as gifts and hospitality.

This year, we launched an updated version of our e-learning training programme which included a specific module on anti-bribery. To date, over 80,000 employees around the world have completed the e-learning training module. In addition, for higher-risk employees who work in areas such as procurement, network operations, Enterprise sales and government relations, tailored face-to-face training programmes are rolled out to cover relevant scenarios for those employees.

Find out more

Our Sustainable Business Report 2018 provides more detail on our progress against our sustainable business strategy.

Read more at vodafone.com/sbreport2018

We have also published a Slavery and Human Trafficking Statement, our first UK Gender Pay Gap Report and a Conflict Minerals Report, in line with our statutory reporting requirements.

Read our latest reports at vodafone.com/sbreporting

Strategic Report
Governance
Financials
Other information

The people behind our purpose led business

Our people are behind every aspect of our Digital Vodafone strategy

Living the Digital Vodafone Way

The Vodafone Way underpins our culture and purpose. At its centre is a focus on three core principles: speed, simplicity and trust. We want our people to respond swiftly and effectively to challenges and opportunities, especially and are committed to delivering a superior network performance and outstanding customer experience.

Our people: key information

By contract	By gender	By location			
Employees: 103,564	Male: 62.5%	Germany: 12.6%	Italy: 5.8%	Vodacom: 7.3%	Other: 37.5%
Contractors: 23,978	Female: 37.5%	UK: 11.2%	Spain: 4.7%	India[1]: 20.9%	

	2018	2017	2016
Average number of employees	103,564	105,870	104,553
Employee engagement	80%	80%	79%
Employee turnover rate	18%	18%	20%
Women in senior leadership positions[2]	25%	25%	24%
Women in management and leadership roles	29%	28%	27%

The headcount figures are an average of our monthly headcount and includes India but excludes the Netherlands.
1 Includes Vodafone Shared Services India. 2 % of senior women in our top 225 positions.

A diverse and inclusive organisation

This year, we employed an average of 103,564 people with 136 nationalities as well as over 23,978 contractors. Our senior leadership team includes 26 nationalities, bringing together a diverse set of experiences and opinions, which helps us achieve our goals by better understanding the needs of our customers. Our commitment to all forms of diversity and inclusion begins at the top, with clear leadership from the Vodafone Group Plc Board and is embedded at every level of our business through the "Digital Vodafone Way," the "Code of Conduct" and our "Business Principles".

Our commitment is acknowledged and supported by our employees worldwide: in our 2018 annual Global People Survey, 89% of employees who responded said they felt they were treated fairly, irrespective of age, gender, disability, sexual orientation, gender identity, cultural background or beliefs. This year, we reviewed and updated our Code of Conduct in order to emphasise our zero-tolerance stance towards sexual harassment and abuse of authority. We also launched a global minimum paternity standard and continued to support women returning to work through our Reconnect programme and global maternity standard, which, in the last three years has benefited more than 5,600 women. The two latter initiatives support our ambition to become the world's best employer for women by 2025.

Doing what's right

We believe that ethical conduct is just as important as high performance, as failure to operate ethically impacts our business. Our Code of Conduct outlines the behaviours we expect from every single person working for and with Vodafone. Our Business Principles are the foundation of how we do business and set out the values we want everyone who works for or with Vodafone to respect. Together, these elements ensure we protect Vodafone's reputation, our people and our assets.

This year's, "Doing What's Right" campaign utilised e-learning and gamification techniques to increase employee participation and engagement. The campaign highlighted a number of common compliance situations, such as dealing with personal data, conflicts of interest and accepting gifts.

By bringing to life specific risk situations, the programme aimed to increase awareness and, importantly, understanding of the issues an individual may face and how to deal with situations that could arise. By the end of March 2018, more than 95% of employees who had access to the training had completed it.

to challenges and opportunities, especially those that affect our customers. We want them to do so while avoiding unnecessary bureaucracy and costly and cumbersome internal processes. And we want all of our business activities and decisions to be informed by an understanding that earning and retaining the trust of our customers, employees and all other stakeholders must be integral to everything we do as we connect people to the Gigabit Society.

This year, we incorporated digital behaviours and mind-sets into the Vodafone Way and renamed it the Digital Vodafone Way to reflect the shifts required to support an acceleration of our digital strategy and purpose. Key initiatives have also taken place at all levels of the organisation to support this. The Group Executive Committee completed a "Digital Discovery" in Silicon Valley to explore new products and services and examine the impact that digital disruption has on various business models. More than 200 leaders attended the Digital Vodafone Way programme to deep dive on digital products, understand required leadership shifts and gain insights on what becoming a purpose-led organisation means. Digital Boot Camps, focusing on digitalising the customer experience have also been rolled out to our people managers.

Our IT systems, processes and capabilities are a key enabler to unlock the value in data driven services and solutions. In 2018, to support our Digital Vodafone strategy we launched an acceleration programme, which strengthened our internal IT capabilities, adopted agile and lean ways of working, modernised our IT architecture and implemented a new IT operating model.

Focusing on our customers

Over the last year, we have continued to focus on improving the customer experience through the roll out of the Digital Vodafone Way CARE training initiative. The core of the programme aims to ensure front line staff take end-to-end ownership for resolving customer problems and deliver an outstanding customer experience.

As part of the training, new interactive scenarios have been developed to provide employees with a deeper understanding of how to interact and support our diverse customer base. For instance, supporting a customer who is transitioning gender or customers who are physically disabled.

This is all part of our approach to ensure the needs of our customers are understood and

Better future for women – our #Codelikeagirl programme addresses the gender everyone leads by putting the customer first. This year, an additional 40,693 people have been trained and the programme is now a core part of our induction process.

Our customers are also becoming increasingly digital, meaning they want to be able to interact seamlessly and consistently with us when and how they want. Making sure our customers have the most engaging digital customer experience possible means that we need to work and operate in a simple, engaging and dynamic manner.

To support this, Vodafone has embraced an agile methodology and established cross functional teams, bringing together the skills needed to improve specific customer journeys to better respond to changing customer demands. Early results are promising, with new customer features now delivered within two week periods as opposed to six-month release schedules.

Attracting and developing great people

In the last year, we have significantly increased the opportunities we provide to young people to experience work at Vodafone. Opportunities include, but are not limited to: work experience, apprenticeships and our graduate Discover programme.

In the last year, we estimate that we have provided more than 14,000 young people with access to digital workplace experiences, doubling our previous year's efforts. This has ranged from: innovative programmes like #Codelikeagirl, week long placements and bring your child to work day.

We extended our apprenticeship programme from 8 to 19 markets, providing individuals who do not go to university with an opportunity to join our Technology and Retail programmes.

Our Discover graduate programme has been in place for ten years and has supported more than 4,600 graduates to join Vodafone through structured schemes. Last year, more than 800 graduates joined the programme with our highest performing graduates progressing to our international scheme – Columbus.

This year, we invested more than €60 million in employee training and development. These programmes take many forms and in the 2018 financial year our core focus was on developing leadership and management skills in agile and digital ways of working; as well as initiatives to empower front line staff and improve the digital customer experience.

gap in STEM careers

In partnership with social enterprise Code First: Girls, Vodafone's #Codelikeagirl experiential programme provides girls aged 14–18 with basic coding experience including html, CSS, GitHub and Bootstrap.

The programme is intended to encourage more girls to pursue science, technology, engineering and maths disciplines. During the year, 550 girls across Vodafone's markets participated in the programme. In the 2019 financial year the programme will seek to engage with 1,000 girls.

Better future for youth – apprentices in Vodafone Germany

Apprenticeships are a good alternative for high school students who do not want to pursue an academic education before starting work. Vodafone Germany offers apprenticeships in three areas: consumer retail, customer care and technology. All our apprenticeships last between 2.5 and 3.5 years, during which time, participants combine part-time work at Vodafone with their studies at vocational schools. Since 2013, Vodafone Germany has hired between 90 and 105 apprentices every year.

We also offer a study and work programme for degree-level students – with options to focus on consumer and enterprise sales, customer care or technology. Students can spend three-month periods working at Vodafone while also studying at the Baden-Wuerttemberg Cooperate State University in Stuttgart. Every year, Vodafone Germany hires up to 40 study and work students.

Recognising performance

We reward people based on their performance, potential and contribution to our values and success. This year, to drive simplification, empower our line managers, and encourage more future-focused and developmental conversations between employees and managers, we implemented a new performance dialogue rating system. The approach was piloted with our senior leaders last year and fully implemented this year.

To maintain compliance with our fair pay standards, we benchmark and monitor our pay practices in every country in which we operate. This ensures our pay practices, including retirement and other benefit provision, are: compliant with all local legislation, free from discrimination, market competitive and easily understood.

We also offer competitive retirement and other benefit provisions. Global short-term incentive plans are offered to a large percentage of employees and global long-term incentive plans are offered to our senior managers. Our arrangements are subject to company and individual performance measures.

Creating a safe place to work

We want everyone working with Vodafone to return home safely every day. Despite all of our efforts, we deeply regret to report nine recordable fatalities during the year.

To make further improvements in this area, this year we have increased the focus on our non-technology suppliers and introduced a range of structural and corrective measures to improve standards. This has included consolidating our tier one and tier two suppliers and reducing our reliance on tier three suppliers.

Road traffic accidents are one of our high risk areas. In the last year, we've rolled out telematics tracking in Vodafone-dedicated vehicles and outbound warehouse transportation in India. In Vodacom, we've introduced the Road Guardian programme, a full telematics tracking package with vehicle cameras. The impact of these changes is starting to materialise, with a significant decrease in key indicator events such as speeding, harsh braking and swerving.

Improving employee wellbeing has also been a key area of focus and we have continued to embed the Group Wellbeing Framework introduced in 2016.

Increasing employee engagement

Every year, all our employees are invited to participate in a global survey which allows us to measure engagement levels and identify ways to improve how we do things.

The 2018 survey demonstrated that 87% of employees who responded were proud to work for Vodafone, consistent with the previous year's survey. An even higher 91% of respondents felt that they were treated with respect at Vodafone. In addition, 90% felt that Vodafone was a socially responsible company, while 87% of respondents would recommend Vodafone as a place to work to their friends and family.

Principal risk factors and uncertainties

Identifying our risks

Our global framework allows us to identify, measure, manage and monitor strategic and operational risks across our footprint. It provides management with a clear line of sight over risk to enable informed decision making.

Process for identifying our principal risks

Defining our principal risks begins with all local markets and entities reporting their biggest risks to create a Group-wide view. The output is used in interviews with around 40 of our senior leaders to gather their insights. The results of both exercises are then aggregated, and considered through the lens of the Company's strategic objectives for the year ahead, to produce our principal risks which are then approved by the Executive Committee, and reviewed by the Audit and Risk Committee and the Board.

Our principal risks

Key changes in the year

The principal risks have been updated to reflect developments in our strategic priorities as well as progress made in managing them.

Key changes:

- **Disintermediation** – (risk 5) has been separated from market disruption (risk 3) as the potential causes for these risks are managed differently.

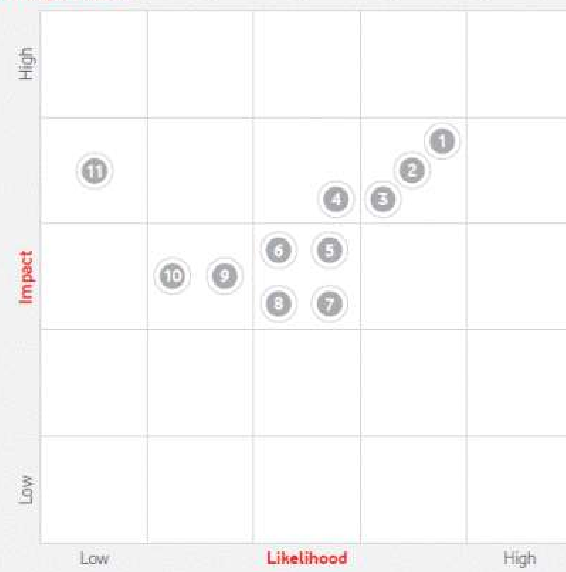
New risks:

- **Effective digital and technological transformation** – this risk has increased due to the importance of delivering the "Digital Vodafone" agenda to transform the core business, drive efficiencies and explore new growth areas. It continues to address the associated risk of failing to deliver a differentiated customer experience and has been expanded to include the risk of an IT transformation failure (a separate principal risk in 2018).
- **Effective data management** – this newly formulated risk reinforces the importance of General Data Protection Regulation (GDPR) as a business transformation programme and also recognises the strategic value of effectively managing our data assets in a digital economy.
- **Allocation of the Group's capital** – this risk covers failure to deliver long-term value to shareholders if we were unable to manage our capital effectively and successfully integrate strategic acquisitions and disposals.

Risks removed:

- The **Convergence and Enterprise profitability** risks have dropped below the materiality level for principal risks due to positive trends in 2018.

Principal risks



What we do with our principal risks

Accountability
Assign ownership for risks and mitigations

Tolerance
Set tolerance for risk taking and benchmark against our current position

Risk reduction
Identify and track actions when out of tolerance

Informed decisions
Inform budget and strategic decisions

Oversight
Focal point for Executive Committee and Board deep dives

Assurance
Audit and Compliance teams use the risks to inform assurance planning and test how effectively risks are being managed

Risk management in action: Brexit implications

The Board continues to keep the possible implications of Brexit for Vodafone's operations under review.

A cross-functional team, led by two Executive Committee members, has identified ways in which Brexit might affect the Group's operations. Despite the Article 50 Notice having been served, there remains insufficient information about the likely terms of the post-Brexit arrangements between the UK and the EU, as well as about any possible transitional arrangements, to draw any conclusions about the probable impact. There is however more clarity on the timetable, as any future arrangement regarding the future relationship between the EU and the UK would have to enter into force either at the formal date of exit (30 March 2019) or at the expiration of a potential transition period (31 December 2020) to avoid a so-called "cliff edge" scenario.

Although we are a UK headquartered company, a very large majority of our customers are in other countries, accounting for most of our revenue and cash flow. Each of our national operating companies is stand-alone business, incorporated and licensed in the jurisdiction in which it operates, and able to adapt to a wide range of local developments. As such, our ability to provide services to our customers in the countries in which we operate, inside or outside the EU, is unlikely to be affected by Brexit. We are not a major international trading company, and do not use passporting for any of our major services or processes.

Depending on the arrangements agreed between the UK and the EU, two issues that could directly affect our operations, in both cases potentially causing us to incur additional cost, are:

- creation of a data frontier between the UK and the EU: the inability to move data freely between the UK and EU countries might cause us to have to move some technical facilities, and affect future network design; and
- inability to access the talent we need to run a multinational Group operation from the UK: increased controls over or restrictions to our ability to employ leading talent from non UK markets could cause us to have to adjust our operating model to ensure that we attract and retain the best people for the roles we have.

A further, indirect, issue that could affect our future performance would arise if the Brexit process caused significant revisions to macro-economic performance in our major European markets including the UK, thus affecting the economic climate in which we operate, and in turn impacting the performance of the operating companies in those markets.

Key to principal risks

1 Cyber threat and information security
External or internal attack resulting in service unavailability or data breach

2 Adverse political and regulatory measures
Excessive pricing of 5G licences, tax authority challenges, incumbent re-monopolisation

3 Market disruption
New telco entrants with lean & agile models and unlimited offers creating increased competitive pressure

4 Effective digital and technological transformation
Failure to create an agile, digital telco able to deliver a differentiated customer experience

5 Disintermediation
Tech players gaining customer relevance through emerging technology

6 Global economic disruption/ adequate liquidity
Economic disruption and uncertainty reducing consumer spending and our ability to refinance

7 Technology resilience
Failure of critical IT, fixed or mobile assets causing service disruption

8 Effective data management
Data management failures leading to missed commercial opportunities or a GDPR breach

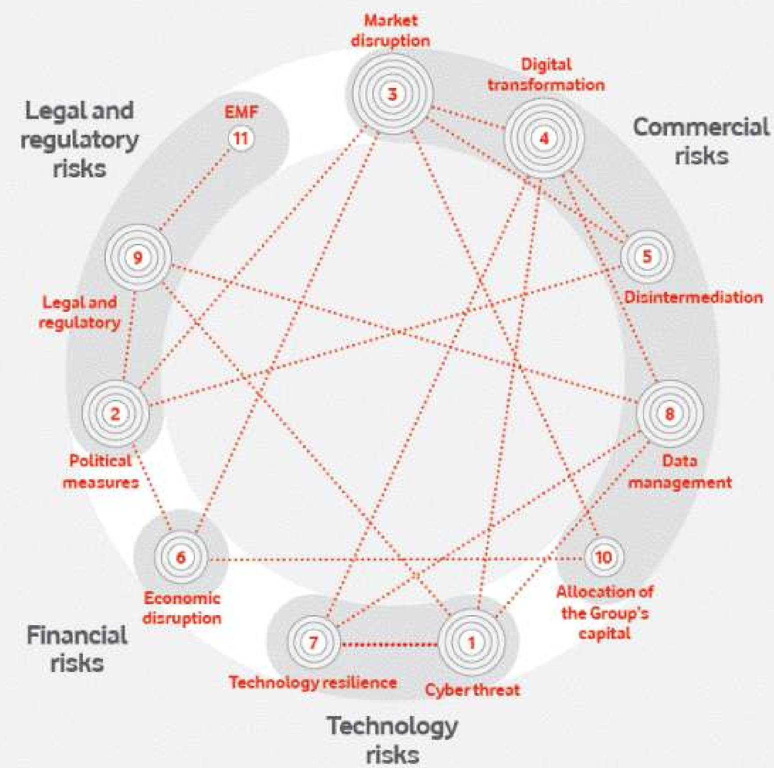
9 Legal and regulatory compliance
Non compliance with laws and regulations including customer registration, anti-bribery, competition law, anti-money laundering, sanctions and intellectual property rights requirements

10 Allocation of the Group's capital
Failure to maximise returns to shareholders due to inefficient use of capital

11 EMF health related risks
EMF found to pose health risks causing reduction

Interconnected risks

Our principal risks are presented individually but in managing these risks, we also consider how they relate to each other and the potential cumulative effects. Identifying the interconnectivity between risks allows us to prioritise areas that require increased oversight and remedial action.



in mobile usage or litigation

Principal risk factors and uncertainties (continued)

Cyber threat and information security

What is the risk?
An external attack, insider threat or supplier breach could cause service interruption or confidential data breaches.

What is the impact?
Failing to protect our customer information and service availability could have major customer, financial, reputational and regulatory impact in all markets in which we operate.

Adverse political and regulatory measures

What is the risk?
The scale and complexity of political and regulatory risk is increasing especially as digital becomes the backbone of economic growth, potentially resulting in political intervention and competitive disadvantage.

5G spectrum auctions are also underway in many jurisdictions which could lead to unfair spectrum allocation or pricing.

What is the impact?
If the cost of operations were to significantly increase, directly or indirectly, this would impact our profitability and returns to shareholders.

Market disruption

What is the risk?
New entrants to markets or competitors with lean models could create pricing pressure. As more competitors push unlimited bundles, it might impact profitability in the short to medium term through price erosion.

What is the impact?
Our market position and revenues could be damaged by failing to provide the services that our customers want at a fair price.

Effective digital and technological transformation

What is the risk?
We plan to accelerate the evolution of Vodafone towards a digital future to improve customer experience, increase speed to market and operate in an efficient and agile manner. Failure to do this could lead to missed commercial opportunities, increased cost of working and customer service failures.

What is the impact?
Failure to deliver on our digital and customer experience objectives could result in lack of differentiation leading to increased customer churn and eventual loss of market share.

Disintermediaton

What is the risk?
We face increased competition from a variety of new technology platforms which could impact our customer relationships and experience. We must be able to keep pace with new technology to compete in changing markets while maintaining high levels

What is the impact?
If we do not provide the digital experience and service our customers want, we may lose customer relevance, market share and revenue.

of customer service.

Key to core programmes: Network Leadership Customer eXperience eXcellence Fit for Growth Digital Vodafone

Risk owners: **Johan Wibergh/Joakim Reiter**

Risk category: **Technology**

Link to core programmes:

Changes since last report
We continue to make progress with our security strategies and have seen improvements in our control effectiveness. We have launched a new Security Risk, Control and Assurance Framework to provide guidance and oversight across all Security risks.

Risk owners: **Nick Read/Joakim Reiter**

Risk category: **Legal and regulatory**

Link to core programmes:

Changes since last report
We continue to engage with governments, regulatory and public bodies and have seen some success in our strategy, particularly in Europe. We are seeing increasing regulatory intervention in areas like privacy, security and net neutrality.

We have had recent success in spectrum auctions which will allow us to continue to maintain network leadership positions.

Risk owner: **Serpil Timuray**

Risk category: **Commercial**

Link to core programmes:

Changes since last report
Our joint venture in India is close to receiving regulatory approval. The merged entity should be better able to compete in its marketplace. We face increasing competition in some European markets and are managing this through developing new commercial strategies and differentiated offerings and customer experience.

Risk owner: **Serpil Timuray**

Risk category: **Commercial**

Link to core programmes:

Changes since last report
This is a new risk which encompasses the previous CXX and IT Transformation risks.

Risk owner: **Serpil Timuray**

Risk category: **Commercial**

Link to core programmes:

Changes since last report

Overview Strategic Report Governance Financials Other infor

This risk was previously managed as part of the wider Market Disruption risk but has now been split out to ensure appropriate consideration is given to our product and service offering. Over the last 12 months, we have seen the strengthening of OTTs message and voice platforms, the boom of digital assistants powered by AI and the continuing growth of Enterprise OTTs.

Principal risk factors and uncertainties (continued)

Global economic disruption/adequate liquidity

What is the risk?
As a multinational business, we operate in many countries and currencies, so changes to global economic conditions can impact us. Any major economic disruption could result in reduced spending power for our customers and impact our ability to access capital markets. A relative strengthening or weakening of the major currencies in which we transact could impact our profitability.

What is the impact?
Economic instability and subsequent reductions in corporate and consumer spending or an impact on capital markets could restrict our refinancing options. A relative strengthening or weakening of the major currencies in which we transact could impact our profitability.

Technology resilience

What is the risk?
A technology site loss could result in a major impact on our customers, revenues and reputation. This could involve all major technology sites including: mobile, fixed, and data centres.

What is the impact?
Major incidents caused by suppliers, natural disasters or an extreme technology failure, although rare, could result in the complete loss of a key technology site causing severe impact on our customers, revenues and reputation.

Effective data management

What is the risk?
We process vast amounts of data and are subject to numerous compliance, security, privacy, data quality and regulatory requirements. Processing and using this data is critical to fulfilling our customers' service expectations in a digital world, but must be done according to an informed consent framework with clear and traceable permissions.

What is the impact?
Failure to achieve data governance could lead to data mismanagement thereby preventing us achieving our data strategic goals, and processing of data ethically in line with our values. If we do not use data (with appropriate permissions) to inform our services and offers, we will not be able to meet customer expectations, which will have a negative effect on both NPS and customer lifetime value.

Legal and regulatory compliance

What is the risk?
Vodafone must comply with a multitude of local and international laws as well as more specific regulations. These include licence requirements, customer registrations, anti-money laundering, competition law, anti-bribery law, intellectual property rights and economic sanctions.

What is the impact?
Non-compliance with legislation or regulatory requirements could lead to reputational damage, financial penalties and/or suspension of our license to operate.

Allocation of the Group's capital

What is the risk?
We may not effectively allocate the Group's capital to maximise returns by failing to identify opportunities, agree appropriate terms, legally complete and successfully execute strategically important acquisitions, partnerships including joint ventures and disposals.

What is the impact?
If we fail to make the make the correct investment decisions or to execute our strategy in line with expectations, our cash flow, revenue and profitability could be negatively impacted.

Key to core programmes: Network Leadership, Customer eXperience eXcellence, Fit for Growth, Digital Vodafone

Risk owner: **Nick Read**

Risk category: **Financial**

Link to core programmes: Fit for Growth

Changes since last report
There are no significant changes to this risk. We continue to take action to increase the average life of our bond debt and interest rate fixing.

Risk owner: **Johan Wibergh**

Risk category: **Technology**

Link to core programmes: Network Leadership, Customer eXperience eXcellence, Digital Vodafone

Changes since last report
Our technology resilience levels continue to mature across all sites. Resilience levels were tested following network outages in some markets and we have worked to make improvements based on the lessons learned from these incidents.

Risk owner: **Serpil Timuray**

Risk category: **Commercial**

Link to core programmes: Network Leadership, Customer eXperience eXcellence, Digital Vodafone

Changes since last report
Included in the principal risks for the first time.

Risk owner: **Rosemary Martin**

Risk category: **Legal and Regulatory**

Link to core programmes: Customer eXperience eXcellence, Digital Vodafone

Changes since last report
Data privacy has now moved into our Data management risk. Due to an increase in patent infringement threats and claims, intellectual property rights are now considered as part of this risk.

Risk owner:
Nick Read

Risk category:
Commercial

Link to core programmes:

Changes since last report
Included in the principal risks for the first time.

Principal risk factors and uncertainties (continued)

Electro-magnetic fields related health risks

What is the risk?
Electromagnetic signals emitted by mobile devices and base stations may be found to pose health risks, with potential impacts including: changes to national legislation, a reduction in mobile phone usage or litigation.

What is the impact?
This is an unlikely risk; however, it would have a major impact on services used by our customers in all our markets – particularly in countries that have a greater concern for environmental and health related risks.

Long-Term Viability Statement

The UK Corporate Governance Code (the 'Code')

The Code requires the Directors to assess the prospects of the Group over a period significantly longer than 12 months and whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment.

The review period

The Board has concluded that the most relevant time period for this assessment continues to be three years, as the period in which the principal risks (particularly those of an operational nature) are expected

The Vodafone methodology

The Board carried out an assessment of the principal risks facing the Group that would threaten its business model, future performance, solvency or liquidity. The assessment starts with the available headroom as of 31 March 2018 and follows a three-stage approach to stress test it (as shown in the diagram).

Key assumptions

The plans and projections prepared as part of this forecasting cycle include the Group's cash flows, committed and required funding and other key financial ratios. They were drawn up on the basis

Viability statement

Having considered the principal risks facing the Group and their inherent uncertainty, as well as the likely effectiveness of the planned mitigating actions, the Directors deem that the process of stress-testing the Group's prospects is reasonable and appropriate. The cash and facilities available to the Group as of 31 March 2018, along with options available to reduce cash outgoings, provide sufficient headroom, which remained positive in all scenarios tested. Therefore, the Directors confirm that they have a reasonable expectation that the Group remains in operation and is able to meet its liabilities as they fall due up to 31 March 2021.

to develop, in what is a fairly dynamic industry sector with the potential impact from digital transformation a fast evolving risk. This time horizon is also supported by the business planning and forecasting cycle.

that debt refinance will be available in all plausible market conditions and that there will be no material changes to the business structure over the review period. The Group has also taken into account the liquidity implications of merger and acquisition activity not yet completed. As of 31 March 2018, the Group had sources of liquidity (comprised mainly of cash and cash equivalents, and available facilities) of €18.9bn, excluding cash in the held for sale Indian subsidiary.

Key to core programmes: Network Leadership | Customer eXperience eXcellence | Fit for Growth | Digital Vodafone

Risk owner: **Joakim Reiter**

Risk category: **Legal and regulatory**

Link to core programmes:

Changes since last report

There are no material changes to the risk.

The Vodafone methodology

Assessment of prospects	Assessment of viability	
Principal risks	**Combined risk scenario**	**Sensitivity analysis**

Headroom

The available headroom is calculated using the cash and cash equivalents, plus available facilities, at year end

Long Range Plan
Three-year forecast is used to calculate cash position and available headroom over the period

Severe but plausible scenarios modelled for each of the principal risks to quantify the cash impact of an **individual risk** materialising over the three-year period.

The top three risks with the highest potential financial impact relate to global economic disruption, adverse political and regulatory measures, and executing the digital and technological transformation.

Quantification of the cash impact of a **combined scenario** where multiple risks materialise, including the following:

a. Failure to respond to market disruption resulting in loss of market share.

b. Market disruption exacerbated by economic downturn, resulting in restricted access to capital markets and devaluation of emerging market currencies.

c. Major data breach resulting in litigation and penalties.

Long range plan output used to perform a **sensitivity analysis**, reviewing central debt profile and cash headroom analysis, including a review of sensitivity to "business as usual" risks to revenue and profit growth.

The analysis focuses on the maximum tolerable revenue and adjusted EBITDA decline over the three-year period, as well as significant cash flow drivers, such as capital expenditure and debt financing.

Overall viability = headroom – cash impact of risks + additional liquidity options

Chairman's governance statement

Committed to the highest standards of corporate governance

Strong and robust corporate governance is integral to creating long-term value and success for the benefit of our shareholders and stakeholders.

Contents

Dear Shareholder,

Welcome to the Corporate Governance Report for the year ended 31 March 2018 which I am pleased to present on behalf of the Board.

This year has seen continued focus on companies' corporate governance arrangements, ensuring that they have strong and robust corporate governance at the heart of everything they do. This report will outline how your Board has ensured that we have effective corporate governance in place to help support the creation of long-term value for our shareholders and stakeholders.

Following the announcement in March 2017 that Nick Land and Phil Yea would not stand for re-election at the 2017 AGM, it was identified that the Board would benefit from the addition of someone with financial experience. In January 2018, we announced the appointment of Michel Demaré with effect from 1 February 2018. Michel has a strong background in corporate finance and a wealth of leadership experience and is an important addition to the Board. Further information on Michel's appointment process can be found on page 63.

We have also announced that Dr. Mathias Döpfner will not be seeking re-election at our AGM in July, in order to focus on his executive role.

My Chairman's statement on page 3 highlights the progress we have made against our ambition to be a converged communications leader in all of our European markets, a mobile data leader in Africa and India, and an Enterprise leader internationally.

Key to this progress is ensuring that the Board and senior management remain focused on the right things and a significant event within our annual calendar is the Board strategy day. Each year, the strategy day takes place in a key location and this year it was held at our Germany offices in Düsseldorf.

As well as providing time for the Board and senior management to focus specifically on strategy, the day also gives the Board the opportunity to meet colleagues, customers and other stakeholders in one of our local markets.

Board changes

In May 2018, we announced the succession plan for the Group Chief Executive role. From 1 October 2018, Vittorio Colao will be succeeded by Nick Read, our current Chief Financial Officer, with Margherita Della Valle (our Deputy CFO) succeeding Nick and joining the Board after the AGM on 27 July 2018. In addition to this executive succession planning, the Nominations and Governance Committee continued to keep under review the composition of the Board to ensure that we have the right balance of skills and experience.

On 1 June 2017, Maria Amparo Moraleda Martinez joined the Board as a Non-Executive Director. Amparo has strong international technology experience and has been a valuable addition to the Board. To ensure a smooth transition, Amparo has undertaken an extensive induction programme, of which further information is available on page 56.

I would like to take this opportunity to thank Mathias for his contribution to the Board over the last three years.

Keeping in mind the delicate balance of skills and experience needed for your Board to operate effectively, and given Samuel Jonah's continued independent character and judgement, I have asked Samuel to remain on the Board and to seek re-election for a further 12 months at our AGM.

The Board is currently meeting its target of having at least 33% female representation on the Board by 2020. We are committed to having a diverse board in all respects and the Committee has taken into consideration the targets outlined in the Parker and Hampton-Alexander reports.

Culture and governance

The Board recognises the importance of its role in setting the tone of Vodafone's culture and embedding it throughout the Group. Our Business Principles (the values we respect) and our Code of Conduct (the behaviours we expect) underpin everything that we do and are reinforced through the Digital Vodafone Way, which sets out the type of organisation we want to be. Everyone who works for and with us is required to comply with these. An overview of our Business Principles, our Code of Conduct and the Digital Vodafone Way can be found on pages 36 and 37.

The Board, Executive Committee and our senior management understand how we work is as important as what we achieve and instil focus on the importance of compliance and integrity at all levels throughout the Group.

It is pleasing to see the external recognition Vodafone has received over the last 12 months for our work in diversity and inclusion. As discussed on pages 36 to 37, Vodafone is committed to diversity and inclusion in all forms. This year Vodafone was acknowledged as a top 100 LGBT+ inclusive employer by Stonewall and Vittorio was recognised as the top male champion of women in business in the UK by the Financial Times and HERoes.

The Board is also committed to ensuring there is a robust system of corporate governance in place to support the successful execution of Vodafone's strategy. This year Vodafone was subject to the 2016 UK Corporate Governance Code and I am pleased to confirm that Vodafone has complied with it.

Following our success at the ICSA: The Governance Institute Awards 2016, winning Best Audit Report Disclosure, I am pleased to tell you that in 2017 Vodafone won Strategic Report of the Year and was also nominated for Annual Report of the Year, recognising our hard work and commitment to good reporting.

Engagement with our stakeholders

Vodafone's success is dependent upon your Board taking decisions for the benefit of our shareholders and in doing so having regard for all of our stakeholders.

A key event during the year is the AGM whereby the Board is able to engage with you and to answer your questions on the performance of the Group.

Further details on how we have engaged with all of our stakeholders over the year can be found on pages 58 and 59.

Board effectiveness

This year the Board again undertook an internal evaluation with the

Compliance with the 2016 UK Corporate Governance Code (the 'Code')

In respect of the year ended 31 March 2018, Vodafone Group Plc was subject to the Code (available from www.frc.org.uk). The Board is pleased to confirm that Vodafone applied the principles and complied with all of the provisions of the Code throughout the year. Further information on compliance with the Code can be found as follows:

assistance of Lintstock. The results of this review can be found on pages 60 and 61 which I am pleased to report show that your Board is still operating effectively.

Looking ahead

Maintaining the highest standards of corporate governance across the Group is integral to the delivery of our strategy and your Board remain focused on creating sustainable long-term value for the benefit of our shareholders and stakeholders.

/s/ Gerard Kleisterlee

Gerard Kleisterlee
Chairman
8 June 2018

Disclosure Guidance and Transparency Rules

We comply with the corporate governance statement requirements pursuant to the FCA's Disclosure Guidance and Transparency Rules by virtue of the information included in this "Governance" section of the Annual Report together with information contained in the "Shareholder information" section on pages 191 to 197.

Financials

Other information

Board of Directors

Experienced, effective and diverse leadership

Our business is led by our Board of Directors. Biographical details of the Directors and senior management as at 8 June 2018 are as follows (with further information available at vodafone.com/board).

Committee Key:
A Audit and Risk Committee N Nominations and Governance Committee R Remuneration Committee ● Solid background signifies Committee Chair

Gerard Kleisterlee N
Chairman – Independent on appointment

Tenure: 7 years

Skills and experience:
Gerard has extensive experience of senior leadership of global businesses both in the developed and emerging markets. He brings to the Group a deep understanding of the consumer electronics, technology and

Vittorio Colao
Chief Executive – Executive Director

Tenure: 11 years

Skills and experience:
With over 20 years' experience working in the telecoms industry, Vittorio has extensive leadership skills developed within both Vodafone and the industry and is widely recognised as an outstanding leader in

Nick Read
Chief Financial Officer – Executive Director

Tenure: 4 years

Skills and experience:
As Group Chief Financial Officer, Nick combines strong commercial and operational leadership with a detailed understanding of the industry and its challenges and opportunities. Nick has wide-ranging experience

lifestyle industries gained from his career with Philips Electronics spanning over 30 years and continues to use this experience to oversee the development of Vodafone's strategy and the effectiveness of its operations as a total communications company.

Other current appointments:
- Royal Dutch Shell, deputy chair, senior independent director, chair of the remuneration committee and member of the nomination and succession committee with effect from 23 May 2018
- ASML, chairman of supervisory board

the telecoms sector. Vittorio became a member of the Board in October 2006 and was appointed Chief Executive in July 2008. Vittorio will stand down as a Director and as Chief Executive on 30 September 2018.

Other current appointments:
- European Round Table of Industrialists, vice chairman
- Unilever PLC, non-executive director and chair of the compensation committee

in senior finance roles both at Vodafone and other multinational companies including United Business Media plc and Federal Express Worldwide. Nick will become Chief Executive on 1 October 2018.

Other current appointments:
- Booking Holdings Inc., non-executive director (subject to approval at the annual meeting of stockholders in June 2018)

Sir Crispin Davis (A) (N)

Non-Executive Director

Tenure: 3 years

Skills and experience:
Sir Crispin has broad-ranging experience as a business leader within international content and technology markets from his roles as chief executive of RELX Group (formerly Reed Elsevier) and the digital agency, Aegis Group plc, and group managing director of Guinness PLC (now Diageo plc). He was knighted in 2004 for services to publishing and information. He brings a strong commercial perspective to Board discussions.

Other current appointments:
- Hasbro, non-executive director
- Oxford University, trustee and member of the university board
- CVC Capital Partners, adviser
- Rentokil Initial plc, non-executive director

Michel Demaré

Non-Executive Director

Tenure: <1 year

Skills and experience:
Michel brings extensive international finance, strategy and M&A experience to the Board, gained during his 18-year career at Dow Chemical, as CFO of Baxter International (Europe), and as CFO and head of global markets of ABB Group. He was the non-executive chairman of Syngenta until the company was sold to ChemChina in 2017.

Other current appointments:
- UBS AG, independent vice chairman
- Louis Dreyfus Company Holdings BV, non-executive director
- IMD Business School in Lausanne, vice chairman of the supervisory board
- Department of Banking and Finance at the University of Zurich, advisory board member

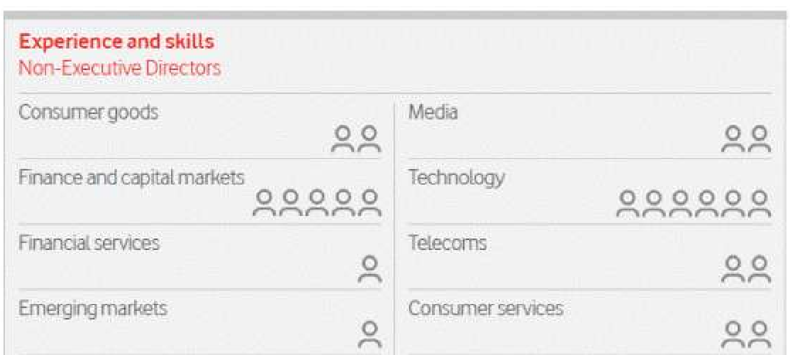
Dr Mathias Döpfner (R)

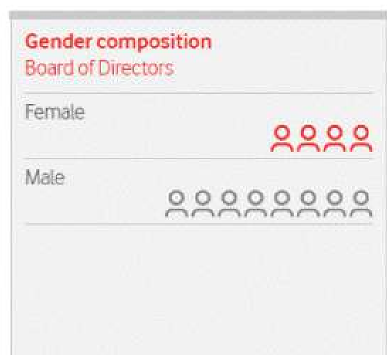
Non-Executive Director

Tenure: 3 years

Skills and experience:
Mathias brings wide-ranging experience within the global digital media industry to the Board. Having led his business, Axel Springer SE, through a highly successful transition into digital and international markets, he provides a digital perspective to the Board's strategy. Mathias will be stepping down from the Board at our AGM on 27 July 2018.

Other current appointments:
- Axel Springer SE, chairman and chief executive officer
- Time Warner and Warner Music Group, member of the board of directors
- Business Insider Inc., chairman of the board of directors
- American Academy, American Jewish Committee and the European Publishers Council, holds honorary offices
- St John's College, University of Cambridge, member





Dame Clara Furse (A)

Non-Executive Director

Tenure: 3 years

Valerie Gooding CBE (N) (R)

Senior Independent Director

Tenure: 4 years

Renee James (N) (R)

Non-Executive Director

Tenure: 7 years

Skills and experience:
Dame Clara brings to the Board a deep understanding of international capital markets, regulation, service industries and business transformation developed from her previous roles as chief executive officer of the London Stock Exchange Group plc and Credit Lyonnais Rouse Ltd. Her financial proficiency is highly valued as a member of the Audit and Risk Committee. In 2008 she was appointed Dame Commander of the Order of the British Empire.

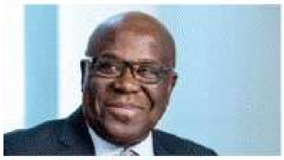
Other current appointments:
– HSBC UK, non-executive chairman
– Amadeus IT Group SA, non-executive director

Skills and experience:
Valerie brings a wealth of international business experience obtained at companies with high levels of customer service including British Airways and as chief executive of BUPA which, together with her focus on leadership and talent, is greatly valuable to Board discussions.

Other current appointments:
– TUI AG, non-executive director
– Aviva UK Insurance Ltd, chairman
– English National Ballet, trustee
– Royal Botanical Gardens, Kew, Queen's trustee
– Lawn Tennis Association Trust, chairman

Skills and experience:
Renee brings comprehensive knowledge of the high technology sector developed from her long career at Intel Corporation where she was president. She is currently the chairman and CEO of Ampere Computing. Her extensive experience of international management, technology and the development and implementation of corporate strategy is an asset to the Board and the Committees for which she is a member.

Other current appointments:
– The National Security Telecommunications Advisory Committee, chairman
– Carlyle Group, operating executive
– Oracle Corporation, non-executive director
– Citigroup Inc., non-executive director



Samuel Jonah KBE (R)
Non-Executive Director

Tenure: 9 years

Skills and experience:
Samuel brings experience and understanding of business operations in emerging markets, particularly Africa. Previously executive president of AngloGold Ashanti Ltd, he provides an international, commercial perspective to Board discussions.

Other current appointments:
– Global Advisory Council of Bank of America, member
– President of Togo, adviser
– Iron Mineral Beneficiation Services, non-executive chairman
– Jonah Capital (Pty) Limited, executive chairman
– Hollard (formerly Metropolitan) Insurance Company Limited, chairman
– The Investment Climate Facility, member of trustee board

Amparo Moraleda (A)
Non-Executive Director

Tenure: <1 year

Skills and experience:
Amparo brings strong international technology experience to the Board from her previous role as chief executive officer of the international division of Iberdola and a career spanning 20 years at IBM, where she held a number of positions across a range of global locations.

Other current appointments:
– Airbus Group, non-executive director, chair of the nominations, governance and remuneration committees
– CaixaBank, non-executive director and chair of the remuneration committee
– Solvay, non-executive director
– Royal Academy of Economic and Financial Services, member

David Nish (A)
Non-Executive Director

Tenure: 2 years

Skills and experience:
David has wide-ranging operational and strategic experience as a senior leader and has a strong understanding of financial and capital markets through his previous directorships which include chief executive officer and chief financial officer of Standard Life plc and chief financial officer of Scottish Power plc.

Other current appointments:
– HSBC Holdings Plc, non-executive director
– London Stock Exchange Group Plc, non-executive director and chair of the audit committee
– Zurich Insurance Group, board member

Executive Committee

Delivering our strategy, driving performance

Chaired by Vittorio Colao, the Executive Committee focuses on managing Vodafone's business affairs as a whole, which includes the delivery of a competitive strategy, developing our financial structure and planning, driving financial performance and ensuring good succession planning and talent pipeline.

Serpil Timuray
Chief Commercial Operations and Strategy Officer

Tenure: 1 year

Responsibilities:
Serpil is responsible for Vodafone's global commercial operations and strategy, as well as innovation and transformation projects, including the Customer eXperience eXcellence global programme.

Previous roles include:
- Vodafone, Regional Chief Executive Officer – Africa, Middle East and Asia-Pacific Region (AMAP) (2013–2016)
- Vodafone Turkey, Chief Executive Officer (2009–2013)
- Danone Turkey, chief executive officer (2002–2008), marketing director with additional sales director role (1999–2002)
- Procter & Gamble Turkey, various marketing roles including executive committee member (1991–1999)

Rosemary Martin
Group General Counsel and Company Secretary

Tenure: 8 years

Responsibilities:
Rosemary is responsible for managing Vodafone's legal risk and for providing legal, compliance and company secretariat services to the Group.

Previous roles include:
- Practical Law Company, chief executive officer (2008–2010)
- Reuters Group Plc, various governance roles including group general counsel and company secretary (1997–2008)
- Rowe & Maw, partner (1990–1997)

Ronald Schellekens
Group Human Resources Director

Tenure: 9 years

Responsibilities:
Ronald is responsible for leading Vodafone's people and organisation strategy which includes developing strong talent and leadership, effective organisations, strategic capabilities and an engaging culture and work environment, thereby building strong capabilities in Vodafone to deliver growth.

Previous roles include:
- Royal Dutch Shell, HR executive vice president (2003–2008)
- PepsiCo, senior vice president (1994–2003)
- AT&T Network Systems, various human resources roles (1986–1994)

Johan Wibergh
Group Technology Officer

Tenure: 3 years

Responsibilities:
Johan is responsible for leading Vodafone's global technology organisation. His role is integral to developing Vodafone's convergence strategy on a global scale.

Previous roles include:
- Ericsson, various roles including executive VP (1996–2015)

Brian Humphries
Group Enterprise Director

Tenure: 1 year

Responsibilities:
Brian manages and leads Vodafone's growing Global Enterprise business which provides total communications solutions to businesses. His responsibilities include Vodafone's strategy and execution in the Enterprise market worldwide. He manages a portfolio which includes: Vodafone Global Enterprise, Vodafone Carrier Services, Internet of Things and Cloud & Security.

Previous roles include:
- Dell-EMC, president, enterprise solutions (2013–2017)
- Hewlett-Packard, various roles including senior vice president, emerging markets (2002–2013)

Joakim Reiter
Group External Affairs Director

Tenure: <1 year

Responsibilities:
Joakim leads Vodafone's engagement with external stakeholders (including governments, regulators, international institutions, the media and industry commentators) in order to project Vodafone's position on the contribution of our industry to broader policy objectives and on issues of importance to our customers and to the communities in which we operate. He is also responsible for security, and for the Vodafone Foundation, of which he is a trustee.

Previous roles include:
- United Nations, assistant secretary-general and United Nations Conference on Trade and Development, deputy secretary-general (2015–2017)
- Ministry of Foreign Affairs, Sweden, deputy director-general (2014–2015)
- World Trade Organisation, ambassador (2011–2014)
- Permanent Representation to the European Union, minister councillor (2008–2011)

Membership
The Committee is comprised of Vittorio Colao, Group Chief Executive, Nick Read, Group Chief Financial Officer and the senior managers as detailed below. Tenure refers to length of service in role.

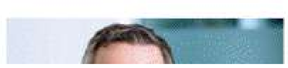
Biographies for Vittorio Colao, and Nick Read can be found on page 48.

Committee Meetings
Each year the Committee conducts a strategy review to identify key strategic issues facing Vodafone to be presented to the Board.

The agreed strategy is then used as a basis for developing the upcoming budget and three-year operating plans.

The Committee met 11 times during the year and considered the following items:

- Strategy;
- Customer innovations;
- The new brand positioning strategy;
- Substantial business developments and projects;
- Chief Executive's update on the business and the business environment;
- Business performance;
- Updates and presentations from the head of each Group function;
- Talent updates;
- Updates and reports on health and safety matters;
- Presentations from senior managers, including from the Group Financial Controlling and Operations Director, the Group Audit Director and the Group Risk and Compliance Director; and
- Competitor performance analysis.


Nick Jeffery

Chief Executive Officer – Vodafone UK

Tenure: 1 year

Responsibilities:
Nick is responsible for:
- Defining Vodafone's strategy in the UK in accordance with Group strategy and operating models;
- Delivering the strategic vision and executing commercial plans; and
- Ensuring delivery against KPIs.

Previous roles include:
- Vodafone Group Enterprise, Chief Executive Officer (2013–2016)
- Cable & Wireless Worldwide, Chief Executive Officer (2012–2013)
- Vodafone Global Enterprise, Chief Executive Officer (2006–2012)
- Vodafone Group, Director, Business Marketing (2004-2006)

Dr Hannes Ametsreiter

Chief Executive Officer – Vodafone Germany

Tenure: 2 years

Responsibilities:
Hannes is responsible for:
- Defining Vodafone's strategy in Germany in accordance with Group strategy and operating models;
- Positioning Vodafone Germany as a gigabit company, strengthening its role as Germany's leading TV provider and integrated player;
- Delivering the strategic vision, executing commercial plans and delivery against KPIs; and
- Shaping Vodafone's leadership role in digital technologies.

Previous roles include:
- Telekom Austria, group chief executive officer (2009–2015)
- A1 Telekom, chief executive officer (2009)
- Mobilkom Austria/Telekom Austria, chief marketing officer (2001–2009)

Aldo Bisio

Chief Executive Officer – Vodafone Italy

Tenure: 4 years

Responsibilities:
Aldo is responsible for:
- Defining Vodafone's strategy in Italy in accordance with Group strategy and operating models;
- Delivering the strategic vision and executing commercial plans; and
- Ensuring delivery against KPIs.

Previous roles include:
- Ariston Thermo Group, chief executive officer/managing director (2008–2013)
- McKinsey & Company, senior partner (2007–2008)
- RCS Quotidiani, managing director (2004–2006)
- McKinsey & Company, partner (1992–2004)

António Coimbra

Chief Executive Officer – Vodafone Spain

Tenure: 5 years

Responsibilities:
António is responsible for:
- Defining Vodafone's strategy in Spain in accordance with Group strategy and operating models;
- Delivering the strategic vision and executing commercial plans; and
- Ensuring delivery against KPIs.

Previous roles include:
- Vodafone Portugal, Chief Executive Officer (2009–2012), Executive Committee member (1995–2009), Marketing and Sales Director (1992–1995)
- Apritel – Telco Association (on behalf of Vodafone Portugal), president (2005–2007)
- Vodafone Japan, Chief Marketing Officer (2004)
- Olivetti Portugal, marketing manager (1991–1992)
- Siemens Portugal, produce and sales manager (1988-1991)

Vivek Badrinath

Chief Executive Officer – Africa, Middle East and Asia-Pacific Region (AMAP)

Tenure: 1 year

Responsibilities:
Vivek oversees Vodafone's operations in the Vodacom Group, India, Australia, Egypt, Ghana, Kenya, New Zealand and Turkey. This includes:
- Defining Vodafone's strategy in these local markets in accordance with Group strategy and operating models;
- Delivering the strategic vision and executing commercial plans; and
- Ensuring delivery against KPIs.

Previous roles include:
- AccorHotels, deputy chief executive (2014–2016)
- Orange, deputy chief executive (2013–2014)

Ahmed Essam

Chief Executive Officer – Europe Cluster

Tenure: 1 year

Responsibilities:
Ahmed oversees Vodafone's operations in the Netherlands, Portugal, Ireland, Greece, Romania, Czech Republic, Hungary, Albania and Malta. This includes:
- Defining Vodafone strategy in these local markets in accordance with Group strategy and operating models;
- Delivering the strategic vision and executing commercial plans; and
- Ensuring delivery against KPIs.

Previous roles include:
- Vodafone Egypt, Chief Executive Officer (2014–2016)
- Vodafone Group, Group Commercial Director (2012–2014)
- Vodafone Egypt, various roles including customer care and consumer business unit director (1999–2012)

Leadership structure

How we are governed

The Board currently comprises the Chairman, two Executive Directors and nine Non-Executive Directors. Our Non-Executive Directors bring wide and varied commercial experience to the Board and Committees.

Our Board

The Board is responsible for:

- Ensuring leadership through effective oversight and review. The Board sets the strategic direction and aims to deliver sustainable stakeholder value over the longer term;
- Overseeing the implementation of appropriate risk assessment systems and processes to identify, manage and mitigate the principal risks of the Company's business;
- Effective succession planning at Board level and for assessing the processes in place to ensure that there is appropriate succession planning among senior management. Much of this work is delegated to the Nominations and Governance Committee; and
- Matters relating to finance, audit and internal control, legal, reputation and listed company management.

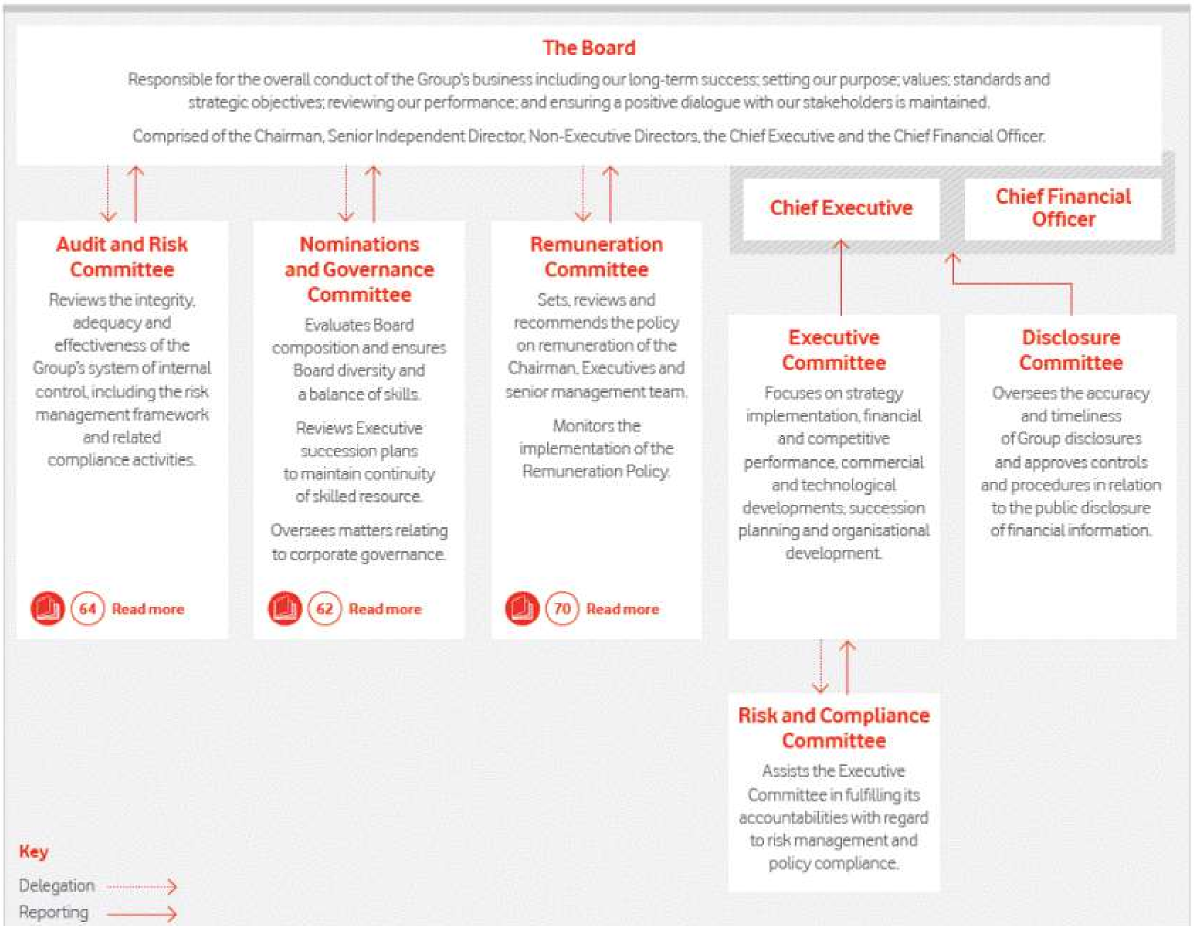
Our Committees

The Board has delegated to its Committees' responsibility for maintaining effective governance in relation to:

- Audit and risk;
- Remuneration;
- Board composition and succession planning; and
- Corporate governance.

Full details of the Committees' responsibilities are detailed within the respective Committee reports on pages 62 to 87.

The Executive Committee and other management committees are responsible for implementing strategic objectives and realising competitive business performance in line with established risk management frameworks, compliance policies, internal control systems and reporting requirements.



The following table shows the attendance of Directors at scheduled Board and Committee meetings during the year:

Attendance table

	Board	Audit and Risk Committee	Nominations and Governance Committee	Remuneration Committee
Gerard Kleisterlee	7/7	–	5/5	–
Vittorio Colao	7/7	–	–	–

Division of responsibilities

We have a clear division of responsibilities between our Chairman and Chief Executive, each role is clearly defined and is quite distinct from one another.

Chairman

- Leads the Board, sets the agenda and promotes a culture of open

Nick Read	7/7	–	–	–
Sir Crispin Davis[1]	6/7	4/5	2/3	–
Michel Demaré[2]	1/1	–	–	–
Dr Mathias Döpfner[3]	6/7	–	–	5/5
Dame Clara Furse	7/7	5/5	–	–
Valerie Gooding CBE	7/7	–	5/5	5/5
Renee James	7/7	–	3/3	5/5
Samuel Jonah KBE	7/7	–	–	5/5
Amparo Moraleda[4]	6/6	4/4	–	–
David Nish	7/7	4/4	–	–
Nick Land[5]	2/2	1/1	–	–
Phil Yea[5]	2/2	1/1	2/2	–

Notes:
The maximum number of scheduled meetings held during the year that each Director could attend is shown next to the number attended. Additional meetings were held as required.
1 Sir Crispin Davis was unable to attend one Board, Audit and Risk Committee and Nominations and Governance Committee meeting due to medical reasons.
2 Michel Demaré was appointed on 1 February 2018.
3 Dr Mathias Döpfner was unable to attend one Board meeting due to a prior business commitment.
4 Amparo Moraleda was appointed on 1 June 2017.
5 Nick Land and Phil Yea stepped down from the Board on 28 July 2017.

The meetings are structured to allow open discussion. At each Board meeting the Directors are made aware of the key discussions and decisions of the three principal Committees by the respective Committee Chairmen. Minutes of Board and Committee meetings are circulated to all Directors after each meeting. Details of the Board's activities during the year are set out on pages 54 and 55.

Our culture

The Board recognises that a healthy corporate culture is fundamental to our business purpose and strategy. Vodafone's culture is defined through the Digital Vodafone Way, our Business Principles and the Code of Conduct. Together these set out what we expect from our employees and how we expect business to be carried out. By embedding the Digital Vodafone Way into our processes, we strive for a culture of speed, simplicity and trust. Our Code of Conduct, which includes our Business Principles and the Digital Vodafone Way, can be found on our website.

Our leaders have a critical role in setting the tone of our organisation and championing the behaviours we expect to see. The Executive Committee led campaigns and engagement throughout the year to highlight our values and beliefs. Various indicators are used to provide insight into our culture, including employee engagement, health, safety and wellbeing measures and diversity indicators. We regularly assess the state of our culture, through activities such as compliance reviews and we address behaviour that falls short of our expectations.

debate between Executive and Non-Executive Directors;

– Regularly meets with the Chief Executive and other senior management to stay informed; and

– Ensures effective communication with our stakeholders.

Senior Independent Director

– Provides a sounding board to the Chairman and appraises his performance;

– Acts as intermediary for other Directors, if needed; and

– Is available to respond to shareholder concerns when contact through the normal channels is inappropriate.

Non-Executive Directors

– Contribute to developing our strategy; and

– Scrutinise and constructively challenge the performance of management in the execution of our strategy.

Chief Executive

– Leads the business, implements strategy and chairs the Executive Committee.

Chief Financial Officer

– Responsible for the preparation and integrity of our financial reporting.

Company Secretary

– Assists the Chairman by organising induction and training programmes and ensuring that all Directors have full and timely access to all relevant information;

– Ensures that the correct Board procedures are followed; and

– Advises the Board on corporate governance matters.

– The removal of the Group General Counsel and Company Secretary is a matter for the Board as a whole.

The Board is collectively responsible for the oversight and success of our business. The Board discharges some of its responsibilities directly and others through its principal Board Committees and through management. The Matters Reserved for the Board and Committee Terms of Reference were last reviewed in March 2018 and are available on our website.

Our new brand positioning strategy

Given the strategic significance of the new brand positioning, the Board was involved with its development and launch:

Development

The Board was fully briefed as our new brand strategy was being developed which included:

– Holding in-depth discussions over several months as the new brand strategy was developed;

– Several presentations were provided to the Board, noting the progression being made by the brand team; and

– Providing challenge and guidance to the brand team, which enabled them to refine the brand strategy.

Approval

The new brand positioning strategy was approved by the Board at its July 2017 meeting.

Launch

On 5 October 2017, the new brand strategy was launched across all 36 countries in which the Vodafone brand is present.

Review

The Board was provided an update at its March 2018 meeting which highlighted the success of the new brand strategy launch.

Strategic Report | Governance | Financials | Other information

Board activities

What the Board did this year

Board activities are structured to develop the Group's strategy and to enable the Board to support executive management on the delivery of it within a transparent governance framework. The table below sets out the key areas of focus for the Board's activities and topics discussed during the year.

Areas of Board focus

Strategy and markets

Regular updates were provided by management on strategic and commercial priorities including the development of the new brand strategy and updates on the Customer eXperience eXcellence ('CXX') programme

People and culture

The Board was given regular updates on talent and succession plans, reward structures and Group HR Policy. Results of the annual employee engagement survey were also reported to the Board

Quarter 1: April–June

Key issues and highlights

- Key business developments
- Commercial: strategic priorities update

Annual matters

- Approval of the Annual Report and Notice of AGM
- Annual compliance and risk reports
- Year end assessment of internal control systems
- Approval of the Modern Day Slavery Statement
- Recommendation of the final dividend
- Treasury report

Deep dives, updates and training

- Local market focus: India
- Technology 2020 strategy briefing
- Investor relations report

Other meetings held

- Audit and Risk Committee
- Remuneration Committee
- Nominations and Governance Committee
- Chairman and Non-Executive Directors met without the Executive Directors present

Quarter 2: July–September

Key issues and highlights

- Key business developments
- Consumer: the brand refresh and consumer IoT
- Principal risk review, including a focus on Brexit

Annual matters

- Group insurance renewal
- Presentation from the Group HR Director, including the talent and succession planning report
- Presentation from the Group External Affairs Director
- US shelf registration

Deep dives, updates and training

- Local market focus: Vodacom
- Local market focus: Germany
- CXX update
- Investor relations report
- Annual Director share dealing training

Other meetings held

- AGM
- Audit and Risk Committee
- Remuneration Committee
- Nominations and Governance Committee
- Chairman and Non-Executive Directors met without the Executive Directors present

Governance

Performance

The Board received updates from management on the performance of the business and on financial performance

Governance, risk and regulatory

Regular reports were provided by the Board's principal Committees, with oversight of the governance and risk management frameworks

Quarter 3: October–December

Key issues and highlights

- Key business developments

Annual matters

- Approval of the half-year results, interim dividend and Vodafone's risk tolerance
- Review of the Group's security risk
- Electromagnetic field risk report
- Health & safety report
- Litigation report
- Treasury report

Deep dives, updates and training

- Local market focus: Spain
- Investor relations report

Other meetings held

- Audit and Risk Committee
- Nominations and Governance Committee
- Remuneration Committee
- Chairman and Non-Executive Directors met without the Executive Directors present

Quarter 4: January–March

Key issues and highlights

- Key business developments
- Commercial: Brand update and 2019 Commercial Strategy
- Executive Director succession

Annual matters

- Approval of the 2018/19 budget and long-term plan
- Matters reserved for the Board and Committees' terms of reference
- Risk report
- Board effectiveness review
- Approval of the Directors' conflicts of interests

Deep dives, updates and training

- Local market focus: UK and Europe (the smaller local markets including The Netherlands)
- Vodafone Foundation update and funding
- Enterprise strategy update
- Investor relations report

Other meetings held

- Audit and Risk Committee
- Nominations and Governance Committee
- Remuneration Committee
- Chairman and Non-Executive Directors met without the Executive Directors present
- Led by the Senior Independent Director, the Non-Executive Directors met to appraise the Chairman's performance

Board effectiveness

Board induction and development

We are committed to ensuring that our Directors have a full understanding of all aspects of our business to ensure they are effective within their roles, through their induction and on-going training.

Board induction

We have a comprehensive induction programme in place for our newly appointed Directors. Each new Director is provided with a tailored programme which includes site visits and meetings with other members of the Board, Executive Committee members and senior management and also covers the Board Committees that they are joining.

On joining the Board, Amparo Moraleda was provided with a detailed induction programme, which was designed to ensure she quickly gained a full understanding of the Group, including our business, culture and values, strategy, governance and financial position. You can read more about Amparo's induction programme below.

On completion of the induction programme, all new Directors should have sufficient knowledge and understanding of the business to enable them to effectively contribute to strategic discussions and oversight of the Group.

Amparo Moraleda's induction programme

"It's essential to be able to make a valuable contribution and to gain a thorough understanding of the Group. My induction programme has ensured that I have the information and knowledge required to enable me to make an effective contribution to the Board."

Amparo Moraleda
Non-Executive Director
Appointed 1 June 2017

During the year, Amparo Moraleda joined the Board and her induction programme focused on enhancing her understanding of Vodafone and our business, including our markets, customers, competition, business opportunities and risks.

Amparo's induction programme included the following:

Our business:

- one-to-one meetings were held with the members of the Executive Committee to discuss our business, strategy and operations;
- presentations were also given by the management teams of the Europe cluster, AMAP region and Enterprise business; and
- visits were undertaken to the headquarters of Vodafone UK, a Vodafone UK store and Vodafone's call centre in Stoke-on-Trent (UK).

Our Board and governance structure:

- training was provided on her duties as a Director and on Vodafone's governance structure;
- meetings were held with the Chairman and the Chairs of the Board's principal Committees; and
- attendance at the Morgan Stanley European Technology, Media and Telecom Investor Conference held in November 2017 and our 2017 AGM.

Our Group functions:

Meetings were held with various Group senior managers to discuss:

- Group strategy;
- people strategy and remuneration;
- technology and marketing;
- legal and external affairs;
- finance;
- investor relations; and
- risk.

Our Audit and Risk Committee:

As a member of the Audit and Risk Committee, specific meetings were also held, these included meetings with:

- the Audit and Risk Committee Chair; and
- internal audit.

Board training and development

To assist the Board in undertaking its responsibilities, a programme of training and development is available to all Directors and training needs are assessed as part of the Board evaluation procedure. The Board programme includes regular presentations from management and informal meetings to build their understanding of the business and sector.

This year the Board held its strategy day at our Düsseldorf offices, which enabled them to meet with senior managers of Vodafone Germany and to receive product demonstrations. In addition, individual Directors are given the opportunity to visit other local markets. During the year, Non-Executive Directors visited Ireland, Italy, Luxembourg, New Zealand, Singapore, South Africa and Spain. During these visits, meetings were held with local management teams and included site tours. Directors were able to gain greater understanding and insight into particular issues faced by the business in those regions. Directors who visited a local market were positive about the opportunity to improve the breadth and depth of their knowledge of Vodafone and to engage on an individual level with senior management in the respective market.

Several deep-dive sessions were held during Board meetings, these sessions focused on the Indian, Vodacom, European and Spanish markets and the commercial operations of the Group. During the year, our Directors also received regular updates which included consumer, customer service, network and share dealing rules. The Board also received reports from the Group General Counsel and Company Secretary on current legal and governance issues.

Specific and tailored updates were provided by external advisers and management to both the Audit and Risk and Remuneration Committees. Key themes included trends and changing disclosure requirements regarding financial and narrative reporting, accounting and auditing standards and remuneration developments.

All Directors have access to the advice and services of the Group General Counsel and Company Secretary. Directors may take independent legal and/or financial advice at the Company's expense when it is judged necessary in order to discharge their responsibilities effectively. No such independent advice was sought in the 2018 financial year.

Local market focus: Vodafone Germany and the Mission to the Moon project

As part of this project, Vodafone Germany will be working with Nokia and PTScientists to create the first 4G network on the moon. Vodafone's 4G network will enable the first live-streaming of HD video from the moon's surface to a global audience.

During the Board's meeting held in Düsseldorf, a demonstration was given of the new technology being developed as part of this project along with a project presentation from senior management from Vodafone Germany.

The demonstration of this project allowed the Board to see first-hand the innovative work being undertaken in a local market and is a good example of how Vodafone is developing new and exciting mobile network infrastructure. It allowed the Board to gain a better insight into that local market.

As outlined on pages 60 and 61, an action from the 2017 Board evaluation was to ensure that the Board was provided with opportunities to enhance its engagement with local markets and this is one example of such activities.

60 See pages 60 and 61 for further details of the Board evaluation process

Engaging with our stakeholders

Committed to maintaining good communications

We are committed to maintaining good communications and building positive relationships with all our stakeholders as we see this as fundamental to building a sustainable business.

Our suppliers

- We rely on more than 15,000 suppliers, ranging from small businesses and start-ups to multinational companies;
- Every year we hold Supplier Safety Forums to share best practice and discuss ways to reduce safety risks in our supply chain; and
- This year, Vodafone and three other operators set up a supplier academy, focusing on training to help them assess and improve the social, ethical and environmental performance issues inherent within supply chains.

34 Read more about how we work with our suppliers to mitigate human rights risks on page 34

Our shareholders

How we communicate with our shareholders

We maintained an active dialogue with our shareholders throughout the year through a planned programme of investor relations activities.

We also respond to daily queries from shareholders and analysts through our investor relations team and have a section of our website which is dedicated to shareholders and analysts: vodafone.com/investor. Our registrars, Computershare and Deutsche Bank (as custodians of our American Depositary Receipts ('ADR') programme) also have a team of people to answer shareholder and ADR holder queries in relation to technical aspects of their holdings such as dividend payments and shareholding balances. All of our financial results presentations are available on our website at vodafone.com/investor.

Institutional shareholder meetings

We hold meetings with major institutional shareholders, individual shareholder groups and financial analysts to discuss the business performance and strategy. These are attended by the appropriate mix of Directors and senior management, including our Chairman, Chief Executive, Executive Committee members, senior leaders and the investor relations team. Institutional shareholders also meet with the Chairman to discuss matters of governance.

What our shareholders have asked us this year

Common topics raised by our institutional and individual shareholders include:

- Cash flow generation, capital intensity, debt, and dividend cover;
- Rationale for the Liberty Global transaction;
- 5G investment and business case;
- Regulation in Europe and emerging markets;
- Vodafone India and Idea Cellular merger; and
- Administration of shareholding.

AGM

Our AGM is attended by our Board and Executive Committee members and is open to all our shareholders to attend. A summary presentation of financial results is given before the Chairman deals with the formal business of the meeting. All shareholders present can question the Board during the meeting. Representatives from investor relations and customer services are available before and after the meeting to answer any additional questions shareholders may have.

Our investor calendar

May 2017

- Roadshows in London, Edinburgh, Netherlands, Boston, New York, Chicago, Los Angeles, San Francisco, Toronto, Pittsburgh, and Milan
- Investor conference with JP Morgan in London

June 2017

- Chairman's London Roadshow

August 2017

- Roadshows in Austin, Houston, Dallas, Kansas, Singapore and Hong Kong
- Investor conference with Credit Suisse in London

September 2017

- Roadshow in Madrid
- Investor conferences with Deutsche Bank

November 2017

- Roadshows in London, Netherlands, Edinburgh, Frankfurt, Switzerland, Paris, Boston, New York, Toronto, Los Angeles, Portland and San Francisco
- Morgan Stanley European TMT conference in Barcelona

December 2017

Governance

– Roadshows in Abu Dhabi, Frankfurt and Switzerland
– Bank of America Merrill Lynch Summer TMT Conference in London
– Investor conference with Exane in Paris

in London, with Goldman Sachs in New York and with Bernstein in London
– Analyst and investor Open Office event in Venice

– Investor conference with Berenberg in Surrey

March 2018

– Roadshow in Atlanta
– Investor conference with Deutsche Bank in Palm Beach
– Citi European & Emerging Telecoms conference

Regulators and governments

– We engage with regulators and governments to inform the policy frameworks that affect our customers, investments and competitive stance;
– In April 2017, we organised a stakeholder event with European Union institutions to advocate for future-proof gigabit networks in the context of the European Electronic Communications Code; and
– In March 2018, we engaged with policy makers through a high-profile event to launch our international Future Jobs Finder programme, What will you be?

40 Read more about how we mitigate political and regulatory risk on page 40

Our people

– Our business performance depends on our ability to attract, develop and retain talented individuals at all levels. This year, we employed an average of 103,564 people with 136 nationalities;
– 88% of our employees responded to our annual global people survey. Of those, 87% stated that they are proud to work for Vodafone; and
– In March 2018, a week-long campaign to recognise and support International Women's Day engaged more than 17,000 employees.

36 Read more about how we engage with our employees on page 36

Our customers

– Our customers range from individuals living in some of the world's poorest communities to some of the world's largest multinational companies;
– Our Customer eXperience eXcellence ('CXX') programme drives how we engage with customers to help us deliver an outstanding

Our local communities

– Our products and services are found in local communities everywhere we operate, and range from remote villages to capital cities;

– We work to understand and address any public concerns about the location of our base stations. This year in South Africa, Vodacom engaged with stakeholders on over 40 separate occasions on this topic; and

– Our local businesses support the communities in which they operate in many different ways. For example, this year in the Czech Republic, we ran a public "Giving Tuesday" campaign to raise money for a local health charity.

Read more about our approach to mobiles, masts and health at vodafone.com/mmh

and differentiated user experience; and

– Every time a customer contacts us we measure their satisfaction through our "touchpoint net promoter score". In the UK, this year we increased this rating to its highest ever level.

11 Read more about our CXX programme on page 11

Board evaluation

Continually monitoring and improving our performance

The Board recognises that it continually needs to monitor and improve its performance. This is achieved through the annual performance evaluation, full induction of new Board members and ongoing Board development activities. The conclusions of this year's review have been positive and confirmed that the Board and its Committees operate effectively and that each Director contributes to the overall effectiveness and success of the Group.

Our three-year Board evaluation cycle

2017

Internal evaluation: with the assistance of Lintstock Limited ('Lintstock'), a London-based firm, which has no other connection with Vodafone.

2018

Internal evaluation: with the assistance of Lintstock a questionnaire was completed by the Board.

The Chairman presented the conclusions from the evaluation to the Board which were discussed and actions for the forthcoming year were agreed.

The Senior Independent Director met with the other Non-Executive Directors and with the Executive Directors to review the Chairman's performance and met the Chairman to provide feedback.

The Chairman provided feedback to each Director on their individual contributions to the Board and considered their

Board expertise

Progress against 2017 actions

The Directors continued to build their knowledge of the Company's Enterprise business and Enterprise content assets. To enable the Board to do this, additional time was dedicated to the Enterprise business during Board meetings.

This year's findings

Following the work undertaken as a result of last year's evaluation, the Board positively rated its understanding of the Company's Enterprise business. However, as the business is evolving it was recognised that there would be merit in hearing more about the Enterprise business on a regular basis. In addition, with the rapid changes in digital and technological developments, more time should be dedicated to this area.

2019

External evaluation: further details will be provided in next year's report.

development priorities.

Action for 2019

The annual Board calendar would be reviewed to consider additional opportunities for Directors to further enhance their knowledge of the Enterprise business and keep updated on digital and technological developments.

57 See page 57 for details of the Mission to the Moon project

Board composition

Progress against 2017 actions

It was identified that the Board would benefit from adding further financial expertise. This led to the search for a new Non-Executive Director with the identified relevant skill set. This process resulted in the appointment of Michel Demaré in February 2018.

This year's findings

The Board's composition was positively rated as part of this year's evaluation. The Board remains intent on ensuring its composition has the diversity and skills required to be effective.

Board training and development

Progress against 2017 actions

It was recognised that Board members would benefit from more opportunities to take part in site visits and be offered more one-to-one interactions with members of the executive team. Regular local market visits were arranged with the executive team, which all Board members were invited to attend. These visits enabled the Directors to gain further insight into the local markets and build relationships with senior management.

This year's findings

The Board induction programme was highly regarded by Directors, in addition, the deep dives which are provided at Board meetings, were rated as excellent. As part of this year's evaluation outcomes, it was acknowledged that on-going training, particularly on developments in technology was needed.

Strategy

Progress against 2017 actions

The Board identified that the balance between the Company's focus on organic growth and on portfolio management needed to be carefully managed.

This year's findings

Improvement has been made to the balance between the Company's focus on organic growth and on portfolio management, but remains an area which needs to be kept under constant review.

Action for 2019

The Board will consider opportunities to use its natural life-cycle to address the identified skills gaps to ensure that the Board's composition is aligned with the Company's strategic goals.

63 See page 63 for details of Michel's appointment process

Action for 2019

Efforts will be made to ensure all Directors are provided with relevant on-going training and that they receive the support they need to remain effective in their role.

57 See page 57 for details of the Board's overseas meeting and local market visits

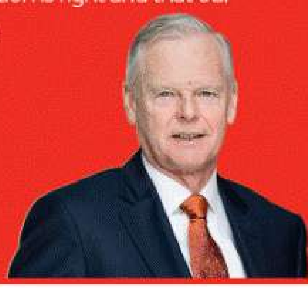
Action for 2019

When deciding the agenda for Board meetings during the year, the Chairman and Chief Executive will keep in mind the need to balance focus on organic growth and portfolio management.

54 See pages 54 and 55 for details of the Board's activities during the year

Nominations and Governance Committee

The Nominations and Governance Committee ('the Committee') continues its work of ensuring that the Board composition is right and that our governance is effective.



Chairman
Gerard Kleisterlee
Chairman of the Board

Members
Sir Crispin Davis
Valerie Gooding
Renee James

Key objective:
To make sure the Board comprises individuals with the necessary skills, knowledge and experience to ensure that it is effective in discharging its responsibilities and to have oversight of all matters relating to corporate governance.

Responsibilities:

- Assessing the composition, structure and size of the Board and its Committees and making recommendations on appointments to the Board;
- Responsibility for Board and senior executive succession planning;
- Overseeing the performance evaluation of the Board, its Committees and individual Directors; and
- Monitoring developments in all matters relating to corporate governance, bringing any issues to the attention of the Board.

The Committee is composed solely of independent Non-Executive Directors. The Committee met six times during the year and attendance by members at Committee meetings can be seen on page 53. Committee meetings were attended by Committee members, with other individuals and external advisers invited to attend all or part of the meetings as appropriate.

The chart below illustrates how the Committee allocated its time during the year.

Dear Shareholder,

On behalf of the Board, I am pleased to present the Nominations and Governance Committee's report for the year ended 31 March 2018.

This year, the Committee welcomed two new members, Sir Crispin Davis and Renee James and our main focus has been the succession of Executive Directors and Board composition. The process we followed for identifying our new Chief Executive and Chief Financial Officer is set out on page 63. As I said in my Chairman's letter on page 3, on behalf of the Board, I would like to record our gratitude to Vittorio Colao for an outstanding tenure and to express our confidence in Nick Read and Margherita Della Valle in their new roles. It is a testament to the strength and depth of the Vodafone senior management and leadership team that these appointments have been made from within the Company.

The Committee is also delighted to welcome two new Non-Executive Directors to the Board, Amparo Moraleda and Michel Demaré. An insight into the Committee's appointment process for Michel can be found on page 63 and the induction programme for Amparo is shown on page 56.

To find the most suitable candidates for the Board, the Committee considers the skills and experience required to align the Board's composition with the Company's strategic goals whilst maintaining an appropriate level of diversity. The Committee also ensures that initiatives are in place to develop the talent pipeline. As Chairman of the Committee, I take an active role in overseeing the progress made towards improving diversity in appointments to the Board, Executive Committee and senior management in a way that is consistent with the long-term strategy of the Group. The Committee will continue to monitor the balance of the Board to ensure that broad enough expertise is available from the existing members, and will recommend further appointments if desirable.

Changes to the Board and Committees

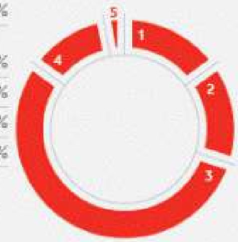
Following the 2017 AGM, Valerie Gooding became the Senior Independent Director and David Nish became Chairman of the Audit and Risk Committee. Amparo was appointed on 1 June 2017 and Michel joined the Board on 1 February 2018. Michel will join our Remuneration Committee with effect from 27 July 2018.

As previously announced, at our AGM on 27 July 2018 Dr Mathias Döpfner will not seek re-election after more than three years of service and Margherita will be appointed as a Director and Chief Financial Officer. On 30 September 2018 Vittorio will step down as the Chief Executive and as a Director and will be succeeded by Nick.

Assessment of the independence of the

Nominations and Governance Committee allocation of time (%)

1	Corporate governance matters	15%
2	Board and Committee composition	15%
3	Succession planning and talent	55%
4	Board effectiveness	12.5%
5	Other	2.5%



The terms of reference of the Committee, which were reviewed in March 2018, are available on the Vodafone website at vodafone.com/governance.

Assessment of the independence of the Non-Executive Directors

The Committee and the Board are satisfied that the external commitments of the Non-Executive Directors and of me, your Chairman, do not conflict with our duties and commitments as Directors of the Company. Our Directors must: report any changes to their commitments to the Board; notify the Company of actual or potential conflicts or a change in circumstances relating to an existing authorisation; and complete an annual conflicts questionnaire. Any conflicts identified are considered and, as appropriate, authorised by the Board. A register of authorised conflicts is reviewed periodically.

The Committee reviewed the independence of all the Non-Executive Directors. All are considered independent and they continue to make effective contributions. The Committee recognises that Samuel Jonah has served on the Board for more than nine years but remain confident that Samuel continues to demonstrate independent character and judgement in carrying out his role.

All Non-Executive Directors have submitted themselves for re-election at the 2018 AGM, with the exception of Mathias. Michel and Margherita will be elected for the first time in accordance with our Articles of Association.

The Executive Directors' service contracts and Non-Executive Directors' appointment letters are available for inspection at our registered office and at our AGM.

Appointment process

When considering the recruitment of new Directors, the Committee adopts a formal and transparent procedure with due regard to the skills, knowledge and level of experience required as well as diversity.

Executive Directors

In anticipation of Vittorio Colao's decision to step down from his role as Chief Executive, the Nominations and Governance Committee stepped up its regular succession planning process and established a succession planning subcommittee comprising me, your Chairman, who led the subcommittee, David Nish, Sir Crispin Davis, Valerie Gooding and, until his retirement from the Board, Phil Yea. The subcommittee was supported by Egon Zehnder which is independent of, and only provides talent services to, the Company.

The succession process involved Egon Zehnder undertaking assessments of, and providing a development programme for, potential internal candidates and identifying potential candidates in the external market. The subcommittee met six times and extensively discussed the merits of the external and internal candidates. It concluded that the Company had very strong internal candidates and that making an internal appointment would best serve continuity in leadership which was important. The subcommittee met repeatedly with the internal candidates and had several in-depth interviews with the leading contender.

The Board concurred with the subcommittee's recommendations and as a result on 27 July 2018 Nick Read will be appointed as Chief Executive Designate until 1 October 2018 when he will become the Chief Executive in succession to Vittorio Colao. On 27 July 2018 Margherita Della Valle, currently Deputy Chief Financial Officer, will be appointed Chief Financial Officer and a Director.

Nick Read Margherita Della Valle

Board evaluation

The Committee oversaw the internal evaluation of the Board and Committees, details of the review and actions to be taken over the next 12 months can be found on page 60.

Succession planning

In addition to the succession planning for Board roles, the Committee received several presentations during the year from the Chief Executive and Group Human Resources Director on succession planning for senior management. Potential successors have been identified for the top senior management positions and the Committee reviewed these plans during the year.

The Committee is satisfied that adequate succession planning is currently in place for the Executive Directors and senior management, and will continue to review succession planning and monitor the progress and success of the development plans which have been established for relevant employees. The Committee also monitors a schedule on the length of tenure, skills and experience of the Board.

Diversity

The Committee through Vodafone's Board Diversity Policy is committed to supporting diversity and inclusion in the Boardroom. This includes diversity of skills and experience, age, gender, disability, sexual orientation, gender identity, cultural background and belief.

The Committee annually reviews and agrees the Board Diversity Policy and monitors the progress made at the Board and management and leadership levels during the financial year.

The Committee also monitors Vodafone's compliance with the targets outlined in the Davies Report and Hampton-Alexander Review and I am pleased to report that following Amparo's appointment on 1 June 2017, 33% of our Board roles are currently held by women. This exceeds the 25% target set out in the Davies Report and meets the 2020 target set out in the Hampton-Alexander Review. Our long-term ambition is to increase diversity on our Board in all forms, which is supported by our Board Diversity Policy. Our Board diversity statistics can be found on page 49.

Diversity extends beyond the Boardroom and the Committee supports management in its efforts to build a diverse organisation. Currently 29% of our management and leadership roles are held by women and

To be appointed Chief Executive Designate on 27 July 2018

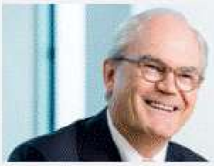
To be appointed Chief Financial Officer and a Director on 27 July 2018

Non-Executive Directors

During the search for a new Non-Executive Director, external search consultancy, Russell Reynolds Associates, was engaged to support with the recruitment process; they have no other connection with the Company other than providing recruitment services. Russell Reynolds Associates is an accredited firm under the Enhanced Code of Conduct for Executive Search Firms.

Details of the different stages of the appointment process that the Committee followed in relation to the appointment process of Michel Demaré can be found below:

Step 1	Step 2	Step 3	Step 4	Step 5
Engage with search consultancy and provide them with a search specification.	Shortlisting of candidates by Committee.	Interview process with Committee members and Chief Executive.	Recommendation to the Board on the chosen candidate.	Appointment terms drafted and agreed with the selected candidate.



Michel Demaré
Non-Executive Director
Appointed 1 February 2018

of our management and leadership roles are held by women and we would like this to increase to at least 30% by 2020.

Governance

The Committee receives updates on corporate governance developments during the year and has considered the impact of those developments on Vodafone. The Committee also reviewed Vodafone's compliance with the 2016 UK Corporate Governance Code and was satisfied that Vodafone complied with the Code during the year.

/s/ Gerard Kleisterlee

Gerard Kleisterlee
On behalf of the Nominations and Governance Committee

8 June 2018

Financials

Other information

Audit and Risk Committee

The Committee continues to play a key role in the governance over the Group's financial reporting, risk management, control and assurance processes and the external audit.

Chairman and financial expert
David Nish (from 28 July 2017)
Nick Land (to 28 July 2017)

Members
Sir Crispin Davis
Dame Clara Furse
Amparo Moraleda (from 28 July 2017)
David Nish
Phil Yea (to 28 July 2017)

Key objectives

Providing oversight of the Group's system of internal control, business risk management processes and related compliance activities, effective governance over the appropriateness of the Group's financial reporting including the adequacy of disclosures and monitoring the performance of both the internal audit function and the external auditors, PricewaterhouseCoopers LLP ("PwC").

Responsibilities

- Monitoring the integrity of published financial information and reviewing significant financial reporting judgements, including providing advice to the Board on whether the Annual Report is fair, balanced and understandable and the appropriateness of the long-term viability statement;
- Reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the external audit;
- Reviewing the Group's internal financial controls, internal control systems, the work of the Internal Auditor and compliance with

Dear Shareholder,

On the following pages I have set out the Audit and Risk Committee's report for the 2018 financial year which provides an overview of the areas considered by the Committee during the year.

Through this report I am also aiming to give some insight into the Committee's activities and its role in protecting the interests of our shareholders through ensuring the integrity of the Group's published financial information and the effectiveness of its risk management, controls and related processes.

This year has seen a number of changes to the Committee including:

- my appointment as Chairman and financial expert, having recent and relevant financial experience for the purposes of the US Sarbanes-Oxley Act and the UK Corporate Governance Code;
- the appointment of Amparo Moraleda, who brings her international business experience, engineering background and IT and technology expertise to the role; and
- the departure of both Nick Land and Phil Yea, who did not seek re-election at the Company's 2017 annual general meeting after more than ten years of service.

On behalf of the Committee, I would like to thank both Nick and Phil for their years of service to Vodafone and to this Committee as well as for ensuring the smooth transfer of knowledge to myself and Amparo as part of the succession plan. We believe that the Committee as a whole continues to have competence relevant to the sector in which the Group operates.

In addition to our standard annual work plan, this year the Committee has also focused on the following significant issues:

- preparations for the adoption of IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" in the 2019 financial year and IFRS 16 "Leases" in the 2020 financial year, all of

Governance

section 404 of the US Sarbanes-Oxley Act; and

- Monitoring the Group's risk management system and reviewing the principal risks facing the Group, including the management and mitigation of those risks.

The terms of reference of the Committee, which were updated in March 2018, are available on vodafone.com/governance.

How the Committee operated

The Committee met five times during the year and attendance by members at Committee meetings can be seen on page 53. We routinely conduct deep dive reviews, together with specific risk management activities as set out below:

- in September and March, we assess issues affecting the Group's half-year and year end reporting and approve the principal risks;
- in November and May, we conclude this work and advise the Board on the Group's external financial reporting; and
- while each meeting has reviews of risk and compliance related matters, the January meeting is particularly focused on these.

Meetings of the Committee generally take place the day before Board meetings and I report to the Board, as a separate agenda item, on the activity of the Committee and matters of particular relevance, with the Board receiving copies of the Committee minutes. The external auditors are invited to each meeting and I also meet with the external lead audit partner outside the formal Committee process throughout the year. The Committee also regularly meets separately with each of PwC, the Chief Financial Officer, the Group Risk and Compliance Director and the Group Audit Director without others being present.

which will have a material effect on the Group's accounting;

- preparations for the adoption of EU General Data Protection Regulation, which comes into force on 25 May 2018;
- the accounting, reporting and disclosure implications of the agreement to combine Vodafone India with Idea Cellular into a new joint venture; and
- ensuring the continued independence of the Group's external auditors.

Looking ahead, these key areas are also likely to remain significant areas of focus for the Committee for the 2019 financial year.

The Committee also performed a number of detailed in-depth reviews on the principal risks for the business, with risk owners discussing the mitigation and management of risks relating to cyber threat and information security, money laundering, sanctions, anti-bribery, technology failure, continuity and crisis management, IT transformation and telecommunications regulation compliance.

Every three years the Board appoints an external organisation to perform an independent review of the Committee to evaluate its performance. The last review was performed in March 2016 and concluded that the Board members considered the Committee to be thorough and fully effective in meeting its objectives. The next review is expected to take place in March 2019. Additionally, an internal assessment facilitated by an independent third party, occurs annually. This reported positively on the functioning of the Committee for the current year. I am confident that the Committee has the necessary skills and experience to continue to meet the challenges ahead.

/s/ David Nish

David Nish
On behalf of the Audit and Risk Committee
8 June 2018

Financial reporting

The Committee's primary responsibility in relation to the Group's financial reporting is to review, with both management and the external auditors, the appropriateness of the half-year and annual financial statements concentrating on, amongst other matters:

- the quality and acceptability of accounting policies and practices;
- material areas in which significant judgements have been applied or where significant issues have been discussed with the external auditors;
- providing advice to the Board on the form and basis underlying the long-term viability statement;
- the clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements;
- any correspondence from regulators in relation to our financial reporting; and
- an assessment of whether the Annual Report, taken as a whole, is fair, balanced and understandable.

Accounting policies and practices

The Committee received reports from management in relation to:

- the identification of critical accounting judgements and key sources of estimation uncertainty;
- significant accounting policies;
- new accounting pronouncements, including the adoption of IFRS 9, IFRS 15 and IFRS 16; and

The Committee received regular reports from management on the programmes for the adoption of IFRS 15 "Revenue from contracts with customers" and IFRS 16 "Leases", both of which are likely to have a substantial effect on the Group's accounting when adopted for the years ending 31 March 2019 and 2020 respectively. The implementation programmes for these new accounting pronouncements continued to progress satisfactorily during the year, with the Committee remaining focused on the key decision points relating to the choice of IT system, systems integration, the methodology in which the standard would be adopted and programme resourcing.

Following discussions with management and the external auditors, the Committee approved the disclosures of these accounting policies and practices which are set out in note 1 "Basis of preparation" to the consolidated financial statements, including further qualitative and quantitative detail on the impacts of IFRS 9, 15 and 16.

Significant judgements

The areas of focus considered and actions taken by the Committee in relation to the 2018 Annual Report, which have been revised to remove the Group's change in presentation currency from sterling to the euro which was completed in the 2017 financial year, are outlined below. We discussed these with the external auditors during the year.

– proposed disclosures of these in the 2018 Annual Report.

Area of focus	Actions taken/conclusion
Revenue recognition The timing of revenue recognition, the recognition of revenue on a gross or net basis and the treatment of discounts, incentives and commissions are complex areas of accounting. In addition, there is heightened risk in relation to the accounting for revenue as a result of the inherent complexity of newly introduced systems and changing pricing models. See note 1 "Basis of preparation".	The Committee challenged management over the basis of revenue accounting, with management confirming that revenue reporting remained consistent with prior years. The Committee also reviewed PwC's audit plan which identified the primary risks attaching to the audit of revenue to be: – the controls over the underlying accuracy of billing systems; and – presumed fraud risk, and reported on the results of its audit work in this area to the Committee at both the half-year and year end. The Committee was satisfied with the appropriateness of revenue recognised in the financial statements.
Taxation The Group is subject to a range of tax claims and related legal actions across a number of jurisdictions where it operates. The most material claim continues to be from the Indian tax authorities in relation to our acquisition of Vodafone India Limited in 2007. See note 29 "Contingent liabilities and legal proceedings". Further, the Group has extensive accumulated tax losses and a key management judgement is whether a deferred tax asset should be recognised in respect of these losses. See note 6 "Taxation".	The Group Tax Director presented on both provisioning and disclosure of tax contingencies and deferred tax asset recognition at the November 2017 and May 2018 Committee meetings. He also provided an update on upcoming changes in the wider tax landscape that were potentially relevant to the Group. PwC also identified this as an area of higher audit focus. The Committee challenged both management and PwC on the legal judgements underpinning both the provisioning and disclosures adopted in relation to material elements of taxation contingent liabilities and the IFRS basis of, and operating assumptions underlying, the deferred tax assets recognised at the year end. The Committee was satisfied with the approach adopted by management to the recognition of income tax and deferred tax balances and related disclosure in the financial statements.

Audit and Risk Committee (continued)

Area of focus	Actions taken/conclusion
Impairment testing The judgements in relation to impairment testing continue to relate primarily to the assumptions underlying the calculation of the value in use of the Group's businesses, being the achievability of the long-term business plans and the macroeconomic and related modelling assumptions underlying the valuation process. At 31 March 2017 and 2018 these judgements were extended to include the assessment of the fair value of Vodafone India following the announcement of the agreement to combine into a new joint venture with Idea Cellular and its treatment as a discontinued operation valued at fair value less costs to sell. The fair value of Vodafone India was reduced at 31 March 2018 giving rise to a non-cash charge of €3.2 billion (€2.2 billion net of tax). See note 4 "Impairment losses".	The Committee received detailed reporting from management and challenged the appropriateness of the assumptions made, including: – the consistent application of management's methodology; – the achievability of the business plans; – assumptions in relation to terminal growth in the businesses at the end of the plan period; and – discount rates. This remains an area of audit focus and PwC provided detailed reporting on these matters to the Committee, including sensitivity testing. The Committee was satisfied with both the appropriateness of analysis performed by management (including the judgements made and estimates used) and the impairment related disclosures.
Liability provisioning The Group is subject to a range of claims and legal actions from a number of sources, including competitors, regulators, customers, suppliers and, on occasion, fellow shareholders in Group subsidiaries. The level of provisioning for contingent and other liabilities is an issue where legal and management judgements are important and	The Committee received a presentation from the Group's General Counsel and Company Secretary and the Director of Litigation in both November 2017 and May 2018 on management's assessment of the most significant claims. As this is an area of audit focus, PwC also reviews these claims and

accordingly an area of Committee focus.

See note 29 "Contingent liabilities and legal proceedings".

relevant legal advice received by the Group, to form a view on the appropriateness of the level of provisioning that is shared with the Committee.

The Committee challenged both management and PwC on the level of provisioning for legal claims, requesting additional details where relevant.

The Committee was satisfied that the amounts recorded in the financial statements appropriately reflect the risk of loss.

Fair, balanced and understandable

As part of the Committee's assessment of whether the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy, the Committee reviews the processes and controls that underpin its preparation, ensuring that all contributors, the core reporting team and senior management are fully aware of the requirements and their responsibilities. This includes reviewing the use and disclosure of alternative performance measures (or "non-GAAP" measures) and the financial reporting responsibilities of the Directors under section 172 of the Companies Act 2006 to promote the success of the Company for the benefit of its members as a whole as well as meeting the needs of wider society.

In addition to reviewing an early draft of the Annual Report to enable timely review and comment, the Committee also takes an active role in reviewing financial results announcements as well as drawing on the work of the Group's Disclosure Committee, which reviews and assesses the Annual Report and investor communications.

These processes allowed us to provide positive assurance to the Board to assist them in making the statement required by the 2016 UK Corporate Governance Code.

Regulators and our financial reporting

There has been no correspondence from regulators, including the FRC's Corporate Reporting Review team, in relation to our financial reporting during the 2018 financial year. The Committee is committed to improving the effectiveness and clarity of the Group's corporate reporting and has continued to encourage management to consider, and adopt where appropriate, initiatives by regulatory bodies which would enhance our reporting, including FRC Labs projects on "Digital Future", "Risk and Viability reporting", "Dividend policy and practice" and "Reporting on Performance Metrics".

Long-term viability statement

As part of the Committee's responsibility to provide advice to the Board on the form and basis underlying the long-term viability statement as set out on pages 44 and 45, the Committee reviewed the process and assessment of the Group's prospects made by management, including:

- the review period and alignment with the Group's internal long-term forecasts;
- the assessment of the capacity of the Group to remain viable after consideration of future cash flows, expected debt service requirements, undrawn facilities and access to capital markets;
- the modelling of the financial impact of certain of the Group's principal risks materialising using severe but plausible scenarios; and
- ensuring clear and enhanced disclosures in the Annual Report as to why the assessment period selected was appropriate to the Group, what qualifications and assumptions were made and how the underlying analysis was performed, consistent with recent FRC pronouncements.

External audit

The Committee has primary responsibility for overseeing the

Effectiveness of the external audit process

The Committee reviewed the quality of the external audit throughout the year and considered the performance of PwC, taking into account the Committee's own assessment and feedback, the results of a detailed survey of senior finance personnel across the Group focusing on a range of factors we considered relevant to audit quality, feedback from the auditors on their performance against their own performance objectives and the firm-wide audit quality inspection report issued by the FRC in June 2017.

Based on these reviews, the Committee concluded that there had been appropriate focus and challenge by PwC on the primary areas of the audit and that they had applied robust challenge and scepticism throughout the audit. Consequently, as noted above, the Committee has recommended to the Board that they be reappointed at the AGM in July 2018.

Independence and objectivity

In its assessment of the independence of the auditors and in accordance with the US Public Company Accounting Oversight Board's standard on independence, the Committee receives details of any relationships between the Company and PwC that may have a bearing on their independence and receives confirmation that they are independent of the Company within the meaning of the securities laws administered relationship with, and performance of, the external auditors. This includes making the recommendation on the appointment, reappointment and removal of the external auditors, assessing their independence on an ongoing basis, involvement in fee negotiations, approving the statutory audit fee, the scope of the statutory audit and approval of the appointment of the lead audit engagement partner.

Tenure

PwC were appointed by shareholders as the Group's external auditors in July 2014 following a formal tender process. The audit will be put out to tender at least every ten years. The lead audit partner, Andrew Kemp, has held the position for three years and will be required to step down following the completion of the 2019 audit.

The Committee has recommended that PwC be reappointed under the current external audit contract for the 2019 financial year and the Directors will be proposing their reappointment at the AGM in July 2018. The Company has complied with the Statutory Audit Services Order 2014 for the financial year under review.

Audit risk

The audit risk identification process is considered a key factor in the overall effectiveness of the external audit process and during the 2018 financial year we received a detailed audit plan from PwC identifying their audit scope, planning materiality and their assessment of key risks.

The key audit risks for the 2018 financial year, were unchanged from the 2017 financial year except for:

- a new risk relating to the accuracy of share of results from joint ventures following the merger of Vodafone's and Liberty Global's operating businesses in the Netherlands;
- the implications of the agreement to combine Vodafone India with Idea Cellular into a new joint venture; and
- the removal of the risk relating to the change in the Group's presentation currency from sterling to the euro.

These risks are regularly reviewed by the Committee to ensure the external auditors' areas of audit focus remain appropriate.

by the US Securities and Exchange Commission ("SEC").

During the 2017 financial year, we were notified by our lead audit partner that a company, for which a number of PwC partners were acting as administrators, was considering litigation against the Group. The Committee, in consultation with the Group's legal advisers, reviewed the implications on audit independence from the roles played by PwC's partners as administrators and PwC as the Group's statutory auditors in the context of relevant regulations and ethical standards. Further, the Committee consulted with the UK Financial Reporting Council and a number of institutional investors.

To address any potential threat to their audit independence, PwC put in place a number of safeguards including ensuring both the administration and audit teams were physically separate and had no interactions, that working papers and other highly confidential material were separately stored with highly restricted access and that the lead group engagement partner would be solely responsible for the audit implications of the potential litigation. In response, we requested that both PwC's Compliance Department and its independent non-executives provide oversight of the effectiveness of the safeguards put in place and report to the Committee on these safeguards on a regular basis. PwC confirmed to the Committee that these safeguards were in place, were monitored internally and operated effectively throughout the year.

The Committee concluded that this position, which remained materially unchanged during the year, was not prohibited and PwC remained independent for the purposes of the audit for the 2018 financial year.

Audit fees

For the 2018 financial year, the Committee considered the ongoing fee proposal, was actively engaged in agreeing audit scope changes and, following the receipt of formal assurance that their fees were appropriate for the scope of the work required, agreed a charge from PwC and related member firms of €21 million for statutory audit services. This included €5 million of fees in respect of advance audit procedures in relation to the forthcoming implementation of IFRS 15 "Revenue from Contracts with Customers" and IFRS 16 "Leases". See note 3 "Operating profit" for further details.

Audit and Risk Committee (continued)

Non-audit fees

As one of the ways in which it seeks to protect the independence and objectivity of the external auditors, the Committee has a policy governing the engagement of the external auditors to provide non-audit services which precludes PwC from playing any part in management or decision making, providing certain services such as valuation work and the provision of accounting services. It also sets a presumption that PwC should only be engaged for non-audit services where there is no legal or practical alternative supplier and, consistent with recent UK regulation, includes a cap on the amount of non-audit fees that can be billed.

For certain specific permitted services, the Committee has pre-approved that PwC can be engaged by management, subject to the policies set out above, and subject to:

- a €60,000 fee limit for individual engagements;
- a €500,000 total fee limit for services where there is no legal alternative; and

The Group Audit and Risk Committee reviews the progress against the approved audit plan and the results of audit activities, with focus on unsatisfactory audits results and "cross entity audits", being audits performed across multiple markets with the same scope. Audit results are analysed by risk, process and geography to highlight movements in the control environment and areas that require attention.

During the year, Internal Audit coverage was focused on principal risks, including cyber threat and information security, data privacy and GDPR readiness, technology resilience and the delivery of major IT transformation programmes. Relevant audit results are reported at the same time as the Committee's in-depth review with the risk owner, which allows the Committee to have an integrated view on the way the risk is managed.

Assurance was also provided in relation to key areas of the company "Code of Conduct" such as Health and Safety, Anti-bribery and Legal and Regulatory, as well as for the core financial processes such as Billing, Accounts Receivable and Sales Commissions.

– a €500,000 total fee limit for services where there is no practical alternative supplier.

For all other services or those permitted services that exceed these specified fee limits, I, as Chairman, pre-approve these permitted services.

Non-audit fees were €5 million of which €1.4 million was for services where there was no legal alternative and €3.6 million for services where there was no practical alternative supplier. Non-audit fees represented 24% of audit fees for the 2018 financial year (2017: 22%, 2016: 11%). The amount for year ended 31 March 2018 includes non-recurring fees that were incurred during the preparations for a potential IPO of Vodafone New Zealand and the merger of Vodafone India and Idea Cellular. The amount for the year ended 31 March 2017 primarily arose from work on regulatory filings prepared in anticipation of a potential IPO of Vodafone India that was under consideration prior to the agreement for the merger of Vodafone India and Idea Cellular. See note 3 "Operating profit" for further details.

Internal control and risk management

The Committee has the primary responsibility for the oversight of the Group's system of internal control, including the risk management framework and the work of the Internal Audit function.

Internal audit

The Internal Audit function provides independent and objective assurance over the design and operating effectiveness of the system of internal control, through a risk based approach. The function reports into the Group Audit and Risk Committee, and administratively to the Group Chief Financial Officer. The function is composed of teams across Group domains and local markets, allowing access to specialist skills through Group centres of excellence, as well as local knowledge and experience. The function has a high level of qualified personnel with a wide range of different professional qualifications and experience of working in professional practice.

The Committee has a permanent agenda item to cover Internal Audit related topics. Prior to the start of each financial year the Committee reviews and approves the annual audit plan, assesses the adequacy of the budget and resources, and reviews the operational initiatives for the continuous improvement of the function's effectiveness. The increased utilisation of data analytics has been a particular area of focus to provide deeper audit testing and drive increased confidence in test results. An external review takes place periodically to benchmark and assess the effectiveness of the function, with any improvement opportunities addressed.

Dedicated focus has been put on the Enterprise operations, given the complexity of processes, products and services. The activities performed by the Share Service Centre in India also received specific attention due to their significant bearing on the effectiveness of overall global processes.

Management are responsible for ensuring that issues raised by Internal Audit are addressed within the agreed timetable, and their timely completion is reviewed by the Committee.

Assessment of Group's system of internal control, including risk management framework

The Group's risk assessment process and the way in which significant business risks are managed is a key area of focus for the Committee. Our activity here was driven primarily by the Group's assessment of its principal risks and uncertainties, as set out on pages 38 to 45 and a range of mitigations for risks as set out on pages 93 to 99 and our review included reports from the Group Risk and Compliance Director, with whom I met regularly during the year, on the Group's risk evaluation process as well as a review of changes to significant risks identified at both operating entity and Group levels.

The Group has in place an internal control environment to protect the business from the material risks which have been identified. Management is responsible for establishing and maintaining adequate internal controls over financial reporting and we have responsibility for ensuring the effectiveness of these controls. We reviewed the process by which the Group evaluated its control environment. Our work here was driven primarily by the Group Audit Director's reports on the effectiveness of internal controls and any identified fraud included any involving management or employees with a significant role in internal controls as well as an external benchmark exercise of the Group's compliance framework involving interviews, documentation reviews and comparisons to other FTSE 100 companies of a similar size, complexity and geographical footprint. Oversight of the Group's compliance activities in relation to section 404 of the US Sarbanes-Oxley Act and policy compliance reviews also fall within the Committee's remit.

The Committee also maintains a programme of in-depth reviews that typically focus on the principal risks of the business, as well as areas of complexity and change. The deep dive schedule for the 2018 financial year was prepared giving consideration to coverage of the Group's principal risks and, where possible, to align with Internal Audit reporting and the output of related cross-entity audits. There is an integrated assurance response to the Group's principal risks review across the Group Internal Audit, Risk and Compliance teams. Principal risks not covered by these in-depth reviews were covered in the Board agenda during the 2018 financial year.

Subject of in-depth review	Principle risk (see pages 38 to 45)
Anti-money laundering and M-Pesa, including the introduction of comprehensive anti-money laundering compliance programme in all markets operating M-Pesa and the implementation of a new watch list and transactional monitoring screening tool.	Legal and regulatory compliance
Sanctions and the Group's risk tolerance relating to its existing relationships in high risk locations.	Legal and regulatory compliance
Technology resilience, including the Group's continuing mobile resilience programme, the newer fixed resilience programme and the challenges related to building IT resilience.	Technology resilience
GDPR programme, including the implementation of a GDPR compliance programme as well as understanding its complexity and importance for delivering the Group's digital	Effective data management Cyber threat and information security

telco strategy and being a trusted and admired brand.	Cyber threat and information security
The Group's business continuity and crisis management approach, training and governance processes, particularly as they relate to the business continuity plans for principal risks.	Covers a number of principal risks
Telecommunications regulation compliance programme designed to ensure that all local markets have governance processes in place to address regulatory requirements.	Legal and regulatory compliance
Vodacom Group risk and compliance overview, including the organisational structures to ensure programme compliance in South Africa and the international markets.	Local market view of its principal risks
IT transformation and the Group's methodology which is being applied to all new IT transformation projects.	Effective digital and technological transformation
Anti-bribery, including the Group's risk tolerance and anti-bribery and corruption processes.	Legal and regulatory compliance
Cyber security and information security and the Group's processes to manage its risk tolerance.	Cyber threat and information security

In addition to these in-depth reviews, the Committee also received annual updates on:

- the risk of fraud in the organisation and how it is being managed from the Group Corporate Security Director;
- local market audit and risk committee activities and alignment with the Group Committee's activities; and
- results of the use of "Speak Up" channels in place to enable employees to raise concerns about possible irregularities in financial reporting or other issues and the outputs of any resulting investigations.

The Committee has completed its review of the effectiveness of the Group's system of internal control, including risk management, during the year and up to the date of this Annual Report, in accordance with the requirements of the Guidance on Risk Management, Internal Control and related Financial and Business Reporting published by the FRC. It confirms that no significant failings or weaknesses were identified in the review for the 2018 financial year and allowed us to provide positive assurance to the Board to assist it in making the statements required by the 2016 UK Corporate Governance Code. Where areas for improvement were identified, processes are in place to ensure that the necessary action is taken and that progress is monitored.

Compliance with section 404 of the US Sarbanes-Oxley Act

The Committee takes an active role in monitoring the Group's compliance activities in respect of section 404 of the US Sarbanes-Oxley Act, receiving reports from management in the year covering changes to the section 404 programme including scoping and the results of work performed.

The scope of the Group's section 404 compliance activities in 2018 were broadly similar compared to the 2017 financial year. The external auditors reported the status of their work in each of their reports to the Committee.

Remuneration Committee

Following the approval of the Remuneration Policy at our 2017 AGM, the Committee has continued to ensure remuneration levels are determined in line with our principles and in the context of evolving external considerations.

Letter from the Remuneration Committee Chairman

Dear Shareholder

On behalf of the Board, I present our 2018 Directors' Remuneration Report. This report includes both our current policy and details of how our remuneration arrangements were implemented during the year

Chairman
Valerie Gooding

Members
Dr Mathias Döpfner
Renee James
Samuel Jonah

Key objectives:
To assess and make recommendations to the Board on the policies for executive remuneration and reward packages for the individual Executive Directors.

Responsibilities:

- determining, on behalf of the Board, the policy on the remuneration of the Chairman of the Board, the Executive Directors and the senior management team;
- determining the total remuneration packages for these individuals including any compensation on termination of office;
- operating within recognised principles of good governance; and
- preparing an Annual Report on Directors' remuneration.

The Committee met five times during the year and each meeting had full attendance. The terms of reference of the Committee are available on vodafone.com/governance.

Contents of the Remuneration Report

Governance

our remuneration arrangements were implemented during the year under review.

Our current policy was last approved at the 2017 AGM where it received a vote in favour from shareholders of over 97%. I would like to take this opportunity to thank our shareholders for engaging in what was a constructive and two-way dialogue during the policy consultation. The relationship that exists between the Committee and our shareholders is greatly valued and we will work hard to ensure this continues.

Whilst our recently approved policy has just completed its first year of implementation, the Committee will continue to monitor its effectiveness and appropriateness for our business. The policy was drafted to provide a degree of continuity in our arrangements and, subject to any compelling and currently unforeseen reason to the contrary, it is intended that the current policy will remain in place for its full three-year term.

At the centre of this policy, and the decisions made by the Committee during the year, are our principles of:

- ensuring our remuneration policy, and the manner in which it is implemented, drives the behaviours that support our strategy and business objectives;
- maintaining a "pay for performance" approach to remuneration which ensures our incentive plans only deliver significant rewards if and when they are justified by business performance;
- aligning the interests of our senior management team with those of shareholders by developing an approach to share ownership that helps to maintain commitment over the long term; and
- offering competitive and fair rates of pay and benefits.

Strategic Priorities

The Committee is fully aware of its responsibility in ensuring that remuneration arrangements support and drive our strategic priorities.

These priorities are focused on leveraging our core programmes of Network Leadership, Customer eXperience eXcellence and Fit for Growth to build a sustainable competitive advantage.

This advantage is set to be supported through the transformation of our business model via Digital Vodafone. This journey will ensure that we are equipped to compete in the Gigabit Society by allowing our growth engines of mobile data, fixed & converged and Enterprise to remain as competitive in the future as they are in the present.

A core sign of our success along this journey will be how our customers judge our efforts. As such the importance of ensuring that the remuneration of management remains linked to customer satisfaction remained a priority for the Committee during this year's review. The 40% weighting on customer appreciation KPIs under our short-term incentive will therefore remain in place for 2019 and will continue to be assessed robustly against a range of metrics (as detailed further on page 86).

As communicated in previous years, cash generation continues to be the key driver of value creation. The Committee therefore continues to believe that including a cash flow measure in both our short-term and long-term incentive plans remains vital in emphasising where our financial priorities lie. Notwithstanding this, both service revenue and adjusted EBIT remain important metrics for ensuring an emphasis on cost discipline and will therefore continue to have an equal weighting with that of free cash flow under the GSTIP for the year ahead.

Pay for Performance

Over recent years the importance of cultivating a genuine "pay for

performance was above target, reflecting the progress we are making across the business in this area. The combined performance under all performance" culture has been reflected in the wider market by the actions of shareholders who have used their votes to send clear messages to boards where they believe this principle has been neglected.

During consultations and conversations with our shareholders I have been pleased to see that the Committee's robust annual approach to target setting is recognised. The Committee's commitment to ensuring that exceptional outcomes are only warranted in the cases of exceptional performance continues to ensure that we deliver genuine variable pay, with the average payout over the last three years, including the year under review, for the GSTIP and GLTI being 56% and 45% of maximum respectively.

Arrangements for the year ahead

As has been announced, our Chief Executive, Vittorio Colao, has given notice to the Board of his wish to retire. Vittorio's retirement will be effective 30 September 2018. His leaving arrangements will be in line with our shareholder approved remuneration policy and as such will include no additional elements outside of our normal approach to departing executives. Vittorio will not receive a GLTI award in 2018.

Following the conclusion of our 2018 AGM, Nick Read (currently Chief Financial Officer) will be appointed Chief Executive-Designate, with Margherita Della Valle (currently Deputy Chief Financial Officer) being appointed to the Board as Chief Financial Officer. Nick Read will subsequently be appointed Chief Executive on 1 October 2018.

Upon appointment to their new roles on 27 July 2018, Nick and Margherita will receive annual salaries of £1,050,000 and £700,000 respectively. This compares to current levels for these roles of £1,150,000 and £725,000 respectively.

In addition, and in response to feedback we received during last year's shareholder consultation, on 27 July 2018 the pension opportunity for both Nick and Margherita will be revised from the current level of 24% of salary to 10% of salary which will then be aligned with our wider UK population.

When viewing these two changes together, the net result is a 19.0% decrease in fixed pay for the position of Chief Executive, and a decrease of 14.3% for the role of Chief Financial Officer. In the case of the Chief Executive the salary is lower than the level paid for the same role eight years ago.

Further information on the forward-looking arrangements for Nick and Margherita can be found on pages 86 and 87 of the Annual Report on Remuneration.

Finally, in respect of incentives, the Committee determined that no changes should be made to either the metrics or the weightings used under the short-term and long-term incentive plans. The Committee will continue to monitor these arrangements closely to ensure that the current measures and their respective weightings remain appropriate in future years. For 2018/19, Nick and Margherita will be eligible for incentives in line with our remuneration policy for their new respective positions.

Remuneration outcomes during 2018

Annual bonus performance during the year was assessed against both financial and strategic measures. The former constituted 60% of total opportunity and consisted of the three equally weighted metrics of service revenue, adjusted EBIT and adjusted free cash flow. The latter constituted 40% of total opportunity and was linked to customer appreciation KPIs – the assessment of which looked at metrics including net promoter score, brand consideration, churn, revenue market share and ARPU.

During the year service revenue performed in line with target, driven by strong performance in our European markets. Adjusted EBIT and free cash flow performed above target, with the UK business performing particularly well across both measures. Our Customer Appreciation KPI

of these measures during the year resulted in an overall payout of 64% of maximum. Further details on our performance under each measure can be found on pages 80 and 81 of the Annual Report on Remuneration.

The 2016 Global Long-Term Incentive award was subject to free cash flow and TSR performance as measured over a three-year period ending 31 March 2018. The free cash flow measure finished below target during this period whilst TSR performance was above the median of our TSR peer group. Overall payout for the award was therefore 66.7% of maximum.

Pay in the wider context

During the year there were a number of external developments in the areas of gender pay and all employee pay more generally. For the former, this involved certain UK companies having to publish details of their gender pay gap for the first time, whilst for the latter this involved continued discussion around how corporate governance measures could be enhanced to ensure that employee conditions are appropriately considered when reviewing executive pay levels.

The Committee was presented with information on both of these areas during the year and discussed our current positions as well as what activities were being undertaken to further improve our employee conditions. Our 2017 UK Gender Pay Gap can be found on our website at vodafone.com/sustainablebusiness/genderpay

Our activity in the area of gender pay during the year was underlined by the work of our Chief Executive who is one of ten business leaders to actively champion gender equality as part of the UN HeForShe campaign. During the year we continued to engage in a number of activities to support the increase in the number of women in management roles including our ground-breaking global maternity policy and the world's largest international programme to recruit women after a career break.

In the wider area of all employee pay, we continue to undertake an annual Fair Pay exercise to ensure that employees across our markets are appropriately paid and, where issues are identified, that these are investigated and corrected. During the year the Committee also engaged with the consultation on future changes to UK corporate governance – in particular efforts to improve the "employee voice" and the likely future introduction of CEO pay ratios.

In terms of the former, the Committee remains open to ideas on how to improve engagement with our employees and looks forward to seeing the final recommendations. In respect of the latter, given the current uncertainty regarding the methodology to be used, we do not plan to publish a ratio at this point but will of course comply with disclosure requirements once they are in place.

The Committee will continue to monitor all external developments in these areas and respond as appropriate with the best interests of our stakeholders in mind.

Finally, I would like to take this opportunity to thank Dr. Mathias Döpfner, who will be stepping down from the Board at the 2018 AGM, for his work and commitment whilst serving on the Committee. Michel Demaré will join the Committee on the same date as Mathias' departure from it, and I look forward to the insight and experience that Michel will bring to his new role. Similarly, I would like to thank my fellow Committee members for their work during the year and look forward to working with them and you, our shareholders, in the year ahead.

/s/ Valerie Gooding

Valerie Gooding
Chairman of the Remuneration Committee
8 June 2018

Total target remuneration at a glance – 2018 compared to 2019

The below table illustrates the arrangements in place during the year under review (2018) compared to those which will be in place for 2019.

	2018 (y/e 31 March 2018)	2019 (y/e 31 March 2019)
Base salary	**Effective 1 July 2017:** Chief Executive: £1,150,000 (no increase). Chief Financial Officer: £725,000 (1.5% increase).	**Effective 27 July 2018:** Chief Executive: £1,050,000 (8.7% decrease to the role). Chief Financial Officer: £700,000 (3.4% decrease to the role).
Benefits	Travel related benefits and private medical cover.	Travel related benefits and private medical cover.
Pension	Pension contribution of 24% of salary for all Executive Directors.	Pension contribution of 24% of salary for all Executive Directors until 27 July 2018 from which date contributions will be reduced to 10% of salary for new executive incumbents.
GSTIP	**Opportunity (% of salary):** Target: 100% Maximum: 200% **Measures:** Service revenue (20%), adjusted EBIT (20%), adjusted FCF (20%), and customer appreciation KPIs (40%).	**Opportunity (% of salary):** Target: 100% Maximum: 200% **Measures:** Service revenue (20%), adjusted EBIT (20%), adjusted FCF (20%), and customer appreciation KPIs (40%).
GLTI	**Opportunity (% of salary):** Target: Chief Executive – 230% Other Executive Directors – 210% Maximum: Chief Executive – 575% Other Executive Directors – 525% **Measures:** Adjusted free cash flow (2/3 of total award) and TSR (1/3 of total award).	**Opportunity (% of salary):** Target: Chief Executive – 230% Other Executive Directors – 210% Maximum: Chief Executive – 575% Other Executive Directors – 525% **Measures:** Adjusted free cash flow (2/3 of total award) and TSR (1/3 of total award).
Total target remuneration	Chief Executive – £5.2m Chief Financial Officer – £3.2m	Chief Executive – £4.6m Chief Financial Officer – £3.0m
Shareholding guidelines	Chief Executive – 500% of salary Chief Financial Officer – 400% of salary Include post-employment holding requirements.	Chief Executive – 500% of salary Chief Financial Officer – 400% of salary Include post-employment holding requirements.

Remuneration Policy

No changes have been made to our policy since its approval at the 2017 annual general meeting which was held on 28 July 2017. Our approved Policy Report is available on our website at vodafone.com, and has been reproduced below exactly as it was set out in the 2017 Annual Report. As such, a few phrases (e.g. references to the 2017 annual general meeting and page number references) are now out of date.

REMUNERATION POLICY (FIRST PUBLISHED IN THE 2017 ANNUAL REPORT)

In this forward-looking section we describe our remuneration policy for the Board. This includes our considerations when determining policy, a description of the elements of the reward package, including an indication of the potential future value of this package for each of the Executive Directors, and the policy applied to the Chairman and Non-Executive Directors.

We will be seeking shareholder approval for our Remuneration Policy at the 2017 AGM and we intend to implement at that point. A summary and explanation of the proposed changes to the current remuneration policy is provided on pages 67 to 70. Subject to approval, we will review our policy each year to ensure that it continues to support our company strategy and if we feel it is necessary to make a change to our policy within the next three years, we will seek shareholder approval.

Considerations when determining remuneration policy

Our remuneration principles which are outlined on page 67 are the context for our policy. Our principal consideration when determining remuneration policy is to ensure that it supports our company strategy and business objectives.

The views of our shareholders are also taken into account when determining executive pay. In advance of asking for approval for the remuneration policy we have consulted with our major shareholders. We invited our top 20 shareholders and a number of key governance stakeholders to comment on remuneration at Vodafone and to provide feedback on the proposed changes to the current policy which was approved at the 2014 AGM. A number of meetings between shareholders and the Remuneration Committee Chairman took place during this consultation period. Further details of this consultation are provided on pages 67 to 69 whilst a summary of the proposed changes to our current policy, which are incorporated in this revised Remuneration Policy section, is provided on page 70.

Listening to and consulting with our employees is very important. This can take different forms in different markets but always includes our annual people survey which attracts very high levels of participation and engagement. We do not consult directly with employees on the executive remuneration policy nor is any fixed remuneration comparison measurement used. However, when determining the policy for Executive Directors, we have been mindful of the pay and employment conditions of employees in Vodafone Group as a whole, with particular reference to the market in which the executive is based. Further information on our remuneration policy for other employees is given on page 74.

Performance measures and targets

Our Company strategy and business objectives are the primary consideration when we are selecting performance measures for our incentive plans. The targets within our incentive plans that are related to internal financial measures (such as revenue, profit and cash flow) are typically determined based on our budgets. Targets for strategic and external measures (such as customer appreciation KPIs and total shareholder return ('TSR')) are set based on company objectives and in light of the competitive marketplace. The threshold and maximum levels of performance are set to reflect minimum acceptable levels at threshold and very stretching levels at maximum.

As in previous Remuneration Reports we will disclose the details of our performance targets for our short and long-term incentive plans. However, our annual bonus targets are commercially sensitive and therefore we will only disclose our targets in the Remuneration Report following the completion of the financial year. We will disclose the targets for each long-term award in the Remuneration Report for the financial year preceding the start of the performance period.

At the end of each performance period we review performance against the targets, using judgement to account for items such as (but not limited to) mergers, acquisitions, disposals, foreign exchange rate movements, changes in accounting treatment, material one-off tax settlements etc. The application of judgement is important to ensure that the final assessments of performance are fair and appropriate.

In addition, the Remuneration Committee reviews the incentive plan results before any payments are made to executives or any shares vest and has full discretion to adjust the final payment or vesting downwards if they believe circumstances warrant it. In particular, the Committee has the discretion to use either malus or clawback as it sees appropriate. In the case of malus, the award may lapse wholly or in part, may vest to a lesser extent than it would otherwise have vested or vesting may be delayed. In the case of clawback, the Committee may recover bonus amounts that have been paid up to three years after the relevant payment date, or recover share awards that have vested up to two years after the relevant vesting date. The key trigger events for the use of the clawback arrangements include material misstatement of performance, material miscalculation of performance condition outcomes, and gross misconduct. Subject to approval of this Remuneration Policy, the clawback arrangements will be applicable to all future bonus amounts paid, or share awards granted, following the 2017 AGM.

Remuneration Policy (continued)

The remuneration policy table

The table below summarises the main components of the reward package for Executive Directors.

	Purpose and link to strategy	Operation
Base salary	– To attract and retain the best talent.	– Salaries are usually reviewed annually and fixed for 12 months commencing 1 July. Decision is influenced by: – level of skill, experience and scope of responsibilities of individual; – business performance, scarcity of talent, economic climate and market conditions; – increases elsewhere within the Group; and – external comparator groups (which are used for reference purposes only) made up of companies of similar size and complexity to Vodafone.
Pension	– To remain competitive within the marketplace.	– Executive Directors may choose to participate in the defined contribution pension scheme or to receive a cash allowance in lieu of pension.
Benefits	– To aid retention and remain competitive within the marketplace.	– Travel related benefits. This may include (but is not limited to) company car or cash allowance, fuel and access to a driver where appropriate. – Private medical, death and disability insurance and annual health checks. – In the event that we ask an individual to relocate we would offer them support in line with Vodafone's relocation or international assignment policies. This may cover (but is not limited to) relocation, cost of living allowance, housing, home leave, education support, tax equalisation and advice. – Legal fees if appropriate. – Other benefits are also offered in line with the benefits offered to other employees for example, our all-employee share plan, mobile phone discounts, maternity/paternity benefits, sick leave, paid holiday, etc.
Annual Bonus –Global Short-Term Incentive Plan ('GSTIP')	– To drive behaviour and communicate the key priorities for the year. – To motivate employees and incentivise delivery of performance over the one year operating cycle. – The financial metrics are designed to both drive our growth strategies whilst also focusing on improving operating efficiencies. The strategic measures aim to ensure a great customer experience remains at the heart of what we do.	– Bonus levels and the appropriateness of measures and weightings are reviewed annually to ensure they continue to support our strategy. – Performance over the financial year is measured against stretching financial and non-financial performance targets set at the start of the financial year. – The annual bonus is usually paid in cash in June each year for performance over the previous year.
Long-Term Incentive – Global Long-Term Incentive Plan ('GLTI')	– To motivate and incentivise delivery of sustained performance over the long term. – To support and encourage greater shareholder alignment through a high level of personal share ownership. – The use of free cash flow as the principal performance measure ensures we apply prudent cash management and rigorous capital discipline to our investment decisions, whilst the use of TSR along with a performance period of not less than three years means that we are focused on the long-term interests of our shareholders.	– Award levels and the framework for determining vesting are reviewed annually to ensure they continue to support our strategy. – Long-term incentive awards consist of performance shares which are granted each year. – All awards vest not less than three years after the award based on Group operational and external performance. – Dividend equivalents are paid in cash after the vesting date.

	Opportunity	Performance metrics
	– Average salary increases for existing Executive Committee members (including Executive Directors) will not normally exceed average increases for employees in other appropriate parts of the Group. Increases above this level may be made in specific situations. These situations could include (but are not limited to) internal promotions, changes to role, material changes to the business and exceptional company performance.	None.
	– The pension contribution or cash payment is equal to 24% of annual gross salary.	None.
	– Benefits will be provided in line with appropriate levels indicated by local market practice in the country of employment. – We expect to maintain benefits at the current level but the value of benefit may fluctuate depending on, amongst other things, personal situation, insurance premiums and other external factors.	None.
	– Bonuses can range from 0–200% of base salary, with 100% paid for on-target performance. Maximum is only paid out for exceptional performance.	– Performance over each financial year is measured against stretching targets set at the beginning of the year. – The performance measures normally comprise of a mix of financial and strategic measures. Financial measures may include (but are not limited to) profit, revenue and cash flow with a weighting of no less than 50%. Strategic measures may include (but are not limited to) customer appreciation KPIs such as net promoter score and brand consideration.
	– The target award level is 230% of base salary for the Chief Executive and 210% for other Executive Directors. – Minimum vesting is 0% of the target award level, threshold vesting is 45% of the target award level, and maximum vesting is 250% of the target award level. – Maximum long-term incentive face value at award of 575% of base salary for the Chief Executive and 525% for others Executive Directors. – The Committee has the discretion to reduce long-term incentive grant levels for directors who	– Performance is measured against stretching targets set at the beginning of the performance period. – Vesting is determined based on the following measures: – adjusted free cash flow as our operational performance measure; and

Overview

Strategic Report

Governance

Financials

Other info

have neither met their shareholding guideline nor increased their shareholding by 100% of salary during the year.

– The awards that vest accrue cash dividend equivalents over the three year vesting period.

– Awards vest to the extent performance conditions are satisfied. There is a mandatory holding period where 50% of the post-tax shares are released after vesting, a further 25% after the first anniversary of vesting, and the remaining 25% will be released after the second anniversary.

– relative TSR against a peer group of companies as our external performance measure.

– Measures will normally be weighted 2/3 to adjusted free cash flow and 1/3 to relative TSR.

Remuneration Policy (continued)

Notes to the remuneration policy table

Existing arrangements

We will honour existing awards to Executive Directors, and incentives, benefits and contractual arrangements made to individuals prior to their promotion to the Board and/or prior to the approval and implementation of this policy. For the avoidance of doubt this includes payments in respect of any award granted under the previous remuneration policy. This will last until the existing incentives vest (or lapse) or the benefits or contractual arrangements no longer apply.

Long-Term Incentive ('GLTI')

When referring to our long-term incentive awards we use the financial year end in which the award was made. For example, the "2017 award" was made in the financial year ending 31 March 2017. The awards are usually made in the first half of the financial year (the 2017 award was made in June 2016).

The extent to which awards vest depends on two performance conditions:

– underlying operational performance as measured by adjusted free cash flow; and

– relative Total Shareholder Return ('TSR') against a peer group median.

Adjusted free cash flow

The free cash flow performance is based on the cumulative adjusted free cash flow figure over the performance period. The detailed targets and the definition of adjusted free cash flow are determined each year as appropriate. The target adjusted free cash flow level is set by reference to our long-range plan and market expectations. We consider the targets to be critical to the Company's long-term success and its ability to maximise shareholder value, and to be in line with the strategic goals of the Company. The Remuneration Committee sets these targets to be sufficiently demanding with significant stretch where only outstanding performance will be rewarded with a maximum payout.

The cumulative adjusted free cash flow vesting levels as a percentage of the award subject to this performance element are shown in the table below (with linear interpolation between points):

Performance	Vesting percentage (% of FCF element)
Below threshold	0%
Threshold	18%
Target	40%
Maximum	100%

TSR outperformance of a peer group median

We have a limited number of appropriate peers and this makes the measurement of a relative ranking system volatile. As such, the outperformance of the median of a peer group is felt to be the most appropriate TSR measure. The peer group for the performance condition is reviewed each year and amended as appropriate.

The TSR vesting levels as a percentage of the award subject to this performance element are shown in the table below (with linear interpolation between points):

	Vesting percentage (% of TSR element)
Below median	0%
Median	18%
Percentage outperformance of the peer group median equivalent to 65th percentile	40%
Percentage outperformance of the peer group median equivalent to 80th percentile	100%

In order to determine the percentages for the equivalent outperformance levels above median, the Remuneration Committee seeks independent external advice.

Remuneration policy for other employees

While our remuneration policy follows the same fundamental principles across the Group, packages offered to employees reflect differences in market practice in the different countries, role and seniority.

For example, the remuneration package elements for our Executive Committee are essentially the same as for the Executive Directors with some minor differences, for example smaller levels of share awards and local or regional performance conditions where appropriate. The remuneration for the next level of management, our senior leadership team, again follows the same principles with local and individual performance aspects in the annual bonus targets and performance share awards. They also receive lower levels of share awards which are partly delivered in conditional share awards without performance conditions.

Estimates of total future potential remuneration from 2018 pay packages

The tables below provide estimates of the potential future remuneration for each of the Executive Directors based on the remuneration opportunity to be granted in the 2018 financial year. Potential outcomes based on different performance scenarios are provided for each Executive Director.

The assumptions underlying each scenario are described below.

Fixed	Consists of base salary, benefits and pension.				
	Base salary is at 1 July 2017.				
	Benefits are valued using the figures in the total remuneration for the 2017 financial year table on page 78 (of the 2017 report).				
	Pensions are valued by applying cash allowance rate of 24% of base salary at 1 July 2017.				
		Base (£'000)	Benefits (£'000)	Pension (£'000)	Total fixed (£'000)
	Chief Executive	1,150	27	276	1,453
	Chief Financial Officer	725	29	174	928
On target	Based on what a Director would receive if performance was in line with plan.				
	The target award opportunity for the annual bonus ('GSTIP') is 100% of base salary.				
	The target award opportunity for the long-term incentive ('GLTI') is 230% of base salary for the Chief Executive and 210% for the Chief Financial Officer. We assumed that TSR performance was at median.				
Maximum	Two times the target award opportunity is payable under the annual bonus ('GSTIP').				
	The maximum levels of performance for the long-term incentive ('GLTI') are 250% of target award opportunity. We assumed that TSR performance was at or above the 80th percentile equivalent.				
All scenarios	Long-term incentives consist of share awards only which are measured at face value i.e. no assumption for increase in share price or cash dividend equivalents payable.				

Vittorio Colao, Chief Executive £'000

Nick Read, Chief Financial Officer £'000

Recruitment remuneration

Our approach to recruitment remuneration is to pay no more than is necessary and appropriate to attract the right talent to the role.

The remuneration policy table (pages 72 and 73) sets out the various components which would be considered for inclusion in the remuneration package for the appointment of an Executive Director. Any new Director's remuneration package would include the same elements, and be subject to the same constraints, as those of the existing Directors performing similar roles. This means a potential maximum bonus opportunity of 200% of base salary and long-term incentive maximum face value of opportunity at award of 575% of base salary.

When considering the remuneration arrangements of individuals recruited from external roles to the Board, we will take into account the remuneration package of that individual in their prior role. We only provide additional compensation to individuals for awards foregone. If necessary we will seek to replicate, as far as practicable, the level and timing of such remuneration, taking into account also any remaining performance requirements applying to it. This will be achieved by granting awards of cash or shares that vest over a timeframe similar to those forfeited and if appropriate based on performance conditions. A commensurate reduction in quantum will be applied where it is determined that the new awards are either not subject to performance conditions or subject to performance conditions that are not as stretching as those of the awards forfeited.

Service contracts of Executive Directors

After an initial term of up to two years Executive Directors' contracts have rolling terms and are terminable on no more than 12 months' notice.

The key elements of the service contract for executives relate to remuneration, payments on loss of office (see below), and restrictions during active employment (and for 12 months thereafter). These restrictions include non-competition, non-solicitation of customers and employees etc.

Additionally, all of the Company's share plans contain provisions relating to a change of control. Outstanding awards and options would normally vest and become exercisable on a change of control to the extent that any performance condition has been satisfied and pro-rated to reflect the acceleration of vesting.

Remuneration Policy (continued)

Payments for departing executives

In the table below we summarise the key elements of our policy on payment for loss of office. We will of course, always comply both with the relevant plan rules and local employment legislation.

Provision	Policy
Notice period and compensation for loss of office in service contracts	– 12 months' notice from the Company to the Executive Director.
	– Up to 12 months' base salary (in line with the notice period). Notice period payments will either be made as normal (if the executive continues to work during the notice period or is on gardening leave) or they will be made as monthly payments in lieu of notice (subject to mitigation if alternative employment is obtained).
Treatment of annual bonus ('GSTIP') on termination under plan rules	– The annual bonus will be pro-rated for the period of service during the financial year and will reflect the extent to which Company performance has been achieved.
	– The Remuneration Committee has discretion to reduce the entitlement to an annual bonus to reflect the individual's performance and the circumstances of the termination.
Treatment of unvested long-term incentive awards ('GLTI') on termination under plan rules	– An Executive Director's award will vest in accordance with the terms of the plan and satisfaction of performance conditions measured at the normal completion of the performance period, with the award pro-rated for the proportion of the vesting period that had elapsed at the date of cessation of employment.
	– The Remuneration Committee has discretion to vary the level of vesting as deemed appropriate, and in particular to determine that awards should not vest for reasons which may include, at their absolute discretion, departure in case of poor performance, departure without the agreement of the Board, or detrimental competitive activity.
Pension and benefits	– Generally pension and benefit provisions will continue to apply until the termination date.
	– Where appropriate other benefits may be receivable, such as (but not limited to) payments in lieu of accrued holiday and legal fees or tax advice costs in relation to the termination.
	– Benefits of relative small value may continue after termination where appropriate, such as (but not limited to) mobile phone provision.

In exceptional circumstances, an arrangement may be established specifically to facilitate the exit of a particular individual albeit that any such arrangement would be made within the context of minimising the cost to the Group. We will only take such a course of action in exceptional circumstances and where it is considered to be in the best interests of shareholders.

Chairman and Non-Executive Directors' remuneration

Our policy is for the Chairman to review the remuneration of Non-Executive Directors annually following consultation with the Remuneration Committee Chairman. Fees for the Chairman are set by the Remuneration Committee.

Element	Policy
Fees	– We aim to pay competitively for the role including consideration of the time commitment required. We benchmark the fees against an appropriate external comparator group. We pay fees to our Chairman and Senior Independent Director that include fees for chairmanship of any committees. We pay a fee to each of our other Non-Executive Directors and they receive an additional fee if they chair a committee. Non-executive fee levels are set within the maximum level as approved by shareholders as part of our Articles of Association.
Allowances	– An allowance is payable each time a non-Europe-based Non-Executive Director is required to travel to attend Board and committee meetings to reflect the additional time commitment involved.

Incentives	– Non-Executive Directors do not participate in any incentive plans.
Benefits	– Non-Executive Directors do not participate in any benefit plans. The Company does not provide any contribution to their pension arrangements. The Chairman is entitled to the use of a car and a driver whenever and wherever he is providing his services to or representing the Company. We have been advised that for Non-Executive Directors, certain travel and accommodation expenses in relation to attending Board meetings should be treated as a taxable benefit therefore we also cover the tax liability for these expenses.

Non-Executive Director service contracts

Non-Executive Directors are engaged on letters of appointment that set out their duties and responsibilities. The appointment of Non-Executive Directors may be terminated without compensation. Non-Executive Directors are generally not expected to serve for a period exceeding nine years. For further information refer to the "Nomination and Governance Committee" section of the Annual Report.

Annual Report on Remuneration

Remuneration Committee

In this section we give details of the composition of the Remuneration Committee and activities undertaken during the 2018 financial year. The Committee is comprised to exercise independent judgement and consists only of the following independent Non-Executive Directors:

Chairman: Valerie Gooding
Committee members: Dr Mathias Döpfner, Renee James and Samuel Jonah

The Committee regularly consults with Vittorio Colao, the Chief Executive, and Ronald Schellekens, the Group HR Director, on various matters relating to the appropriateness of awards for Executive Directors and senior executives, though they are not present when their own compensation is discussed. In addition, Adrian Jackson, the Group Reward and Policy Director, provides a perspective on information provided to the Committee, and requests information and analysis from external advisers as required. Rosemary Martin, the Group General Counsel and Company Secretary, advises the Committee on corporate governance guidelines and acts as secretary to the Committee.

External advisers

The Remuneration Committee seeks and considers advice from independent remuneration advisers where appropriate. The appointed advisers, Willis Towers Watson, were selected through a thorough process led by the Chairman of the Remuneration Committee at the time and were appointed by the Committee in 2007. The Chairman of the Remuneration Committee has direct access to the advisers as and when required, and the Committee determines the protocols by which the advisers interact with management in support of the Committee. The advice and recommendations of the external advisers are used as a guide, but do not serve as a substitute for thorough consideration of the issues by each Committee member. Advisers attend Committee meetings occasionally, as and when required by the Committee.

Willis Towers Watson is a member of the Remuneration Consultants' Group and, as such, voluntarily operates under the Remuneration Consultants' Group Code of Conduct in relation to executive remuneration consulting in the UK. This is based upon principles of transparency, integrity, objectivity, competence, due care and confidentiality by executive remuneration consultants. Willis Towers Watson has confirmed that it adheres to that Code of Conduct throughout the year for all remuneration services provided to Vodafone and therefore the Committee is satisfied that it is independent and objective. The Remuneration Consultants' Group Code of Conduct is available at remunerationconsultantsgroup.com.

Adviser	Appointed by	Services provided to the Committee	Fees for services provided to the Committee £'000[1]	Other services provided to the Company
Willis Towers Watson	Remuneration Committee in 2007	Advice on market practice; governance; provision of market data on executive reward; reward consultancy; and performance analysis.	63	Reward and benefits consultancy; provision of benchmark data; pension administration; and insurance consultancy services.

Note:
1 Fees are determined on a time spent basis.

2017 annual general meeting – Remuneration Policy voting results

At the 2017 annual general meeting there was a binding vote on our Remuneration Policy. Details of the voting outcomes are provided in the table below.

	Votes for	%	Votes against	%	Total votes	Withheld
Remuneration Policy	17,581,245,488	97.19	507,704,367	2.81	18,088,949,855	55,312,703

2017 annual general meeting – Remuneration Report voting results

At the 2017 annual general meeting there was an advisory vote on our Remuneration Report. Details of the voting outcomes are provided in the table below.

	Votes for	%	Votes against	%	Total votes	Withheld
Remuneration Report	17,324,339,658	97.40	462,209,294	2.60	17,786,548,952	357,720,232

Meetings

The Remuneration Committee had five formal meetings and one formal conference call during the year. In addition, informal conference calls can also take place. The principal agenda items at the formal meetings were as follows:

Meeting	Agenda items	
May 2017	– 2017 annual bonus achievement and 2018 targets and ranges – 2015 long-term incentive award vesting and 2018 targets and ranges	– 2017 Directors' Remuneration Report
July 2017	– 2018 long-term incentive awards	– Large local market CEO remuneration
November 2017	– Corporate governance matters	– External insights
January 2018	– 2019 annual bonus framework – Gender Pay Gap	– Review of Remuneration Policy
March 2018	– 2019 reward packages for the Executive Committee – Chairman and Non-Executive Director fee levels – 2018 Directors' Remuneration Report	– Committee's Terms of Reference – Risk assessment

Financials

Other information

Annual Report on Remuneration (continued)

2018 remuneration

In this section we summarise the pay packages awarded to our Executive Directors for performance in the 2018 financial year versus 2017. Specifically we have provided a table that shows all remuneration that was earned by each individual during the year and computed a single total remuneration figure for the year. The value of the annual bonus ('GSTIP') reflects what was earned in respect of the year but will be paid out in cash in the following year. Similarly the value of the long-term incentive ('GLTI') reflects the share awards which will vest in June 2018 as a result of the performance through the three year period ended at the completion of our financial year on 31 March 2018.

The Remuneration Committee reviews all incentive awards prior to payment and uses judgement to ensure that the final assessments of performance are fair and appropriate. If circumstances warrant it, the Committee may adjust the final payment or vesting downwards. On this occasion, based on the fact that final annual bonus payout and final vesting level of long-term incentives awards under the GLTI were deemed to be an accurate reflection of performance and were considered fair and appropriate, the Committee did not use its discretion to adjust final outcomes.

Total remuneration for the 2018 financial year

	Vittorio Colao		Nick Read	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Salary/fees	1,150	1,150	722	710
Taxable benefits[1]	25	27	24	29
Annual bonus: GSTIP (see below for further detail)	1,471	1,087	927	675
Total long-term incentive:	5,061	3,791	2,648	2,029
GLTI vesting during the year[2]	4,296	3,271	2,248	1,751
Cash in lieu of GLTI dividends[3]	765	520	400	278
Cash in lieu of pension	276	276	173	171
Other[4]	1	1	1	1
Total	**7,984**	**6,332**	**4,495**	**3,615**

Notes:
1 Taxable benefits include amounts in respect of: – Private healthcare (2018: Vittorio Colao £2,482, Nick Read £2,482; 2017: Vittorio Colao £3,091, Nick Read £2,079);
– Cash car allowance £19,200 p.a.; and
– Travel (2018: Vittorio Colao £2,864, Nick Read £2,479; 2017: Vittorio Colao £4,812, Nick Read £7,933).
2 The value shown in the 2017 column is the award which vested on 26 June 2017 and is valued using the execution share price on 26 June 2017 of 224.29 pence. The value shown in the 2018 column is the award which vests on 26 June 2018 and is valued using an average of closing share price over the last quarter of the 2018 financial year of 211.81 pence.
3 Participants also receive a cash award, equivalent in value to the dividends that would have been paid during the vesting period on any shares that vest. The cash in lieu of dividend value shown in 2018 relates to the award which vests on 26 June 2018.
4 Reflects the value of the SAYE benefit which is calculated as £375 (2017: £250) x 12 months x 20% to reflect the discount applied based on savings made during the year.

2018 annual bonus ('GSTIP') payout

In the table below we disclose our achievement against each of the performance measures and targets in our annual bonus ('GSTIP') and the resulting total annual bonus payout level for the year ended 31 March 2018 of 127.9% of target. This is applied to the target bonus level of 100%

Governance

of base salary for each executive. Commentary on our performance against each measure is provided below the table.

Performance measure	Payout at target performance 100%	Payout at maximum performance 200%	Actual payout %	Threshold performance level €bn	Target performance level €bn	Maximum performance level €bn	Actual performance level[1] €bn
Service revenue	20%	40%	20.5%	43.4	45.7	48.0	45.7
Adjusted EBIT	20%	40%	30.0%	2.5	3.7	4.8	4.3
Adjusted free cash flow	20%	40%	32.7%	3.9	4.7	5.6	5.3
Customer appreciation KPIs	40%	80%	44.7%	See below for further details			
Total annual bonus payout level	**100%**	**200%**	**127.9%**				

Notes:
1 These figures are adjusted to include the removal of the impact of M&A, foreign exchange movements and any changes in accounting treatment.

Financial Metrics

During the year under review, service revenue performance was in line with the target performance level. This reflected above target revenue performance in Germany, UK, Italy, and most of our other European markets as well as Egypt and Turkey. However, this was offset by below target performance in Spain, India, and New Zealand.

Adjusted EBIT and free cash flow results were above target in nearly all markets, with particularly strong results in the UK, Germany, Italy, Egypt and Turkey.

Customer appreciation KPIs

An assessment of performance under the customer appreciation KPIs measure was conducted on a market by market basis. Each market was assessed against a number of different metrics which included:

- Net Promoter Score for both Consumer and Enterprise business units
- Brand consideration for Enterprise and both Consumer user and Consumer non-user
- Churn, revenue market share and ARPU

In respect of the measures included under the customer appreciation KPIs, net promoter score is used as a measure of the extent to which our customers would recommend us, whilst brand consideration acts as a measure of the percentage of people who would consider using a certain brand as their telecoms provider.

Both measures utilise data from our local markets which is collected and validated for quality and consistency by independent third party agencies. The data is sourced from studies involving both our own customers and customers of our competitors for the NPS measure, and both Vodafone users and non-users for the brand consideration measure. In formulating a final assessment of performance under the customer appreciation KPIs other relevant customer factors such as churn, customer growth and service levels are considered.

Overall Group performance was above target for the year reflecting our current market positions of:

- Being ranked number 1 for Consumer NPS in 19 of the 22 markets where we measure this metric.
- Being ranked number 1 for Enterprise NPS in 12 of the 18 markets where we measure this metric.
- Being ranked number 1 for both User and Non-User Consumer Brand Consideration in 17 of the 22 markets where we measure this metric.

During the year we increased the number of markets where we were number 1 for consumer NPS from 15 to 19 markets, but saw the number of markets where we were number 1 for Enterprise NPS decrease from 14 to 12. The fact that overall performance against our Customer Appreciation KPIs metrics remains significantly below maximum opportunity reflects that, in our opinion, there is still work to be done to both maintain and improve our global customer service offering.

The aggregated performance for the regions and the Group is calculated on a revenue-weighted average to give an overall achievement. Performance this year under this measure is as follows;

	Customer appreciation KPIs Achievement
Europe	110.0%
AMAP	115.9%
Group	111.7%

To provide a breakdown of overall performance, the table above sets out our achievement in both our Europe and AMAP regions. The achievement percentage for Europe reflects strong performance in both Germany and Italy, with Portugal and Ireland also recording above target performance in this area. The above target performance in Germany reflects our position as NPS leader in this market, with our overall NPS score improving year on year. In Italy we hold the position of 4G customer leader with the average data usage increasing compared to the previous year.

The achievement percentage for AMAP reflects strong performance in India, South Africa and our other Southern African markets. In South Africa we are the NPS leader in both Consumer and Enterprise with a significant lead above our second placed peers. This market leading position is replicated in India despite particularly challenging market conditions. Despite pricing pressures in this market we are the joint leader for both user and non-user Brand Consideration reflecting the effective implementation of our CXX programme despite difficult local conditions.

2018 annual bonus ('GSTIP') amounts	Base salary £'000	Target bonus % of base salary	2018 payout % of target	Actual payment £'000
Vittorio Colao	1,150	100%	127.9%	1,471
Nick Read	725	100%	127.9%	927

Long-term incentive ('GLTI') award vesting in June 2018

The 2016 long-term incentive ('GLTI') awards which were made in June 2015 and September 2015 will vest at 66.7% of maximum (166.9%of target) in June 2018. The performance conditions for the three year period ending in the 2018 financial year are as follows:

		TSR outperformance		
Adjusted free cash flow measure	£bn	0.0% p.a. (Up to median)	4.5% p.a. (65th percentile equivalent)	9.0% p.a. (80th percentile equivalent)
Below threshold	<7.3	0%	0%	0%
Threshold	7.3	50%	100%	125%
Target	9.0	75%	150%	200%
Maximum	10.7	125%	187.5%	250%

TSR peer group	
Bharti	Orange
BT Group	Telecom Italia
Deutsche Telekom	Telefónica
MTN	

The adjusted free cash flow for the three year period ended on 31 March 2018 was £8.7 billion. This compares with a target of £9.0 billion and a threshold of £7.3 billion.

The chart to the right shows that our TSR performance against our peer group for the same period resulted in an out-performance of the median by 7.6% a year.

Using the combined payout matrix above, this performance resulted in a payout of 166.9% of target.

The combined vesting percentages are applied to the target number of shares granted as shown below.

2016 GLTI award: TSR performance
(growth in the value of a hypothetical US$100 holding over the performance period, six-month averaging)

Annual Report on Remuneration (continued)

2016 GLTI performance share awards vesting in June 2018	Maximum number of shares	Target number of shares	Adjusted free cash flow performance payout % of target	TSR multiplier	Overall vesting % of target	Number of shares vesting	Value of shares vesting ('000)
Vittorio Colao	3,039,156	1,215,662	90.5%	1.84 times	166.9%	2,028,332	£4,296
Nick Read	1,589,967	635,986	90.5%	1.84 times	166.9%	1,061,143	£2,248

These share awards will vest on 26 June 2018. Specified procedures are performed by PricewaterhouseCoopers LLP over the adjusted free cash flow to assist with the Committee's assessment of performance. The performance assessment in respect of the TSR measure is undertaken by Willis Towers Watson. Details of how the plan works can be found in the Policy Report that was approved at the 2014 AGM.

Long-term incentive ('GLTI') awarded during the year

The independent performance conditions for the 2018 long-term incentive awards made in August 2017 are adjusted free cash flow and TSR performance as follows:

Adjusted FCF Performance (2/3 of total award)	Adjusted FCF performance (£bn)	Vesting percentage (% of FCF element)
Below threshold	<14.75	0%
Threshold	14.75	18%
Target	16.60	40%
Maximum	18.45	100%

TSR Performance (1/3 of total award)	TSR outperformance	Vesting percentage (% of TSR element)
Below threshold	Below median	0%
Threshold	Median	18%
Target	5.0% p.a. (65th percentile equivalent)	40%
Maximum	10.0% p.a. (80th percentile equivalent)	100%

TSR peer group

Bharti	BT Group	Deutsche Telekom	Liberty Global	MTN
Orange	Royal KPN	Telecom Italia	Telefónica	

The awards made to Executive Directors in August 2017 were as follows:

2018 GLTI performance share awards made in August 2017	Number of shares awarded		Face value of shares awarded[1]		Proportion of maximum award vesting at minimum performance	Performance period end
	Target vesting level (40% of max)	Maximum vesting level	**Target vesting level**	Maximum vesting level		
Vittorio Colao	**1,180,803**	2,952,008	**£2,644,999**	£6,612,498	⅕th	31 Mar 2020
Nick Read	**669,374**	1,673,437	**£1,499,398**	£3,748,499	⅕th	31 Mar 2020

Note:
1 Face value calculated based on the share price at the date of grant of 224.0 pence.

Dividend equivalents on the shares that vest are paid in cash after the vesting date.

Outstanding awards

The structure for awards made in June 2016 (vesting in June 2019) is set out below. These awards vest subject to a combined vesting matrix as follows (illustrated as a percentage of target with linear interpolation between points):

Adjusted free cash flow measure	TSR outperformance		
	Up to Median	65th percentile equivalent	80th percentile equivalent
Below threshold	0%	0%	0%
Threshold	50%	75%	100%
Target	100%	150%	200%
Maximum	125%	187.5%	250%

The structure for awards made in August 2017 (vesting August 2020) is set out at the top of this page.

Further details on the structure of these awards can be found in the Annual Report on Remuneration of the relevant year.

All-employee share plans

During the year, the Executive Directors were eligible to participate in the Vodafone Group 2008 Sharesave Plan which is open to UK all-employees.

The Vodafone Group 2008 Sharesave Plan is an HM Revenue & Customs ('HMRC') approved scheme open to all staff permanently employed by a Vodafone company in the UK as of the eligibility date. Options under the plan are granted at up to a 20% discount to market value. Executive Directors' participation is included in the option table on page 84.

Pensions

The Executive Directors received a cash allowance of 24% of base salary during the 2018 financial year. No Executive Directors accrued benefits under any defined contribution pension plans during the year or have participated in a defined benefits scheme while an Executive Director.

The Executive Directors are provided benefits in the event of death in service. They also have an entitlement under a long-term disability plan from which two-thirds of base salary, up to a maximum benefit determined by the insurer, would be provided until normal retirement date (aged 60). In respect of the Executive Committee members, the Group has made aggregate contributions of £256,913 (2017: £233,011) into defined contribution pension schemes.

Alignment to shareholder interests

Both of our Executive Directors have shareholdings in excess of their goals. Current levels of ownership by the Executive Directors, and the date by which the goal should be or should have been achieved, are shown below. The values are calculated using an average share price over the six months to 31 March 2018 of 217.58 pence.

At 31 March 2018	Goal as a % of salary	Current % of salary held	% of goal achieved	Number of shares	Value of shareholding	Date for goal to be achieved
Vittorio Colao	500%	2,306%	461%	12,190,562	£26.5m	July 2012
Nick Read	400%	634%	159%	2,113,416	£4.6m	April 2019

The shareholding goals include a post-employment condition whereby the Executive Directors will be required to continue to meet their guideline until all long-term incentives have vested. If this condition is not met, then any unvested GLTI awards will normally be forfeited.

Collectively the Executive Committee including the Executive Directors own more than 24 million Vodafone shares, with a value of over £54.3 million. None of the Executive Committee members' shareholdings amounts to more than 1% of the issued shares in that class of share, excluding treasury shares.

Directors' interests in the shares of the Company

A summary of interests in shares and scheme interests of the Directors who served during the year is given below. More details of the performance shares and options follows.

At 31 March 2018	Total number of interests in shares	Share plans: Unvested GLTI shares (with performance conditions)	Share options: SAYE (unvested without performance conditions)
Executive Directors			
Vittorio Colao	21,274,490	9,070,102	13,826
Nick Read	6,822,235	4,695,527	13,292

Total	**28,096,725**	**13,765,629**	**27,118**

The total number of interests in shares includes interests of connected persons, unvested share awards and share options.

At 31 March 2018	Total number of interests in shares
Non-Executive Directors	
Sir Crispin Davis	34,500
Michel Demaré[1]	–
Dr Mathias Döpfner	11,500
Dame Clara Furse	25,000
Valerie Gooding	28,970
Renee James	27,272
Samuel Jonah	30,190
Gerard Kleisterlee	107,078
Maria Amparo Moraleda Martinez[1]	–
David Nish[1]	74,137

Notes:
1 On 15 May 2018 Michel Demaré acquired an interest in 50,000 shares and Maria Amparo Moraleda Martinez acquired an interest in 25,000 shares resulting in a total interest in 50,000 shares and 25,000 respectively as at 8 June 2018. On 17 May 2018 David Nish acquired an interest in 12,881 shares resulting in a total interest of 87,018 shares as at 8 June 2018.

At 8 June 2018 and during the period from 1 April 2018 to 8 June 2018, no Director had any interest in the shares of any subsidiary company. Other than those individuals included in the tables above who were Board members at 31 March 2018 members of the Group's Executive Committee at 31 March 2018 had an aggregate beneficial interest in 10,695,611 ordinary shares of the Company. At 8 June 2018 the Directors had an aggregate beneficial interest in 14,730,506 ordinary shares of the Company and the Executive Committee members had an aggregate beneficial interest in 10,695,611 ordinary shares of the Company. None of the Directors or the Executive Committee members had an individual beneficial interest amounting to greater than 1% of the Company's ordinary shares.

With the exception of the acquisition of an interest in 50,000 shares by Michel Demaré, the acquisition of an interest in 25,000 shares by Maria Amparo Moraleda Martinez, and the acquisition of an interest in 12,881 shares by David Nish as outlined above, the Directors' total number of interests in shares did not change during the period from 1 April 2018 to 8 June 2018.

Performance shares

The maximum number of outstanding shares that have been awarded to Directors under the long-term incentive ('GLTI') plan are currently as follows:

GLTI performance share awards	2016 award Awarded: June 2015 and September 2015 Performance period ending: March 2018 Vesting date: June 2018 Share price at grant: 239.4 pence and 207.2 pence	2017 award Awarded: June 2016 Performance period ending: March 2019 Vesting date: June 2019 Share price at grant: 216.8 pence	2018 award Awarded: August 2017 Performance period ending: March 2020 Vesting date: August 2020 Share price at grant: 224.0 pence
Vittorio Colao	3,039,156	3,078,938	2,952,008
Nick Read	1,589,967	1,432,123	1,673,437

For details of the performance conditions for the 2017 and 2018 awards please see page 82. Details of the 2016 award are available on page 81.

Annual Report on Remuneration (continued)

Share options

The following information summarises the Executive Directors' options under the Vodafone Group 2008 Sharesave Plan ('SAYE'). HMRC approved awards may be made under all of the schemes mentioned. No other Directors have options under any schemes and, other than under the SAYE, no options have been granted since 2007. Options under the Vodafone Group 2008 Sharesave Plan were granted at a discount of 20% to the market value of the shares at the time of the grant. No other options may be granted at a discount.

	Grant date	At 1 April 2017 or date of appointment Number of shares	Options granted during the 2018 financial year Number of shares	Options exercised during the 2018 financial year Number of shares	Options lapsed during the 2018 financial year Number of shares	Options held at 31 March 2018 Number of shares	Option price Pence[1]	Date from which exercisable	Expiry date	Market price on exercise Pence	Gain on exercise
Vittorio Colao											
SAYE	Jul 2014	9,607	–	–	–	9,607	156.13	Sep 2019	Feb 2020	–	–
SAYE	Jul 2017	–	4,219	–	–	4,219	177.75	Sep 2022	Feb 2023	–	–
Total		**9,607**	**4,219**			**13,826**					
Nick Read											
SAYE	Jul 2012	10,389	–	10,389	–	–	144.37	Sep 2017	Feb 2018	213.75	£7,208
SAYE	Mar 2017	4,854	–	–	–	4,854	154.51	Apr 2022	Sep 2022	–	–
SAYE	Jul 2017	–	8,438	–	–	8,438	177.75	Sep 2022	Feb 2023	–	–

Total	15,243	8,438	10,389	13,292

Notes:
1 The closing trade share price on 31 March 2018 was 194.22 pence. The highest trade share price during the year was 238.00 pence and the lowest price was 190.90 pence.

At 8 June 2018 there had been no change to the Directors' interests in share options from 31 March 2018.

Other than those individuals included in the table above, at 8 June 2018 members of the Group's Executive Committee held options for 47,592 ordinary shares at prices ranging from 154.5 pence to 189.2 pence per ordinary share, with a weighted average exercise price of 162.0 pence per ordinary share exercisable at dates ranging from 1 September 2018 to 1 September 2022.

Hannes Ametsreiter, Aldo Bisio, António Coimbra, Ahmed Essam, Joakim Reiter, Ronald Schellekens and Serpil Timuray held no options at 8 June 2018.

Loss of office payments

Other than amounts already disclosed in prior year reports, no loss of office payments were made during the year.

Payments to past Directors

During the 2018 financial year Lord MacLaurin received benefit payments in respect of security costs as per his contractual arrangements. These costs exceeded our de minimis threshold of £5,000 p.a. and, including the tax paid, were £9,411 (2017: £9,813).

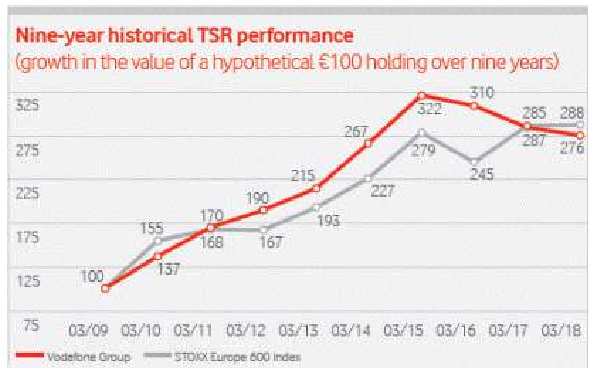
Fees retained for external non-executive directorships

Executive Directors may hold positions in other companies as non-executive directors and retain the fees.

During the year ended 31 March 2018, Vittorio Colao served as a non-executive director on the boards of Unilever N.V. and Unilever PLC. Vittorio retained fees of €54,474 and £42,500 respectively for these roles (2017: €54,474 and £43,870).

Assessing pay and performance

In the table below we summarise the Chief Executive's single figure remuneration over the past nine years, as well as how our variable pay plans have paid out in relation to the maximum opportunity. This can be compared with the historic TSR performance over the same period. The chart below shows the performance of the Company relative to the STOXX Europe 600 Index over a nine year period. The STOXX Europe 600 Index was selected as this is a broad-based index that includes many of our closest competitors. It should be noted that the payout from the long-term incentive plan is based on the TSR performance shown in the chart on page 81 and not this chart.



Financial year remuneration for Chief Executive (Vittorio Colao)	2010[1]	2011	2012	2013	2014	2015	2016	2017	2018
Single figure of total remuneration £'000	3,350	7,022	15,767	11,099	8,014	2,810	5,224	6,332	7,984
Annual variable element (actual award versus maximum opportunity)	64%	62%	47%	33%	44%	56%	58%	47%	64%
Long-term incentive (vesting versus maximum opportunity)	25%	31%	100%	57%	37%	0%	23%	44%	67%

Note:
1 The single figure reflects share awards which were granted in 2006 and 2007, prior to his appointment to Chief Executive in 2008.

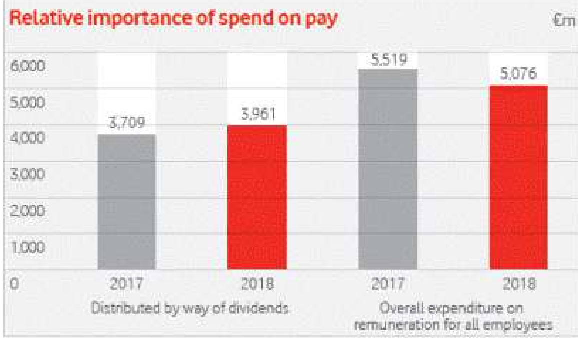
Change in the Chief Executive's remuneration between 2017 and 2018

In the table below we show the percentage change in the Chief Executive's remuneration (salary, taxable benefits and annual bonus payment) between the 2017 and 2018 financial years compared to the average for other Vodafone Group employees who are measured on comparable business objectives and who have been employed in the UK since 2017 (per capita). Vodafone has employees based all around the world and some of these individuals work in countries with very high inflation therefore a comparison to Vodafone's UK-based Group employees is more appropriate than to all employees.

	Percentage change from 2017 to 2018	
Item	Chief Executive: Vittorio Colao	Other Vodafone Group employees employed in the UK
Base salary	0.0%	4.9%
Taxable benefits	-7.4%	1.2%
Annual bonus	35.3%	51.2%

Relative spend on pay

The chart below shows both the dividends distributed in the year and the total cost of remuneration in the Group.



For more details on dividends and expenditure on remuneration for all employees, please see pages 130 and 154 respectively.

2018 remuneration for the Chairman and Non-Executive Directors

	Salary/fees		Benefits[1]		Total	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Chairman						
Gerard Kleisterlee	625	625	85	87	710	712
Senior Independent Director						
Valerie Gooding	157	140	10	12	167	152
Non-Executive Directors						
Sir Crispin Davis	115	115	5	10	120	125
Michel Demaré (appointed 1 February 2018)	19	–	6	–	25	–
Dr Mathias Döpfner	115	115	5	10	120	125
Dame Clara Furse	115	115	6	13	121	128
Renee James[2]	139	139	19	11	158	150
Samuel Jonah[2]	151	145	12	9	163	154
Maria Amparo Moraleda Martinez (appointed 1 June 2017)	96	–	21	–	117	–
David Nish	132	115	24	13	156	128
Former Non-Executive Directors						
Nick Land (retired 28 July 2017)	47	140	6	3	53	143
Phil Yea (retired 28 July 2017)	47	140	3	2	50	142
Total	**1,758**	**1,789**	**202**	**170**	**1,960**	**1,959**

Notes:
1 We have been advised that for Non-Executive Directors, certain travel and accommodation expenses in relation to attending Board meetings should be treated as a taxable benefit. The table above includes these travel expenses and the corresponding tax contribution.
2 Salary/fees include an additional allowance of £6,000 per meeting for Directors based outside Europe.

Annual Report on Remuneration (continued)

2019 remuneration

Details of how the remuneration policy will be implemented for the 2019 financial year are set out below.

2019 base salaries

Vittorio Colao, will retire from the Board effective 30 September 2018. Following the conclusion of our 2018 AGM, Nick Read (currently Chief Financial Officer) will be appointed Chief Executive-Designate, with Margherita Della Valle (currently Deputy Chief Financial Officer) being appointed Chief Financial Officer. Nick Read will subsequently be appointed Chief Executive on 1 October 2018.

The annual salaries for the two new incumbents (effective 27 July 2018) are as follows:

– Chief Executive: Nick Read £1,050,000; and

– Chief Financial Officer: Margherita Della Valle £700,000.

The above salaries reflect a decrease on the current levels paid for these positions (currently £1,150,000 and £725,000 respectively).

The Committee has sought to ensure that the revised salaries reflect the significant and relevant business experience and strong track records that both individuals will bring to the positions, and that overall arrangements remain fair and competitive.

The average salary increase for Executive Committee members will be 2.6% – this compares to a budget of 2.5% which is based on an average of the relevant local market budget for each Executive Committee member.

Pension

Effective 27 July 2018, the pension contributions for all new Executive Directors will be reduced from 24% of salary to 10% of salary. This revised level will apply to both Nick Read and Margherita Della Valle following their appointments to their new respective positions on 27 July 2018 and is now in line with the pension arrangements of our other people in the UK.

Total fixed pay

The combined impact of the changes to salary and pension results in a reduction in fixed pay of 19.0% for the position of Chief Executive, and of 14.3% for the Chief Financial Officer.

Although external market data was not the determining factor when setting the salary positions, the Committee recognises that the revised base salaries for both the Chief Executive and the Chief Financial Officer are towards the lower end of the market when compared to companies of a comparable size and complexity.

Further information on the Committee's rationale for the revised salary position can be found in the Remuneration Committee Chairman's letter on page 71.

2019 annual bonus ('GSTIP')

The performance measures and weightings for 2019, which remain unchanged from 2018, are outlined below.

- service revenue (20%);
- adjusted EBIT (20%);
- adjusted free cash flow (20%); and
- customer appreciation KPIs (40%). This includes an assessment of Net Promoter Score ('NPS') and brand consideration measures.

The assessment of NPS and brand consideration metrics utilises data collected in our local markets which is validated for quality and consistency by independent third party agencies. Further details on how this data is collated and how the individual metrics used to measure customer appreciation KPIs are defined is provided on pages 80 and 81.

Due to the potential impact on our commercial interests, annual bonus targets are considered commercially sensitive and therefore will be disclosed in the 2019 Remuneration Report following the completion of the financial year.

Long-term incentive ('GLTI') awards for 2019

Awards for 2019 will be made in line with the arrangements described in our policy on pages 74 to 76. Vesting of the 2019 award will be subject to the performance of adjusted free cash flow (2/3 of total award) and TSR (1/3 of total award). The details for the 2019 award targets are provided in the table below (with linear interpolation between points).

Following the annual review of the performance measures which included a review of analysis provided by the Committee's external advisers, the Committee decided that for the 2019 award the TSR outperformance range should remain unchanged from that used for the 2018 award at 5.0% p.a. at target and 10.0% p.a. at maximum. The Committee also determined it appropriate to keep the same peer group constituents as used at 5.0% p.a. at target and 10.0% p.a. at maximum. The Committee also determined it appropriate to keep the same peer group constituents as used for the 2018 award.

Adjusted FCF Performance (2/3 of total award)	Adjusted FCF performance (£bn)	Vesting percentage (% of FCF element)
Below threshold	<15.15	0%
Threshold	15.15	18%
Target	17.00	40%
Maximum	18.85	100%

TSR Performance (1/3 of total award)	TSR outperformance	Vesting percentage (% of TSR element)
Below threshold	Below median	0%
Threshold	Median	18%
Target	5.0% p.a. (65th percentile equivalent)	40%
Maximum	10.0% p.a. (80th percentile equivalent)	100%

TSR peer group				
Bharti	BT Group	Deutsche Telekom	Liberty Global	MTN
Orange	Royal KPN	Telecom Italia	Telefónica	

2019 remuneration for the Chairman and Non-Executive Directors

For the 2018 review, the fees for our Chairman and non-executives have been benchmarked against the FTSE 30 (excluding financial services companies). The Chairman's fee was last increased in April 2014 and, following the review, it was agreed that this fee should be increased from £625,000 to £650,000 with effect from 1 July 2018. No changes will be made to the current non-executive fee structure. Full details of the fee levels are provided in the table below.

Position/role	Fee payable £'000 From 1 July 2018
Chairman[1]	650
Non-Executive Director	115
Additional combined fee for Senior Independent Director and Chairman of the Remuneration Committee	50
Additional fee for Chairmanship of Audit and Risk Committee	25

Note:
1 The Chairman's fee also includes the fee for the Chairmanship of the Nominations and Governance Committee.

For 2019, the allowance payable each time a non-Europe-based Non-Executive Director is required to travel to attend Board and Committee meetings to reflect the additional time commitment involved is £6,000.

Further remuneration information

Dilution

All awards are made under plans that incorporate dilution limits as set out in the guidelines for share incentive schemes published by the Investment Association. The current estimated dilution from subsisting executive awards, including the planned June 2018 awards, is approximately 2.7% of the Company's share capital at 31 March 2018 (2.9% at 31 March 2017), whilst from all-employee share awards it is approximately 0.4% (0.3% at 31 March 2017). This gives a total dilution of 3.1% (3.2% at 31 March 2017).

Service contracts

The terms and conditions of appointment of our Directors are available for inspection at the Company's registered office during normal business hours and at the annual general meeting (for 15 minutes prior to the meeting and during the meeting). The Executive Directors have notice periods in their service contracts of 12 months. The Non-Executive Directors' letters of appointment do not contain provision for notice periods or for compensation if their appointments are terminated.

This report on remuneration has been approved by the Board of Directors and signed on its behalf by:

/s/ Valerie Gooding

Valerie Gooding
Chairman of the Remuneration Committee
8 June 2018

Strategic Report Governance Financials Other information

Our US listing requirements

As Vodafone's American depositary shares are listed on NASDAQ Stock Market LLC ('NASDAQ'), we are required to disclose a summary of any material differences between the corporate governance practices we follow and those of US companies listed on NASDAQ. Vodafone's corporate governance practices are primarily based on UK requirements but substantially conform to those required of US companies listed on NASDAQ.

Governance

The material differences are set out in the following table:

Board member independence	Different tests of independence for Board members are applied under the 2016 UK Corporate Governance Code (the 'Code') and the NASDAQ listing rules. The Board is not required to take into consideration NASDAQ's detailed definitions of independence as set out in the NASDAQ listing rules. The Board has carried out an assessment based on the independence requirements of the Code and has determined that, in its judgement, each of Vodafone's Non-Executive Directors is independent within the meaning of those requirements.
Committees	The NASDAQ listing rules require US companies to have a nominations committee, an audit committee and a compensation committee, each composed entirely of independent directors, with the nominations committee and the audit committee each required to have a written charter which addresses the committee's purpose and responsibilities, and the compensation committee having sole authority and adequate funding to engage compensation consultants, independent legal counsel and other compensation advisers.
	– Our Nominations and Governance Committee is chaired by the Chairman of the Board and its other members are independent Non-Executive Directors.
	– Our Remuneration Committee is composed entirely of independent Non-Executive Directors.
	– Our Audit and Risk Committee is composed entirely of Non-Executive Directors, each of whom (i) the Board has determined to be independent based on the independence requirements of the Code and (ii) meets the independence requirements of the Securities Exchange Act 1934.
	– We have terms of reference for our Nominations and Governance Committee, Audit and Risk Committee and Remuneration Committee, each of which complies with the requirements of the Code and is available for inspection on our website at vodafone.com/governance.
	– These terms of reference are generally responsive to the relevant NASDAQ listing rules, but may not address all aspects of these rules.
Code of Ethics and Code of Conduct	Under the NASDAQ listing rules, US companies must adopt a Code of Conduct applicable to all directors, officers and employees that complies with the definition of a "code of ethics" set out in section 406 of the Sarbanes-Oxley Act.
	– We have adopted a Code of Ethics that complies with section 406 of the Sarbanes-Oxley Act which is applicable only to the senior financial and principal executive officers, and which is available on our website at vodafone.com/governance.
	– We have also adopted a separate Code of Conduct which applies to all employees.
Quorum	The quorum required for shareholder meetings, in accordance with our Articles of Association, is two shareholders, regardless of the level of their aggregate share ownership, while US companies listed on NASDAQ are required by the NASDAQ listing rules to have a minimum quorum of 33.33% of the shareholders of ordinary shares for shareholder meetings.
Related party transactions	In lieu of obtaining an independent review of related party transactions for conflicts of interests in accordance with the NASDAQ listing rules, we seek shareholder approval for related party transactions that (i) meet certain financial thresholds or (ii) have unusual features in accordance with the Listing Rules issued by the FCA in the United Kingdom (the 'Listing Rules'), the Companies Act 2006 and our Articles of Association. Further, we use the definition of a transaction with a related party as set out in the Listing Rules, which differs in certain respects from the definition of related party transaction in the NASDAQ listing rules.
Shareholder approval	When determining whether shareholder approval is required for a proposed transaction, we comply with both the NASDAQ listing rules and the Listing Rules. Under the NASDAQ listing rules, whether shareholder approval is required for a transaction depends on, among other things, the percentage of shares to be issued or sold in connection with the transaction. Under the Listing Rules, whether shareholder approval is required for a transaction depends on, among other things, whether the size of a transaction exceeds a certain percentage of the size of the listed company undertaking the transaction.

The Directors of the Company present their report together with the audited consolidated financial statements for the year ended 31 March 2018.

This report has been prepared in accordance with requirements outlined within The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and forms part of the management report as required under Disclosure Guidance and Transparency Rule ('DTR') 4. Certain information that fulfils the requirements of the Directors' report can be found elsewhere in this document and is referred to below. This information is incorporated into this Directors' report by reference.

Responsibility statement

As required under the DTR, a statement made by the Board regarding the preparation of the financial statements is set out on pages 91 and 92 which also provides details regarding the disclosure of information to the Company's auditors and management's report on internal control over financial information.

Going concern

The going concern statement required by the Listing Rules and the UK Corporate Governance Code (the 'Code') is set out in the "Directors' statement of responsibility" on page 92.

System of risk management and internal control

The Board is responsible for maintaining a risk management and internal control system and for managing principal risks faced by the Group. Such a system is designed to manage rather than eliminate business risks and can only provide reasonable and not absolute assurance against material mistreatment or loss. This is described in more detail in the Audit and Risk Committee report on pages 64 to 69.

The Board has implemented in full the FRC "Guidance on Risk Management Internal Control and related Financial and Business Reporting" for the year and to the date of this Annual Report. The resulting procedures, which are subject to regular monitoring and review, provide an ongoing process for identifying, evaluating and managing the Company's principal risks (which can be found on pages 38 to 45).

Corporate governance statement

The corporate governance statement setting out how the Company complies with the Code and which includes a description of the main features of our internal control and risk management arrangements in relation to the financial reporting process is set out on pages 47 to 87. The information required by DTR 7.2.6R can be found in the "Shareholder information" section on pages 191 to 197. A description of the composition and operation of the Board and its Committees is set out on pages 52 to 53.

Strategic Report

The Strategic Report is set out on pages 4 to 45 and is incorporated into this Directors' report by reference.

Directors and their interests

The Directors of the Company who served during the financial year ended 31 March 2018 and up to the date of signing the financial statements are as follows: Gerard Kleisterlee, Vittorio Colao, Nick Read, Sir Crispin Davis, Michel Demaré, Dr Mathias Döpfner, Dame Clara Furse, Valerie Gooding, Renee James, Samuel Jonah, Amparo Moraleda, Nick Land, Phil Yea and David Nish. A summary of the rules relating to the appointment and replacement of Directors and Directors' powers can be found on page 62 to 63. Details of Directors' interests in the Company's ordinary shares, options held over ordinary shares, interests in share options and long-term incentive plans are set out on pages 70 to 87.

Directors' conflicts of interest

Established within the Company is a procedure for managing and monitoring conflicts of interest for Directors. Details of this procedure are set out on page 62.

Directors' indemnities

In accordance with our Articles of Association and to the extent permitted by law, Directors are granted an indemnity from the Company in respect of liability incurred as a result of their office. In addition, we maintained a Directors' and officers' liability insurance policy throughout the year. Neither our indemnity nor the insurance provides cover in the event that a Director is proven to have acted dishonestly or fraudulently.

Disclosures required under Listing Rule 9.8.4

The information on the amount of interest capitalised and the treatment of tax relief can be found in notes 5 and 6 to the consolidated financial statements respectively. The remaining disclosures required by Listing Rule 9.8.4 are not applicable to Vodafone.

Capital structure and rights attaching to shares

All information relating to the Company's capital structure, rights attaching to shares, dividends, the policy to repurchase the Company's own shares, details of Company share repurchases and other shareholder information is contained on pages 30 and 191 to 197.

Change of control

Details of change of control provisions in the Company's revolving credit facilities are set out on page 148.

Information on agreements between the Company and its Directors providing for compensation for loss of office of employment (including details of change of control provisions in share schemes) is set out on pages 77 and 78. Subject to that, there are no agreements between the Company and its employees providing for compensation for loss of office of employment that occurs because of a takeover bid.

Dividends

Full details of the Company's dividend policy and proposed final dividend payment for the year ended 31 March 2018 are set out on page 21 and note 9 to the consolidated financial statements.

Sustainability

Information about the Company's approach to sustainability risks and opportunities is set out on pages 32 to 35. Also included on these pages are details of our greenhouse gas emissions.

Political donations

No political donations or contributions to political parties under the Companies Act 2006 have been made during the financial year. The Group policy is that no political donations be made or political expenditure incurred.

Financial risk management objectives and policies

Disclosures relating to financial risk management objectives and policies, including our policy for hedging are set out in note 22 to the consolidated financial statements and disclosures relating to exposure to price risk, credit risk, liquidity risk and cash flow risk are outlined in note 22.

Important events since the end of the financial year

Details of those important events affecting the Group which have occurred since the end of the financial year are set out in the Strategic Report and note 31 to the consolidated financial statements.

Future developments within the Group

The Strategic Report contains details of likely future developments within the Group.

Group policy compliance

Each Group policy is owned by a member of the Executive Committee so that there is clear accountability and authority for ensuring the associated business risk is adequately managed. Regional Chief Executives and the senior leadership team member responsible for each Group function have primary accountability for ensuring compliance with all Group policies by all our markets and entities. Our Group compliance team and policy champions support the policy owners and local markets in implementing policies and monitoring compliance.

Code of Conduct

All of the key Group policies have been consolidated into the Vodafone Code of Conduct. This is a policy document applicable to all employees and those who work for or on behalf of Vodafone. It sets out the standards of behaviour expected in relation to areas such as insider dealing, bribery and raising concerns through the whistle-blowing process (known internally as "Speak Up").

Branches

The Group, through various subsidiaries, has branches in a number of different jurisdictions in which the business operates. Further details are included on page 169.

Employee disclosures

Vodafone is an inclusive employer and diversity is important to us. We give full and fair consideration to applications for employment by disabled persons and the continued employment of anyone incurring a disability whilst employed by us. Training, career development and promotion opportunities are equally applied for all our employees, regardless of disability. Our disclosures relating to the employment of women in senior management roles, employee engagement and policies are set out on pages 36 and 37.

By Order of the Board

/s/ Rosemary Martin

Rosemary Martin
Group General Counsel and Company Secretary

8 June 2018

Reporting our financial performance

Focus on clear, effective and concise reporting

We continue to review the format of our consolidated financial statements with the aim of making them clearer and easier to follow. This year we have added the following highlights to help you navigate to the information that is important to you:

IFRS

Future adoption of IFRS 9, IFRS 15 and IFRS 16

We have updated the disclosures in note 1 "Basis of preparation" relating to the timetable and potential impact of adopting IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" in the 2019 financial year and the adoption of IFRS 16 "Leases" in the 2020 financial year.

110 For more information

€3.2 billion
(€2.2 billion net of tax)
Re-measurement loss on Vodafone India

Re-measurement of Vodafone India

We include details of the €3,170 million pre-tax re-measurement loss in respect of Vodafone India in note 7 "Discontinued operations and assets held for sale" which led to an overall €2,245 million (net of tax) reduction in the carrying value of Vodafone India at 31 March 2018. The year ended 31 March 2017 included an impairment change of €4,515 million (€3,675 million net of tax) as set out in note 4 "Impairment".

128 For more information

Vodafone to acquire Liberty Global's operations in Germany, the Czech Republic, Hungary and Romania

Subsequent events

On 9 May 2018, Vodafone announced that it had agreed to acquire Liberty Global's operations in Germany, the Czech Republic, Hungary and Romania for an enterprise value of €18.4 billion. See note 31 "Subsequent events" for further details.

168 For more information

Financials

Directors' statement of responsibility

The Directors are responsible for preparing the financial statements in accordance with applicable law and regulations and keeping proper accounting records. Detailed below are statements made by the Directors in relation to their responsibilities, disclosure of information to the Company's auditors, going concern and management's report on internal control over financial reporting.

Financial statements and accounting records

Company law of England and Wales requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group at the end of the financial year and of the profit or loss of the Group for that period. In preparing those financial statements the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- state whether the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted for use in the EU and Article 4 of the EU IAS Regulations. The Directors also ensure that the consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ('IASB');
- state for the Company's financial statements whether applicable UK accounting standards have been followed; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and of the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006 and for the consolidated financial statements, Article 4 of the EU IAS Regulation. They are also responsible for the system of internal control, for safeguarding the assets of the Company and the Group and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' responsibility statement

Each of the Directors, whose names and functions are listed on pages 48 and 49 confirm that, to the best of their knowledge:

- the consolidated financial statements, prepared in accordance with IFRS as issued by the IASB and IFRS as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the parent company financial statements, prepared in accordance with United Kingdom generally accepted accounting practice, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group, together with a description and robust assessment of the principal risks and uncertainties that it faces.

The Directors are also responsible under section 172 of the Companies Act 2006 to promote the success of the Company for the benefit of its members as a whole and in doing so have regard for the needs of wider society and stakeholders, including customers, consistent with the Group's core and sustainable business objectives.

Having taken advice from the Audit and Risk Committee, the Board considers the report and accounts, taken as a whole, is fair, balanced and understandable and that it provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Neither the Company nor the Directors accept any liability to any person in relation to the Annual Report except to the extent that such liability could arise under English law. Accordingly, any liability to a person who has demonstrated reliance on any untrue or misleading statement or omission shall be determined in accordance with section 90A and schedule 10A of the Financial Services and Markets Act 2000.

Disclosure of information to the auditors

Having made the requisite enquiries, so far as the Directors are aware, there is no relevant audit information (as defined by section 418(3) of the Companies Act 2006) of which the Company's auditors are unaware and the Directors have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' statement of responsibility (continued)

Going concern

The Group's business activities, performance, position, principal risks and uncertainties and the Directors' assessment of its long-term viability are set out in the Strategic Report on pages 4 to 45. A range of mitigations for risks faced by the Group are included on pages 93 to 99.

In addition, the financial position of the Group is included in "Borrowings", "Liquidity and capital resources" and "Capital and financial risk management" in notes 20, 21 and 22 respectively to the consolidated financial statements, which include disclosure in relation to the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Group believes it adequately manages or mitigates its solvency and liquidity risks through two primary processes, described below.

Business planning process and performance management

The Group's forecasting and planning cycle consists of three in-year forecasts, a budget and a long-range plan. These generate income statement, cash flow and net debt projections for assessment by Group management and the Board.

Each forecast is compared with prior forecasts and actual results so as to identify variances and understand the drivers of the changes and their future impact so as to allow management to take action where appropriate. Additional analysis is undertaken to review and sense check the key assumptions underpinning the forecasts.

Cash flow and liquidity reviews

The business planning process provides outputs for detailed cash flow and liquidity reviews, to ensure that the Group maintains adequate liquidity throughout the forecast periods. The prime output is a one year liquidity forecast which is prepared and updated on a daily basis which highlights the extent of the Group's liquidity based on controlled cash flows and the headroom under the Group's undrawn revolving credit facility ('RCF').

The key inputs into this forecast are:

- free cash flow forecasts, with the first three months' inputs being sourced directly from the operating companies (analysed on a daily basis), with information beyond this taken from the latest forecast/budget cycle;
- bond and other debt maturities; and
- expectations for shareholder returns, spectrum auctions and M&A activity.

The liquidity forecast shows two scenarios assuming either maturing commercial paper is refinanced or no new commercial paper issuance. The liquidity forecast is reviewed by the Group Chief Financial Officer and included in each of his reports to the Board.

In addition, the Group continues to manage its foreign exchange and interest rate risks within the framework of policies and guidelines authorised and reviewed by the Board, with oversight provided by the Treasury Risk Committee.

Conclusion

The Group has considerable financial resources, and the Directors believe that the Group is well placed to manage its business risks successfully. Accordingly, the Directors continue to adopt the going

Disclosure controls and procedures

The Directors, the Chief Executive Officer and the Chief Financial Officer have evaluated the effectiveness of the disclosure controls and procedures, including those defined in the United States Securities Exchange Act of 1934, Rule 13a–15(e), and, based on that evaluation, have concluded that the disclosure controls and procedures were effective at the end of the period covered by this report.

Management's report on internal control over financial reporting

As required by section 404 of the US Sarbanes-Oxley Act, management is responsible for establishing and maintaining adequate internal control over financial reporting for the Group. The Group's internal control over financial reporting includes policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets;
- are designed to provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements in accordance with IFRS, as adopted by the EU and IFRS as issued by the IASB, and that receipts and expenditures are being made only in accordance with authorisation of management and the Directors of the Company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of the Group's assets that could have a material effect on the financial statements.

Any internal control framework, no matter how well designed, has inherent limitations including the possibility of human error and the circumvention or overriding of the controls and procedures, and may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or because the degree of compliance with the policies or procedures may deteriorate.

Management has assessed the effectiveness of the internal control over financial reporting at 31 March 2018 based on the updated Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission ('COSO') in 2013. Based on management's assessment, management has concluded that internal control over financial reporting was effective at 31 March 2018.

During the period covered by this document, there were no changes in the Group's internal control over financial reporting that have materially affected or are reasonably likely to materially affect the effectiveness of the internal controls over financial reporting.

The Group's internal control over financial reporting at 31 March 2018 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm who also audit the Group's consolidated financial statements. Their audit report on internal control over financial reporting is on page 101.

By Order of the Board

/s/ Rosemary Martin

Rosemary Martin
Group General Counsel and Company Secretary

Financials

concern basis in preparing the Annual Report and accounts.

8 June 2018

Risk mitigation

Mitigations for risks faced by the Group include:

Strengthening our framework

We constantly strive to improve risk management and have made the following enhancements over the last 12 months:

Linking risk to decision making – we have launched a new process to improve visibility of risk in decision making in relation to our strategic and operational risks.

Linking risk to budget – we have worked with colleagues in Finance to ensure that any actions required to achieve target risk tolerance levels are flagged and tracked as part of the Group's main budget and forecasting process.

Extending the risk management framework – we have created specialist frameworks within our Security function and our Enterprise business to improve the link between strategic and operational risk management.

Risk mitigation (continued)

Cyber threat and information security

What is our target tolerance position?
We aim for a secure digital future for our customers. Security underpins our commitment to protecting our customers with reliable connections and keeping their data safe. We seek to avoid material breach, loss of data or reputational impact from a cyber event.

Adverse political and regulatory measures

What is our target tolerance position?
We seek actively to engage with governments, regulators and tax authorities to encourage good working relationships and to help shape potential impacts of legislative change on the Group.

We look for spectrum auctions to be fair for all participants both in terms of ability to access auctions and pricing of spectrum.

Market disruption

What is our target tolerance position?
We will evolve our offer and adopt an agile operating model to mitigate competitive risks. We will do this through targeted offers, smart pricing models and differentiated customer experience.

Effective digital and technological transformation

What is our target tolerance position?
We aim to be a leading digital company with modern systems, skills and talent to ensure a world-class offering and customer experience.

Disintermediaton

What is our target tolerance position?
We offer a superior customer experience and continually improve our offering through a wide set of innovative products and services, including fixed and mobile content, IoT and voice over LTE. We also develop innovative new products and explore new growth areas such as 5G, IoT, convergence, digital services, data analytics, AI and security so that we continue to meet our customers' needs.

Key to core programmes: Network Leadership Customer eXperience eXcellence Fit for Growth Digital Vodafone

Risk owners: **Johan Wibergh/Joakim Reiter**
Risk movement: **Stable**
Risk category: **Technology**
Link to core programmes:

How do we manage it?
We protect Vodafone and our customers from cyber threats through strong basic security, a leading Cyber Defence team and customer-focused security supported by simple risk led processes centrally and in local markets.

Key risk indicators
We monitor multiple trends including:
- Confirmed security incidents
- Security control effectiveness
- Independent measurements of security on our networks

Risk owners: **Nick Read/Joakim Reiter**
Risk movement: **Stable**
Risk category: **Legal and regulatory**
Link to core programmes:

How do we manage it?
We engage with top level policy makers and influencers, addressing issues openly, with clear arguments to find mutually acceptable ways forward.

We plan our approach to spectrum auctions to ensure we achieve fair access at sustainable prices.

Key risk indicators
We monitor:
- Public sentiment, changes to laws and regulations, number and value of disputes across the Group
- Benchmarking of spectrum cost between countries

Risk owner: **Serpil Timuray**
Risk movement: **Stable**
Risk category: **Commercial**
Link to core programmes:

How do we manage it?
We monitor the competitor landscape in all markets, and react appropriately, working to make sure each market has a fair and competitive environment.

We will continue to improve our Consumer and Enterprise propositions using our digital strategies and our ability to create personalised offerings.

Key risk indicators
- Trends in competitor behaviour
- Level of customers actively using our new products and services

Risk owner: **Serpil Timuray**
Risk movement: **Increased**
Risk category: **Commercial**
Link to core programmes:

How do we manage it?
We are running a company wide transformation programme, Digital Vodafone, with direct sponsorship of our executive team. The program has specific modules across each functional area, coordinated centrally and

Key risk indicators
- Measurement of NPS
- Tracking of digital KPIs and objectives across all markets

executed locally, to drive our key digital priorities. We are also implementing a new operating model (Digital Vodafone) in our operating companies to ensure a fast pace of change on digital.

Risk owner: **Serpil Timuray**	Risk movement: **Stable**	Risk category: **Commercial**	Link to core programmes:

How do we manage it?
We continuously create innovative propositions and services whole evolving our customer experience to strengthen the relationship with our customers.

Key risk indicators
- Trends in new technologies
- Level of customers actively using our new products and services

Other information

Risk mitigation (continued)

Global economic disruption/adequate liquidity

What is our target tolerance position?
We take a conservative approach to financial risks which reflects our diverse business.

We carefully manage our liquidity and access to capital markets to limit our exposure to unstable economic conditions.

Technology resilience

What is our target tolerance position?
Our customer promise is based on reliable availability of our network, therefore the recovery of critical mobile, fixed and IT services must be fast and robust.

Effective data management

What is our target tolerance level?
We aim to use data to improve the efficiency of our operations and to continually develop data centric business models.

We seek to process personal data honestly, ethically, with integrity, and always consistent with applicable laws and our values.

We provide our customers with transparency, choice and understanding of their rights through our permissions framework.

Legal and regulatory compliance

What is our target tolerance level?
We seek to comply with all applicable laws and regulations in all of our markets.

Allocation of the Group's capital

What is our target tolerance level?
We seek opportunities to improve the effective deployment of our capital.

Key to core programmes: Network Leadership · Customer eXperience eXcellence · Fit for Growth · Digital Vodafone

Risk owner: **Nick Read**
Risk movement: **Stable**
Risk category: **Financial**
Link to core programmes: Fit for Growth

How do we manage it?
We maintain access to long and short term capital markets through diversified sources of funding.

We forecast with contingencies in our business plans to cater for negative operational impacts that could occur from a variety of drivers including the impact from lower economic growth than is generally expected.

Key risk indicators
- Current credit rating
- Average life and cost of debt
- Currency and interest rate exposures
- Monitoring of economic and financial market drivers

Risk owner: **Johan Wibergh**
Risk movement: **Stable**
Risk category: **Technology**
Link to core programmes: Network Leadership, Customer eXperience eXcellence, Digital Vodafone

How do we manage it?
Unique recovery targets are set for critical sites to limit the impact of service outages. A global policy supports these targets with mandatory controls to ensure effective resilience.

We monitor the lifespan of critical assets and maintain back up where necessary.

Key risk indicators
- Number of critical sites able to meet the recovery targets
- Levels of incidents/near misses
- Results of simulated recovery testing
- Building a resilient future by evolving our services to cloud based solutions

Risk owner: **Serpil Timuray**
Risk movement: **Increased**
Risk category: **Commercial**
Link to core programmes: Network Leadership, Customer eXperience eXcellence, Digital Vodafone

How do we manage it?
We are enhancing our data governance framework to ensure quality data supports our strategy.

Our Privacy and Security teams work to ensure that we collect, process and store data in line with our own policies and applicable law.

Key risk indicators
- Compliance with GDPR requirements
- Adherence to customer permissions framework
- Security testing and audits

Risk owner:
Rosemary Martin

Risk movement:
Decreasing

Risk category:
Legal and Regulatory

Link to core programmes:

How do we manage it?

We have subject matter experts in legal and regulatory teams at a local and global level, and a robust overarching policy compliance framework with underlying specialist compliance programmes.

We train our employees in "Doing what's right", our training and awareness programme which sets our ethical culture across the organisation and ensures employees understand their role in ensuring compliance.

Key risk indicators

- Results of the annual compliance testing programme
- Number of Speak Up cases in each market
- Changes to applicable legal and regulatory requirements

Risk owner:
Nick Read

Risk movement:
Increased

Risk category:
Commercial

Link to core programmes:

How do we manage it?

Our strategic planning process identifies both risks and opportunities for effective deployment of capital. Any opportunities for change are carefully scoped before agreements are made to ensure we take the correct level of risk.

We carefully manage the external approval processes and the subsequent integration of acquired operations. We manage integration through the alignment of policies, processes and systems to ensure maximum benefit is delivered.

Key risk indicators

- Achievement of synergies
- Compliance with policies and standards

Risk mitigation (continued)

Electro-magnetic fields related health risks

What is our target tolerance position?

Vodafone does not want to expose anyone to levels of EMF above those mandated by regulators.

We comply with national standards, where existing, and with our own EMF policy, based on international science guidelines. Our vision is to lead within the industry in responding to public concern about mobiles, masts and health.

Key to core programmes: Network Leadership · Customer eXperience eXcellence · Fit for Growth · Digital Vodafone

Risk owner:	Risk movement:	Risk category:	Link to core programmes:
Joakim Reiter	**Stable**	**Legal and regulatory**	

How do we manage it?

Our Group EMF Board manages potential risks through cross sector initiatives and oversees a global programme to respond to public concern.

We monitor scientific developments and engage with relevant bodies to support the delivery and transparent communication of the scientific research agenda set by the World Health Organisation.

Key risk indicators

We monitor:

- Scientific research
- International standards and guidelines
- Public perception
- Compliance with EMF policies

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Financials

Report of Independent Registered Public Accounting Firm

To the Board of Directors and shareholders of Vodafone Group Plc

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated statement of financial position of Vodafone Group Plc and its subsidiaries (the "Company") as of 31 March 2018 and 31 March 2017, and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for each of the three years in the period ended 31 March 2018, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of 31 March 2018, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of 31 March 2018 and 31 March 2017, and the results of their operations and their cash flows for each of the three years in the period ended 31 March 2018 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board and in conformity with International Financial Reporting Standards as adopted by the European Union. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of 31 March 2018, based on criteria established in Internal Control – Integrated Framework (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 15. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company

Overview

Strategic Report

in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP
London, United Kingdom
8 June 2018

We have served as the Company's auditor since 2014.

Consolidated income statement

for the years ended 31 March

	Note	2018 €m	2017 €m	2016 €m
Revenue	2	**46,571**	**47,631**	**49,810**
Cost of sales		(32,771)	(34,576)	(36,713)
Gross profit		**13,800**	**13,055**	**13,097**
Selling and distribution expenses		(4,011)	(4,349)	(4,603)
Administrative expenses		(5,644)	(6,080)	(6,379)
Share of results of equity accounted associates and joint ventures		(59)	47	60
Impairment losses	4	–	–	(569)
Other income/(expense)	3	213	1,052	(286)
Operating profit	3	**4,299**	**3,725**	**1,320**
Non-operating expense		(32)	(1)	(3)
Investment income	5	685	474	539
Financing costs	5	(1,074)	(1,406)	(2,046)
Profit/(loss) before taxation		**3,878**	**2,792**	**(190)**
Income tax credit/(expense)	6	879	(4,764)	(4,937)
Profit/(loss) for the financial year from continuing operations		**4,757**	**(1,972)**	**(5,127)**

	Note			
Profit/(loss) for the financial year from continuing operations		4,757	(1,972)	(5,127)
(Loss)/profit for the financial year from discontinued operations	7	**(1,969)**	**(4,107)**	**5**
Profit/(loss) for the financial year		**2,788**	**(6,079)**	**(5,122)**
Attributable to:				
– Owners of the parent		2,439	(6,297)	(5,405)
– Non-controlling interests		349	218	283
Profit/(loss) for the financial year		**2,788**	**(6,079)**	**(5,122)**
Earnings/(loss) per share				
From continuing operations:				
– Basic		15.87c	(7.83)c	(20.27)c
– Diluted		15.82c	(7.83)c	(20.27)c
Total Group:				
– Basic	8	8.78c	(22.51)c	(20.25)c
– Diluted	8	8.76c	(22.51)c	(20.25)c

Consolidated statement of comprehensive income

for the years ended 31 March

	Note	2018 €m	2017 €m	2016 €m
Profit/(loss) for the financial year:		**2,788**	**(6,079)**	**(5,122)**
Other comprehensive income/(expense):				
Items that may be reclassified to the income statement in subsequent years:				
Gains/(losses) on revaluation of available-for-sale investments, net of tax		9	2	(3)
Foreign exchange translation differences, net of tax		(1,909)	(1,201)	(3,030)
Foreign exchange (gains)/losses transferred to the income statement		(80)	–	282
Fair value (gains)/losses transferred to the income statement		–	4	–
Other, net of tax		(339)	110	56
Total items that may be reclassified to the income statement in subsequent years		**(2,319)**	**(1,085)**	**(2,695)**
Items that will not be reclassified to the income statement in subsequent years:				
Net actuarial (losses)/gains on defined benefit pension schemes, net of tax	25	(70)	(272)	174
Total items that will not be reclassified to the income statement in subsequent years		**(70)**	**(272)**	**174**
Other comprehensive expense		**(2,389)**	**(1,357)**	**(2,521)**
Total comprehensive income/(expense) for the year		**399**	**(7,436)**	**(7,643)**
Attributable to:				
– Owners of the parent		187	(7,535)	(7,579)
– Non-controlling interests		212	99	(64)
		399	**(7,436)**	**(7,643)**

Further details on items in the Consolidated statement of comprehensive income can be found in the consolidated statement of changes in equity on page 104.

Financials

Consolidated statement of financial position

at 31 March

	Note	31 March 2018 €m	31 March 2017 €m
Non-current assets			
Goodwill	10	26,734	26,808
Other intangible assets	10	16,523	19,412
Property, plant and equipment	11	28,325	30,204
Investments in associates and joint ventures	12	2,538	3,138
Other investments	13	3,204	3,459
Deferred tax assets	6	26,200	24,300
Post employment benefits	25	110	57
Trade and other receivables	14	4,026	4,569
		107,660	**111,947**

Overview

	Note		
Current assets			
Inventory		581	576
Taxation recoverable		106	150
Trade and other receivables	14	9,975	9,861
Other investments	13	8,795	6,120
Cash and cash equivalents	19	4,674	8,835
		24,131	**25,542**
Assets held for sale	7	13,820	17,195
Total assets		**145,611**	**154,684**
Equity			
Called up share capital	17	4,796	4,796
Additional paid-in capital		150,197	151,808
Treasury shares		(8,463)	(8,610)
Accumulated losses		(106,695)	(105,851)
Accumulated other comprehensive income		27,805	30,057
Total attributable to owners of the parent		**67,640**	**72,200**
Non-controlling interests		967	1,525
Put options over non-controlling interests		–	(6)
Total non-controlling interests		**967**	**1,519**
Total equity		**68,607**	**73,719**
Non-current liabilities			
Long-term borrowings	20	32,908	34,523
Deferred tax liabilities	6	644	535
Post employment benefits	25	520	651
Provisions	16	1,065	1,130
Trade and other payables	15	2,843	1,737
		37,980	**38,576**
Current liabilities			
Short-term borrowings	20	10,351	12,051
Taxation liabilities		541	661
Provisions	16	891	1,049
Trade and other payables	15	16,242	16,834
		28,025	**30,595**
Liabilities held for sale	7	10,999	11,794
Total equity and liabilities		**145,611**	**154,684**

The consolidated financial statements on pages 102 to 177 were approved by the Board of Directors and authorised for issue on 8 June 2018 and were signed on its behalf by:

/s/ Vittorio Colao
Vittorio Colao
Chief Executive

/s/ Nick Read
Nick Read
Chief Financial Officer

Consolidated statement of changes in equity

for the years ended 31 March

	Share capital[1] £m	Additional paid-in capital[2] £m	Treasury shares £m	Retained losses £m	Other comprehensive income: Currency reserve[3] £m	Pensions reserve £m	Investment reserve[4] £m	Revaluation surplus[5] £m	Other[6] £m	Equity attributable to the owners £m	Non-controlling interests £m	Total equity £m
1 April 2015	5,246	161,801	(9,747)	(85,882)	19,765	(1,004)	53	1,227	51	91,510	2,198	93,708
Issue or reissue of shares	–	2	147	(131)	–	–	–	–	–	18	–	18
Share-based payments[7]	–	161	–	–	–	–	–	–	–	161	–	161
Issue of mandatory convertible bonds[8]	–	3,480	–	–	–	–	–	–	–	3,480	–	3,480

Transactions with non-controlling interests in subsidiaries	–	–	–	(44)	–	–	–	–	–	(44)	(19)	(63)
Dividends	–	–	–	(4,233)	–	–	–	–	–	(4,233)	(332)	(4,565)
Comprehensive expense	–	–	–	(5,405)	(2,401)	174	(3)	–	56	(7,579)	(64)	(7,643)
(Loss)/profit	–	–	–	(5,405)	–	–	–	–	–	(5,405)	283	(5,122)
OCI – before tax	–	–	–	–	(2,535)	216	(4)	–	75	(2,248)	(343)	(2,591)
OCI – taxes	–	–	–	–	(148)	(42)	1	–	(19)	(208)	(4)	(212)
Transfer to the income statement	–	–	–	–	282	–	–	–	–	282	–	282
Other[9]	(450)	(13,750)	823	12	13,377	–	–	–	–	12	28	40
31 March 2016	**4,796**	**151,694**	**(8,777)**	**(95,683)**	**30,741**	**(830)**	**50**	**1,227**	**107**	**83,325**	**1,811**	**85,136**
Issue or reissue of shares	–	2	167	(150)	–	–	–	–	–	19	–	19
Share-based payments[7]	–	112	–	–	–	–	–	–	–	112	–	112
Transactions with non-controlling interests in subsidiaries	–	–	–	(12)	–	–	–	–	–	(12)	17	5
Dividends	–	–	–	(3,709)	–	–	–	–	–	(3,709)	(410)	(4,119)
Comprehensive expense	–	–	–	(6,297)	(1,082)	(272)	6	–	110	(7,535)	99	(7,436)
(Loss)/profit	–	–	–	(6,297)	–	–	–	–	–	(6,297)	218	(6,079)
OCI – before tax	–	–	–	–	(1,096)	(274)	2	–	156	(1,212)	(121)	(1,333)
OCI – taxes	–	–	–	–	14	2	–	–	(46)	(30)	2	(28)
Transfer to the income statement	–	–	–	–	–	–	4	–	–	4	–	4
Other	–	–	–	–	–	–	–	–	–	–	2	2
31 March 2017	**4,796**	**151,808**	**(8,610)**	**(105,851)**	**29,659**	**(1,102)**	**56**	**1,227**	**217**	**72,200**	**1,519**	**73,719**
Issue or reissue of shares[10]	–	(1,741)	1,882	(127)	–	–	–	–	–	14	–	14
Share-based payments[7]	–	130	–	–	–	–	–	–	–	130	–	130
Transactions with non-controlling interests in subsidiaries[11]	–	–	–	805	–	–	–	–	–	805	311	1,116
Disposal of subsidiaries[12]	–	–	–	–	–	–	–	–	–	–	(769)	(769)
Dividends	–	–	–	(3,961)	–	–	–	–	–	(3,961)	(306)	(4,267)
Comprehensive income	–	–	–	2,439	(1,852)	(70)	9	–	(339)	187	212	399
Profit	–	–	–	2,439	–	–	–	–	–	2,439	349	2,788
OCI – before tax	–	–	–	–	(1,641)	(94)	9	–	(351)	(2,077)	(140)	(2,217)
OCI – taxes	–	–	–	–	(131)	24	–	–	12	(95)	3	(92)
Transfer to the income statement	–	–	–	–	(80)	–	–	–	–	(80)	–	(80)
Repurchase of treasury shares[13]	–	–	(1,735)	–	–	–	–	–	–	(1,735)	–	(1,735)
31 March 2018	**4,796**	**150,197**	**(8,463)**	**(106,695)**	**27,807**	**(1,172)**	**65**	**1,227**	**(122)**	**67,640**	**967**	**68,607**

Notes:
1 See note 17 "Called up share capital".
2 Includes share premium, capital reserve, capital redemption reserve, merger reserve and share-based payment reserve. The merger reserve was derived from acquisitions made prior to 31 March 2004 and subsequently allocated to additional paid-in capital on adoption of IFRS.
3 The currency reserve is used to record cumulative translation differences on the assets and liabilities of foreign operations. The cumulative translation differences are recycled to the income statement on disposal of the foreign operation.
4 The investment reserve is used to record the cumulative fair value gains and losses on available-for-sale financial assets. The cumulative gains and losses are recycled to the income statement on disposal of the assets.
5 The revaluation surplus derives from acquisitions of subsidiaries made before the Group's adoption of IFRS 3 (Revised) on 1 April 2010 and comprises the amounts arising from recognising the Group's pre-existing equity interest in the acquired subsidiary at fair value.
6 Includes the impact of the Group's cash flow hedges with €1,811 million net loss deferred to other comprehensive income during the year (2017: €787 million net gain; 2016: €337 million net gain) and €1,460 million net loss (2017: €654 million net gain; 2016: €294 million net gain) recycled to the income statement. These hedges primarily relate to foreign exchange exposure on fixed borrowings, with interest cash flows unwinding to the income statement over the life of the hedges and any foreign exchange on nominal balances impacting income statement at maturity (up to 2056).
7 Includes €8 million tax charge (2017: €9 million credit; 2016: €5 million credit).
8 Includes the equity component of mandatory convertible bonds which were compound instruments issued in the year ended 31 March 2016.
9 Includes amounts relating to foreign translation differences arising on the retranslation of reserves due to the change in the Group's presentation currency.
10 Includes the reissue of 729.1 million of shares (€1,742 million) in August 2017 in order to satisfy the first tranche of the Mandatory Convertible Bond.
11 See note 12 "Investments in associates and joint arrangements" for further details.
12 Relates to the disposal of Vodafone Qatar. See note 27 "Acquisitions and disposals" for further details.
13 Represents the irrevocable and non-discretionary share buyback programme announced on 25 August 2017.

Financials

Consolidated statement of cash flows

for the years ended 31 March

	Note	2018 €m	2017 €m	2016 €m
Inflow from operating activities	18	13,600	14,223	14,336
Cash flows from investing activities				
Purchase of interests in subsidiaries, net of cash acquired	27	(9)	(28)	(57)

Overview

Purchase of interests in associates and joint ventures	27	(33)	499	(3)
Purchase of intangible assets	10	(3,246)	(2,576)	(5,618)
Purchase of property, plant and equipment	11	(4,917)	(6,285)	(8,265)
Purchase of investments	13	(3,901)	(2,219)	(106)
Disposal of interests in subsidiaries, net of cash disposed		239	2	–
Disposal of interests in associates and joint ventures		115	4	–
Disposal of property, plant and equipment	11	41	43	164
Disposal of investments		1,250	3,597	1,888
Dividends received from associates and joint ventures		489	433	92
Interest received		378	434	342
Cash flows from discontinued operations		(247)	(2,327)	(2,308)
Outflow from investing activities		**(9,841)**	**(8,423)**	**(13,871)**
Cash flows from financing activities				
Issue of ordinary share capital and reissue of treasury shares	17	20	25	25
Net movement in short-term borrowings		(534)	1,293	(11)
Proceeds from issue of long-term borrowings		4,440	7,326	9,157
Repayment of borrowings		(4,664)	(9,267)	(3,784)
Purchase of treasury shares		(1,766)	–	–
Issue of subordinated mandatory convertible bonds		–	–	3,480
Equity dividends paid	9	(3,920)	(3,714)	(4,188)
Dividends paid to non-controlling shareholders in subsidiaries		(310)	(413)	(309)
Other transactions with non-controlling shareholders in subsidiaries		1,097	5	(67)
Other movements in loans with associates and joint ventures		(194)	70	(31)
Interest paid[1]		(991)	(1,264)	(1,324)
Cash flows from discontinued operations		(302)	(3,157)	1,134
Tax on financing activities		(110)	–	–
(Outflow)/inflow from financing activities		**(7,234)**	**(9,096)**	**4,082**
Net cash (outflow)/inflow		**(3,475)**	**(3,296)**	**4,547**
Cash and cash equivalents at beginning of the financial year	19	9,302	12,911	9,492
Exchange loss on cash and cash equivalents		(433)	(313)	(1,128)
Cash and cash equivalents at end of the financial year	19	**5,394**	**9,302**	**12,911**

Note:
1 Amount for 2018 includes €140 million of cash inflow on derivative financial instruments for the share buyback related to the first tranche of the mandatory convertible bond that matured during the year.

Notes to the consolidated financial statements

1 Basis of preparation

1. Basis of preparation

This section describes the critical accounting judgements and estimates that management has identified as having a potentially material impact on the Group's consolidated financial statements and sets out our significant accounting policies that relate to the financial statements as a whole. Where an accounting policy is generally applicable to a specific note to the financial statements, the policy is described within that note. We have also detailed below the new accounting pronouncements that we will adopt in future years and our current view of the impact they will have on our financial reporting.

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB') and are also prepared in accordance with IFRS adopted by the European Union ('EU'), the Companies Act 2006 and Article 4 of the EU IAS Regulations. The consolidated financial statements are prepared on a going concern basis.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. A discussion on the Group's critical accounting judgements and key sources of estimation uncertainty is detailed below. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods.

On 1 April 2016, the Group's presentation currency changed from sterling to the euro to better align with the geographic split of the Group's operations.

The results of Vodafone India are presented in results from discontinued operations in the current and prior periods and its assets and liabilities reported in assets and liabilities held for sale, respectively, at 31 March 2018.

Vodafone Group Plc is incorporated and domiciled in England and Wales (registration number 1833679). The registered address of the Company is Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, England.

IFRS requires the Directors to adopt accounting policies that are the most appropriate to the Group's circumstances. These have been applied consistently to all the years presented, unless otherwise stated. In determining and applying accounting policies, Directors and management are required to make judgements in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the Group's reported financial position, results or cash flows; it may later be determined that a different choice may have been more appropriate.

Management regularly reviews, and revises as necessary, the accounting judgements that significantly impact the amounts recognised in the financial statements and the estimates that are considered to be "critical estimates" due to their potential to give rise to material adjustments in the Group's financial statements in the year to 31 March 2019. As at 31 March 2018, management has identified critical judgements in respect of revenue recognition (gross versus net), classification of joint arrangements and whether to recognise a provision or disclose a contingent liability. In addition, management has identified critical accounting estimates in relation to the recovery of deferred tax assets, post employment benefits, and impairments and estimates that are not considered to be critical in respect of the useful economic lives of finite lived intangibles and property, plant and equipment.

Financials

During the year to 31 March 2018, the Group had no significant acquisitions and no disposals of subsidiaries via contribution into joint arrangements, consequently there are no critical estimates disclosed in respect of such transactions. The majority of the Group's provisions are either long term in nature (such as asset retirement obligations) or relate to shorter term liabilities (such as those relating to restructuring and property) where there is not considered to be a significant risk of material adjustment in the next financial year. Provisions for uncertain tax positions are no longer considered a critical estimate as the provision predominantly relates to a large number of immaterial issues across the Group's markets and the risk of a material change in estimate in the next financial year is not considered to be significant. Critical judgements are exercised in respect of tax disputes in India, including the cases relating to our acquisition of Vodafone India.

These critical accounting judgements, estimates and related disclosures have been discussed with the Company's Audit and Risk Committee.

Critical accounting judgements and key sources of estimation uncertainty

Revenue recognition

Gross versus net presentation

When the Group sells goods or services as a principal, income and payments to suppliers are reported on a gross basis in revenue and operating costs. If the Group sells goods or services as an agent, revenue and payments to suppliers are recorded in revenue on a net basis, representing the margin earned. Whether the Group is considered to be the principal or an agent in the transaction depends on analysis by management of both the legal form and substance of the agreement between the Group and its business partners; such judgements impact the amount of reported revenue and operating expenses but do not impact reported assets, liabilities or cash flows.

Taxation

The Group's tax charge on ordinary activities is the sum of the total current and deferred tax charges. The calculation of the Group's total tax charge involves estimation and judgement in respect of certain matters principally:

Recognition of deferred tax assets

Significant items on which the Group has exercised accounting estimation and judgement include the recognition of deferred tax assets in respect of losses in Luxembourg, Germany, Spain and India as well as capital allowances in the United Kingdom.

The recognition of deferred tax assets, particularly in respect of tax losses, is based upon whether management judge that it is probable that there will be sufficient and suitable taxable profits in the relevant legal entity or tax group against which to utilise the assets in the future.

The Group assesses the availability of future taxable profits using the same undiscounted five year forecasts for the Group's operations as are used in the Group's value in use calculations (see "Impairment reviews" on page 108).

Where tax losses are forecast to be recovered beyond the five year period, the availability of taxable profits is assessed using the cash flows and long-term growth rates used for the value in use calculations.

The estimated cash flows inherent in these forecasts include the unsystematic risks of operating in the telecommunications business including the potential impacts of changes in the market structure, trends in customer pricing, the costs associated with the acquisition and retention of customers, future technological evolutions and potential regulatory changes, such as our ability to acquire and/or renew spectrum licences.

Changes in the estimates which underpin the Group's forecasts could have an impact on the amount of future taxable profits and could have a significant impact on the period over which the deferred tax asset would be recovered.

The Group only considers substantively enacted tax laws when assessing the amount and availability of tax losses to offset against the future taxable profits. See note 6 "Taxation" to the consolidated financial statements.

Uncertain tax positions

The tax impact of a transaction or item can be uncertain until a conclusion is reached with the relevant tax authority or through a legal process. The Group uses in-house tax experts when assessing uncertain tax positions and seeks the advice of external professional advisors where appropriate. The most significant judgement in this area relates to the Group's tax disputes in India, including the cases relating to the Group's acquisition of Vodafone India. Further details of these are included in note 29 "Contingent liabilities and legal proceedings" to the consolidated financial statements.

Joint arrangements

The Group participates in a number of joint arrangements where control of the arrangement is shared with one or more other parties. Judgement is required to classify joint arrangements in a separate legal entity as either a joint operation or as a joint venture which depends on management's assessment of the legal form and substance of the arrangement taking into account relevant facts and circumstances such as whether the owners have rights to substantially all the economic outputs and, in substance, settle the liabilities of the entity.

The classification can have a material impact on the consolidated financial statements. The Group's share of assets, liabilities, revenue, expenses and cash flows of joint operations are included in the consolidated financial statements on a line-by-line basis, whereas the Group's investment and share of results of joint ventures are shown within single line items in the consolidated statement of financial position and consolidated income statement respectively. See note 12 "Investments in associates and joint arrangements" to the consolidated financial statements.

Finite lived intangible assets

Other intangible assets include amounts spent by the Group acquiring licences and spectrum, customer bases and the costs of purchasing and developing computer software.

Where intangible assets are acquired through business combinations and no active market for the assets exists, the fair value of these assets is determined by discounting estimated future net cash flows generated by the asset. Estimates relating to the future cash flows and discount rates used may have a material effect on the reported amounts of finite lived intangible assets.

Estimation of useful life

The useful life over which intangible assets are amortised depends on management's estimate of the period over which economic benefit will be derived from the asset. Useful lives are periodically reviewed to ensure that they remain appropriate. Management's estimates of useful life have a material impact on the amount of amortisation recorded in the year, but there is not considered to be a significant risk of material adjustment to the carrying values of intangible assets in the year to 31 March 2019 if these estimates were revised. The basis for determining the useful life for the most significant categories of intangible assets is discussed below.

Customer bases

The estimated useful life principally reflects management's view of the average economic life of the customer base and is assessed by reference to customer churn rates. An increase in churn rates may lead to a reduction in the estimated useful life and an increase in the amortisation charge.

Capitalised software

For computer software, the estimated useful life is based on management's view, considering historical experience with similar products as well as anticipation of future events which may impact their life such as changes in technology. The useful life will not exceed the duration of a licence.

Property, plant and equipment

Property, plant and equipment represents 19.5% (2017: 19.5%) of the Group's total assets; estimates and assumptions made may have a material impact on their carrying value and related depreciation charge. See note 11 "Property, plant and equipment" to the consolidated financial statements for further details.

Estimation of useful life

The depreciation charge for an asset is derived using estimates of its expected useful life and expected residual value, which are reviewed annually. Management's estimates of useful life have a material impact on the amount of depreciation recorded in the year, but there is not considered to be a significant risk of material adjustment to the carrying values of property, plant and equipment in the year to 31 March 2019 if these estimates were revised.

Management determines the useful lives and residual values for assets when they are acquired, based on experience with similar assets and taking into account other relevant factors such as any expected changes in technology.

Notes to the consolidated financial statements (continued)

1. Basis of preparation (continued)

Post employment benefits

Management uses estimates when determining the Group's liabilities and expenses arising for defined benefit pension schemes. Management is required to estimate the future rates of inflation, salary increases, discount rates and longevity of members, each of which may have a material impact on the defined benefit obligations that are recorded. Further details, including a sensitivity analysis, are included in note 25 "Post employment benefits" to the consolidated financial statements.

Contingent liabilities

The Group exercises judgement to determine whether to recognise provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities (see note 29 "Contingent liabilities and legal proceedings" to the consolidated financial statements). Judgement is necessary to assess the likelihood that a pending claim will succeed, or a liability will arise.

Impairment reviews

IFRS requires management to perform impairment tests annually for indefinite lived assets and, for finite lived assets, if events or changes in circumstances indicate that their carrying amounts may not be recoverable.

Impairment testing requires management to judge whether the carrying value of assets can be supported by the net present value of future cash flows that they generate. Calculating the net present value of the future cash flows requires estimates to be made in respect of highly uncertain matters including management's expectations of:

- growth in adjusted EBITDA, calculated as adjusted operating profit before depreciation and amortisation;
- timing and amount of future capital expenditure, licence and spectrum payments;
- long-term growth rates; and
- appropriate discount rates to reflect the risks involved.

Management prepares formal five year forecasts for the Group's operations, which are used to estimate their value in use; a long-term growth rate into perpetuity has been determined as the lower of:

- the nominal GDP growth rates for the country of operation; and
- the long -term compound annual growth rate in adjusted EBITDA in years six to ten estimated by management.

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Group's impairment evaluation and hence reported assets and profits or losses. Further details, including a sensitivity analysis, are included in note 4 "Impairment losses" to the consolidated financial statements.

For discontinued operations, impairment testing requires management to determine whether the carrying value of the discontinued operation can be supported by the fair value less costs to sell. Where not observable in a quoted market, management have determined fair value less costs to sell by reference to the outcomes from the application of a number of potential valuation techniques, determined from inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Significant accounting policies applied in the current reporting period that relate to the financial statements as a whole

Accounting convention

The consolidated financial statements are prepared on a historical cost basis except for certain financial and equity instruments that have been measured at fair value.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company, subsidiaries controlled by the Company (see note 32 "Related undertakings" to the consolidated financial statements) and joint operations that are subject to joint control (see note 12 "Investments in associates and joint arrangements" to the consolidated financial statements).

Foreign currencies

The consolidated financial statements are presented in euro, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences and other changes in the carrying amount of the security. Translation differences are recognised in the income statement and other changes in carrying amount are recognised in the consolidated statement of comprehensive income.

Translation differences on non-monetary financial assets, such as investments in equity securities classified as available-for-sale, are reported as part of the fair value gain or loss and are included in the consolidated statement of comprehensive income.

Share capital, share premium and other capital reserves are initially recorded at the functional currency rate prevailing at the date of the transaction and are not retranslated.

For the purpose of presenting consolidated financial statements, the assets and liabilities of entities with a functional currency other than euro are expressed in euro using exchange rates prevailing at the reporting period date. Income and expense items and cash flows are translated at the average exchange rates for each month and exchange differences arising are recognised directly in other comprehensive income. On disposal of a foreign entity, the cumulative amount previously recognised in the consolidated statement of comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated accordingly.

The net foreign exchange gain recognised in the consolidated income statement for the year ended 31 March 2018 is €295 million (31 March 2017: €637 million loss; 2016: €1,141 million loss). The net gains and net losses are recorded within operating profit (2018: €65 million credit; 2017: €133 million charge; 2016: €24 million credit), non-operating income and expense (2018: €nil; 2017: €nil; 2016: €282 million charge), investment and financing income (2018: €141 million credit; 2017: €505 million charge; 2016: €872 million charge) and income tax expense (2018: €9 million credit; 2017: €1 million credit; 2016: €11 million charge). The foreign exchange gains and losses included within other income and expense and non-operating income and expense arise on the disposal of interests in joint ventures, associates and investments from the recycling of foreign exchange gains previously recognised in the consolidated statement of comprehensive income.

Inventory

Inventory is stated at the lower of cost and net realisable value. Cost is determined on the basis of weighted average costs and comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

New accounting pronouncements adopted on 1 April 2017

On 1 April 2017 the Group adopted the following new accounting policies to comply with amendments to IFRS. The accounting pronouncements, none of which is considered by the Group as significant on adoption, are:

- Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealised Losses";
- Amendments to IAS 7 "Disclosure Initiative"; and
- Amendments to IFRS 12 "Disclosure of Interests in Other Entities" (part of "Improvements to IFRS 2014-2016 cycle").

While the amendments to IAS 7 will have no impact on the Group's accounting, additional disclosures are included to reconcile the movements in assets and liabilities during the year resulting from financing activities.

New accounting pronouncements to be adopted on 1 April 2018

On 1 April 2018 the Group will adopt the following standards, which have been issued by the IASB and endorsed by the EU; these standards will have a significant impact on the Group's financial reporting:

- IFRS 15 "Revenue from Contracts with Customers"; and
- IFRS 9 "Financial Instruments".

Additional information on the impact of these significant standards is discussed below.

The following pronouncements, which have also been issued by the IASB and endorsed by the EU, will be adopted by the Group on 1 April 2018; these standards are not expected to have a material impact on the consolidated results, financial position or cash flows of the Group:

- Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts";
- Amendments to IAS 28 "Investments in Associates and Joint Ventures" (part of "Improvements to IFRS 2014-2016 Cycle");
- Amendments to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"; and
- IFRIC 22 "Foreign Currency Transactions and Advance Consideration".

Notes to the consolidated financial statements (continued)

1. Basis of preparation (continued)

New accounting pronouncements to be adopted on or after 1 April 2019

On 1 April 2019 the Group will adopt IFRS 16 "Leases", which has been issued by the IASB and endorsed by the EU. This is a significant new standard for the Group and the expected impacts are discussed below.

The following pronouncements, which are potentially relevant to the Group, have been issued by the IASB and are effective for annual periods beginning on or after 1 January 2019; except where otherwise noted, they have not yet been endorsed by the EU. The Group's financial reporting will be presented in accordance with these new standards, which are not expected to have a material impact on the consolidated results, financial position or cash flows of the Group, from 1 April 2019.

- Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures";
- IFRIC 23 "Uncertainty over Income Tax Treatments";
- "Improvements to IFRS 2015-2017 Cycle";
- Amendment to IAS 19 "Plan Amendment, Curtailment or Settlement"; and
- Amendments to IFRS 9 "Prepayment Features with Negative Compensation", which has been endorsed by the EU.

In addition, the Group will adopt the following standard, which has been issued by the IASB and has not yet been endorsed by the EU:

- IFRS 17 "Insurance Contracts", which is effective for accounting periods beginning on or after 1 January 2021.

The Group is currently assessing the impact of the accounting changes that will arise under IFRS 17; however, the changes are not expected to have a material impact on the consolidated income statement and consolidated statement of financial position.

IFRS 9 "Financial Instruments"

IFRS 9 "Financial Instruments" was issued in July 2014 to replace IAS 39 "Financial Instruments: Recognition and Measurement" and has been endorsed by the EU. The standard is effective for accounting periods beginning on or after 1 January 2018 and will be adopted by the Group on 1 April 2018.

IFRS 9 will impact the classification and measurement of the Group's financial instruments, revises the requirements for when hedge accounting can be applied and requires certain additional disclosures. The primary changes resulting from IFRS 9 on the Group's accounting for financial instruments are as follows:

- The Group has elected, under IFRS 9, to recognise the full amount of credit losses that would be expected to be incurred over the full recovery period of trade receivables, contract assets recorded under IFRS 15 and finance lease receivables at the date of initial recognition of those assets; currently credit losses are not recognised on such assets until there is an indicator of impairment, such as a payment default.
- Customer receivables that are received in instalments, which are currently recorded at amortised cost, will be recorded at fair value through other comprehensive income for receivable portfolios that the Group sells from time to time to third parties.

Whilst hedge accounting requirements are revised under IFRS 9, no material changes to the Group's hedge accounting have been identified.

The Group will adopt IFRS 9 with the cumulative retrospective impact on the classification and measurement of financial instruments reflected as an adjustment to equity on the date of adoption.

In order to comply with the transition requirements of IFRS 15 the Group will report financial information both under IFRS 15 and also under the pre-existing revenue standard (IAS 18, Revenue) for the year commencing 1 April 2018. The Group's current estimate of the primary financial impact of adoption of IFRS 9 on an IAS 18 accounting basis on the consolidated statement of financial position on adoption is a reduction in cumulative retained earnings at 1 April 2018 of between €200 million and €300 million, inclusive of the impact of deferred tax movements but excluding the impact on equity accounted joint ventures and associates.

No material impact is expected from implementing IFRS 9 on an IAS 18 basis on the consolidated income statement or on the consolidated statement of cash flows.

IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 "Revenue from Contracts with Customers", was issued in May 2014 and subsequent amendments, "Clarifications to IFRS 15" were issued in April 2016; both have been endorsed by the EU. IFRS 15, as amended, is effective for accounting periods beginning on or after 1 January 2018. IFRS 15 sets out the requirements for recognising revenue and costs from contracts with customers and includes extensive disclosure requirements; it will have a material impact on the Group's reporting of revenue and costs as follows:

- Deliverables in contracts with customers that qualify as separate "performance obligations" will be identified and the contractual transaction price receivable from customers must then be allocated to the performance obligations on a relative standalone selling price basis. The performance obligations identified will depend on the nature of individual customer contracts, but might typically be identified for mobile handsets, other equipment provided to customers and for services provided to customers such as mobile and fixed line. Stand-alone selling prices will be based on observable sales prices; however, where stand-alone selling prices are not directly observable, estimates will be made maximising the use of observable inputs. Revenue will be recognised either at a point in time or over time when the respective performance obligations in a contract are delivered to the customer.
- Currently revenue allocated to deliverables is restricted to the amount that is receivable without the delivery of additional goods or services; this restriction will no longer be applied under IFRS 15. The primary impact on revenue reporting will be that when the Group sells subsidised devices together with airtime service agreements to customers, revenue allocated to equipment and recognised at contract inception, when control of the device typically passes to the customer, will increase and revenue subsequently recognised as services are delivered during the contract period will reduce. Where additional up-front unbilled revenue is recorded for the sale of devices, this will be reflected in the consolidated statement of financial position as a contract asset.
- Expected credit losses will be recorded in respect of amounts due from customers. The recognition of contract assets under IFRS 15 will result in an increase in credit loss charges recorded in future periods.
- Certain incremental costs incurred in acquiring a contract with a customer will be deferred on the consolidated statement of financial position and amortised as revenue is recognised under the related contract; this will generally lead to the later recognition of charges for some commissions payable to third party dealers and employees. In addition, certain types of contract acquisition costs will be deducted from revenue as they are considered to relate to the funding of customer discounts.
- In addition certain costs incurred in fulfilling customer contracts will be deferred on the consolidated statement of financial position and recognised as related revenue is recognised under the contract. Such deferred costs are likely to relate to the provision of deliverables to customers that do not qualify as performance obligations and for which revenue is not recognised; currently such costs are generally expensed as incurred.

The impact of the changes above on the Group's reportable segments will depend largely on the extent to which customers receive discounted goods or services, such as mobile handsets, when they enter into airtime service agreements with the Group in the relevant markets. The combined impact of the changes is expected to increase the gross profit, or reduce the gross loss, recorded at inception on many customer contracts; in such cases, this will typically reduce the gross profit reported during the remainder of the contract; however, these timing differences will not impact the total gross profit reported for a customer contract over the contract term.

In applying IFRS 15, and in determining the accounting impacts described above, the Group will be required to make material judgements. The most significant judgements are expected to be:

- Determining standalone selling price for allocating revenue between performance obligations where contracts contain multiple performance obligations. Judgement will be required to determine whether a standalone selling price exists and if no standalone price exists estimation will be required to determine the appropriate revenue allocation.
- Judgements relating to the reporting of revenue and costs on a gross or net basis, which are consistent with those required under IAS 18 described in section "Critical accounting judgements and key areas of estimation uncertainty" on page 106.

The Group will adopt IFRS 15 with the cumulative retrospective impact reflected as an adjustment to equity on the date of adoption; and with disclosure of the impact of IFRS 15 on each line item in the financial statements in the reporting period.

The transactions impacted by IFRS 15 are high in volume, value and complexity which has necessitated a phased approach to the development of new software solutions and changes to processes and related controls across the Group. The items discussed above are the main accounting changes for the Group under IFRS 15. The Group's current estimate of the primary financial impact of these changes on the consolidated statement of financial position on adoption is a cumulative increase in:

- Retained earnings at 1 April 2018 of between €2.1 billion and €2.8 billion, inclusive of the impact of deferred tax movements and including the impact of adopting IFRS 9 but excluding the impact on equity accounted joint ventures and associates. The primary movements contributing to the increase in retained earnings are the recognition of contract assets and the deferral of previously expensed contract acquisition costs.

On the assumption that there are no significant changes to business models or products offered, the Group expects the primary financial impacts of these changes on the consolidated income statement will be:

- A reduction in revenue which is currently estimated at between 2% and 3%; and
- A reduction in the share of total revenue recorded as service revenue by between 2.5 and 4.5 percentage points primarily as a result of an increased allocation of customer receipts to up-front equipment revenue and of the impact of the revenue reduction noted above.

Notes to the consolidated financial statements (continued)

1. Basis of preparation (continued)

The implementation of IFRS 15 is not expected to have any financial impact on the consolidated statement of cash flows.

These impacts are based on the assessments undertaken to date. The exact financial impacts of the accounting changes of adopting IFRS 15 at 1 April 2018 may be revised as further analysis is completed prior to presentation of financial information for periods including the date of initial application. The Group expects to be in a position to issue further guidance on the impact of adopting IFRS 15 in conjunction with the first quarter trading update for the financial year commencing 1 April 2018.

IFRS 16 "Leases"

IFRS 16 "Leases" was issued in January 2016 to replace IAS 17 "Leases" and has been endorsed by the EU. The standard is effective for accounting periods beginning on or after 1 January 2019 and will be adopted by the Group on 1 April 2019.

IFRS 16 will primarily change lease accounting for lessees; lease agreements will give rise to the recognition of an asset representing the right to use the leased item and a loan obligation for future lease payables. Lease costs will be recognised in the form of depreciation of the right to use asset and interest on the lease liability. Lessee accounting under IFRS 16 will be similar in many respects to existing IAS 17 accounting for finance leases, but will be substantively different to existing accounting for operating leases where rental charges are currently recognised on a straight-line basis and no lease asset or related lease creditor is recognised.

Lessor accounting under IFRS 16 is similar to existing IAS 17 accounting and is not expected to have a material impact for the Group.

The Group is assessing the impact of the accounting changes that will arise under IFRS 16; however, the following changes to lessee accounting will have a material impact as follows:

- Right-of-use assets will be recorded for assets that are leased by the Group; currently no lease assets are included on the Group's consolidated statement of financial position for operating leases.
- Liabilities will be recorded for future lease payments in the Group's consolidated statement of financial position for the "reasonably certain" period of the lease, which may include future lease periods for which the Group has extension options. Currently liabilities are generally not recorded for future operating lease payments, which are disclosed as commitments. The amount of lease liabilities will not equal the lease commitments reported on 31 March 2019, as they will be discounted to present value and the treatment of termination and extension options may differ, but may not be dissimilar.
- Lease expenses will be for depreciation of right-of-use assets and interest on lease liabilities; interest will typically be higher in the early stages of a lease and reduce over the term. Currently operating lease rentals are expensed on a straight-line basis over the lease term within operating expenses.
- Operating lease cash flows are currently included within operating cash flows in the consolidated statement of cash flows; under IFRS 16 these will be recorded as cash flows from financing activities reflecting the repayment of lease liabilities (borrowings) and related interest.

A high volume of transactions will be impacted by IFRS 16 and material judgements are required in identifying and accounting for leases. The most significant judgement is expected to be determination of the lease term; under IFRS 16 the lease term includes extension periods where it is reasonably certain that a lease extension option will be exercised or that a lease termination option will not be exercised. Significant judgement will be required when determining the lease term of leases with extension or termination options.

The Group is continuing to assess the impact of the accounting changes that will arise under IFRS 16 and cannot yet reasonably quantify the impact; however, the changes highlighted above will have a material impact on the consolidated income statement, consolidated statement of financial position and consolidated statement of cash flows after the Group's adoption on 1 April 2019.

The Group intends to adopt IFRS 16 with the cumulative retrospective impact as an adjustment to equity on the date of adoption. The Group currently intends to apply the following practical expedients allowed under IFRS 16:

- The right-of-use assets will, generally, be measured at an amount equal to the lease liability at adoption and initial direct costs incurred when obtaining leases will be excluded from this measurement;
- The Group will rely on its onerous lease assessments under IAS 37 to impair right-of-use assets recognised on adoption instead of performing a new impairment assessment for those assets on adoption; and

– Hindsight will be used in determining the lease term.

2. Segmental analysis

The Group's businesses are managed on a geographical basis. Selected financial data is presented on this basis below.

The Group's operating segments are established on the basis of those components of the Group that are evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Group has a single group of related services and products, being the supply of communications services and products. Revenue is attributed to a country or region based on the location of the Group company reporting the revenue. Transactions between operating segments are charged at arm's-length prices.

Segment information is provided on the basis of geographic areas, being the basis on which the Group manages its worldwide interests, with each country in which the Group operates treated as an operating segment. The aggregation of operating segments into the Europe and AMAP regions reflects, in the opinion of management, the similar economic characteristics within each of those regions as well the similar products and services offered and supplied, classes of customers and the regulatory environment. In the case of the Europe region this largely reflects membership of the European Union, while for the AMAP region this largely includes emerging and developing economies that are in the process of rapid growth and industrialisation.

Certain financial information is provided separately within the Europe region for Germany, Italy, the UK and Spain, and within the AMAP region for India and Vodacom, as these operating segments are individually material for the Group. The segmental revenue and profit of India are included in discontinued operations for all years reported and segmental assets and cash flows are included in assets and liabilities held for sale at 31 March 2018 and 31 March 2017. See note 7 "Discontinued operations and assets and liabilities held for resale" for details.

Accounting policies

Revenue

Revenue is recognised to the extent the Group has delivered goods or rendered services under an agreement, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group. Revenue is measured at the fair value of the consideration receivable, exclusive of sales taxes and discounts.

The Group principally obtains revenue from providing mobile and fixed telecommunication services including: access charges, voice and video calls, messaging, interconnect fees, fixed and mobile broadband and related services such as providing televisual and music content, connection fees and equipment sales. Products and services may be sold separately or in bundled packages.

Revenue for access charges, voice and video calls, messaging and fixed and mobile broadband provided to contract customers is recognised as services are performed, with unbilled revenue resulting from services already provided accrued at the end of each period and unearned revenue from services to be provided in future periods deferred. Revenue from the sale of prepaid credit is deferred until such time as the customer uses the airtime, or the credit expires.

Revenue from interconnect fees is recognised at the time the services are performed.

Revenue for the provision of televisual and music content is recognised when or as the Group performs the related service and, depending on the nature of the service, is recognised either at the gross amount billed to the customer or the amount receivable by the Group as commission for facilitating the service.

Customer connection revenue is recognised together with the related equipment revenue to the extent that the aggregate equipment and connection revenue does not exceed the fair value of the equipment delivered to the customer. Any customer connection revenue not recognised, together with any related excess equipment revenue, is deferred and recognised over the period in which services are expected to be provided to the customer.

Revenue for device sales is recognised when the device is delivered to the end customer and the significant risks and rewards of ownership have transferred. For device sales made to intermediaries, revenue is recognised if the significant risks associated with the device are transferred to the intermediary and the intermediary has no general right to return the device to receive a refund. If the significant risks are not transferred, revenue recognition is deferred until sale of the device to an end customer by the intermediary or the expiry of any right of return.

In revenue arrangements including more than one deliverable, the arrangements are divided into separate units of accounting. Deliverables are considered separate units of accounting if the following two conditions are met: (i) the deliverable has value to the customer on a stand-alone basis and (ii) there is evidence of the fair value of the item. The arrangement consideration is allocated to each separate unit of accounting based on its relative fair value. The Group generally determines the fair value of individual elements based on prices at which the deliverable is regularly sold on a stand-alone basis after considering any appropriate volume discounts. Revenue allocated to deliverables is restricted to the amount that is receivable without the delivery of additional goods or services. This restriction typically applies to revenue recognised for devices provided to customers, including handsets.

Commissions

Intermediaries are given cash incentives by the Group to connect new customers and upgrade existing customers.

For intermediaries who do not purchase products and services from the Group, such cash incentives are accounted for as an expense. Such cash incentives to other intermediaries are also accounted for as an expense if:

- the Group receives an identifiable benefit in exchange for the cash incentive that is separable from sales transactions to that intermediary; and
- the Group can reliably estimate the fair value of that benefit.

Cash incentives that do not meet these criteria are recognised as a reduction of the related revenue.

Notes to the consolidated financial statements (continued)

2. Segmental analysis (continued)

Segmental revenue and profit

	Segment revenue £m	Intra-region revenue £m	Regional revenue £m	Inter-region revenue £m	Group revenue £m	Adjusted EBITDA £m
31 March 2018						
Germany	10,847	(29)	10,818	(18)	10,800	4,010
Italy	6,204	(30)	6,174	(3)	6,171	2,329
UK	7,078	(21)	7,057	(7)	7,050	1,762
Spain	4,978	(35)	4,943	(2)	4,941	1,420
Other Europe	4,941	(45)	4,896	(10)	4,886	1,515
Europe	**34,048**	**(160)**	**33,888**	**(40)**	**33,848**	**11,036**
Vodacom	5,692	–	5,692	(7)	5,685	2,203
Other AMAP	5,770	–	5,770	(25)	5,745	1,554
AMAP	**11,462**	**–**	**11,462**	**(32)**	**11,430**	**3,757**
Common Functions	1,408	–	1,408	(115)	1,293	(56)
Group	**46,918**	**(160)**	**46,758**	**(187)**	**46,571**	**14,737**
31 March 2017						
Germany	10,600	(32)	10,568	(21)	10,547	3,617
Italy	6,101	(30)	6,071	(1)	6,070	2,229
UK	6,925	(23)	6,902	(6)	6,896	1,212
Spain	4,973	(37)	4,936	(1)	4,935	1,360
Other Europe	6,128	(55)	6,073	(5)	6,068	1,865
Europe	**34,727**	**(177)**	**34,550**	**(34)**	**34,516**	**10,283**
Vodacom	5,294	–	5,294	–	5,294	2,063
Other AMAP	6,479	–	6,479	(14)	6,465	1,791
AMAP	**11,773**	**–**	**11,773**	**(14)**	**11,759**	**3,854**
Common Functions	1,390	–	1,390	(34)	1,356	12
Group	**47,890**	**(177)**	**47,713**	**(82)**	**47,631**	**14,149**
31 March 2016						
Germany	10,626	(36)	10,590	(9)	10,581	3,462
Italy	6,008	(22)	5,986	(1)	5,985	2,015
UK	8,428	(18)	8,410	(9)	8,401	1,756
Spain	4,959	(27)	4,932	(2)	4,930	1,250
Other Europe	6,599	(55)	6,544	(4)	6,540	2,002
Europe	**36,620**	**(158)**	**36,462**	**(25)**	**36,437**	**10,485**

Vodacom	5,325	–	5,325	–	5,325	2,028
Other AMAP	6,566	–	6,566	(20)	6,546	1,678
AMAP	**11,891**	**–**	**11,891**	**(20)**	**11,871**	**3,706**
Common Functions	1,567	–	1,567	(65)	1,502	(36)
Group	**50,078**	**(158)**	**49,920**	**(110)**	**49,810**	**14,155**

Total revenue recorded in respect of the sale of goods for the year ended 31 March 2018 was €4,718 million (2017: €4,029 million, 2016: €4,472 million).

The Group's measure of segment profit, adjusted EBITDA, excludes depreciation, amortisation, impairment loss, restructuring costs, loss on disposal of fixed assets, the Group's share of results in associates and joint ventures and other income and expense. A reconciliation of adjusted EBITDA to operating profit is shown overleaf. For a reconciliation of operating profit to profit for the financial year, see the Consolidated income statement on page 102.

	2018 €m	2017 €m	2016 €m
Adjusted EBITDA	**14,737**	**14,149**	**14,155**
Depreciation, amortisation and loss on disposal of fixed assets	(9,910)	(10,179)	(10,386)
Share of adjusted results in equity accounted associates and joint ventures[1]	389	164	60
Adjusted operating profit	**5,216**	**4,134**	**3,829**
Impairment losses	–	–	(569)
Restructuring costs	(156)	(415)	(316)
Amortisation of acquired customer based and brand intangible assets	(974)	(1,046)	(1,338)
Other income/(expense)	213	1,052	(286)
Operating profit	**4,299**	**3,725**	**1,320**

Note:
1 Excludes amortisation of acquired customer bases and brand intangible assets of €0.4 billion (2017: €0.1 billion, 2016: €nil).

Segmental assets and cash flow

	Non-current assets[1] €m	Capital expenditure[2] €m	Other expenditure on intangible assets €m	Depreciation and amortisation €m	Impairment loss €m	Operating free cash flow[3] €m
31 March 2018						
Germany	25,444	1,673	24	3,095	–	2,147
Italy	9,232	797	629	1,479	–	1,607
UK	7,465	889	–	1,600	–	408
Spain	10,576	863	–	1,371	–	628
Other Europe	7,441	710	93	1,092	–	788
Europe	**60,158**	**4,932**	**746**	**8,637**	**–**	**5,578**
Vodacom	5,841	763	1	776	–	1,453
Other AMAP	3,607	729	–	923	–	725
AMAP	**9,448**	**1,492**	**1**	**1,699**	**–**	**2,178**
Common Functions	1,976	897	–	73	–	(755)
Group	**71,582**	**7,321**	**747**	**10,409**	**–**	**7,001**
31 March 2017						
Germany	26,694	1,671	–	3,320	–	1,749
Italy	9,157	793	2	1,603	–	1,161
UK	8,210	950	–	1,768	–	57

Spain	11,035	746	–	1,378	–	344
Other Europe	7,574	878	38	1,088	–	619
Europe	**62,670**	**5,038**	**40**	**9,157**	**–**	**3,930**
Vodacom	6,039	736	2	738	–	1,347
Other AMAP	5,778	795	317	1,153	–	947
AMAP	**11,817**	**1,531**	**319**	**1,891**	–	**2,294**
Common Functions	1,937	915	–	38	–	(597)
Group	**76,424**	**7,484**	**359**	**11,086**	**–**	**5,627**
31 March 2016						
Germany	28,210	2,362	2,081	3,330	–	866
Italy	9,799	1,516	232	1,668	–	496
UK	9,496	1,210	141	1,902	–	334
Spain	11,569	1,178	491	1,446	–	(149)
Other Europe	7,568	1,372	8	1,371	(569)	546
Europe	**66,642**	**7,638**	**2,953**	**9,717**	**(569)**	**2,093**
India	13,474	1,102	3,751	–	–	–
Vodacom	5,290	847	23	725	–	1,071
Other AMAP	6,806	1,173	814	1,170	–	503
AMAP	**25,570**	**3,122**	**4,588**	**1,895**	–	**1,574**
Common Functions	1,867	901	–	85	–	(459)
Group	**94,079**	**11,661**	**7,541**	**11,697**	**(569)**	**3,208**

Notes:
1 Comprises goodwill, other intangible assets and property, plant and equipment.
2 Includes additions to property, plant and equipment and computer software, reported within intangibles. Excludes licences and spectrum additions.
3 The Group's measure of segment cash flow is reconciled to the closest equivalent GAAP measure cash generated by operations, on pages 207 and 208.

Notes to the consolidated financial statements (continued)

3. Operating profit

Detailed below are the key amounts recognised in arriving at our operating profit

	2018 €m	2017 €m	2016 €m
Net foreign exchange (gains)/losses[1]	(65)	133	(24)
Depreciation of property, plant and equipment (note 11):			
Owned assets	5,963	6,253	6,333
Leased assets	47	12	45
Amortisation of intangible assets (note 10)	4,399	4,821	5,319
Impairment of goodwill in subsidiaries, associates and joint arrangements (note 4)	–	–	569
Staff costs (note 24)	5,295	5,519	5,804
Amounts related to inventory included in cost of sales	6,045	6,464	7,739
Operating lease rentals payable	3,788	3,976	2,464
Loss on disposal of property, plant and equipment and intangible assets	36	22	27
Own costs capitalised attributable to the construction or acquisition of property, plant and equipment	(829)	(800)	(764)
Net gain on formation of VodafoneZiggo (note 27)[2]	–	(1,275)	–

Notes:
1 The year ended 31 March 2018 included €80 million credit (2017: €127 million charge) reported in other income and expense in the consolidated income statement.
2 Reported in other income and expense in the consolidated income statement.

The total remuneration of the Group's auditors, PricewaterhouseCoopers LLP and other member firms of PricewaterhouseCoopers International Limited, for services provided to the Group during the year ended 31 March 2018 is analysed below.

	2018 €m	2017 €m	2016 €m
Parent company	2	2	2
Subsidiaries	14	13	13
Subsidiaries – new accounting standards[1]	5	1	–
Audit fees:	**21**	**16**	**15**
Audit-related fees[2]	5	4	2
Non-audit fees:	**5**	**4**	**2**

Total fees	**26**	20	17

Notes:
1 Includes fees in respect of audit procedures in relation to the forthcoming implementation of IFRS 15 "Revenue from Contracts with Customers" and IFRS 16 "Leases".
2 Relates to fees for statutory and regulatory filings. The amount for the year ended 31 March 2018 includes non-recurring fees that were incurred during the preparations for a potential IPO of Vodafone New Zealand and the merger of Vodafone India and Idea Cellular. The amount for the year ended 31 March 2017 primarily arose from work on regulatory filings prepared in anticipation of a potential IPO of Vodafone India that was under consideration prior to the agreement for the merger of Vodafone India and Idea Cellular.

A description of the work performed by the Audit and Risk Committee in order to safeguard auditor independence when non-audit services are provided is set out in the Audit and Risk Committee report on pages 64 to 69.

4. Impairment losses

Impairment occurs when the carrying value of assets is greater than the present value of the net cash flows they are expected to generate. We review the carrying value of assets for each country in which we operate at least annually. For further details of our impairment review process see "Critical accounting judgements and key sources of estimation uncertainty" in note 1 "Basis of preparation" to the consolidated financial statements.

Accounting policies

Goodwill

Goodwill is not subject to amortisation but is tested for impairment annually or whenever there is an indication that the asset may be impaired.

For the purpose of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows, known as cash-generating units. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Impairment losses recognised for goodwill are not reversible in subsequent periods.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

The Group prepares and approves formal five year management plans for its operations, which are the basis for the value in use calculations.

Property, plant and equipment and finite lived intangible assets

At each reporting period date, the Group reviews the carrying amounts of its property, plant and equipment and finite lived intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount and an impairment loss is recognised immediately in the income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years and an impairment loss reversal is recognised immediately in the income statement.

Impairment losses

Following our annual impairment review, the impairment charges recognised in the consolidated income statement within operating profit in respect of goodwill are stated below. The impairment losses were based on value in use calculations.

Cash-generating unit	Reportable segment	2018 €m	2017 €m	2016 €m
Romania	Other Europe	–	–	569
		–	–	569

For the year ended 31 March 2018, the Group recorded a non-cash charge of €3,170 million (€2,245 million net of tax), included in discontinued operations, as a result of the re-measurement of Vodafone India's fair value less costs of disposal. See note 7 "Discontinued operations and assets and liabilities held for sale" for further details.

For the year ended 31 March 2017, the Group recorded a non-cash impairment charge of €4,515 million in respect of the Group's investment in India which, together with the recognition of an associated €840 million deferred tax asset, led to an overall €3,675 million reduction in the carrying value of Vodafone India, the results of which are included in discontinued operations (see note 7 "Discontinued operations and assets and liabilities held for sale") for further details.

Goodwill

The remaining carrying value of goodwill at 31 March was as follows:

	2018 €m	2017 €m
Germany	12,479	12,479
Italy	3,654	3,654
Spain	3,814	3,814
	19,947	19,947
Other	6,787	6,861
	26,734	26,808

Notes to the consolidated financial statements (continued)

4. Impairment losses (continued)

Key assumptions used in the value in use calculations

The key assumptions used in determining the value in use are:

Assumption	How determined
Projected adjusted EBITDA	Projected adjusted EBITDA has been based on past experience adjusted for the following: – voice and messaging revenue is expected to benefit from increased usage from new customers, especially in emerging markets, the introduction of new services and traffic moving from fixed networks to mobile networks, though these factors will be offset by increased competitor activity, which may result in price declines, and the trend of falling termination and other regulated rates; – non-messaging data revenue is expected to continue to grow as the penetration of 3G (plus 4G where available) enabled devices and smartphones rise along with higher data bundle attachment rates, and new products and services are introduced; and – margins are expected to be impacted by negative factors such as the cost of acquiring and retaining customers in increasingly competitive markets and the expectation of further termination rate cuts by regulators and by positive factors such as the efficiencies expected from the implementation of Group initiatives.
Projected capital expenditure	The cash flow forecasts for capital expenditure are based on past experience and include the ongoing capital expenditure required to roll out networks in emerging markets, to provide voice and data products and services and to meet the population coverage requirements of certain of the Group's licences. Capital expenditure includes cash outflows for the purchase of property, plant and equipment and computer software.
Projected licence and spectrum payments	The cash flow forecasts for licence and spectrum payments for each operating company for the initial five years include amounts for expected renewals and newly available spectrum. Beyond that period, a long-run cost of spectrum is assumed.
Long-term growth rate	For businesses where the five year management plans are used for the Group's value in use calculations, a long-term growth rate into perpetuity has been determined as the lower of:

	growth rate into perpetuity has been determined as the lower of: – the nominal GDP rates for the country of operation; and – the long-term compound annual growth rate in adjusted EBITDA in years six to ten estimated by management.
Pre-tax risk adjusted discount rate	The discount rate applied to the cash flows of each of the Group's operations is generally based on the risk free rate for ten year bonds issued by the government in the respective market. Where government bond rates contain a material component of credit risk, high-quality local corporate bond rates may be used. These rates are adjusted for a risk premium to reflect both the increased risk of investing in equities and the systematic risk of the specific Group operating company. In making this adjustment, inputs required are the equity market risk premium (that is the required increased return required over and above a risk free rate by an investor who is investing in the market as a whole) and the risk adjustment, beta, applied to reflect the risk of the specific Group operating company relative to the market as a whole. In determining the risk adjusted discount rate, management has applied an adjustment for the systematic risk to each of the Group's operations determined using an average of the betas of comparable listed mobile telecommunications companies and, where available and appropriate, across a specific territory. Management has used a forward-looking equity market risk premium that takes into consideration both studies by independent economists, the average equity market risk premium over the past ten years and the market risk premiums typically used by investment banks in evaluating acquisition proposals.

Financials

Overview

Year ended 31 March 2018

The table below shows key assumptions used in the value in use calculations.

	Assumptions used in value in use calculation			
	Germany %	Spain %	Italy %	Romania %
Pre-tax adjusted discount rate	8.3	9.7	10.4	9.8
Long-term growth rate	0.5	1.5	1.0	1.5
Projected adjusted EBITDA[1]	3.7	5.9	(2.6)	2.6
Projected capital expenditure[2]	16.6–18.8	16.8–17.4	12.1–13.3	11.9–14.6

Notes:
1 Projected adjusted EBITDA is expressed as the compound annual growth rates in the initial five years for all cash-generating units of the plans used for impairment testing.
2 Projected capital expenditure, which excludes licences and spectrum, is expressed as capital expenditure as a percentage of revenue in the initial five years for all cash-generating units of the plans used for impairment testing.

Sensitivity analysis

Other than as disclosed below, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of any cash-generating unit to materially exceed its recoverable amount.

The estimated recoverable amount of the Group's operations in Germany, Spain and Romania exceed their carrying values by €7.7 billion, €0.3 billion and €nil respectively . The changes in the following table to assumptions used in the impairment review would, in isolation, lead to an impairment loss being recognised for the year ended 31 March 2018.

Strategic Report

	Change required for carrying value to equal recoverable amount		
	Germany pps	Spain pps	Romania pps
Pre-tax risk adjusted discount rate	2.0	0.2	0.1
Long-term growth rate	(2.3)	(0.2)	(0.1)
Projected adjusted EBITDA[1]	(3.3)	(0.3)	(0.1)
Projected capital expenditure[2]	16.3	1.4	0.4

Notes:
1 Projected adjusted EBITDA is expressed as the compound annual growth rates in the initial five years for all cash-generating units of the plans used for impairment testing.
2 Projected capital expenditure, which excludes licences and spectrum, is expressed as capital expenditure as a percentage of revenue in the initial five years for all cash-generating units of the plans used for impairment testing.

The carrying values for Vodafone UK, Portugal, Ireland and Czech Republic include goodwill arising from their acquisition by the Group and/or the purchase of operating licences or spectrum rights. While the recoverable amounts for these operating companies are not materially greater than their carrying value, each has a lower risk of giving rise to impairment that would be material to the Group given their relative size or the composition of their carrying value. The changes in the following table to assumptions used in the impairment review would have, in isolation, led to an impairment loss being recognised in the year ended 31 March 2018.

	Change required for carrying value to equal recoverable amount			
	UK pps	Ireland pps	Portugal pps	Czech Republic pps
Pre-tax risk adjusted discount rate	0.5	0.6	1.0	3.1
Long-term growth rate	(0.6)	(0.7)	(1.1)	(4.0)
Projected adjusted EBITDA[1]	(0.8)	(1.0)	(1.5)	(4.0)
Projected capital expenditure[2]	3.2	4.2	6.4	16.9

Notes:
1 Projected adjusted EBITDA is expressed as the compound annual growth rates in the initial five years for all cash-generating units of the plans used for impairment testing.
2 Projected capital expenditure, which excludes licences and spectrum, is expressed as capital expenditure as a percentage of revenue in the initial five years for all cash-generating units of the plans used for impairment testing.

Following the recent merger, the recoverable amount for VodafoneZiggo is not materially greater than its carrying value. If adverse impacts of economic, competitive, regulatory or other factors were to cause significant deterioration in the operations of VodafoneZiggo and the entity's expected future cash flows, this may lead to an impairment loss being recognised.

Notes to the consolidated financial statements (continued)

4. Impairment losses (continued)

Year ended 31 March 2017

During the year ended 31 March 2017, Vodafone India was classified as a discontinued operation and was consequently valued at fair value less costs of disposal. Vodafone India's fair value less costs of disposal was not observable in a quoted market and accordingly was determined with reference to the outcomes from the application of a number of potential valuation techniques, which were considered to result in a "level 2" valuation[1]. As such significant judgement was required and involved the use of estimates. The two bases of valuation which were given the strongest weighting in the overall assessment of fair value are set out below. Fair value less costs of disposal excluding net debt was assessed to be INR 971 billion, equivalent to €14.0 billion. See note 7 "Discontinued operations and assets and liabilities held for sale" for further details.

- The contracted cash price for the sale of a portion of the entity to the Aditya Birla Group as part of the planned disposal of Vodafone India, adjusted for the agreed level of debt which is an observable price relating to Vodafone India; and
- The share price of Idea Cellular prior to the announcement of the plan to dispose of Vodafone India and participate with Idea Cellular in the planned jointly controlled entity, adjusted for transaction specific factors. Idea Cellular equity shares are the primary component of the consideration for Vodafone India to be received by the Group, and the value of the Idea Cellular shares has been adjusted to reflect 50% of the

estimated cost synergies that management expects to be realised by the jointly controlled entity. A 10% increase or reduction in the expected cost synergies included in this determination of fair value would result in a €220 million increase or reduction, respectively, in the fair value less costs of disposal of Vodafone India calculated using this approach.

Note:
1 Level 2 classification comprises items where fair value is determined from inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

The table below shows key assumptions used in the value in use calculations.

	Assumptions used in value in use calculation			
	Germany %	Spain %	Italy %	Romania %
Pre-tax adjusted discount rate	8.4	9.7	10.3	9.0
Long-term growth rate	0.5	1.5	1.0	1.0
Projected adjusted EBITDA[1]	3.0	7.9	(0.8)	0.1
Projected capital expenditure[2]	14.9–16.5	14.3–15.8	12.7–14.2	12.6–15.9

Notes:
1 Projected adjusted EBITDA is expressed as the compound annual growth rates in the initial five years for all cash-generating units of the plans used for impairment testing.
2 Projected capital expenditure, which excludes licences and spectrum, is expressed as capital expenditure as a percentage of revenue in the initial five years for all cash-generating units of the plans used for impairment testing.

Sensitivity analysis

Other than as disclosed below, management believed that no reasonably possible change in any of the above key assumptions would cause the carrying value of any cash-generating unit to materially exceed its recoverable amount.

The estimated recoverable amount of the Group's operations in Germany, Spain and Romania exceed their carrying values by €3.5 billion, €1.0 billion and €0.2 billion respectively. The changes in the following table to assumptions used in the impairment review would, in isolation, lead to an impairment loss being recognised for the year ended 31 March 2017.

	Change required for carrying value to equal recoverable amount		
	Germany pps	Spain pps	Romania pps
Pre-tax risk adjusted discount rate	0.9	0.6	1.5
Long-term growth rate	(1.0)	(0.7)	(1.7)
Projected adjusted EBITDA[1]	(1.6)	(1.1)	(1.9)
Projected capital expenditure[2]	7.6	4.4	7.1

Notes:
1 Projected adjusted EBITDA is expressed as the compound annual growth rates in the initial five years for all cash-generating units of the plans used for impairment testing.
2 Projected capital expenditure, which excludes licences and spectrum, is expressed as capital expenditure as a percentage of revenue in the initial five years for all cash-generating units of the plans used for impairment testing.

The carrying values for Vodafone UK, Portugal, Ireland and Czech Republic include goodwill arising from their acquisition by the Group and/ or the purchase of operating licences or spectrum rights. While the recoverable amounts for these operating companies were not materially greater than their carrying value, each had a lower risk of giving rise to impairment that would be material to the Group given their relative size or the composition of their carrying value. The changes in the following table to assumptions used in the impairment review would have, in isolation, led to an impairment loss being recognised in the year ended 31 March 2017:

	Change required for carrying value to equal recoverable amount			
	UK pps	Ireland pps	Portugal pps	Czech Republic pps
Pre-tax risk adjusted discount rate	0.5	0.8	0.6	2.1
Long-term growth rate	(0.6)	(0.9)	(0.6)	(2.4)
Projected adjusted EBITDA[1]	(0.8)	(1.2)	(0.9)	(2.8)
Projected capital expenditure[2]	3.2	4.3	3.9	12.0

Notes:
1 Projected adjusted EBITDA is expressed as the compound annual growth rates in the initial five years for all cash-generating units of the plans used for impairment testing.
2 Projected capital expenditure, which excludes licences and spectrum, is expressed as of capital expenditure as a percentage of revenue in the initial five years for all cash-generating units of the plans used for impairment testing.

Financials

Overview

Year ended 31 March 2016

During the year ended 31 March 2016 impairment charges of €569 million were recorded in respect of the Group's investments in Romania. The impairment charge related solely to goodwill. The recoverable amount of Romania was €0.9 billion.

The impairment charges were driven by lower projected cash flows within the business plans resulting in our reassessment of expected future business performance in the light of the current trading environment.

The table below shows key assumptions used in the value in use calculations.

	Assumptions used in value in use calculation		
	Romania %	Germany %	Spain %
Pre-tax risk adjusted discount rate	9.7	8.2	9.7

Long-term growth rate	1.0	0.5	1.5
Projected adjusted EBITDA[1]	(0.3)	3.1	8.8
Projected capital expenditure[2]	11.5–18.8	14.5–15.6	11.2–19.7

Notes:
1 Projected adjusted EBITDA is expressed as the compound annual growth rates in the initial five years for all cash-generating units of the plans used for impairment testing.
2 Projected capital expenditure, which excludes licences and spectrum, is expressed as capital expenditure as a percentage of revenue in the initial five years for all cash-generating units of the plans used for impairment testing.

Sensitivity analysis

Other than as disclosed below, management believed that no reasonably possible change in any of the above key assumptions would cause the carrying value of any cash-generating unit to materially exceed its recoverable amount.

The estimated recoverable amounts of the Group's operations in Romania, Germany and Spain were equal to, or not materially greater than, their carrying values; consequently, any adverse change in key assumptions would, in isolation, cause a further impairment loss to be recognised. The estimated recoverable amounts of the Group's operations in Germany and Spain exceeded their carrying values by €2.0 billion and €1.0 billion respectively.

	Change required for carrying value to equal the recoverable amount	
	Germany pps	Spain pps
Pre-tax risk adjusted discount rate	0.5	0.6
Long-term growth rate	(0.5)	(0.8)
Projected adjusted EBITDA[1]	(0.9)	(1.2)
Projected capital expenditure[2]	4.4	4.8

The changes in the following table to assumptions used in the impairment review would have, in isolation, led to an (increase)/decrease to the aggregate impairment loss recognised in the year ended 31 March 2016.

	Romania	
	Increase by 2pps £bn	Decrease by 2pps £bn
Pre-tax adjusted discount rate	(0.2)	0.3
Long-term growth rate	0.3	(0.2)
Projected adjusted EBITDA[1]	0.2	(0.2)
Projected capital expenditure[2]	(0.1)	0.1

Notes:
1 Projected adjusted EBITDA is expressed as the compound annual growth rates in the initial five years for all cash-generating units of the plans used for impairment testing.
2 Projected capital expenditure, which excludes licences and spectrum, is expressed as capital expenditure as a percentage of revenue in the initial five years for all cash-generating units of the plans used for impairment testing.

5. Investment income and financing costs

Investment income comprises interest received from short-term investments and other receivables as well as certain foreign exchange movements. Financing costs mainly arise from interest due on bonds and commercial paper issued, bank loans and the results of hedging transactions used to manage foreign exchange and interest rate movements

	2018 €m	2017 €m	2016 €m
Investment income:			
Available-for-sale investments:			
Dividends received	–	–	1
Loans and receivables at amortised cost	339	426	529
Fair value through the income statement (held for trading)	24	20	9
Other[1]	322	28	–
	685	**474**	**539**
Financing costs:			
Items in hedge relationships:			
Other loans	74	170	224
Interest rate and cross-currency interest rate swaps	(128)	(235)	(127)
Fair value hedging instrument	48	22	(140)
Fair value of hedged item	(36)	(16)	166
Other financial liabilities held at amortised cost:			
Bank loans and overdrafts	317	419	284
Bonds and other loans[2]	885	1,243	926
Interest (credit)/charge on settlement of tax issues[3]	(11)	47	19
Fair value through the income statement (held for trading):			
Derivatives – forward starting swaps and futures	(75)	(244)	121
Other[1,4]	–	–	573
	1,074	**1,406**	**2,046**
Net financing costs	**389**	**932**	**1,507**

Notes:
1 Primarily comprises foreign exchange rate differences reflected in the income statement in relation to certain sterling and US dollar balances.
2 Amounts for 2018 include net foreign exchange losses of €181 million (2017: €533 million; 2016: €299 million).
3 Amounts for 2018 include a decrease (2017: increase, 2016: increase) in provision for potential interest on tax issues.
4 Interest capitalised for the year ended 31 March 2018 was €nil (2017: €nil, 2016: €nil).

Financials

6. Taxation

This note explains how our Group tax charge arises. The deferred tax section of the note also provides information on our expected future tax charges and sets out the tax assets held across the Group together with our view on whether or not we expect to be able to make use of these in the future.

Accounting policies

Income tax expense represents the sum of the current and deferred taxes.

Current tax payable or recoverable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because some items of income or expense are taxable or deductible in different years or may never be taxable or deductible. The Group's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the reporting period date.

The Group recognises provisions for uncertain tax positions when the Group has a present obligation as a result of a past event and management judge that it is probable that there will be a future outflow of economic benefits from the Group to settle the obligation. Uncertain tax positions are assessed and measured on an issue by issue basis within the jurisdictions that we operate using management's estimate of the most likely outcome. The Group recognises interest on late paid taxes as part of financing costs, and any penalties, if applicable, as part of the income tax expense.

Deferred tax is the tax expected to be payable or recoverable in the future arising from temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. It is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that temporary differences or taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax liabilities are not recognised to the extent they arise from the initial recognition of non-tax deductible goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting period date and adjusted to reflect changes in the Group's assessment that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted by the reporting period date.

Tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they either relate to income taxes levied by the same taxation authority on either the same taxable entity or on different taxable entities which intend to settle the current tax assets and liabilities on a net basis.

Tax is charged or credited to the income statement, except when it relates to items charged or credited to other comprehensive income or directly to equity, in which case the tax is recognised in other comprehensive income or in equity.

Income tax expense

	2018 €m	2017 €m	2016 €m
United Kingdom corporation tax expense/(credit):			
Current year[1]	70	27	(129)
Adjustments in respect of prior years	(5)	(3)	53
	65	**24**	**(76)**
Overseas current tax expense/(credit):			
Current year	1,055	961	812
Adjustments in respect of prior years	(102)	(35)	21
	953	**926**	**833**
Total current tax expense	**1,018**	**950**	**757**
Deferred tax on origination and reversal of temporary differences:			
United Kingdom deferred tax	39	(16)	(32)
Overseas deferred tax	(1,936)	3,830	4,212
Total deferred tax (credit)/expense	**(1,897)**	**3,814**	**4,180**
Total income tax (credit)/expense[2]	**(879)**	**4,764**	**4,937**

Notes:
1 The 2016 credit relates to a claim under international conventions for the avoidance of double taxation.
2 The income statement tax charge includes tax relief on capitalised interest.

UK operating profits are more than offset by statutory allowances for capital investment in the UK network and systems plus ongoing interest costs including those arising from the €10.3 billion of spectrum payments to the UK Government in 2000 and 2013.

6. Taxation (continued)

Tax on discontinued operations

	2018 €m	2017 €m	2016 €m
Tax credit on profit from ordinary activities of discontinued operations[1]	(617)	(973)	(514)
Tax charge relating to the gain on discontinuance	15	95	–
Total tax credit on discontinued operations	**(602)**	**(878)**	**(514)**

Note:
1 2018 includes a €925m credit (2017: €840m credit) relating to the impairment of Vodafone India.

Tax charged/(credited) directly to other comprehensive income

	2018 €m	2017 €m	2016 €m
Current tax	22	(16)	(81)
Deferred tax	70	44	293
Total tax charged directly to other comprehensive income	**92**	**28**	**212**

Tax charged/(credited) directly to equity

	2018 €m	2017 €m	2016 €m
Current tax	–	–	(8)
Deferred tax	9	(9)	3
Total tax charged/(credited) directly to equity	**9**	**(9)**	**(5)**

Factors affecting the tax expense for the year

The table below explains the differences between the expected tax expense, being the aggregate of the Group's geographical split of profits multiplied by the relevant local tax rates and the Group's total tax expense for each year.

	2018 €m	2017 €m	2016 €m
Continuing profit/(loss) before tax as shown in the consolidated income statement	**3,878**	**2,792**	**(190)**
Aggregated expected income tax expense	985	795	85
Impairment losses with no tax effect	–	–	168
Disposal of Group investments	55	(271)	83
Effect of taxation of associates and joint ventures, reported within profit before tax	90	23	(18)
(Recognition)/derecognition of deferred tax assets for losses in Luxembourg and Spain[1]	(1,583)	1,603	1,288
Deferred tax following revaluation of investments in Luxembourg[1]	(330)	(329)	3,037
Previously unrecognised temporary differences we expect to use in the future	–	(15)	–
Previously unrecognised temporary differences utilised in the year	(29)	(11)	(8)
Current year temporary differences (including losses) that we currently do not expect to use	20	139	50
Adjustments in respect of prior year tax liabilities[2]	(244)	(107)	(48)
Revaluation of assets for tax purposes	–	(39)	–
Impact of tax credits and irrecoverable taxes	93	98	(38)
Deferred tax on overseas earnings	24	26	17
Effect of current year changes in statutory tax rates on deferred tax balances	(44)	2,755	95
Expenses not deductible (income not taxable) for tax purposes	84	97	226
Income tax (credit)/expense	**(879)**	**4,764**	**4,937**

Note:
1 See note below below regarding deferred tax asset recognition in Luxembourg and Spain on pages 126 and 127.
2 2018 includes the impact of closing tax audits across the Group during the year, including in Germany and Romania.

Financials

Deferred tax

Analysis of movements in the net deferred tax balance during the year:

	€m
1 April 2017	23,765
Foreign exchange movements	(25)
Charged to the income statement (continuing operations)	1,897
Charged directly to OCI	(70)
Credited directly to equity	(9)
Reclassifications	(4)
Arising on acquisition and disposals	2
31 March 2018	**25,556**

Deferred tax assets and liabilities, before offset of balances within countries, are as follows:

	Amount credited/ (expensed) in income statement €m	Gross deferred tax asset €m	Gross deferred tax liability €m	Less amounts unrecognised €m	Net recognised deferred tax (liability)/ asset €m
Accelerated tax depreciation	103	1,289	(1,342)	(33)	(86)
Intangible assets	225	193	(571)	16	(362)
Tax losses	1,666	30,953	–	(5,904)	25,049
Deferred tax on overseas earnings	(24)	–	(108)	–	(108)
Other temporary differences	(73)	1,218	(132)	(23)	1,063
31 March 2018	**1,897**	**33,653**	**(2,153)**	**(5,944)**	**25,556**

Deferred tax assets and liabilities are analysed in the statement of financial position, after offset of balances within countries, as follows:

	€m
Deferred tax asset	26,200
Deferred tax liability	(644)
31 March 2018	**25,556**

At 31 March 2017, deferred tax assets and liabilities, before offset of balances within countries, were as follows:

	Amount credited/ (expensed) in income statement €m	Gross deferred tax asset €m	Gross deferred tax liability €m	Less amounts unrecognised €m	Net recognised deferred tax (liability)/ asset €m
Accelerated tax depreciation	160	1,368	(1,535)	(55)	(222)
Intangible assets	353	127	(715)	16	(572)
Tax losses	(4,064)	30,590	–	(7,138)	23,452
Deferred tax on overseas earnings	(95)	–	(95)	–	(95)
Other temporary differences	(168)	1,347	(126)	(19)	1,202
31 March 2017	**(3,814)**	**33,432**	**(2,471)**	**(7,196)**	**23,765**

At 31 March 2017 deferred tax assets and liabilities were analysed in the statement of financial position, after offset of balances within countries, as follows:

	€m
Deferred tax asset	24,300
Deferred tax liability	(535)
31 March 2017	**23,765**

Notes to the consolidated financial statements (continued)

6. Taxation (continued)

Factors affecting the tax charge in future years

The Group's future tax charge, and effective tax rate, could be affected by several factors including; tax reform in countries around the world, including any arising from the OECD's or European Commission's work on the taxation of the digital economy and European Commission initiatives such as the anti tax avoidance directive, proposed tax and financial reporting directive or as a consequence of state aid investigations, future corporate acquisitions and disposals, any restructuring of our businesses and the resolution of open tax issues (see below).

On 26 October 2017, the European Commission published a preliminary decision to open a formal investigation in relation to the "group financing exemption" ('GFE') in the UK's controlled foreign company rules and whether the GFE constitutes unlawful State Aid. Their investigation remains ongoing. The Group has made claims under the GFE for practical reasons, however given that the Group's Luxembourg financing activities are properly established and operate in accordance with EU and local law as well as the OECD's transfer pricing guidelines, we do not anticipate any significant impact should a finding of unlawful State Aid be ultimately upheld.

We do not anticipate any significant impact on our future tax charge, liabilities or assets, as a result of the triggering of Article 50(2) of the Treaty on European Union but cannot rule out the possibility that, for example, a failure to reach satisfactory arrangements for the UK's future relationship with the European Union, could have an impact on such matters. We continue to monitor developments in this area.

The Group is routinely subject to audit by tax authorities in the territories in which it operates and, specifically, in India these are usually resolved through the Indian legal system. The Group considers each issue on its merits and, where appropriate, holds provisions in respect of the potential tax liability that may arise. As at 31 March 2018, the Group holds provisions for such potential liabilities of €521 million (2017: €711 million). These provisions relate to multiple issues, across the jurisdictions in which the Group operates. The reduction relates to the closure of tax audits across the Group during the year, including in Germany and Romania.

As the tax impact of a transaction can be uncertain until a conclusion is reached with the relevant tax authority or through a legal process, the amount ultimately paid may differ materially from the amount accrued and could therefore affect the Group's overall profitability and cash flows in future periods. See note 29 "Contingent liabilities and legal proceedings" to the consolidated financial statements.

At 31 March 2018, the gross amount and expiry dates of losses available for carry forward are as follows:

	Expiring within 5 years €m	Expiring beyond 6 years €m	Unlimited €m	Total €m
Losses for which a deferred tax asset is recognised	266	–	103,452	103,718
Losses for which no deferred tax is recognised	621	3,074	21,994	25,689
	887	**3,074**	**125,446**	**129,407**

At 31 March 2017, the gross amount and expiry dates of losses available for carry forward were as follows:

	Expiring within 5 years €m	Expiring beyond 6 years €m	Unlimited €m	Total €m
Losses for which a deferred tax asset is recognised	292	65	97,335	97,692
Losses for which no deferred tax is recognised	352	1,503	28,556	30,411
	644	**1,568**	**125,891**	**128,103**

Financials

Deferred tax assets on losses in Luxembourg

Included in the table above are losses of €81,740 million (2017: €82,634 million) that have arisen in Luxembourg companies, principally as a result of revaluations of those companies' investments for local GAAP purposes.

A deferred tax asset of €21,261 million (2017: €19,632 million) has been recognised in respect of these losses, as we conclude it is probable that the Luxembourg entities will continue to generate taxable profits in the future against which we can utilise these losses. The Luxembourg companies' income is derived from the Group's internal financing and procurement and roaming activities. The Group has reviewed the latest forecasts for the Luxembourg companies, including their ability to continue to generate income beyond the forecast period under the tax laws substantively enacted at the balance sheet date. The assessment also considered whether the structure of the Group would continue to allow the generation of taxable income. Based on this the Group conclude that it is probable that the Luxembourg companies will continue to generate taxable income in the future. Any future changes in tax law or the structure of the Group could have a significant effect on the use of losses, including the period over which the losses can be utilised.

Based on the current forecasts the losses will be fully utilised over the next 55 to 60 years. A 5%-10% change in the forecast income in Luxembourg would change the period over which the losses will be fully utilised by three to five years.

During the current year the Group recognised an additional €330 million (2017: €329 million) of our deferred tax assets as a result of the revaluation of investments based upon the local GAAP financial statements, and tax returns at 31 March 2018. The Group has recognised €1,603 million of deferred tax asset as a result of higher interest rates reducing the length of time over which these losses will be utilised. Revaluation of investments for local GAAP purposes, which are based on the Group's value in use calculations, can give rise to impairments or the reversal of previous impairments. These can result in a significant change to our deferred tax assets and the period over which these assets can be utilised.

In addition to the above, €2,587 million (2017: €993 million) of the Group's Luxembourg losses expire and no deferred tax asset is recognised as they will expire before we can use these losses. The remaining losses do not expire. We also have €9,132 million (2017: €9,132 million) of Luxembourg losses in a former Cable & Wireless Worldwide Group company, for which no deferred tax asset has been recognised as it is uncertain whether these losses will be utilised.

Deferred tax assets on losses in Germany

The Group has tax losses of €18,034 million (2017: €18,139 million) in Germany arising on the write down of investments in Germany in 2000. The losses are available to use against both German federal and trade tax liabilities and they do not expire.

A deferred tax asset of €2,796 million (2017: €2,799 million) has been recognised in respect of these losses as we conclude it is probable that the German business will continue to generate taxable profits in the future against which we can utilise these losses. The Group has reviewed the latest forecasts for the German business which incorporate the unsystematic risks of operating in the telecommunications business (see pages 38 to 45). In the period beyond the 5 year forecast we have reviewed the profits inherent in the terminal period and based on these and our expectations for the German business we believe it is probable the German losses will be fully utilised.

Based on the current forecasts the losses will be fully utilised over the next 10 to 12 years. A 5%-10% change in the forecast profits of the German business would not significantly alter the utilisation period.

Deferred tax assets on losses in Spain

The Group has tax losses of €3,521 million (2017: €3,646 million) in Spain and which are available to offset against the future profits of the Grupo Corporativo ONO business. The losses do not expire.

A deferred tax asset of €880 million (2017: €914 million) has been recognised in respect of these losses as we conclude it is probable that the Spanish business will continue to generate taxable profits in the future against which we can utilise these losses. During the year, the Group also derecognised a deferred tax asset of €20 million related to losses in Spain which we do not expect to utilise in the future.

The Group has reviewed the latest forecasts for the Spanish business which incorporate the unsystematic risks of operating in the telecommunications business (see pages 38 to 45). In the period beyond the five year forecast we have reviewed the profits inherent in the value in use calculations and based on these and our expectations for the Spanish business we believe it is probable the losses will be fully utilised.

Based on the current forecasts the losses will be fully utilised over the next 22 to 25 years. A 5%-10% change in the forecast profits of the Spanish business would change the period over which the losses are utilised by one to two years.

Other tax losses

The Group has losses amounting to €7,544 million (2017: €7,880 million) in respect of UK subsidiaries which are only available for offset against future capital gains and since it is uncertain whether these losses will be utilised, no deferred tax asset has been recognised, in line with the prior year.

The remaining losses relate to a number of other jurisdictions across the Group. There are also €12 million (2017: €108 million) of unrecognised other temporary differences.

The Group holds a deferred tax liability of €108 million (2017: €95 million) in respect of deferred taxation that would arise if temporary differences on investments in subsidiaries, associates and interests in joint ventures were to be realised after the balance sheet date (see table on page 126).

No deferred tax liability has been recognised in respect of a further €16,049 million (2017: €20,237 million) of unremitted earnings of subsidiaries, associates and joint ventures because the Group is in a position to control the timing of the reversal of the temporary difference and it is probable that such differences will not reverse in the foreseeable future. It is not practicable to estimate the amount of unrecognised deferred tax liabilities in respect of these unremitted earnings.

Notes to the consolidated financial statements (continued)

7. Discontinued operations and assets and liabilities held for sale

Following the agreement to combine our Indian operations with Idea Cellular into a jointly controlled company, in accordance with IFRS accounting standards, the results of Vodafone India are included in discontinued operations. The Group will continue to actively manage these operations until the transaction completes.

Discontinued operations

On 20 March 2017, Vodafone announced the agreement to combine its subsidiary, Vodafone India (excluding its 42% stake in Indus Towers), with Idea Cellular, which is listed on the Indian Stock Exchanges, with the combined company to be jointly controlled by Vodafone and the Aditya Birla Group. Consequently, Vodafone India is now accounted for as a discontinued operation, the results of which are detailed below.

Income statement and segment analysis of discontinued operations

	2018 €m	2017 €m	2016 €m
Revenue	**4,648**	**5,827**	**6,120**
Cost of sales	(2,995)	(4,504)	(4,799)
Gross profit	**1,653**	**1,323**	**1,321**
Selling and distribution expenses	(237)	(276)	(264)
Administrative expenses	(533)	(703)	(634)
Impairment losses (note 4)	–	(4,515)	–
Other income and expense[1]	416	–	–
Operating profit/(loss)	**1,299**	**(4,171)**	**423**
Financing costs	(715)	(909)	(932)
Profit/(loss) before taxation	**584**	**(5,080)**	**(509)**
Income tax (expense)/credit	(308)	973	514
Profit/(loss) after tax of discontinued operations	**276**	**(4,107)**	**5**
Pre-tax loss on the re-measurement of disposal group	(3,170)	–	–
Income tax credit	925	–	–
After tax loss on the re-measurement of disposal group	**(2,245)**	**–**	**–**
(Loss)/profit for the financial year from discontinued operations	**(1,969)**	**(4,107)**	**5**

(Loss)/earnings per share from discontinued operations

	2018 eurocents	2017 eurocents	2016 eurocents
– Basic	(7.09)c	(14.68)c	0.02c
– Diluted	(7.06)c	(14.68)c	0.02c

Total comprehensive (expense)/income for the financial year from discontinued operations

	2018 €m	2017 €m	2016 €m
Attributable to owners of the parent	**(1,969)**	**(4,107)**	**5**

For the year ended 31 March 2018, as a discontinued operation, Vodafone India has been valued at fair value less costs of disposal.

Vodafone India's fair value less costs of disposal is not observable in a quoted market. As the completion of the Vodafone India and Idea Cellular Limited merger is expected to complete in June 2018, the fair value of Vodafone India has been assessed to be primarily determined by reference to the Idea Cellular Limited quoted share price as at 31 March 2018 of INR 75.9 per share. This technique is considered to result in a "level 2" valuation[2] under IFRS 13, as while the quoted price for Idea is observable, further adjustments, such as the assumption regarding the disposal of Vodafone India with a certain level of debt, are required to estimate fair value less costs of disposal. For the year ended 31 March 2018, the Group has recorded a non-cash charge of €3,170 million (€2,245 million net of tax), included in discontinued operations, as a result of the re-measurement of Vodafone India's fair value less costs of disposal. Fair value at the equity level has been assessed to be INR 223 billion (2017: INR 370 billion), equivalent to €2.8 billion (2017: €5.3 billion) at the foreign exchange rates prevailing at those dates.

Should the competitive environment in India become more intense, there could be a further significant deterioration in the operations of Vodafone India Limited and Idea Cellular Limited impacting the entities' expected future cash flows. This may lead to a further impairment loss being recognised.

The initial investment in the joint venture expected to be formed by the merger of Vodafone India Limited and Idea Cellular Limited in the financial year ending 31 March 2019 will also be measured in part by reference to the share price of Idea Cellular Limited at the date of completion. Accordingly the accounting gain or loss on the disposal of Vodafone India Limited to be recognised at that point, will in part be dependent on the share price of Idea Cellular Limited at that date. A change in the share price of Idea Cellular Limited from INR 75.9 per share as at 31 March 2018, to INR 85.9 per share or to INR 65.9 per share would give rise to a potential gain or loss of approximately €0.5 billion respectively. Based on Idea Cellular Limited's share price of INR 51.75 per share as at 14 May 2018, the accounting loss on the disposal of Vodafone India would be approximately €1.2 billion based on the 31 March 2018 foreign exchange rate.

Notes:
1 Includes the profit on disposal of Vodafone India's standalone towers business to ATC Telecom during the year. See note 28 for further details.
2 Level 2 classification comprises items where fair value is determined from inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

The Group will also realise as part of the disposal of Vodafone India Limited a loss comprising the cumulative foreign exchange losses arising from the retranslation of the consolidated net assets of Vodafone India Limited (which has a functional currency of Indian Rupee) to the Group's presentation currency in the period from acquisition of the Group's interest to the date of disposal. This foreign exchange is required to be recycled to the income statement from the translation reserve. Based on the 31 March 2018 exchange rate of €:INR: 80.48, a loss of approximately €1.9 billion would arise. The actual loss from the recycling of foreign exchange previously recognised in equity that would be recognised in the year ending 31 March 2019, will depend on the INR:€ exchange rate at the date of completion. A change in the exchange rate from €:INR 80.48 to €:INR 85.5 or to €:INR 75.5 would give rise to a foreign exchange loss of approximately €2.1 billion and €1.8 billion respectively.

Assets and liabilities held for sale

Assets and liabilities relating to our operations in India have been classed as held for sale on the consolidated statement of financial position at 31 March 2018 and 31 March 2017. The relevant assets and liabilities are detailed in the table below.

Assets and liabilities held for sale[1]

	2018 €m	2017 €m
Non-current assets		
Goodwill	–	–
Other intangible assets	5,937	9,214
Property, plant and equipment	2,823	3,462
Deferred tax assets	1,641	1,202
Trade and other receivables	526	694
	10,927	**14,572**
Current assets		
Inventory	–	1
Taxation recoverable	1,219	1,311
Trade and other receivables	936	831
Other investments	11	13
Cash and cash equivalents	727	467
	2,893	**2,623**
Total assets held for sale	**13,820**	**17,195**
Non-current liabilities		
Long-term borrowings	(6,687)	(8,024)
Post employment benefits	(14)	(15)
Provisions	(665)	(784)
Trade and other payables	(32)	(39)
	(7,398)	**(8,862)**
Current liabilities		
Short-term borrowings	(1,756)	(1,139)
Provisions	(18)	(25)
Trade and other payables	(1,827)	(1,768)
	(3,601)	**(2,932)**
Total liabilities held for sale	**(10,999)**	**(11,794)**

Note:
1 Total net debt in India at 31 March 2018 was €7,714 million (2017: €8,674 million). This comprised cash of €727 million (2017: €467 million), licence payables classified as debt of €6,418 million (2017: €7,143 million) and €2,025 million (2017: €2,020 million) of other borrowings, together with €2 million (2017: €22 million) of derivative financial instruments reported within Trade and other receivables and Trade and other payables. €345 million (2017: €499 million) of the licence payables classified as debt have been paid in cash. The cash payment is reported in the consolidated statement of cash flows as cash flows from financing activities. Each of the eight legal entities within the Vodafone India Group provide cross guarantees to the lenders in respect of debt contracted by the other entities.

Deferred tax assets on losses in India

The Group recognises a deferred tax asset of €1,641 million (2017: €1,202 million) relating to its Indian business. This includes a deferred tax asset of €1,290 million (2017: €816 million) relating to losses, which do not expire. The deferred tax asset has been recognised as we conclude it is probable that we will generate taxable profits in the future, against which we can utilise these losses.

The Group has reviewed the latest forecasts for the Indian business which incorporate the unsystematic risks of operating in the telecommunications business (see pages 38 to 45). In the period beyond the five year forecast, we have reviewed the profits inherent in the valuation of Indian business, and based on these and our expectations for the Indian business we believe it is probable the losses will be fully utilised. Based on the current forecasts the losses will be fully utilised over the next 11 to 13 years.

We do not recognise a deferred tax asset of €399 million (2017: €352 million) in relation to losses where we currently believe that is not probable these losses will be utilised in the future.

Notes to the consolidated financial statements (continued)

8. Earnings per share

Basic earnings per share is the amount of profit generated for the financial year attributable to equity shareholders divided by the weighted average number of shares in issue during the year.

	2018 Millions	2017 Millions	2016 Millions
Weighted average number of shares for basic earnings per share	27,770	27,971	26,692
Effect of dilutive potential shares: restricted shares and share options	87	–	–
Weighted average number of shares for diluted earnings per share	**27,857**	**27,971**	**26,692**

	2018 €m	2017 €m	2016 €m
Earnings/(loss) for earnings per share from continuing operations	4,408	(2,190)	(5,410)
(Loss)/earnings for earnings per share from discontinued operations	(1,969)	(4,107)	5
Earnings/(loss) for basic and diluted earnings per share	**2,439**	**(6,297)**	**(5,405)**

	eurocents	eurocents	eurocents
Basic earnings/(loss) per share from continuing operations	15.87c	(7.83)c	(20.27)c
Basic (loss)/earnings per share from discontinued operations	(7.09)c	(14.68)c	0.02c
Basic earnings/(loss) per share	**8.78c**	**(22.51)c**	**(20.25)c**

	eurocents	eurocents	eurocents
Diluted earnings/(loss) per share from continuing operations	15.82c	(7.83)c	(20.27)c
Diluted (loss)/earnings per share from discontinued operations	(7.06)c	(14.68)c	0.02c
Diluted earnings/(loss) per share	**8.76c**	**(22.51)c**	**(20.25)c**

9. Equity dividends

Dividends are one type of shareholder return, historically paid to our shareholders in February and August.

	2018 €m	2017 €m	2016 €m
Declared during the financial year:			
Final dividend for the year ended 31 March 2017: 10.03 eurocents per share (2016: 7.77 pence per share, 2015: 7.62 pence per share)	2,670	2,447	2,852
Interim dividend for the year ended 31 March 2018: 4.84 eurocents per share (2017: 4.74 eurocents per share, 2016: 3.68 pence per share)	1,291	1,262	1,381
	3,961	**3,709**	**4,233**
Proposed after the end of the year and not recognised as a liability:			
Final dividend for the year ended 31 March 2018: 10.23 eurocents per share (2017: 10.03 eurocents per share, 2016: 7.77 pence per share)	2,729	2,670	2,447

10. Intangible assets

The statement of financial position contains significant intangible assets, mainly in relation to goodwill and licences and spectrum. Goodwill, which arises when we acquire a business and pay a higher amount than the fair value of its net assets primarily due to the synergies we expect to create, is not amortised but is subject to annual impairment reviews. Licences and spectrum are amortised over the life of the licence. For further details see "Critical accounting judgements" in note 1 "Basis of preparation" to the consolidated financial statements.

Accounting policies

Identifiable intangible assets are recognised when the Group controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Group and the cost of the asset can be reliably measured. Identifiable intangible assets are recognised at fair value when the Group completes a business combination. The determination of the fair values of the separately identified intangibles, is based, to a considerable extent, on management's judgement.

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is not subject to amortisation but is tested for impairment annually or whenever there is evidence that it may be required. Goodwill is denominated in the currency of the acquired entity and revalued to the closing exchange rate at each reporting period date.

Negative goodwill arising on an acquisition is recognised directly in the income statement.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss recognised in the income statement on disposal.

Finite lived intangible assets

Intangible assets with finite lives are stated at acquisition or development cost, less accumulated amortisation. The amortisation period and method is reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Licence and spectrum fees

Amortisation periods for licence and spectrum fees are determined primarily by reference to the unexpired licence period, the conditions for licence renewal and whether licences are dependent on specific technologies. Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives from the commencement of related network services.

Computer software

Computer software comprises software purchased from third parties as well as the cost of internally developed software. Computer software licences are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and are probable of producing future economic benefits, are recognised as intangible assets. Direct costs of software development include employee costs and directly attributable overheads.

Software integral to an item of hardware equipment is classified as property, plant and equipment.

Costs associated with maintaining software programs are recognised as an expense when they are incurred.

Internally developed software is recognised only if all of the following conditions are met:

Internally developed software is recognised only if all of the following conditions are met:

- an asset is created that can be separately identified;
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably

Amortisation is charged to the income statement on a straight-line basis over the estimated useful life from the date the software is available for use.

Other intangible assets

Other intangible assets, including brands and customer bases, are recorded at fair value at the date of acquisition. Amortisation is charged to the income statement, over the estimated useful lives of intangible assets from the date they are available for use, on a straight-line basis, with the exception of customer relationships which are amortised on a sum of digits basis. The amortisation basis adopted for each class of intangible asset reflects the Group's consumption of the economic benefit from that asset.

Estimated useful lives

The estimated useful lives of finite lived intangible assets are as follows:

– Licence and spectrum fees	3–25 years
– Computer software	3–5 years
– Brands	1–10 years
– Customer bases	2–15 years

Notes to the consolidated financial statements (continued)

10. Intangible assets (continued)

	Goodwill £m	Licences and spectrum £m	Computer software £m	Other £m	Total £m
Cost:					
31 March 2016	93,990	40,973	15,729	7,446	158,138
Transfer of assets held for sale	(3,680)	(9,472)	(201)	(152)	(13,505)
	90,310	**31,501**	**15,528**	**7,294**	**144,633**
Exchange movements	(90)	(1,023)	(174)	158	(1,129)
Arising on acquisition	1	10	11	5	27
Additions	–	359	2,193	3	2,555
Disposals[1]	–	(72)	(499)	(30)	(601)
Other	–	–	(97)	–	(97)
31 March 2017	**90,221**	**30,775**	**16,962**	**7,430**	**145,388**
Exchange movements	(313)	(855)	(233)	(72)	(1,473)
Arising on acquisition	5	–	–	–	5
Disposal of subsidiaries	–	(1,712)	(222)	–	(1,934)
Additions	–	747	2,261	3	3,011
Disposals	–	(158)	(1,381)	(6)	(1,545)
Other	–	–	26	(10)	16
31 March 2018	**89,913**	**28,797**	**17,413**	**7,345**	**143,468**
Accumulated impairment losses and amortisation:					
31 March 2016	**65,752**	**17,128**	**10,927**	**5,767**	**99,574**
Transfer of assets held for sale	(2,086)	(1,334)	(160)	(152)	(3,732)
	63,666	**15,794**	**10,767**	**5,615**	**95,842**
Exchange movements	(253)	(548)	(152)	133	(820)
Amortisation charge for the year	–	1,780	2,106	935	4,821
Disposals[1]	–	(72)	(486)	(30)	(588)
Other	–	–	(87)	–	(87)
31 March 2017	**63,413**	**16,954**	**12,148**	**6,653**	**99,168**
Exchange movements	(234)	(398)	(183)	(65)	(880)
Disposal of subsidiaries	–	(779)	(173)	–	(952)
Amortisation charge for the year	–	1,758	2,105	536	4,399
Disposals	–	(158)	(1,357)	(6)	(1,521)
Other	–	–	1	(4)	(3)
31 March 2018	**63,179**	**17,377**	**12,541**	**7,114**	**100,211**

31 March 2018	65,179	17,377	12,341	7,114	100,211
Net book value:					
31 March 2017	26,808	13,821	4,814	777	46,220
31 March 2018	26,734	11,420	4,872	231	43,257

Note:
1 Disposals of licences and spectrum comprise the removal of fully amortised assets that have expired.

For licences and spectrum and other intangible assets, amortisation is included within the cost of sales line within the consolidated income statement.

The net book value and expiry dates of the most significant licences are as follows:

	Expiry date	2018 €m	2017 €m
Germany	2020/2021/2025/2033	4,053	4,726
Italy	2018/2021/2029	1,896	1,442
UK	2023/2033/2038	2,316	2,818
Qatar	2028/2029	–	1,164

The remaining amortisation period for each of the licences in the table above corresponds to the expiry date of the respective licence. A summary of the Group's most significant spectrum licences can be found on pages 204 and 205.

11. Property, plant and equipment

The Group makes significant investments in network equipment and infrastructure – the base stations and technology required to operate our networks – that form the majority of our tangible assets. All assets are depreciated over their useful economic lives. For further details on the estimation of useful economic lives, see "Critical accounting judgements" in note 1 "Basis of preparation" to the consolidated financial statements.

Accounting policies

Land and buildings held for use are stated in the statement of financial position at their cost, less any subsequent accumulated depreciation and any accumulated impairment losses.

Amounts for equipment, fixtures and fittings, which includes network infrastructure assets and which together comprise an all but insignificant amount of the Group's property, plant and equipment, are stated at cost less accumulated depreciation and any accumulated impairment losses.

Assets in the course of construction are carried at cost, less any recognised impairment losses. Depreciation of these assets commences when the assets are ready for their intended use.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation is charged so as to write off the cost of assets, other than land, using the straight-line method, over their estimated useful lives, as follows:

Land and buildings	
– Freehold buildings	25–50 years
– Leasehold premises	the term of the lease

Equipment, fixtures and fittings	
– Network infrastructure and other	1–35 years

Depreciation is not provided on freehold land.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between any sale proceeds and the carrying amount of the asset and is recognised in the income statement.

Notes to the consolidated financial statements (continued)

11. Property, plant and equipment (continued)

	Land and buildings £m	Equipment, fixtures and fittings £m	Total £m
Cost:			
31 March 2016	**2,393**	**74,486**	**76,879**
Reclassification as held for sale	(103)	(7,445)	(7,548)
	2,290	**67,041**	**69,331**
Exchange movements	(42)	(1,779)	(1,821)
Arising on acquisition	–	7	7
Additions	104	5,184	5,288
Disposals	(94)	(2,522)	(2,616)
Other	8	273	281
31 March 2017	**2,266**	**68,204**	**70,470**
Exchange movements	(38)	(1,415)	(1,453)
Additions	88	4,969	5,057
Disposals	(94)	(2,720)	(2,814)
Disposal of subsidiaries	–	(552)	(552)
Other	3	46	49
31 March 2018	**2,225**	**68,532**	**70,757**
Accumulated depreciation and impairment:			
31 March 2016	**1,141**	**40,223**	**41,364**
Reclassification as held for sale	(36)	(3,812)	(3,848)
	1,105	**36,411**	**37,516**
Exchange movements	(15)	(1,087)	(1,102)
Charge for the year	139	6,126	6,265
Disposals	(89)	(2,454)	(2,543)

Other	1	129	130
31 March 2017	**1,141**	**39,125**	**40,266**
Exchange movements	(17)	(816)	(833)
Charge for the year	123	5,887	6,010
Disposals	(83)	(2,675)	(2,758)
Disposal of subsidiaries	–	(287)	(287)
Other	1	33	34
31 March 2018	**1,165**	**41,267**	**42,432**
Net book value:			
31 March 2017	**1,125**	**29,079**	**30,204**
31 March 2018	**1,060**	**27,265**	**28,325**

The net book value of land and buildings and equipment, fixtures and fittings includes €3 million and €681 million respectively (2017: €3 million and €608 million) in relation to assets held under finance leases.

Included in the net book value of land and buildings and equipment, fixtures and fittings are assets in the course of construction, which are not depreciated, with a cost of €15 million and €1,224 million respectively (2017: €10 million and €1,234 million).

12. Investments in associates and joint arrangements

The Group holds interests in an associate in Kenya, where we have significant influence, as well as in a number of joint arrangements in the UK, the Netherlands, India and Australia, where we share control with one or more third parties. For further details see "Critical accounting judgements" in note 1 "Basis of preparation" to the consolidated financial statements.

Accounting policies

Interests in joint arrangements

A joint arrangement is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control; that is, when the relevant activities that significantly affect the investee's returns require the unanimous consent of the parties sharing control. Joint arrangements are either joint operations or joint ventures.

Gains or losses resulting from the contribution or sale of a subsidiary as part of the formation of a joint arrangement are recognised in respect of the Group's entire equity holding in the subsidiary.

Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control have the rights to the assets, and obligations for the liabilities, relating to the arrangement or that other facts and circumstances indicate that this is the case. The Group's share of assets, liabilities, revenue, expenses and cash flows are combined with the equivalent items in the financial statements on a line-by-line basis.

Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in accordance with the Group's accounting policy for goodwill arising on the acquisition of a subsidiary.

Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control have the rights to the net assets of the arrangement.

At the date of acquisition, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the joint venture is recognised as goodwill. The goodwill is included within the carrying amount of the investment.

The results and assets and liabilities of joint ventures are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in joint ventures are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the joint venture, less any impairment in the value of the investment. The Group's share of post-tax profits or losses are recognised in the consolidated income statement. Losses of a joint venture in excess of the Group's interest in that joint venture are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint arrangement.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but where the Group does not have control or joint control over those policies.

At the date of acquisition, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate is recognised as goodwill. The goodwill is included within the carrying amount of the investment.

The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of the investment. The Group's share of post-tax profits or losses are recognised in the consolidated income statement. Losses of an associate in excess of the Group's interest in that associate are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Joint operations

The Company's principal joint operation has share capital consisting solely of ordinary shares and is indirectly held, and principally operates in the UK. The financial and operating activities of the operation are jointly controlled by the participating shareholders and are primarily designed for all but an insignificant amount of the output to be consumed by the shareholders.

Name of joint operation	Principal activity	Country of incorporation or registration	Percentage[1] shareholdings
Cornerstone Telecommunications Infrastructure Limited	Network infrastructure	UK	50.0

Note:
1 Effective ownership percentages of Vodafone Group Plc at 31 March 2018 rounded to the nearest tenth of one percent.

Notes to the consolidated financial statements (continued)

12. Investments in associates and joint arrangements (continued)

Joint ventures and associates

	2018 €m	2017 €m
Investment in joint ventures	2,097	2,689
Investment in associates	441	449
31 March	**2,538**	**3,138**

Joint ventures

The financial and operating activities of the Group's joint ventures are jointly controlled by the participating shareholders. The participating shareholders have rights to the net assets of the joint ventures through their equity shareholdings. Unless otherwise stated, the Company's principal joint ventures all have share capital consisting solely of ordinary shares and are all indirectly held. The country of incorporation or registration of all joint ventures is also their principal place of operation.

Name of joint venture	Principal activity	Country of incorporation or registration	Percentage[1] shareholdings
VodafoneZiggo Group Holding B.V.[3]	Network operator	Netherlands	50.0
Indus Towers Limited[2]	Network infrastructure	India	42.0
Vodafone Hutchison Australia Pty Limited[3]	Network operator	Australia	50.0

Notes:
1 Effective ownership percentages of Vodafone Group Plc at 31 March 2018 rounded to the nearest tenth of one percent.
2 42% of Indus Towers Limited is held by Vodafone India Limited ("VIL").

3 Vodafone Hutchison Australia Pty Limited and VodafoneZiggo Group Holding B.V. have a year end of 31 December.

The following table provides aggregated financial information for the Group's joint ventures as it relates to the amounts recognised in the income statement, statement of comprehensive income and statement of financial position.

	Investment in joint ventures			(Loss)/profit from continuing operations			Other comprehensive income			Total comprehensive (expense)/income		
	2018 €m	2017 €m	2016 €m	2018 €m	2017 €m	2016 €m	2018 €m	2017 €m	2016 €m	2018 €m	2017 €m	2016 €m
VodafoneZiggo Group Holding B.V.	2,119	2,736	–	(398)	(160)	–	1	2	–	(397)	(158)	–
Indus Towers Limited	893	1,032	982	135	98	101	–	–	–	135	98	101
Vodafone Hutchison Australia Pty Limited	(979)	(1,156)	(1,032)	32	(59)	(153)	–	–	(1)	32	(59)	(154)
Other	64	77	79	(15)	(14)	(39)	–	–	–	(15)	(14)	(39)
Total	**2,097**	**2,689**	**29**	**(246)**	**(135)**	**(91)**	**1**	**2**	**(1)**	**(245)**	**(133)**	**(92)**

The summarised financial information for each of the Group's material equity accounted joint ventures on a 100% ownership basis is set out below.

	VodafoneZiggo Group Holding B.V.			Indus Towers Limited			Vodafone Hutchison Australia Pty Limited		
	2018 €m	2017 €m	2016 €m	2018 €m	2017 €m	2016 €m	2018 €m	2017 €m	2016 €m
Income statement and statement of comprehensive income									
Revenue	3,972	1,014	–	2,477	2,379	2,277	2,518	2,287	2,354
Depreciation and amortisation	(2,232)	(764)	–	(303)	(407)	(489)	(483)	(473)	(517)
Interest income	6	23	–	16	22	10	3	3	2
Interest expense	(543)	(117)	–	(74)	(91)	(86)	(230)	(240)	(268)
Income tax income/(expense)	287	105	–	(316)	(267)	(186)	1	–	–
(Loss)/profit from continuing operations	(795)	(320)	–	322	234	240	64	(117)	(306)
Other comprehensive income/(expense)	3	3	–	–	–	–	–	–	(2)
Total comprehensive (expense)/income	(792)	(317)	–	322	234	240	64	(117)	(308)
Statement of financial position									
Non-current assets	18,721	20,303		1,598	1,995		3,241	2,317	
Current assets	773	721		520	326		194	892	
Non-current liabilities	(13,303)	(14,015)		(476)	(545)		(4,478)	(1,460)	
Current liabilities	(1,953)	(1,538)		(814)	(825)		(1,125)	(4,301)	
Equity shareholders' funds	(4,238)	(5,471)		(828)	(951)		2,168	2,552	
Cash and cash equivalents within current assets	355	273		15	29		104	68	
Non-current liabilities excluding trade and other payables and provisions	(12,510)	(13,668)		(136)	(188)		(4,453)	(1,435)	
Current liabilities excluding trade and other payables and provisions	(1)	–		(396)	(375)		(464)	(3,563)	

The Group received a dividend from Indus Towers Limited of €138 million in the year to 31 March 2018 (2017: €126 million; 2016: €nil) and a dividend of €220 million from VodafoneZiggo Group Holding B.V. (2017: €76 million; 2016: €nil).

Financials

Overview

Strategic Repo

Reconciliation of summarised financial information

The reconciliation of summarised financial information presented to the carrying amount of our interest in joint ventures is set out below:

	VodafoneZiggo Group Holding B.V.		Indus Towers Limited		Vodafone Hutchison Australia Pty Limited	
	2018 €m	2017 €m	2018 €m	2017 €m	2018 €m	2017 €m
Equity shareholders' funds	4,238	5,471	828	951	(2,168)	(2,552)
Interest in joint ventures (50%/42%/50%)	2,119	2,736	348	399	(1,084)	(1,276)
Goodwill	–	–	545	633	105	120
Carrying value	**2,119**	**2,736**	**893**	**1,032**	**(979)**	**(1,156)**

Associates

Unless otherwise stated, the Company's principal associates all have share capital consisting solely of ordinary shares and are all indirectly held. The country of incorporation or registration of all associates is also their principal place of operation.

Name of associate	Principal activity	Country of incorporation or registration	Percentage[1] shareholdings
Safaricom Limited[2,3]	Network operator	Kenya	40.0

Notes:
1 Effective ownership percentages of Vodafone Group Plc at 31 March 2018 rounded to the nearest tenth of one percent.

2 The Group also holds two non-voting shares.
3 At 31 March 2018 the fair value of Safaricom Limited was KES 496 billion (€3,996 million) based on the closing quoted share price on the Nairobi Stock Exchange.

The following table provides aggregated financial information for the Group's associates as it relates to the amounts recognised in the income statement, statement of comprehensive income and consolidated statement of financial position.

	Investment in associates			Profit from continuing operations			Other comprehensive expense			Total comprehensive income		
	2018 €m	2017 €m	2016 €m	2018 €m	2017 €m	2016 €m	2018 €m	2017 €m	2016 €m	2018 €m	2017 €m	2016 €m
Total	441	449	450	187	182	151	–	–	–	187	182	151

Vodacom and Safaricom

On 15 May 2017, the Group announced that its wholly-owned subsidiary, Vodafone International Holdings B.V. ('VIHBV'), had agreed to transfer part of its indirect shareholding in Safaricom Limited ('Safaricom') to Vodacom Group Limited ('Vodacom'), its sub-Saharan African subsidiary. On 18 July 2017, Vodacom shareholders voted in favour of the transaction. The transaction completed on 7 August 2017, with the Group being issued with 233.5 million new shares in Vodacom, increasing Vodafone Group's shareholding in Vodacom from 65.0% to 69.7%. Vodafone retains an indirect stake of 5% in Safaricom.

On 5 September 2017, the Group announced that VIHBV intended to sell approximately 90 million ordinary shares in Vodacom (the 'Placing Shares') to institutional investors by way of an accelerated bookbuild process (the 'Placing'). The Placing Shares represented 5.2% of Vodacom's ordinary share capital. The objective of the Placing was to ensure that Vodacom meets the free float requirement and to restore Vodafone's shareholding in Vodacom to a percentage that is broadly similar to that which it held prior to implementation of the Safaricom Transaction.

It was further announced on 6 September 2017 that VIHBV had sold an aggregate of 90 million ordinary shares in Vodacom raising gross proceeds of approximately €955 million. Following the completion of the Placing, Vodafone Group indirectly owns 64.5% of Vodacom's ordinary share capital. Vodafone remains committed to Vodacom and intends to retain a controlling majority shareholding in Vodacom for the long-term.

Notes to the consolidated financial statements (continued)

13. Other investments

The Group holds a number of other listed and unlisted investments, mainly comprising managed funds, loan notes, deposits and government bonds.

Accounting policies

Other investments are recognised and derecognised on a trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, including transaction costs.

Other investments classified as held for trading and available-for-sale are stated at fair value. Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in net profit or loss for the period. For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in other comprehensive income, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income, determined using the weighted average cost method, is included in the net profit or loss for the period.

method, is included in the net profit or loss for the period.

Other investments classified as loans and receivables are stated at amortised cost using the effective interest method, less any impairment.

	2018 €m	2017 €m
Included within non-current assets:		
Equity securities:		
Listed[1]	3	3
Unlisted[2]	44	82
Debt securities:		
Other debt and bonds[2]	3,157	3,374
	3,204	**3,459**

The listed and unlisted equity securities are classified as available-for-sale. Other debt and bonds which are not quoted in an active market, are classified as loans and receivables.

Other debt and bonds includes loan notes of US$2.5 billion (€2.0 billion), (2017: US$2.5 billion (€2.3 billion)) issued by Verizon Communications Inc. as part of the Group's disposal of its interest in Verizon Wireless all of which is recorded within non-current assets and €0.9 billion (2017:€1.0 billion) issued by VodafoneZiggo Holding B.V. The carrying amount of these loan notes approximates fair value.

Current other investments comprise the following:

	2018 €m	2017 €m
Included within current assets:		
Debt securities:		
Public debt and bonds[1]	2,517	2,284
Other debt and bonds[2]	4,896	2,727
Cash and other investments held in restricted deposits	1,382	1,109
	8,795	**6,120**

Public debt and bonds are classified as held for trading and stated at fair value. Cash held in restricted deposits is classified as loans and receivables and includes amounts held in qualifying assets by Group insurance companies to meet regulatory requirements. Other debt and bonds includes €3,087 million (2017: €2,039 million) of assets held for trading in managed investment funds with liquidity of up to 90 days; €830 million (2017: €506 million) of assets held at amortised cost on an effective interest method paid as collateral on derivative financial instruments and €976 million (2017: €182 million) short-term investments, also classified as loans and receivables at amortised cost , where the underlying assets are supply chain and handset receivables.

Current public debt and bonds include highly liquid German and UK government bonds held for trading of €1,974 million (2017: €1,638 million) of which UK gilts of €1,112 million (2017: €1,172 million) is paid as collateral primarily on derivative financial instruments.

For public debt and bonds, other debt and bonds and cash held in restricted deposits, the carrying amount approximates fair value.

Notes:
1 For items measured at fair value, the valuation basis is level 1 classification, which comprises financial instruments where fair value is determined by unadjusted quoted prices in active markets for identical assets or liabilities.
2 For items measured at fair value, the valuation basis is level 2 classification, which comprises items where fair value is determined from inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Financials

Overview

14. Trade and other receivables

Trade and other receivables mainly consist of amounts owed to us by customers and amounts that we pay to our suppliers in advance. Trade receivables are shown net of an allowance for bad or doubtful debts. Derivative financial instruments with a positive market value are reported within this note.

Accounting policies

Trade receivables that are recovered in instalments from customers over an extended period are discounted at market rates and interest is accreted over the expected repayment period. Other trade receivables do not carry any interest and are stated at their nominal value. The carrying value of all trade receivables is reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the ageing of the receivable balances and historical experience. Individual trade receivables are written off when management deems them not to be collectible.

	2018 €m	2017 €m
Included within non-current assets:		
Trade receivables	435	362
Amounts owed by associates and joint ventures	1	27
Other receivables	194	130
Prepayments	597	378
Accrued income	350	–
Derivative financial instruments	2,449	3,672
	4,026	**4,569**
Included within current assets:		
Trade receivables	4,967	4,973
Amounts owed by associates and joint ventures	524	325
Other receivables	895	918
Prepayments	1,152	1,197
Accrued income	2,257	1,838
Derivative financial instruments	180	610
	9,975	**9,861**

The Group's trade receivables are stated after allowances for bad and doubtful debts based on management's assessment of creditworthiness, an analysis of which is as follows:

	2018 €m	2017 €m
1 April	1,418	1,385
Reclassification as held for sale	–	(66)
Exchange movements	(78)	(94)
Amounts charged to administrative expenses	528	589
Other	(619)	(396)
31 March	**1,249**	**1,418**

The carrying amounts of trade and other receivables approximate their fair value and are predominantly non-interest bearing. The fair values[1] of the derivative financial instruments are calculated by discounting the future cash flows to net present values using appropriate market interest rates and foreign currency rates prevailing at 31 March.

	2018 €m	2017 €m
Included within derivative financial instruments:		
Fair value through the income statement (held for trading):		
Interest rate swaps	1,610	2,248
Cross-currency interest rate swaps	445	126
Options	25	12
Foreign exchange contracts	44	103
	2,124	**2,489**
Designated hedge relationships:		
Interest rate swaps	191	212
Cross-currency interest rate swaps	314	1,581
	2,629	**4,282**

Note
1 The valuation basis is level 2. This classification comprises items where fair value is determined from inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Notes to the consolidated financial statements (continued)

15. Trade and other payables

Trade and other payables mainly consist of amounts we owe to our suppliers that have been invoiced or are accrued. They also include taxes and social security amounts due in relation to our role as an employer.

Derivative financial instruments with a negative market value are reported within this note.

Accounting policies

Trade payables are not interest-bearing and are stated at their nominal value.

	2018 €m	2017 €m
Included within non-current liabilities:		
Other payables	314	30
Accruals	159	154
Deferred income	237	204
Derivative financial instruments	2,133	1,349
	2,843	**1,737**
Included within current liabilities:		
Trade payables	6,185	6,212
Amounts owed to associates and joint ventures	27	14
Other taxes and social security payable	1,177	1,261
Other payables	1,346	1,220
Accruals	5,579	5,683
Deferred income	1,678	1,716
Derivative financial instruments	250	728
	16,242	**16,834**

The carrying amounts of trade and other payables approximate their fair value. The fair values[1] of the derivative financial instruments are calculated by discounting the future cash flows to net present values using appropriate market interest and foreign currency rates prevailing at 31 March.

	2018 €m	2017 €m
Included within derivative financial instruments:		
Fair value through the income statement (held for trading):		
Interest rate swaps	412	553
Cross-currency interest rate swaps	812	944
Options	76	63
Foreign exchange contracts	51	76
	1,351	**1,636**
Designated hedge relationships		
Interest rate swaps	103	61
Cross-currency interest rate swaps	929	380
	2,383	**2,077**

Note:
1 The valuation basis is level 2 classification comprises items where fair value is determined from inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Other payables included within non-current liabilities include €271 million (2017: €nil) in respect of the re-insurance of a third-party annuity policy related to the Vodafone and CWW Sections of the Vodafone UK Group Pension Scheme.

Financials

16. Provisions

16. Provisions

A provision is a liability recorded in the statement of financial position, where there is uncertainty over the timing or amount that will be paid, and is therefore often estimated. The main provisions we hold are in relation to asset retirement obligations, which include the cost of returning network infrastructure sites to their original condition at the end of the lease, and claims for legal and regulatory matters. For further details see "Critical accounting judgements" in note 1 "Basis of preparation" to the consolidated financial statements.

Accounting policies

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material. Where the timing of settlement is uncertain amounts are classified as non-current where settlement is expected more than 12 months from the reporting date.

Asset retirement obligations

In the course of the Group's activities, a number of sites and other assets are utilised which are expected to have costs associated with decommissioning. The associated cash outflows are substantially expected to occur at the dates of exit of the assets to which they relate, which are long term in nature.

Legal and regulatory

The Group is involved in a number of legal and other disputes, including notifications of possible claims. The Directors of the Company, after taking legal advice, have established provisions after taking into account the facts of each case.

For a discussion of certain legal issues potentially affecting the Group see note 29 "Contingent liabilities and legal proceedings" to the consolidated financial statements.

Other provisions

Other provisions comprises various provisions including those for restructuring costs and property. The associated cash outflows for restructuring costs are primarily less than one year. The timing of the cash flows associated with property is dependent upon the remaining term of the associated lease.

	Asset retirement obligations £m	Legal and regulatory £m	Other £m	Total £m
31 March 2016	571	1,215	791	2,577
Transfer of liabilities held for sale	(10)	(642)	–	(652)
Exchange movements	(17)	(32)	(1)	(50)
Amounts capitalised in the year	157	–	–	157
Amounts charged to the income statement	–	148	643	791
Utilised in the year – payments	(51)	(40)	(376)	(467)
Amounts released to the income statement	(44)	(56)	(117)	(217)
Other	–	41	(1)	40
31 March 2017	**606**	**634**	**939**	**2,179**
Disposal of subsidiaries	(14)	(3)	–	(17)
Exchange movements	(13)	(21)	(4)	(38)
Amounts capitalised in the year	59	–	–	59
Amounts charged to the income statement	–	140	325	465
Utilised in the year – payments	(33)	(57)	(324)	(414)
Amounts released to the income statement	(22)	(171)	(85)	(278)
31 March 2018	**583**	**522**	**851**	**1,956**

16. Provisions (continued)

Provisions have been analysed between current and non-current as follows:

31 March 2018

	Asset retirement obligations €m	Legal and regulatory €m	Other €m	Total €m
Current liabilities	17	280	594	891
Non-current liabilities	566	242	257	1,065
	583	**522**	**851**	**1,956**

31 March 2017

	Asset retirement obligations €m	Legal and regulatory €m	Other €m	Total €m
Current liabilities	10	300	739	1,049
Non-current liabilities	596	334	200	1,130
	606	**634**	**939**	**2,179**

17. Called up share capital

Called up share capital is the number of shares in issue at their par value. A number of shares were allotted during the year in relation to employee share schemes.

Accounting policies

Equity instruments issued by the Group are recorded at the amount of the proceeds received, net of direct issuance costs.

	2018 Number	2018 €m	2017 Number	2017 €m
Ordinary shares of $20\frac{20}{21}$ US cents each allotted, issued and fully paid:[1]				
1 April	28,814,142,848	4,796	28,813,396,008	4,796
Allotted during the year[2]	660,460	–	746,840	–
31 March	**28,814,803,308**	**4,796**	**28,814,142,848**	**4,796**

Notes:
1 At 31 March 2018 the Group held 2,139,038,029 (2017: 2,192,064,339) treasury shares with a nominal value of €356 million (2017: €365 million). The market value of shares held was €4,738 million (2017: €5,348 million). During the year, 53,026,317 (2017: 62,761,357) treasury shares were reissued under Group share schemes. On 25 August 2017, 729,077,001 treasury shares were issued in settlement of a maturing subordinated mandatory convertible bond issued on 19 February 2016. For further details see note 21 "Liquidity and capital resources".
2 Represents US share awards and option scheme awards.

18. Reconciliation of net cash flow from operating activities

The table below shows how our profit for the year from continuing operations translates into cash flows generated from our operating activities.

	Notes	2018 €m	2017 €m	2016 €m
Profit/(loss) for the financial year		**2,788**	**(6,079)**	**(5,122)**
Loss/(profit) from discontinued operations	7	1,969	4,107	(5)
Profit/(loss) for the financial year from continuing operations		**4,757**	**(1,972)**	**(5,127)**
Non-operating expense		32	1	3
Investment income		(685)	(474)	(539)
Financing costs		1,074	1,406	2,046
Income tax (credit)/expense	6	(879)	4,764	4,937
Operating profit		**4,299**	**3,725**	**1,320**
Adjustments for:				
Share-based payments		128	95	154
Depreciation and amortisation	10, 11	10,409	11,086	11,697
Loss on disposal of property, plant and equipment and intangible assets	3	36	22	27
Share of result of equity accounted associates and joint ventures	12	59	(47)	(60)
Impairment losses	4	–	–	569
Other (income)/expense		(213)	(1,052)	286
(Increase)/decrease in inventory		(26)	117	(144)
(Increase)/decrease in trade and other receivables	14	(1,118)	308	(684)
Increase/(decrease) in trade and other payables	15	286	(473)	332
Cash generated by operations		**13,860**	**13,781**	**13,497**
Net tax paid		(1,118)	(761)	(807)
Cash flows from discontinued operations		858	1,203	1,646
Net cash flow from operating activities		**13,600**	**14,223**	**14,336**

19. Cash and cash equivalents

The majority of the Group's cash is held in bank deposits or money market funds which have a maturity of three months or less to enable us to meet our short-term liquidity requirements.

Accounting policies

Cash and cash equivalents comprise cash in hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

	2018 €m	2017 €m
Cash at bank and in hand	2,197	1,856
Money market funds and bank deposits	2,477	6,979
Cash and cash equivalents as presented in the statement of financial position	**4,674**	**8,835**
Bank overdrafts	(7)	–
Cash and cash equivalents of discontinued operations	727	467
Cash and cash equivalents as presented in the statement of cash flows	**5,394**	**9,302**

Cash and cash equivalents are held by the Group on a short-term basis with all having an original maturity of three months or less. The carrying amount approximates their fair value.

Cash and cash equivalents of €1,449 million (2017: €1,132 million) are held in countries with restrictions on remittances but where the balances could be used to repay subsidiaries' third party liabilities.

Notes to the consolidated financial statements (continued)

20. Borrowings

The Group's sources of borrowing for funding and liquidity purposes come from a range of committed bank facilities and through short-term and long-term issuances in the capital markets including bond and commercial paper issues and bank loans. We manage the basis on which we incur interest on debt between fixed interest rates and floating interest rates depending on market conditions using interest rate derivatives. The Group enters into foreign exchange contracts to mitigate the impact of exchange rate movements on certain monetary items.

Accounting policies

Capital market and bank borrowings

Interest-bearing loans and overdrafts are initially measured at fair value (which is equal to cost at inception), and are subsequently measured at amortised cost, using the effective interest rate method. Where they are identified as a hedged item in a designated fair value hedge relationship, fair value adjustments are recognised in accordance with policy (see note 22). Any difference between the proceeds net of transaction costs and the amount due on settlement or redemption of borrowings is recognised over the term of the borrowing. Where bonds issued with certain conversion rights are identified as compound instruments they are initially measured at fair value with the nominal amounts recognised as a component in equity and the fair value of future coupons included in borrowings. These are subsequently measured at amortised cost using the effective interest rate method.

Carrying value and fair value information

The carrying value and fair value of the Group's borrowings are as follows:

	Carrying value		Fair value	
	2018 €m	2017 €m	2018 €m	2017 €m
Financial liabilities measured at amortised cost				
Bank loans	1,159	867	1,180	898
Commercial paper	2,712	3,648	2,715	3,650
Bonds[1]	3,062	660	3,057	667
Other liabilities[2,3]	3,003	4,632	3,003	4,632
Bonds in designated hedge relationships	415	2,244	409	2,241
Short-term borrowings	**10,351**	**12,051**	**10,364**	**12,088**
Financial liabilities measured at amortised cost:				
Bank loans	2,157	2,741	2,176	2,769
Bonds[1]	18,804	19,345	18,714	19,286
Other liabilities	278	305	278	305
Bonds in designated hedge relationships	11,669	12,132	11,010	11,349
Long-term borrowings	**32,908**	**34,523**	**32,178**	**33,709**

Notes:
1 Bonds mature between 2018 and 2056 (2017: 2017 and 2056) and have interest rates of 0.0% to 8.125% (2017: 0.0% to 8.125%).
2 Includes a €1.8 billion (2017: €1.8 billion) liability for payments due to holders of the equity shares in Kabel Deutschland AG under the terms of a domination and profit and loss transfer agreement.
3 Amount includes €1,070 million (2017: €2,654 million) in relation to collateral support agreements.

Fair values of bonds and financial liabilities measured at amortised cost are based on Level 1 and 2 of the fair value hierarchy respectively, using quoted market prices or discounted cash flows with a discount rate based upon forward interest rates available to the Group at the reporting date.

The Group's gross and net debt includes certain bonds which have been designated in hedge relationships, which are carried at €1.7 billion higher than their euro equivalent redemption value. In addition, where bonds are issued in currencies other than euros, the Group has entered into foreign currency swaps to fix the euro cash outflows on redemption. The impact of these swaps are not reflected in gross debt and would increase the euro equivalent redemption value of the bonds by €0.6 billion.

		Cash flows			Non-cash changes		
	2017 €m	Net proceeds/ (repayment) of borrowings €m	Interest paid €m	Net movements in short-term borrowings €m	Net Financing costs[2] €m	Reclassification €m	2018 €m
Assets and liabilities from financing activities[1]	44,369	(224)	(991)	(534)	486	(93)	**43,013**

Notes:
1 This balance comprises gross borrowings of €43,259 million (2017: € 46,574 million) and net derivative financial assets of €246 million (€2,205 million). Net debt disclosed in note 21 additionally includes cash and certain short term investments.
2 This amount includes interest, fair value and foreign exchange items which impact the income statement. Financing costs of €1,074 million as disclosed in note 5 primarily additionally include foreign exchange and other movements on items classified as net debt but not borrowings .

Financials

Maturity of borrowings and other financial liabilities

The maturity profile of the anticipated future cash flows including interest in relation to the Group's non-derivative financial liabilities on an undiscounted basis which, therefore, differs from both the carrying value and fair value, is as follows:

	Bank loans €m	Commercial paper €m	Bonds €m	Other liabilities €m	Bonds in designated hedge relationships €m	Total €m
Within one year	1,251	2,715	3,498	3,002	850	11,316
In one to two years	748	–	393	34	1,423	2,598
In two to three years	507	–	2,893	25	1,518	4,943
In three to four years	569	–	3,869	22	359	4,819
In four to five years	–	–	791	26	2,901	3,718
In more than five years	350	–	14,702	172	9,933	25,157
	3,425	**2,715**	**26,146**	**3,281**	**16,984**	**52,551**
Effect of discount/financing rates	(109)	(3)	(4,280)	–	(4,900)	(9,292)
31 March 2018	**3,316**	**2,712**	**21,866**	**3,281**	**12,084**	**43,259**
Within one year	909	3,660	1,810	4,606	3,142	14,127
In one to two years	1,168	–	2,650	21	1,527	5,366
In two to three years	721	–	2,080	56	366	3,223
In three to four years	569	–	2,369	22	1,522	4,482
In four to five years	–	–	3,010	24	1,253	4,287
In more than five years	350	–	12,029	203	11,548	24,130
	3,717	**3,660**	**23,948**	**4,932**	**19,358**	**55,615**
Effect of discount/financing rates	(109)	(12)	(3,943)	5	(4,982)	(9,041)
31 March 2017	**3,608**	**3,648**	**20,005**	**4,937**	**14,376**	**46,574**

The maturity profile of the Group's financial derivatives (which include interest rate swaps, cross-currency interest rate swaps and foreign exchange swaps) using undiscounted cash flows, is as follows:

	2018		2017	
	Payable €m	Receivable €m	Payable €m	Receivable €m
Within one year	18,055	18,363	16,541	16,462
In one to two years	3,925	3,875	4,788	5,201
In two to three years	4,904	4,911	3,000	3,141
In three to four years	2,223	2,324	1,913	2,038
In four to five years	3,834	3,687	1,567	1,706
In more than five years	20,702	23,021	18,743	22,491
	53,643	**56,181**	**46,552**	**51,039**

Payables and receivables are stated separately in the table above as settlement is on a gross basis. The net effect of discount/financing rates is €2,292 million (2017: €2,282 million), leaving a €246 million (2017: €2,205 million) net receivable in relation to financial derivatives. This is split €2,383 million (2017: €2,077 million) within trade and other payables and €2,629 million (2017: €4,282 million) within trade and other receivables.

Gains and losses recognised in the hedging reserve in equity on cross-currency interest rate swaps as at 31 March 2018 will be continuously released to the income statement within financing costs until the repayment of certain bonds classified as loans designated in hedge relationships in the table of maturities of non-derivative financial liabilities above.

The currency split of the Group's foreign exchange derivatives (which includes cross-currency interest rate swaps and foreign exchange swaps) is as follows:

	2018		2017	
	Payable €m	Receivable €m	Payable €m	Receivable €m
Sterling	4,459	7,280	1,176	6,576
Euro	27,655	9,609	23,167	5,556
US dollar	6,862	20,615	4,246	19,482
Other	5,568	7,972	5,420	4,813
	44,544	**45,476**	**34,009**	**36,427**

Payables and receivables are stated separately in the table above as settlement is on a gross basis. The net effect of discount/financing rates is €1,972 million (2017: €2,008 million), leaving a €1,040 million (2017: €410 million) net payable in relation to financial derivatives. This is split €1,868 million (2017: €1,400 million) within trade and other payables and €828 million (2017: €1,810 million) within trade and other receivables.

Notes to the consolidated financial statements (continued)

20. Borrowings (continued)

The present value of minimum lease payments under finance lease arrangements under which the Group has leased certain of its equipment is included within other liabilities and is analysed as follows:

	2018 €m	2017 €m
Within one year	46	68
In two to five years	94	78
In more than five years	172	160
	312	**306**

Interest rate and currency of borrowings is as follows:

Currency	Total borrowings €m	Floating rate borrowings €m	Fixed rate borrowings[1] €m	Other borrowings[2] €m
Sterling	3,339	–	3,339	–
Euro	36,411	5,766	28,779	1,866
US dollar	2,930	2,899	31	–
Other	579	13	566	–
31 March 2018	**43,259**	**8,678**	**32,715**	**1,866**
Sterling	4,552	5	4,547	–
Euro	37,420	7,517	28,009	1,894
US dollar	4,449	4,172	277	–
Other	153	13	140	–
31 March 2017	**46,574**	**11,707**	**32,973**	**1,894**

Notes:
1 The weighted average interest rate for the Group's sterling denominated fixed rate borrowings is 2.5% (2017: 2.5%). The weighted average time for which these rates are fixed is 20.8 years (2017: 16.6 years). The weighted average interest rate for the Group's euro denominated fixed rate borrowings is 2.1% (2017: 2.1%). The weighted average time for which the rates are fixed is 8.0 years (2017: 8.4 years). The weighted average interest rate for the Group's US dollar denominated fixed rate borrowings is 0.0% (2017: 0.2%). The weighted average time for which the rates are fixed is 0.0 years (2017: 0.1 years). The weighted average interest rate for the Group's other currency fixed rate borrowings is 12.3% (2017: 8.5%). The weighted average time for which the rates are fixed is 4.4 years (2017: 12.0 years).
2 At 31 March 2018 other borrowings of €1.9 billion (2017: €1.9 billion) include a €1.8 billion (2017: €1.8 billion) liability for payments due to holders of the equity shares in Kabel Deutschland AG under the terms of a domination and profit and loss transfer agreement.

The figures shown in the tables above take into account cross-currency and interest rate swaps used to manage the currency and interest rate profile of financial liabilities. Interest on floating rate borrowings is generally based on national LIBOR equivalents or government bond rates in the relevant currencies.

Financials

21. Liquidity and capital resources

This section includes an analysis of net debt, which is used to manage capital, and committed borrowing facilities.

Net debt

Net debt represented 49% of our market capitalisation at 31 March 2018 compared to 44% at 31 March 2017. Average net debt at month end accounting dates over the 12-month period ended 31 March 2018 was €31.9 billion and ranged between net debt of €30.0 billion and €32.9 billion. Our consolidated net debt position at 31 March was as follows:

	2018 €m	2017 €m
Cash and cash equivalents	**4,674**	**8,835**
Short-term borrowings		
Bonds	(3,477)	(2,904)
Commercial paper[1]	(2,712)	(3,648)
Put options over non-controlling interests[2]	(1,838)	(1,837)
Bank loans	(1,159)	(867)
Other short-term borrowings[3]	(1,165)	(2,795)
	(10,351)	**(12,051)**
Long-term borrowings		
Bonds, loans and other long-term borrowings	(32,908)	(34,523)
	(32,908)	**(34,523)**
Other financial instruments		
Derivative financial instruments included in trade and other receivables (note 14)	2,629	4,282
Derivative financial instruments included in trade and other payables (note 15)	(2,383)	(2,077)
Short-term investments (note 13)[4]	6,152	3,981
Cash collateral	718	384
	7,116	**6,570**
Net debt	**(31,469)**	**(31,169)**

Notes:
1 At 31 March 2018 US$570 million (2017: US$1,484 million) was drawn under the US commercial paper programme and €2,249 million (2017:€2,262 million) were drawn under the euro commercial paper programme.
2 Includes a €1.8 billion (2017: €1.8 billion) liability for payments due to holders of the equity shares in Kabel Deutschland AG under the terms of a domination and profit and loss transfer agreement.
3 At 31 March 2018 the amount includes €1,070 million (2017: €2,654 million) in relation to cash received under collateral support agreements.
4 At 31 March 2018 the amount primarily includes €3,087 million (31 March 2017: €2,039 million) in managed investment funds, €1,974 million (2017: €1,638 million) in government bonds of which UK gilts of €1,112 million (2017: €1,172 million) are used primarily as collateral in relation derivative financial instruments, and €976 million (31 March 2017: €182 million) short-term investments where the underlying assets are supply chain and handset receivables.

At 31 March 2018 we had €4,674 million of cash and cash equivalents which are held in accordance with the counterparty and settlement risk limits of the Board approved treasury policy. The main forms of liquid investment at 31 March 2018 were managed investment funds, money market funds, government bonds and bank deposits.

The cash received from collateral support agreements mainly reflects the value of our interest rate swap and cross-currency interest rate swap portfolios which are substantially net present value positive. See note 22 "Capital and financial risk management" for further details on these agreements.

Commercial paper programmes

We currently have US and euro commercial paper programmes of US$15 billion and €8 billion respectively which are available to be used to meet short-term liquidity requirements. At 31 March 2018 amounts external to the Group of €2,249 million were drawn under the euro commercial paper programme and US$570 million (€464 million) were drawn down under the US commercial paper programme, with such funds being provided by counterparties external to the Group.

The commercial paper facilities were supported by US$4.1 billion (€3.3 billion) and €3.8 billion of syndicated committed bank facilities (see "Committed facilities" below). No amounts had been drawn under either bank facility.

Bonds

We have a €30 billion euro medium-term note programme and a US shelf programme which are used to meet medium to long-term funding requirements. At 31 March 2018 the total amounts in issue under these programmes split by currency were US$9.9 billion, €18.4 billion, £3.6 billion, AUD 1.2 billion, HKD 2.1 billion, NOK 2.2 billion, CHF 0.7 billion, JPY 10 billion.

At 31 March 2018 the Group had bonds outstanding with a nominal value of €32.3 billion. During the year ended 31 March 2018 bonds with a nominal value equivalent of €4.2 billion were issued under the euro medium-term note programme.

On 25 February 2016 the Group issued £2.9 billion (€3.5 billion) of subordinated mandatory convertible bonds ('MCB') issued in two tranches, with the first £1.4 billion (€1.7 billion) maturing during the year on 25 August 2017 and a further £1.4 billion (€1.7 billion) maturing on 25 February 2019 with coupons of 1.5% and 2.0% respectively. These were recognised as compound instruments with nominal values of £2.8 billion (€3.5 billion) recognised as a component of shareholders' funds in equity and the fair value of future coupons of £0.1 billion (€0.1 billion) recognised as a financial liability in borrowings.

Notes to the consolidated financial statements (continued)

21. Liquidity and capital resources (continued)

The first tranche of the MCB converted to 729.1 million shares on 25 August 2017, reissued from treasury shares, at a conversion price of £1.9751. This reflected the conversion price at issue (£2.1730) adjusted for the pound sterling equivalent of aggregate dividends paid in August 2016, February 2017, and August 2017. At March 2018 conversion price of £1.9387, additionally reflecting dividends paid in February 2018, the remaining tranche would convert to 743 million Vodafone Group Plc shares representing approximately 3% of Vodafone's share capital.

The Group has hedged its exposure under the MCB to any future movements in its share price by an option strategy designed to hedge the economic impact of share price movements during the term of the bonds. Should the Group decide to buy back ordinary shares to mitigate the dilution resulting from the conversion of the remaining tranche, the hedging strategy will provide a hedge for the repurchase price.

Own shares

The Group held a maximum of 2,192,064,339 of its own shares during the year which represented 8.0% of issued share capital at that time.

Committed facilities

In aggregate we have committed facilities of approximately €9,568 million, of which €7,168 million was undrawn and €2,400 million was drawn at 31 March 2018. The following table summarises the committed bank facilities available to us at 31 March 2018.

Facility	Amount €m	Drawn	Maturity[1]
Syndicated revolving credit facilities			
EUR facility	3,840	–	11 January 2023[2]
USD facility	3,328	–	27 February 2022[2]
Loan facilities, capped at 50% of operating company capital expenditure in:			
Canada	651	651	02 June 2018
UK and Ireland	568	568	12 December 2021
Germany (VDSL spend)	350	350	16 March 2023
Italy	400	400	05 June 2020
Turkey and Romania	300	300	18 September 2019
Turkey	100	100	04 December 2020
Other	31	31	19 September 2018
	9,568	**2,400**	

Notes:
1 Lenders have the right, but not the obligation, to cancel their commitments and have outstanding advances repaid no sooner than 30 days after notification of a change of control. This is in addition to the rights of lenders to cancel their commitment if we commit an event of default; however, it should be noted that a material adverse change clause does not apply.
2 €0.1 billion/US$0.1 billion of the facility expires one year ahead of maturity.

Furthermore, certain of our subsidiaries are funded by external facilities which are non-recourse to any member of the Group other than the borrower. These facilities may only be used to fund their operations. At 31 March 2018 Vodafone Egypt had undrawn revolving credit facilities of EGP3 billion (€138 million). Vodacom had fully drawn facilities of US$75 million (€61 million) and facilities of ZAR0.48 billion (€33 million) of which ZAR0.46 billion (€32 million) was drawn. Vodafone Ghana had fully drawn facilities of US$143 million (€116 million) and GHS60 million (€11 million).

Dividends from associates and to non-controlling shareholders

Dividends from our associates are generally paid at the discretion of the Board of Directors or shareholders of the individual operating and holding companies, and we have no rights to receive dividends except where specified within certain of the Group's shareholders' agreements. Similarly, other than ongoing dividend obligations to the KDG minority shareholders, should they continue to hold their minority stake, we do not have existing obligations under shareholders' agreements to pay dividends to non-controlling interest partners of our subsidiaries or joint ventures. The amount of dividends received and paid in the year are disclosed in the consolidated statement of cash flows.

Potential cash outflows from option agreements and similar arrangements

Under the terms of the sale and purchase agreement governing the disposal of the US Group, including the 45% interest in Verizon Wireless, the Group retains the responsibility for any tax liabilities of the US Group, excluding those relating to the Verizon Wireless partnership, for periods up to the completion of the transaction on 21 February 2014.

Put options issued as part of the hedging strategy for the mandatory convertible bonds permit the holders to exercise against the Group if there is a decrease in our share price. Under the terms of the options, settlement must be made in cash which will equate to the reduced value of shares from the initial conversion price, adjusted for dividends declared during the year, on 743 million shares.

Sale of trade receivables

During the year the Group sold certain trade receivables to a financial institution. Whilst there are no repurchase obligations in respect of these receivables, the Group provided a credit guarantee which would only become payable if default rates were significantly higher than historical rates. The credit guarantee is not considered substantive and substantially all risks and rewards associated with the receivables passed to the purchaser at the date of sale, therefore the receivables were derecognised. The maximum payable under the guarantees at 31 March 2018 was €506 million. No provision has been made in respect of these guarantees as the likelihood of a cash outflow has been assessed as remote.

Supplier Financing arrangements

The Group offers certain suppliers the opportunity to use a supply chain financing scheme ('SCF') which allows them to be paid earlier than the invoice due date. The Group evaluates supplier arrangements against a number of indicators to assess if the payable continues to hold the characteristics of a trade payable or should be classified as borrowings; these indicators include whether the payment terms exceed customary payment terms in the industry or 180 days. At 31 March 2018 none of the payables subject to supplier financing arrangements met the criteria to be reclassified as borrowings.

22. Capital and financial risk management

This note details the treasury management and financial risk management objectives and policies, as well as the exposure and sensitivity of the Group to credit, liquidity, interest and foreign exchange risk, and the policies in place to monitor and manage these risks.

Accounting policies

Financial instruments

Financial assets and financial liabilities, in respect of financial instruments, are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that provides a residual interest in the assets of the Group after deducting all of its liabilities and includes no obligation to deliver cash or other financial assets. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Put option arrangements over non-controlling interest

The potential cash payments related to put options issued by the Group over the equity of subsidiary companies are accounted for as financial liabilities when such options may only be settled by exchange of a fixed amount of cash or another financial asset for a fixed number of shares in the subsidiary.

The amount that may become payable under the option on exercise is initially recognised at present value within borrowings with a corresponding charge directly to equity. The charge to equity is recognised separately as written put options over non-controlling interests, adjacent to non-controlling interests in the net assets of consolidated subsidiaries. The Group recognises the cost of writing such put options, determined as the excess of the present value of the option over any consideration received, as a financing cost.

Such options are subsequently measured at amortised cost, using the effective interest rate method, in order to accrete the liability up to the amount payable under the option at the date at which it first becomes exercisable; the charge arising is recorded as a financing cost. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

Derivative financial instruments and hedge accounting

The Group's activities expose it to the financial risks of changes in foreign exchange rates and interest rates which it manages using derivative financial instruments.

The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on the use of financial derivatives consistent with the Group's risk management strategy. Changes in values of all derivatives of a financing nature are included within investment income and financing costs in the income statement unless designated in an effective cash flow hedge relationship or a hedge of a net investment in foreign operations when changes in value are deferred to other comprehensive income or equity respectively. The Group does not use derivative financial instruments for speculative purposes.

Derivative financial instruments are initially measured at fair value on the contract date and are subsequently remeasured to fair value at each reporting date. The Group designates certain derivatives as:

– hedges of the change of fair value of recognised assets and liabilities ('fair value hedges'); or

– hedges of the change of fair value of recognised assets and liabilities ('fair value hedges'); or

– hedges of highly probable forecast transactions or hedges of foreign currency or interest rate risks of firm commitments ('cash flow hedges'); or

– hedges of net investments in foreign operations.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting, or if the Company chooses to end the hedging relationship.

Fair value hedges

The Group's policy is to use derivative instruments (primarily interest rate swaps) to convert a proportion of its fixed rate debt to floating rates in order to hedge the interest rate risk arising, principally, from capital market borrowings. The Group designates these as fair value hedges of interest rate risk with changes in fair value of the hedging instrument recognised in the income statement for the period together with the changes in the fair value of the hedged item arising from the hedged risk, to the extent the hedge is effective. Gains or losses relating to any ineffective portion are recognised immediately in the income statement.

Cash flow hedges

Cash flow hedging is used by the Group to hedge certain exposures to variability in future cash flows. The portion of gains or losses relating to changes in the fair value of derivatives that are designated and qualify as effective cash flow hedges is recognised in other comprehensive income; gains or losses relating to any ineffective portion are recognised immediately in the income statement.

When the hedged item is recognised in the income statement, amounts previously recognised in other comprehensive income and accumulated in equity for the hedging instrument are reclassified to the income statement. However, when the hedged transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

When hedge accounting is discontinued, any gain or loss recognised in other comprehensive income at that time remains in equity and is recognised in the income statement when the hedged transaction is ultimately recognised in the income statement. If a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the income statement.

Notes to the consolidated financial statements (continued)

22. Capital and financial risk management (continued)

Net investment hedges

Exchange differences arising from the translation of the net investment in foreign operations are recognised directly in other comprehensive income. Gains and losses on those hedging instruments (which include bonds, commercial paper, cross-currency swaps and foreign exchange contracts) designated as hedges of the net investments in foreign operations are recognised in other comprehensive income to the extent that the hedging relationship is effective; these amounts are included in exchange differences on translation of foreign operations as stated in the statement of comprehensive income. Gains and losses relating to hedge ineffectiveness are recognised immediately in the income statement for the period. Gains and losses accumulated in the translation reserve are included in the income statement when the foreign operation is disposed of.

Capital management

The following table summarises the capital of the Group at 31 March:

	2018 €m	2017 €m
Net debt	31,469	31,169
Equity	68,607	73,719
Capital	**100,076**	**104,888**

The Group's policy is to borrow centrally using a mixture of long-term and short-term capital market issues and borrowing facilities to meet anticipated funding requirements. These borrowings, together with cash generated from operations, are loaned internally or contributed as equity to certain subsidiaries. The Board has approved three internal debt protection ratios being: net interest to operating cash flow (plus dividends from associates); retained cash flow (operating cash flow plus dividends from associates less interest, tax, dividends to non-controlling shareholders and equity dividends) to net debt; and operating cash flow (plus dividends from associates) to net debt. These internal ratios establish levels of debt that the Group should not exceed other than for relatively short periods of time and are shared with the Group's debt rating agencies being Moody's, Fitch Ratings and Standard & Poor's.

Financial risk management

The Group's treasury function manages centrally the Group's funding requirement, net foreign exchange exposure, interest rate management exposures and counterpart risk arising from investments and derivatives.

Treasury operations are conducted within a framework of policies and guidelines authorised and reviewed by the Board, most recently on 22 July 2017.

A treasury risk committee comprising of the Group's Chief Financial Officer, Group General Counsel and Company Secretary, Group Deputy Chief Financial Officer, Group Treasury Director and Group Director of Financial Controlling and Operations meets three times a year to review treasury activities and its members receive management information relating to treasury activities on a quarterly basis. The Group's accounting function, which does not report to the Group Treasury Director, provides regular update reports of treasury activity to the Board. The Group's internal auditor reviews the internal control environment regularly.

The Group uses a number of derivative instruments for currency and interest rate risk management purposes only that are transacted by specialist treasury personnel. The Group mitigates banking sector credit risk by the use of collateral support agreements.

Credit risk

The Group considers its maximum exposure to credit risk at 31 March to be as follows:

	2018 €m	2017 €m
Bank deposit	2,197	1,856
Cash held in restricted deposits	1,382	1,109
German government bonds	862	–
UK government bonds	1,112	1,638
Money market investments funds	2,477	6,979
Derivative financial instruments	2,629	4,282
Other investments – debt and bonds	8,596	6,747
Trade receivables	5,402	5,335
Other receivables and accrued income	3,410	2,886
	28,067	**30,832**

The Group invested in UK and German government bonds on the basis they generate a fixed rate return and, are amongst the most creditworthy of investments available.

The Group has three managed investment funds. These funds hold fixed income euro and sterling securities and the average credit quality is high double A.

Money market investments are in accordance with established internal treasury policies which dictate that an investment's long-term credit rating is no lower than mid BBB. Additionally, the Group invests in AAA unsecured money market mutual funds where the investment is limited to 10% of each fund.

The Group also invests in a fund where the underlying assets are supply chain receivables, the creditworthiness of which are enhanced by an insurance wrapper as provided by established insurance companies with a long-term credit rating of at least A-.

In respect of financial instruments used by the Group's treasury function, the aggregate credit risk the Group may have with one counterparty is limited by (i) reference to the long-term credit ratings assigned for that counterparty by Moody's, Fitch Ratings and Standard & Poor's; (ii) that counterparty's five year credit default swap ('CDS') spread; and (iii) the sovereign credit rating of that counterparty's principal operating jurisdiction. Furthermore, collateral support agreements were introduced from the fourth quarter of 2008. Under collateral support agreements the Group's exposure to a counterparty with whom a collateral support agreement is in place is reduced to the extent that the counterparty must post cash collateral when there is value due to the Group under outstanding derivative contracts that exceeds a contractually agreed threshold amount. When value is due to the counterparty the Group is required to post collateral on identical terms. Such cash collateral is adjusted daily as necessary.

In the event of any default, ownership of the cash collateral would revert to the respective holder at that point. Detailed below is the value of the cash collateral, which is reported within short-term borrowings, held by the Group at 31 March:

	2018 €m	2017 €m
Cash collateral	1,070	2,654

The majority of the Group's trade receivables are due for maturity within 90 days and largely comprise amounts receivable from consumers and business customers. At 31 March 2018 €3,389 million (2017: €3,322 million) of trade receivables were not yet due for payment. Overdue trade receivables consisted of €942 million (2017: €789 million) relating to the Europe region, and €306 million (2017: €423 million) relating to the AMAP region. Financial statements are monitored by management and provisions for bad and doubtful debts raised where it is deemed appropriate.

The following table presents ageing of receivables that are past due and provisions for doubtful receivables that have been established:

	2018			2017		
	Gross receivables €m	Less provisions €m	Net receivables €m	Gross receivables €m	Less provisions €m	Net receivables €m
30 days or less	810	(32)	778	730	(27)	703
Between 31 and 60 days	226	(35)	191	125	(23)	102
Between 61 and 180 days	530	(206)	324	648	(258)	390
Greater than 180 days	1,250	(925)	325	1,423	(1,077)	346
	2,816	**(1,198)**	**1,618**	**2,926**	**(1,385)**	**1,541**

Concentrations of credit risk with respect to trade receivables are limited given that the Group's customer base is large and unrelated. Due to this, management believes there is no further credit risk provision required in excess of the normal provision for bad and doubtful receivables. Amounts charged to administrative expenses during the year ended 31 March 2018 were €528 million (2017: €589 million) (see note 14 "Trade and other receivables").

As discussed in note 29 "Contingent liabilities and legal proceedings", the Group has covenanted to provide security in favour of the trustee of the Vodafone Group UK Pension Scheme in respect of the funding deficit in the scheme. The security takes the form of an English law pledge over UK index-linked government bonds.

Liquidity risk

At 31 March 2018 the Group had €3.8 billion and US$4.1 billion syndicated committed undrawn bank facilities which support the US$15 billion and €8 billion commercial paper programme available to the Group. The Group uses commercial paper and bank facilities to manage short-term liquidity and manages long-term liquidity by raising funds in the capital markets.

The euro syndicated committed facility has a maturity date of 11 January 2023. The US$ syndicated committed facility has a maturity date of 27 February 2022. Both facilities have remained undrawn throughout the financial year and since year end and provide liquidity support.

The Group manages liquidity risk on long-term borrowings by maintaining a varied maturity profile with a cap on the level of debt maturity in any one calendar year, therefore minimising refinancing risk. Long-term borrowings mature between one and 38 years.

Liquidity is reviewed daily on at least a 12 month rolling basis and stress tested on the assumption that all commercial paper outstanding matures and is not reissued. The Group maintains substantial cash and cash equivalents which at 31 March 2018 amounted to €4,674 million (2017: €8,835 million).

Financials

Other information

Notes to the consolidated financial statements (continued)

22. Capital and financial risk management (continued)

Market risk

Interest rate management

Under the Group's interest rate management policy, interest rates on monetary assets and liabilities denominated in euros, US dollars and sterling are maintained on a floating rate basis except for periods up to six years where interest rate fixing has to be undertaken in accordance with treasury policy. The policy also allows euros, US dollars and sterling to be moved to a fixed rate basis if interest rates are statistically low. Where assets and liabilities are denominated in other currencies interest rates may also be fixed. In addition, fixing is undertaken for longer periods when interest rates are statistically low.

For each one hundred basis point rise in market interest rates for all currencies in which the Group had borrowings at 31 March 2018 there would be an increase in profit before tax by approximately €372 million (2017: approximately €470 million) including mark-to-market revaluations of interest rate and other derivatives and the potential interest on outstanding tax issues. There would be no material impact on equity.

At 31 March 2018 other than USD denominated liabilities, which are retained in order to hedge foreign exchange movements arising from our investment in VZ Communication loan notes, substantially all of our outstanding liabilities are held on a fixed interest rate basis in accordance with treasury policy.

Foreign exchange management

As Vodafone's primary listing is on the London Stock Exchange its share price is quoted in sterling. Since the sterling share price represents the value of its future multi-currency cash flows, principally in euro, South African rand and sterling, the Group maintains the currency of debt and interest charges in proportion to its expected future principal cash flows and has a policy to hedge external foreign exchange risks on transactions denominated in other currencies above a certain de minimis level.

At 31 March 2018 27% of net debt was denominated in currencies other than euro (9% sterling, 8% US dollar, 7% South African rand and 3% other). This allows US dollar, South African rand and other debt to be serviced in proportion to expected future cash flows and therefore provides a partial hedge against income statement translation exposure, as interest costs will be denominated in foreign currencies.

Under the Group's foreign exchange management policy, foreign exchange transaction exposure in Group companies is generally maintained at the lower of €5 million per currency per month or €15 million per currency over a six month period.

The Group recognises foreign exchange movements in equity for the translation of net investment hedging instruments and balances treated as investments in foreign operations. However, there is no net impact on equity for exchange rate movements on net investment hedging instruments as there would be an offset in the currency translation of the foreign operation. At 31 March 2018 the Group held financial liabilities in a net investment hedge against the Group's South African rand. Sensitivity to foreign exchange movements on the hedging liabilities, analysed against a strengthening of the South African rand by 15% (2017:18%) would result in a decrease in equity of €348 million (2017: €493 million) which would be fully offset by foreign exchange movements on the hedged net assets.

The following table details the Group's sensitivity of the Group's adjusted operating profit to a strengthening of the Group's major currency in which it transacts. The percentage movement applied to the currency is based on the average movements in the previous three annual reporting periods. Amounts are calculated by retranslating the operating profit of each entity whose functional currency is South African rand.

	2018 €m	2017 €m
ZAR 15% change (2017: 18%) – Operating profit[1]	239	249

Notes:
1 Operating profit before impairment losses and other income and expense.

At 31 March 2018 the Group's sensitivity to foreign exchange movements, analysed against a strengthening of the US dollar by 9% (2017: 11%) on its external US dollar exposure, would decrease the profit before tax by €65 million (2017: €100 million). Foreign exchange on certain sterling balances analysed against a 7% (2017: 10%) strengthening of sterling would increase the profit before tax by €208 million (2017: decrease by €262 million).

Equity risk

There is no material equity risk relating to the Group's equity investments which are detailed in note 13 "Other investments".

The Group has hedged its exposure under the subordinated mandatory convertible bonds to any future movements in its share price by an option strategy designed to hedge the economic impact of share price movements during the term of the bonds. As at 31 March 2018 the Group's sensitivity to a movement of 10% (2017: 7%) in its share price would result in an increase or decrease in profit before tax of approximately €164 million (2017: €236 million).

Fair value and carrying value information

The carrying value and valuation basis of the Group's financial assets are set out in notes 13, 14 and 19. For all financial assets held at amortised cost the carrying values approximate fair value.

The carrying value and valuation basis of the Group's financial liabilities are set out in notes 15 and 20. The carrying values approximate fair value for the Group's trade payables and other payables categories. For other financial liabilities a comparison of fair value and carrying value is disclosed in note 20.

Net financial instruments

The table below shows the Group's financial assets and liabilities that are subject to offset in the balance sheet and the impact of enforceable master netting or similar agreements.

At 31 March 2018				Related amounts not set off in the balance sheet		
	Gross amount €m	Amount set off €m	Amounts presented in balance sheet €m	Right of set off with derivative counterparties €m	Cash collateral €m	Net amount €m
Derivative financial assets	2,629	–	2,629	(1,467)	(1,070)	92
Derivative financial liabilities	(2,383)	–	(2,383)	1,467	718	(198)
Total	**246**	–	**246**	–	**(352)**	**(106)**

At 31 March 2017				Related amounts not set off in the balance sheet		
	Gross amount €m	Amount set off €m	Amounts presented in balance sheet €m	Right of set off with derivative counterparties €m	Cash collateral €m	Net amount €m
Derivative financial assets	4,282	–	4,282	(1,505)	(2,654)	123
Derivative financial liabilities	(2,077)	–	(2,077)	1,505	384	(188)

Total	**2,205**	**–**	**2,205**	**–**	**(2,270)**	**(65)**

Financial assets and liabilities are offset and the amount reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Derivative financial instruments that do not meet the criteria for offset could be settled net in certain circumstances under ISDA (International Swaps and Derivatives Association) agreements where each party has the option to settle amounts on a net basis in the event of default from the other. Collateral may be offset and net settled against derivative financial instruments in the event of default by either party. The aforementioned collateral balances are recorded in "other short-term investments" or "short-term debt" respectively.

23. Directors and key management compensation

This note details the total amounts earned by the Company's Directors and members of the Executive Committee.

Directors

Aggregate emoluments of the Directors of the Company were as follows:

	2018 €m	2017 €m	2016 €m
Salaries and fees	4	4	5
Incentive schemes[1]	3	2	4
Other benefits[2]	1	1	1
	8	**7**	**10**

Notes:
1 Excludes gains from long-term incentive plans.
2 Includes the value of the cash allowance taken by some individuals in lieu of pension contributions.

The aggregate gross pre-tax gain made on the exercise of share options in the year ended 31 March 2018 by one Director who served during the year was <€0.1 million (2017: one Director, €0.7 million; 2016: one Director, €0.2 million).

Key management compensation

Aggregate compensation for key management, being the Directors and members of the Executive Committee, was as follows:

	2018 €m	2017 €m	2016 €m
Short-term employee benefits	27	24	30
Share-based payments	30	25	26
	57	**49**	**56**

24. Employees

This note shows the average number of people employed by the Group during the year, in which areas of our business our employees work and where they are based. It also shows total employment costs.

	2018 Employees	2017 Employees	2016 Employees
By activity:			
Operations	17,094	18,207	18,869
Selling and distribution	35,025	38,252	38,325
Customer care and administration	54,016	55,097	54,490
	106,135	**111,556**	**111,684**
By segment:			
Germany	13,718	14,478	14,862
Italy	6,606	6,601	6,676
Spain	5,015	5,118	5,935
UK	12,379	13,238	13,323
Other Europe	11,760	15,801	16,058
Europe	**49,478**	**55,236**	**56,854**

India (Discontinued operations)	11,086	13,187	13,346
Vodacom	7,524	7,590	7,515
Other Africa, Middle East and Asia-Pacific	13,606	14,183	14,262
Africa, Middle East and Asia-Pacific	**32,216**	**34,960**	**35,123**
Common Functions	24,441	21,360	19,707
Total	**106,135**	**111,556**	**111,684**

The cost incurred in respect of these employees (including Directors) was:

	2018 €m	2017 €m	2016 €m
Wages and salaries	4,179	4,630	4,759
Social security costs	547	582	621
Other pension costs (note 25)	222	212	270
Share-based payments (note 26)	128	95	154
	5,076	**5,519**	**5,804**
India (Discontinued operations)	219	217	212
Total	**5,295**	**5,736**	**6,016**

The Group has dialogue with recognised labour unions if required. In particular, there are regular meetings with the Vodafone European Employee Consultative Council (the 'EECC'). The delegates of this body are locally elected Vodafone employee representatives, most of them union and works council members. There has been no material disruption to operations as a result of union activity during the financial year.

Financials

Overview

25. Post employment benefits

The Group operates a number of defined benefit and defined contribution pension plans for our employees. The Group's largest defined benefit scheme is in the UK. For further details see "Critical accounting judgements and key sources of estimation uncertainty" in note 1 "Basis of preparation" to the consolidated financial statements.

Accounting policies

For defined benefit retirement plans, the difference between the fair value of the plan assets and the present value of the plan liabilities is recognised as an asset or liability on the statement of financial position. Scheme liabilities are assessed using the projected unit funding method and applying the principal actuarial assumptions at the reporting period date. Assets are valued at market value.

Actuarial gains and losses are taken to the statement of comprehensive income as incurred. For this purpose, actuarial gains and losses comprise both the effects of changes in actuarial assumptions and experience adjustments arising from differences between the previous actuarial assumptions and what has actually occurred. The return on plan assets, in excess of interest income, is also taken to other comprehensive income.

Other movements in the net surplus or deficit are recognised in the income statement, including the current service cost, any past service cost and

Strate

Other movements in the net surplus or deficit are recognised in the income statement, including the current service cost, any past service cost and the effect of any settlements. The interest cost less the expected interest income on assets is also charged to the income statement. The amount charged to the income statement in respect of these plans is included within operating costs or in the Group's share of the results of equity accounted operations, as appropriate.

The Group's contributions to defined contribution pension plans are charged to the income statement as they fall due.

Background

At 31 March 2018 the Group operated a number of pension plans for the benefit of its employees throughout the world, with varying rights and obligations depending on the conditions and practices in the countries concerned. The Group's pension plans are provided through both defined benefit and defined contribution arrangements. Defined benefit schemes provide benefits based on the employees' length of pensionable service and their final pensionable salary or other criteria. Defined contribution schemes offer employees individual funds that are converted into benefits at the time of retirement.

The Group operates defined benefit schemes in Germany, Ghana, India, Ireland, Italy, the UK and the United States. Defined contribution pension schemes are currently provided in Australia, Egypt, Germany, Greece, Hungary, India, Ireland, Italy, the Netherlands, New Zealand, Portugal, South Africa, Spain and the UK.

Income statement expense

	2018 €m	2017 €m	2016 €m
Defined contribution schemes	178	192	214
Defined benefit schemes	44	20	56
Total amount charged to income statement (note 24)	**222**	**212**	**270**

Defined benefit schemes

The Group's retirement policy is to provide competitive pension provision, in each operating country, in line with the market median for that location. The Group's preferred retirement provision is focused on Defined Contribution ('DC') arrangements and/or State provision for future service.

The Group's main defined benefit funding liability is the Vodafone UK Group Pension Scheme ('Vodafone UK plan'). Since June 2014 the plan has consisted of two segregated sections: the Vodafone Section and the Cable & Wireless Section ('CWW Section'). Both sections are closed to new entrants and to future accrual. The Group also operates funded and unfunded plans in Germany and funded plans in Ireland. Defined benefit pension provision exposes the Group to actuarial risks such as longer than expected longevity of participants, lower than expected return on investments and higher than expected inflation, which may increase the liabilities or reduce the value of assets of the schemes.

The defined benefit schemes are administered by Trustee Boards who are legally separate from the Group and consist of representatives who are employees, former employees or are independent from the Company. The Boards of the pension schemes are required by legislation to act in the best interest of the participants, set the investment strategy and contribution rates and are subject to statutory funding objectives.

The Vodafone UK plan is registered as an occupational pension plan with HMRC and is subject to UK legislation and operates within the framework outlined by the Pensions Regulator. UK legislation requires that pension schemes are funded prudently and that valuations are undertaken at least every three years. Separate valuations are required for the Vodafone Section and CWW Section.

The trustees obtain regular actuarial valuations to check whether the statutory funding objective is met and whether a recovery plan is required to restore funding to the level of the agreed technical provisions. On 19 October 2017, the 31 March 2016 triennial actuarial valuation for the Vodafone Section and CWW Section of the Vodafone UK plan, which is used to judge the funding the Group needs to put into the scheme, was concluded.

This valuation showed a net deficit of £279 million (€317 million) on the scheme's funding basis, comprising of a £339 million (€385 million) deficit for the Vodafone Section offset by a £60 million (€68 million) surplus for the CWW Section. These scheme specific actuarial valuations will always be different to the IAS 19 accounting deficit, which is an accounting rule concerning employee benefits and shown on the Group's consolidated statement of financial position.

25. Post employment benefits (continued)

The Group and Trustees of the scheme agreed a funding plan to address the valuation deficit in the Vodafone Section over the period to 31 March 2025 and made a cash contribution on 19 October 2017 of £185 million (€209 million) into the Vodafone Section and a further cash payment in accordance with the arrangements set under the previous valuation of £58 million (€66 million) into the CWW Section. These cash payments were invested into annuity policies issued by a third party insurance company which in turn entered into a reinsurance policy covering these risks with the Group's captive insurance company. No further contributions are due in respect of the deficit revealed at the 2016 valuation.

Funding plans are individually agreed for each of the Group's defined benefit pension schemes with the respective trustees, taking into account local regulatory requirements. It is expected that ordinary contributions relating to future service of €61 million will be paid into the Group's defined benefit pension schemes during the year ending 31 March 2019. The Group has also provided certain guarantees in respect of the Vodafone UK plan; further details are provided in note 29 "Contingent liabilities and legal proceedings" to the consolidated financial statements.

The investment strategy for the UK schemes is controlled by the trustees in consultation with the Company and the schemes have no direct

The investment strategy for the UK schemes is controlled by the trustees in consultation with the Company and the schemes have no direct investments in the Group's equity securities or in property or other assets currently used by the Group. The allocation of assets between different classes of investment is reviewed regularly and is a key factor in the trustee's investment policy. The trustees aim to achieve the scheme's investment objectives through investing partly in a diversified mix of growth assets which, over the long term are expected to grow in value by more than the low risk assets. The low risk assets include cash and gilts, inflation and interest rate hedging and in substantial insured pensioner annuity policies in both the Vodafone Section and CWW Sections of the Vodafone UK plan. A number of investment managers are appointed to promote diversification by assets, organisation and investment style and current market conditions and trends are regularly assessed, which may lead to adjustments in the asset allocation.

Actuarial assumptions

The Group's scheme liabilities are measured using the projected unit credit method using the principal actuarial assumptions set out below:

	2018 %	2017 %	2016 %
Weighted average actuarial assumptions used at 31 March[1]:			
Rate of inflation[2]	2.9	3.0	2.8
Rate of increase in salaries	2.7	2.6	2.6
Discount rate	2.5	2.6	3.2

Notes:
1 Figures shown represent a weighted average assumption of the individual schemes.
2 The rate of increases in pensions in payment and deferred revaluation are dependent on the rate of inflation.

Mortality assumptions used are based on recommendations from the individual scheme actuaries which include adjustments for the experience of the Group where appropriate. The Group's largest scheme is the Vodafone UK plan. Further life expectancies assumed for the UK schemes are 23.2/26.5 years (2017: 24.1/25.4 years; 2016: 24.0/25.3 years) for a male/female pensioner currently aged 65 years and 26.1/29.3 (2017: 26.7/28.3 years; 2016: 26.6/28.1 years) from age 65 for a male/female non-pensioner member currently aged 40.

Charges made to the consolidated income statement and consolidated statement of comprehensive income ('SOCI') on the basis of the assumptions stated above are:

	2018 €m	2017 €m	2016 €m
Current service cost	34	43	45
Past service costs	2	(27)	–
Net interest charge	8	4	11
Total included within staff costs	**44**	**20**	**56**
Actuarial losses/(gains) recognised in the SOCI	94	274	(216)

Duration of the benefit obligations

The weighted average duration of the defined benefit obligation at 31 March 2018 is 22.8 years (2017: 22.9 years; 2016: 22.3 years).

Fair value of the assets and present value of the liabilities of the schemes

The amount included in the statement of financial position arising from the Group's obligations in respect of its defined benefit schemes is as follows:

	Assets €m	Liabilities €m	Net deficit €m
1 April 2016	**6,229**	**(6,570)**	**(341)**
Reclassification as held for sale	–	12	12
	6,229	**(6,558)**	**(329)**
Service cost	–	16	16

Interest income/(cost)	190	(194)	(4)
Return on plan assets excluding interest income	818	–	818
Actuarial losses arising from changes in financial assumptions	–	(1,204)	(1,204)
Actuarial gains arising from experience adjustments	–	112	112
Employer cash contributions	24	–	24
Member cash contributions	8	(8)	–
Benefits paid	(180)	180	–
Exchange rate movements	(403)	403	–
Other movements	23	(50)	(27)
31 March 2017	**6,709**	**(7,303)**	**(594)**
Service cost	–	(36)	(36)
Interest income/(cost)	167	(175)	(8)
Return on plan assets excluding interest income	(37)	–	(37)
Actuarial losses arising from changes in demographic assumptions	–	(46)	(46)
Actuarial losses arising from changes in financial assumptions	–	(12)	(12)
Actuarial gains arising from experience adjustments	–	1	1
Employer cash contributions	301	–	301
Member cash contributions	8	(8)	–
Benefits paid	(289)	289	–
Exchange rate movements	(156)	166	10
Other movements	(6)	17	11
31 March 2018	**6,697**	**(7,107)**	**(410)**

An analysis of net (deficit)/assets is provided below for the Group as a whole.

	2018 €m	2017 €m	2016 €m	2015 €m	2014 €m
Analysis of net (deficit)/assets:					
Total fair value of scheme assets	6,697	6,709	6,229	6,857	4,652
Present value of funded scheme liabilities	(7,028)	(7,222)	(6,487)	(7,316)	(5,237)
Net deficit for funded schemes	**(331)**	**(513)**	**(258)**	**(459)**	**(585)**
Present value of unfunded scheme liabilities	(79)	(81)	(83)	(91)	(80)
Net deficit	**(410)**	**(594)**	**(341)**	**(550)**	**(665)**
Net deficit is analysed as:					
Assets[1]	110	57	224	234	42
Liabilities	(520)	(651)	(565)	(784)	(707)

Note:
1 Pension assets are deemed to be recoverable and there are no adjustments in respect of minimum funding requirements as economic benefits are available to the Company either in the form of future refunds or, for plans still open to benefit accrual, in the form of possible reductions in future contributions. The International Accounting Standards Board (IASB) published an Exposure Draft in June 2015 that would amend IFRIC14 IAS19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction. However, in 2017 the IASB stated that they are carrying out "further work to assess whether it can establish a more principles-based approach in IFRIC14 for an entity to assess and measure its right to a refund of a surplus". As such, it is not clear at this stage how and when IFRIC14 may be revised, and we will assess the impact of any changes when the revised version is published.

An analysis of net assets/(deficit) is provided below for the Group's largest defined benefit pension scheme in the UK, which is a funded scheme. As part of the merger of the Vodafone UK plan and the CWWRP plan on 6 June 2014 the assets and liabilities of the CWW Section are segregated from the Vodafone Section and hence are reported separately below.

	CWW Section					Vodafone Section				
	2018 €m	2017 €m	2016 €m	2015 €m	2014 €m	2018 €m	2017 €m	2016 €m	2015 €m	2014 €m
Analysis of net assets/(deficit):										
Total fair value of scheme assets	2,760	2,894	2,762	3,114	2,155	2,773	2,654	2,408	2,645	1,626
Present value of scheme liabilities	(2,655)	(2,842)	(2,543)	(2,884)	(2,097)	(2,945)	(2,962)	(2,548)	(2,951)	(2,030)
Net assets/(deficit)	**105**	**52**	**219**	**230**	**58**	**(172)**	**(308)**	**(140)**	**(306)**	**(404)**
Net assets/(deficit) are analysed as:										
Assets	105	52	219	230	58	–	–	–	–	–
Liabilities	–	–	–	–	–	(172)	(308)	(140)	(306)	(404)

25. Post employment benefits (continued)

Fair value of scheme assets

	2018 €m	2017 €m
Cash and cash equivalents	95	104
Equity investments:		
With quoted prices in an active market	1,407	1,938
Without quoted prices in an active market	360	413
Debt instruments:		
With quoted prices in an active market	4,149	3,982
Without quoted prices in an active market	590	461
Property:		
With quoted prices in an active market	27	30
Without quoted prices in an active market	78	78
Derivatives:[1]		
With quoted prices in an active market	(1,146)	(1,218)
Without quoted prices in an active market	44	(1)
Investment fund	275	299
Annuity policies – Without quoted prices in an active market	818	623
Total	**6,697**	**6,709**

Note:
1 Derivatives include collateral held in the form of cash.

The fair value of scheme assets, which have been measured at fair value in accordance with IFRS 13 "Fair Value Measurement", are analysed by asset category above and are subdivided by assets that have a quoted market price in an active market and those that do not, such as investment funds. Where available, the fair values are quoted prices (e.g. listed equity, sovereign debt and corporate bonds). Unlisted investments without quoted prices in an active market (e.g. private equity) are included at values provided by the fund manager in accordance with relevant guidance. Other significant assets are valued based on observable inputs such as yield curves. The Vodafone UK Plan annuity policies include two new buy-in arrangements with Legal & General Assurance Society Limited entered into during the year ended 31 March 2018 following the cash contributions made by the Group. These policies fully match the pension obligations of those pensioners insured and therefore are set equal to the present value of the related obligations. Investment funds of €275 million at 31 March 2018 include €259 million of investments in diversified alternate beta funds held in the Vodafone Section of the Vodafone UK plan.

The actual return on plan assets over the year to 31 March 2018 was a gain of €130 million (2017: €1,008 million).

Sensitivity analysis

Measurement of the Group's defined benefit retirement obligation is sensitive to changes in certain key assumptions. The sensitivity analysis below shows how a reasonably possible increase or decrease in a particular assumption would, in isolation, result in an increase or decrease in the present value of the defined benefit obligation as at 31 March 2018.

	Rate of inflation		Rate of increase in salaries		Discount rate		Life expectancy	
	Decrease by 0.5% €m	Increase by 0.5% €m	Decrease by 0.5% €m	Increase by 0.5% €m	Decrease by 0.5% €m	Increase by 0.5% €m	Increase by 1 year €m	Decrease by 1 year €m
(Decrease)/increase in present value of defined obligation[1]	(556)	633	(4)	5	833	(713)	223	(220)

Note:
1 The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another. In presenting this sensitivity analysis, the change in the present value of the defined benefit obligation has been calculated on the same basis as prior years using the projected unit credit method at the end of the year, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position. The rate of inflation assumption sensitivity factors in the impact of changes to all assumptions relating to inflation including the rate of increase in salaries, pension increases and deferred revaluations.

Financials

26. Share-based payments

The Group has a number of share plans used to award shares to Directors and employees as part of their remuneration package. A charge is recognised over the vesting period in the consolidated income statement to record the cost of these, based on the fair value of the award on the grant date.

Accounting policies

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. A corresponding increase in retained earnings is also recognised.

Some share awards have an attached market condition, based on total shareholder return ('TSR'), which is taken into account when calculating the fair value of the share awards. The valuation for the TSR is based on Vodafone's ranking within the same group of companies, where possible, over the past five years.

The fair value of awards of non-vested shares is an average calculation of the closing price of the Group's shares on the days prior to the grant date, adjusted for the present value of the delay in receiving dividends where appropriate.

The maximum aggregate number of ordinary shares which may be issued in respect of share options or share plans will not (without shareholder approval) exceed:

- 10% of the ordinary share capital of the Company in issue immediately prior to the date of grant, when aggregated with the total number of ordinary shares which have been allocated in the preceding ten year period under all plans; and
- 5% of the ordinary share capital of the Company in issue immediately prior to the date of grant, when aggregated with the total number of ordinary shares which have been allocated in the preceding ten year period under all plans, other than any plans which are operated on an all-employee basis.

Share options

Vodafone Group executive plans

No share options have been granted to any Directors or employees under the Company's discretionary share option plans in the year ended 31 March 2018. There were no options outstanding under the Vodafone Global Incentive Plan at the year-end.

Vodafone Group Sharesave Plan

The Vodafone Group 2008 Sharesave Plan enables UK staff to acquire shares in the Company through monthly savings of up to £375 over a three and/or five year period, at the end of which they may also receive a tax-free bonus. The savings and bonus may then be used to purchase shares at the option price, which is set at the beginning of the invitation period and usually at a discount of 20% to the then prevailing market price of the Company's shares.

Share plans

Vodafone Group executive plans

Under the Vodafone Global Incentive Plan awards of shares are granted to Directors and certain employees. The release of these shares is conditional upon continued employment and for some awards achievement of certain performance targets measured over a three year period.

Vodafone Share Incentive Plan

Following a review of the UK all-employee plans it was decided that with effect from 1 April 2017 employees would no longer be able to contribute to the Share Incentive Plan and would therefore no longer receive matching shares. Individuals who hold shares in the plan will continue to receive dividend shares.

Notes to the consolidated financial statements (continued)

26. Share-based payments (continued)

Movements in outstanding ordinary share options

	Ordinary share options		
	2018 Millions	2017 Millions	2016 Millions
1 April	41	24	25
Granted during the year	11	31	7
Forfeited during the year	(2)	(1)	(1)
Exercised during the year	(5)	(7)	(5)
Expired during the year	(5)	(6)	(2)
31 March	**40**	**41**	**24**
Weighted average exercise price:			
1 April	£1.61	£1.62	£1.49
Granted during the year	£1.72	£1.61	£1.89
Forfeited during the year	£1.65	£1.66	£1.54
Exercised during the year	£1.57	£1.50	£1.42
Expired during the year	£1.65	£1.75	£1.59
31 March	**£1.64**	**£1.61**	**£1.62**

Summary of options outstanding and exercisable at 31 March 2018

	Outstanding			Exercisable		
	Outstanding shares Millions	Weighted average exercise price	Weighted average remaining contractual life Months	Exercisable shares Millions	Weighted average exercise price	Weighted average remaining contractual life Months
Vodafone Group savings related and Sharesave Plan:						
£1.01 – £2.00	40	£1.64	21	–	–	–

Share awards

Movements in non-vested shares are as follows:

	2018		2017		2016	
	Millions	Weighted average fair value at grant date	Millions	Weighted average fair value at grant date	Millions	Weighted average fair value at grant date
1 April	178	£1.91	198	£1.77	217	£1.56
Granted	74	£1.95	74	£1.97	63	£2.22
Vested	(42)	£1.76	(47)	£1.77	(32)	£1.80
Forfeited	(28)	£1.58	(47)	£1.57	(50)	£1.40
31 March	**182**	**£2.04**	**178**	**£1.91**	**198**	**£1.77**

Other information

The total fair value of shares vested during the year ended 31 March 2018 was £74 million (2017: £83 million; 2016: £58 million).

The compensation cost included in the consolidated income statement in respect of share options and share plans was €128 million (2017: €95 million; 2016: €154 million) which is comprised principally of equity-settled transactions.

The average share price for the year ended 31 March 2018 was 216.2 pence (2017: 216.2 pence; 2016: 224.2 pence).

27. Acquisitions and disposals

We completed a number of acquisitions and disposals during the year. The note below provides details of these transactions as well as those in the prior year including, most significantly, the combination of our operations in the Netherlands with those of Liberty Global plc to form VodafoneZiggo, a 50:50 joint venture. For further details see "Critical accounting judgements and key sources of estimation uncertainty" in note 1 "Basis of preparation" to the consolidated financial statements.

Accounting policies

Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values at the date of exchange of assets given, liabilities incurred or assumed and equity instruments issued by the Group. Acquisition-related costs are recognised in the income statement as incurred. The acquiree's identifiable assets and liabilities are recognised at their fair values at the acquisition date. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the Group's previously held equity interest in the acquiree, if any, over the net amounts of identifiable assets acquired and liabilities assumed at the acquisition date. The interest of the non-controlling shareholders in the acquiree may initially be measured either at fair value or at the non-controlling shareholders' proportion of the net fair value of the identifiable assets acquired, liabilities and contingent liabilities assumed. The choice of measurement basis is made on an acquisition-by-acquisition basis.

Acquisition of interests from non-controlling shareholders

In transactions with non-controlling parties that do not result in a change in control, the difference between the fair value of the consideration paid or received and the amount by which the non-controlling interest is adjusted is recognised in equity.

Disposals

Vodafone And Qatar Foundation L.L.C ('Vodafone Qatar')

On 29 March 2018, the Group sold its 51% interest in Vodafone And Qatar Foundation L.L.C for consideration of QAR1,350 million (€299 million). The Group recognised a net gain on disposal of €113 million reported in other income and expense.

VodafoneZiggo Group Holding B.V. ('VodafoneZiggo')

On 31 December 2016, we combined our operations in the Netherlands with those of Liberty Global plc to create VodafoneZiggo Group Holding B.V., a 50:50 joint venture providing national unified communications. As a result of the transaction, we no longer consolidate our previous interest in the Netherlands and account for our 50% interest in VodafoneZiggo as a Joint Venture using the equity method. The Group recognised a net gain on the formation of VodafoneZiggo of €1,275 million.

	€m
Goodwill	(855)
Other intangible assets	(1,415)
Property, plant and equipment	(1,164)
Inventory	(24)
Trade and other receivables	(302)
Cash and cash equivalents[1]	(56)
Current and deferred taxation	87
Short and long-term borrowings	1,000
Trade and other payables	387
Provisions	28
Net assets contributed into VodafoneZiggo	**(2,314)**
Fair value of investment in VodafoneZiggo[2]	2,970
Net cash proceeds arising from the transaction[1,3]	619
Net gain on formation of VodafoneZiggo[4]	**1,275**

Notes:
1 Included in purchase of interests in associates and joint ventures in the consolidated statement of cash flows.
2 The fair value of our initial investment in VodafoneZiggo is not observable in a quoted market. Accordingly, the fair value has been primarily determined with reference to the outcome of a discounted cash flow analysis. Certain significant inputs used in the valuation, such as forecasts of future cash flows, are based on our assumptions and are therefore unobservable. The valuation therefore falls under Level 3 of the fair value hierarchy. The weighted average cost of capital and terminal growth rate used to value our initial investment in VodafoneZiggo were 7.0% and 1.0% respectively.
3 Includes our 50% share of cash paid to both shareholders on creation of VodafoneZiggo (€1,422 million), together with an equalisation payment of €802 million made to Liberty Global plc.
4 Reported in other income and expense in the consolidated income statement. Includes €637 million related to the re-measurement of our retained interest in Vodafone Libertel B.V. Transaction costs of €35 million were charged in the consolidated income statement in the year.

Notes to the consolidated financial statements (continued)

28. Commitments

A commitment is a contractual obligation to make a payment in the future, mainly in relation to leases and agreements to buy assets such as network infrastructure and IT systems. These amounts are not recorded in the consolidated statement of financial position since we have not yet received the goods or services from the supplier. The amounts below are the minimum amounts that we are committed to pay.

Accounting policies

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments as determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the income statement.

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Operating lease commitments

The Group has entered into commercial leases on certain properties, network infrastructure, motor vehicles and items of equipment. The leases have various terms, escalation clauses, purchase options and renewal rights, none of which are individually significant to the Group. Future minimum lease payments under non-cancellable operating leases comprise:

	2018 €m	2017 €m
Within one year	2,686	2,522
In more than one year but less than two years	1,633	1,487
In more than two years but less than three years	1,155	1,136
In more than three years but less than four years	903	882
In more than four years but less than five years	717	709
In more than five years	2,600	2,693
	9,694	**9,429**

The total of future minimum sublease payments expected to be received under non-cancellable subleases is €859 million (2017: €584 million).

Capital commitments

	Company and subsidiaries		Share of joint operations		Group	
	2018 €m	2017 €m	2018 €m	2017 €m	2018 €m	2017 €m
Contracts placed for future capital expenditure not provided in the financial statements[1]	2,630	2,052	76	88	2,706	2,140

Note:
1 Commitment includes contracts placed for property, plant and equipment and intangible assets.

Financials

Acquisition commitments

Vodafone India

On 20 March 2017, Vodafone announced the agreement to combine its subsidiary, Vodafone India (excluding its 42% stake in Indus Towers), with Idea Cellular Limited ('Idea'), which is listed on the Indian Stock Exchanges, with the combined company to be jointly controlled by Vodafone and the Aditya Birla Group ('ABG'). Vodafone will own 45.1% of the combined company after transferring a stake of 4.9% to the Aditya Birla Group for approximately INR39 billion (approximately US$579 million) in cash concurrent with completion of the merger. ABG will then own 26.0% and has the right to acquire more shares from Vodafone under an agreed mechanism with a view to equalising the shareholdings over time. If Vodafone and ABG's shareholdings in the combined company are not equal after four years, Vodafone will sell down shares in the combined company to equalise its shareholding to that of the ABG over the following five-year period. Until equalisation is achieved, the voting rights of the additional shares held by Vodafone will be restricted and votes will be exercised jointly under the terms of the shareholders' agreement. The transaction has a break-fee of INR33 billion (US$500 million) that would become payable under certain circumstances.

On 4 January 2018 Idea announced its intention to raise up to INR67.5 billion (€882 million) of equity, which was achieved through a INR32.5 billion (€425 million) preferential allotment to the ABG entities and an additional INR35.0 billion (€457 million) of equity raised through a qualified institutions placement. The proceeds from this capital raise, in addition to the INR78.5 billion (€1.0 billion) of proceeds from the announced disposals of Vodafone India's and Idea's standalone tower businesses, would be used to strengthen the balance sheet of the merged entity (Vodafone India and Idea).

As a consequence of the change in shareholding in Idea following the capital raise, ABG and Vodafone have agreed that ABG will buy a minimum of 2.5% of the merged entity from Vodafone, or such higher stake required in order for ABG to ultimately own at least 26% of the merged entity. Consequently, Vodafone will receive minimum proceeds of INR19.6 billion (€256 million) from such sale and Vodafone's ownership in the combined entity is expected to be not more than 47.5% at completion. Vodafone's stake in the combined entity in excess of 45.1% will not be subject to any lock-up after closing and Vodafone will be free to sell the relevant shares without restrictions. Based on ABG's shareholding in Idea as at 31 March 2018, ABG will need to acquire approximately 4.8% of the merged entity from Vodafone at completion in order to own at least 26% of the merged entity. This would result in Vodafone having an approximate 45.2% shareholding. The aforementioned changes to the capital structure were already contemplated in the scheme of arrangement for the merger, which has been approved by the Competition Commission of India, the shareholders and creditors of both Idea and Vodafone India, and the relevant National Company Law Tribunals. Foreign investment and Department of Telecommunications approvals are currently pending. As such, Vodafone now expects the merger to be completed in June 2018.

As per the agreement entered into on 20 March 2017, Vodafone India's contribution of net debt to the merged entity and Vodafone Group's funding requirement will be dependent on Idea's net debt at completion of the merger, as well as customary closing adjustments, but is not affected by proceeds received in relation to the announced disposals of Vodafone India's and Idea's standalone towers and a potential monetisation of Idea's 11.15% stake in Indus Towers. Vodafone will contribute INR24.8 billion (€323 million) more net debt than Idea at completion.

On 31 March 2018, Vodafone India completed the sale of its standalone tower business in India to ATC Telecom Infrastructure Private Limited ('ATC') for an enterprise value of INR38.5 billion (€478 million). The receipt of these proceeds prior to completion of the proposed merger of Vodafone India and Idea was anticipated and provided for in the merger agreement and hence does not affect the agreed terms of the merger, including the amount of debt which Vodafone will contribute to the combined company at completion. Completion of Idea's sale of its standalone tower business to ATC for INR40.0 billion is expected in the first half of this calendar year.

Following the completion of Idea's equity raise in February 2018, under the terms of the merger agreement with Idea the Group intends to inject up to €1 billion of incremental equity into India, net of the proceeds of the sale of a stake in the JV to the Aditya Birla Group, prior to completion.

Vodafone Greece

On 23 January 2018, Vodafone announced that Vodafone Greece had agreed to acquire CYTA Telecommunications Hellas S.A., a provider of fixed and mobile telecommunication services in Greece, for a total enterprise value of €118 million. The acquisition is subject to a number of conditions, including antitrust clearance by the relevant competent authorities.

Vodafone to acquire Liberty Global's operations in Germany, the Czech Republic, Hungary and Romania

On 9 May 2018, Vodafone announced that it had agreed to acquire Liberty Global's operations in Germany, the Czech Republic, Hungary and Romania for an enterprise value of €18.4 billion. See note 31 "Subsequent events" for further details.

Notes to the consolidated financial statements (continued)

29. Contingent liabilities and legal proceedings

Contingent liabilities are potential future cash outflows, where the likelihood of payment is considered more than remote, but is not considered probable or cannot be measured reliably.

	2018 €m	2017 €m
Performance bonds[1]	993	2,413
Other guarantees and contingent liabilities[2]	4,036	3,576

Notes:
1 Performance bonds require the Group to make payments to third parties in the event that the Group does not perform what is expected of it under the terms of any related contracts or commercial arrangements.
2 Other guarantees principally comprise Vodafone Group Plc's guarantee of the Group's 50% share of an AUD1.7 billion loan facility and a US$3.5 billion loan facility of its joint venture, Vodafone Hutchison Australia Pty Limited. The Group's share of these loan balances is included in the net investment in joint venture (see note 12 "Investments in joint ventures").

UK pension schemes

The Group's main defined benefit scheme is the Vodafone UK Group Pension Scheme (the 'Scheme') which has two segregated sections, the Vodafone Section and the CWW Section, as detailed in note 25.

The Group has covenanted to provide security in favour of both the Vodafone Sections and CWW Section of the Scheme whilst a deficit remains. The deficit is measured on a prescribed basis agreed between the Group and Trustee. The Group provides a combination of surety bonds and a charge over UK indexed gilts as the security.

The level of the security has varied since inception in line with the movement in the Scheme deficit. At 31 March 2018 the Scheme retains security over €536 million (notional value) for the Vodafone Section and €57 million (notional value) for the CWW Section. The security may be substituted either on a voluntary or mandatory basis. The Company has also provided two guarantees to the Vodafone Section of the Scheme for a combined value up to €1.7 billion to provide security over the deficit under certain defined circumstances, including insolvency of the employers. The Company has also agreed a similar guarantee of up to €1.7 billion for the CWW Section.

An additional smaller UK defined benefit scheme, the THUS Plc Group Scheme, has a guarantee from the Company for up to €114 million.

Legal proceedings

The Company and its subsidiaries are currently, and may from time to time become, involved in a number of legal proceedings, including inquiries from, or discussions with, governmental authorities that are incidental to their operations. However, save as disclosed below, the Company does not believe that it or its subsidiaries are currently involved in (i) any legal or arbitration proceedings (including any governmental proceedings which are pending or known to be contemplated) which may have, or have had in the 12 months preceding the date of this report, a material adverse effect on the financial position or profitability of the Group; or (ii) any material proceedings in which any of the Company's Directors, members of senior management or affiliates are either a party adverse to the Company or its subsidiaries or have a material interest adverse to the Company or its subsidiaries. Due to inherent uncertainties, the Company cannot make any accurate quantification of any cost, or timing of such cost, which may arise from any of the legal proceedings referred to in this Annual Report, however costs in complex litigation can be substantial.

Indian tax cases

In August 2007 and September 2007, Vodafone India Limited ('VIL') and Vodafone International Holdings BV ('VIHBV') respectively received notices from the Indian tax authority alleging potential liability in connection with an alleged failure by VIHBV to deduct withholding tax from consideration paid to the Hutchison Telecommunications International Limited group ('HTIL') in respect of HTIL's gain on its disposal to VIHBV of its interests in a wholly-owned Cayman Island incorporated subsidiary that indirectly holds interests in VIL. Following approximately five years of litigation in the Indian courts in which VIHBV sought to set aside the tax demand issued by the Indian tax authority, in January 2012 the Supreme Court of India handed down its judgement, holding that VIHBV's interpretation of the Income Tax Act 1961 was correct, that the HTIL transaction in 2007 was not taxable in India, and that consequently, VIHBV had no obligation to withhold tax from consideration paid to HTIL in respect of the transaction. The Supreme Court of India quashed the relevant notices and demands issued to VIHBV in respect of withholding tax and interest.

On 28 May 2012 the Finance Act 2012 became law. The Finance Act 2012, which amended various provisions of the Income Tax Act 1961 with retrospective effect, contained provisions intended to tax any gain on transfer of shares in a non-Indian company, which derives substantial value from underlying Indian assets, such as VIHBV's transaction with HTIL in 2007. Further, it seeks to subject a purchaser, such as VIHBV, to a retrospective obligation to withhold tax. VIHBV received a letter on 3 January 2013 from the Indian tax authority reminding it of the tax demand raised prior to the obligation to withhold tax. VIHBV received a letter on 3 January 2018 from the Indian tax authority reminding it of the tax demand raised prior to the Supreme Court of India's judgement and purporting to update the interest element of that demand to a total amount of INR142 billion, which includes principal and interest as calculated by the Indian tax authority but does not include penalties.

On 10 January 2014, VIHBV served an amended trigger notice on the Indian Government under the Netherlands-India Bilateral Investment Treaty ('Dutch BIT'), supplementing a trigger notice filed on 17 April 2012, immediately prior to the Finance Act 2012 becoming effective, to add claims relating to an attempt by the Indian Government to tax aspects of the transaction with HTIL under transfer pricing rules. A trigger notice announces a party's intention to submit a claim to arbitration and triggers a cooling off period during which both parties may seek to resolve the dispute amicably. Notwithstanding their attempts, the parties were unable to amicably resolve the dispute within the cooling off period stipulated in the Dutch BIT. On 17 April 2014, VIHBV served its notice of arbitration under the Dutch BIT, formally commencing the Dutch BIT arbitration proceedings.

In June 2016, the tribunal was fully constituted with Sir Franklin Berman KCMG QC appointed as presiding arbitrator. The Indian Government has raised objections to the application of the treaty to VIHBV's claims and to the jurisdiction of the tribunal under the Dutch BIT. On 19 June 2017, the tribunal decided to try both these jurisdictional objections along with the merits of VIHBV's claim in a hearing now scheduled for February 2019. More recent attempts by the Indian Government to have the jurisdiction arguments heard separately have also failed. VIHBV will file its response to India's defence in July 2018 and India will respond in December 2018.

Separately, on 15 June 2015, Vodafone Group Plc and Vodafone Consolidated Holdings Limited served a trigger notice on the Indian Government under the United Kingdom-India Bilateral Investment Treaty ('UK BIT') in respect of retrospective tax claims under the Income Tax Act 1961 (as amended by the Finance Act 2012). Although relating to the same underlying facts as the claim under the Dutch BIT, the claim brought by Vodafone Group Plc and Vodafone Consolidated Holdings Limited is a separate and distinct claim under a different treaty. On 24 January 2017, Vodafone Group Plc and Vodafone Consolidated Holdings Limited served a Notice of Arbitration on the Indian Government formally commencing the arbitration. The Indian Government has appointed a second arbitrator as required under the UK BIT under protest.

The Indian Government has indicated that it considers the arbitration under the UK BIT to be an abuse of process but this is strongly denied by Vodafone. On 22 August 2017, the Indian Government obtained an injunction from the Delhi High Court preventing Vodafone from progressing the UK BIT arbitration. Vodafone was not present when India obtained this injunction and applied to dismiss it. On 26 October 2017, the Delhi High Court varied its order to permit Vodafone to participate in the formation of the UK BIT tribunal. It now consists of Marcelo Kohen, an Argentinian national and professor of international law in Geneva (appointed by India), Neil Kaplan, a British national (appointed by Vodafone Group Plc) and Professor Campbell Mclachlan QC, a New Zealand national (appointed by the parties as presiding arbitrator). No further steps in the arbitration were permitted pending a decision on India's injunction. On 7 May 2018, the Delhi High Court dismissed the injunction. The Indian Government has appealed the decision.

On 12 February 2016, VIHBV received a notice dated 4 February 2016 of an outstanding tax demand of INR221 billion (which included interest accruing since the date of the original demand) along with a statement that enforcement action, including against VIHBV's indirectly held assets in India, would be taken if the demand was not satisfied. On 29 September 2017, VIHBV received an electronically generated demand in respect of alleged principal, interest and penalties in the amount of INR190.7 billion. This demand does not appear to have included any element for alleged accrued interest liability.

Separate proceedings in the Bombay High Court taken against VIHBV to seek to treat it as an agent of HTIL in respect of its alleged tax on the same transaction, as well as penalties of up to 100% of the assessed withholding tax for the alleged failure to have withheld such taxes, were listed for hearing at the request of the Indian Government on 21 April 2016 despite the issue having been ruled upon by the Supreme Court of India. The hearing has since been periodically listed and then adjourned or not reached hearing. VIHBV and Vodafone Group Plc will continue to defend vigorously any allegation that VIHBV or VIL is liable to pay tax in connection with the transaction with HTIL and will continue to exercise all rights to seek redress including pursuant to the Dutch BIT and the UK BIT. We have not recorded a provision in respect of the retrospective provisions of the Income Tax Act 1961 (as amended by the Finance Act 2012) and any tax demands based upon such provisions.

Other Indian tax cases

VIL and Vodafone India Services Private Limited ('VISPL') (formerly 3GSPL) are involved in a number of tax cases with total claims exceeding €2.4 billion plus interest, and penalties of up to 300% of the principal.

VISPL tax claims

VISPL has been assessed as owing tax of approximately €264 million (plus interest of €422 million) in respect of (i) a transfer pricing margin charged for the international call centre of HTIL prior to the 2007 transaction with Vodafone for HTIL assets in India; (ii) the sale of the international call centre by VISPL to HTIL; and (iii) the acquisition of and/or the alleged transfer of options held by VISPL for VIL. The first two of the three heads of tax are subject to an indemnity by HTIL. The larger part of the potential claim is not subject to any indemnity. VISPL unsuccessfully challenged the merits of the tax demand in the statutory tax tribunal and the jurisdiction of the tax office to make the demand in the High Court. The Tax Appeal Tribunal heard the appeal and ruled in the Tax Office's favour. VISPL lodged an appeal (and stay application) in the Bombay High Court which was concluded in early May 2015. On 13 July 2015 the tax authorities issued a revised tax assessment reducing the tax VISPL had previously been assessed as owing in respect of (i) and (ii) above. In the meantime, (i) a stay of the tax demand on a deposit of £20 million and (ii) a corporate guarantee by VIHBV for the balance of tax assessed remain in place. On 8 October 2015, the Bombay High Court ruled in favour of Vodafone in relation to the options and the call centre sale. The Tax Office has appealed to the Supreme Court of India. A hearing has been adjourned with no specified date.

Indian regulatory cases

Litigation remains pending in the Telecommunications Dispute Settlement Appellate Tribunal ('TDSAT'), High Courts and the Supreme Court of India in relation to a number of significant regulatory issues including mobile termination rates ('MTRs'), spectrum and licence fees, licence extension and 3G intra-circle roaming ('ICR').

3G inter-circle roaming: Vodafone India and others v Union of India
In April 2013, the Indian Department of Telecommunications ('DoT') issued a stoppage notice to VIL's operating subsidiaries and other mobile operators requiring the immediate stoppage of the provision of 3G services on other operators' mobile networks in an alleged breach of licence claim. The DoT also imposed a fine of approximately €5.5 million. VIL applied to the Delhi High Court for an order quashing the DoT's notice.

Interim relief from the notice has been granted (but limited to existing customers at the time with the effect that VIL was not able to provide 3G services to new customers on other operators' 3G networks pending a decision on the issue). The dispute was referred to the TDSAT for decision, which ruled on 28 April 2014 that VIL and the other operators were permitted to provide 3G services to their customers (current and future) on other operators' networks. The DoT has appealed the judgement and sought a stay of the tribunal's judgement. The DoT's stay application was rejected by the Supreme Court of India. The matter is pending before the Supreme Court of India.

One time spectrum charges: VIL v Union of India
The Indian Government has sought to impose one time spectrum charges of approximately €525 million on certain operating subsidiaries of VIL. VIL filed a petition before the TDSAT challenging the one time spectrum charges on the basis that they are illegal, violate VIL's licence terms and are arbitrary, unreasonable and discriminatory. The tribunal stayed enforcement of the Government's spectrum demand pending resolution of the dispute. The matter is due to go for final hearing before the Supreme Court of India, and will be listed in due course.

Other public interest litigation
Three public interest litigations have been initiated in the Supreme Court of India against the Indian Government and private operators on the grounds that the grant of additional spectrum beyond 4.4/6.2 MHz has been illegal. The cases seek appropriate investigation and compensation for the loss to the exchequer.

Notes to the consolidated financial statements (continued)

29. Contingent liabilities and legal proceedings (continued)

Adjusted Gross Revenue ('AGR') dispute before the Supreme Court of India: VIL and others v Union of India
VIL has challenged the tribunal's judgement dated 23 April 2015 to the extent that it dealt with the calculation of AGR, upon which licence fees and spectrum usage charges are based. The cumulative impact of the inclusion of these components is approximately €1.67 billion. The Department of Telecommunications ('DoT') also moved cross appeals challenging the tribunal's judgement. In the hearing before the Supreme Court of India, the Court orally directed the DoT not to take any coercive steps in the matter, which was adjourned. On 29 February 2016, the Supreme Court of India ordered that the DoT may continue to raise demands for fees and charges, but may not enforce them until a final decision on the matter.

Other cases in the Group

Patent litigation

Germany
The telecoms industry is currently involved in significant levels of patent litigation brought by non-practising entities ('NPEs') which have acquired patent portfolios from current and former industry companies. Vodafone is currently a party to patent litigation cases in Germany brought against Vodafone Germany by Marthon, IPCom and Intellectual Ventures. Vodafone has contractual indemnities from suppliers which have been invoked in relation to the alleged patent infringement liability.

Spain
Vodafone Group Plc has been sued in Spain by TOT Power Control ('TOT'), an affiliate of Top Optimized Technologies. The claim makes a number of allegations including patent infringement, with TOT seeking over €500 million from Vodafone Group Plc as well as an injunction against using the technology in question. Vodafone's initial challenge of the appropriateness of Spain as a venue for this dispute was denied. Vodafone Group Plc appealed the denial and was partially successful. In a decision dated 30 October 2017, the court ruled that while it did have jurisdiction to hear the infringement case relating to the Spanish patent, it was not competent to hear TOT's contractual and competition law claims. This decision is subject to appeal. TOT's application for an injunction was unsuccessful and TOT is appealing. A trial has now been set to commence on 10 September 2018.

Germany: Mannesmann and Kabel Deutschland takeover – class actions
Since 2001, the German courts have been determining the adequacy of the mandatory cash offer made to minority shareholders in Vodafone's takeover of Mannesmann. The German courts were also asked to consider whether "squeeze out" compensation was payable to affected Mannesmann shareholders in a similar proceeding. In September 2014, the German courts awarded compensation to minority shareholders of Mannesmann in the amount of €229.58 per share, which would have resulted in a pay-out of €19 million. The German courts also ruled that the "squeeze out" compensation should amount to €251.31 per share, which would have resulted in a pay-out of €43.8 million. Vodafone appealed these decisions and in March 2018 the Court ruled in Vodafone's favour that the original compensation had been adequate. There is no right of appeal.

Similar proceedings were initiated by 80 Kabel Deutschland shareholders. These proceedings are in their early stages, and, accordingly, Vodafone believes that it is too early to assess the likely quantum of any claim. In a hearing on 6 October 2016, the Court examined the Kabel Deutschland business plan which formed the main basis for the calculation of the offer per share. The next hearings are scheduled for June 2018.

Italy: British Telecom (Italy) v Vodafone Italy
The Italian Competition Authority concluded an investigation in 2007 when Vodafone Italy gave certain undertakings in relation to allegations that it had abused its dominant position in the wholesale market for mobile termination. In 2010, British Telecom (Italy) brought a civil damages claim against Vodafone Italy on the basis of the Competition Authority's investigation and Vodafone Italy's undertakings. British Telecom (Italy) sought damages in the amount of €280 million for abuse of dominant position by Vodafone Italy in the wholesale fixed to mobile termination market for the period from 1999 to 2007. A court appointed expert delivered an opinion to the Court that the range of damages in the case should be in the region of €10 million to €25 million which was reduced in a further supplementary report published in September 2014 to a range of €8 million to €11 million. Judgement was handed down by the court in August 2015, awarding €12 million (including interest) to British Telecom (Italy).

British Telecom (Italy) appealed the amount of the damages to the Court of Appeal of Milan. In addition, British Telecom (Italy) has asked again for a reference to the European Court of Justice for an interpretation of the European community law on antitrust damages. Vodafone Italy also filed an appeal which was successful. British Telecom (Italy) were ordered to repay to Vodafone Italy the €12 million with interest and legal costs. An appeal to the Supreme Court is still possible.

Italy: FASTWEB v Vodafone Italy

The Italian Competition Authority concluded an investigation in 2007 when Vodafone Italy gave certain undertakings in relation to allegations it had abused its dominant position in the wholesale market for mobile termination. In 2010, FASTWEB brought a civil damages claim against Vodafone Italy on the basis of the Competition Authority's investigation and Vodafone Italy's undertakings. FASTWEB sought damages in the amount of €360 million for abuse of dominant position by Vodafone Italy in the wholesale fixed to mobile termination market. A court appointed expert delivered an opinion to the Court that the range of damages in the case should be in the region of €0.5 million to €2.3 million. On 15 October 2014, the Court decided to reject FASTWEB's damages claim in its entirety. FASTWEB appealed the decision and the first appeal hearing took place in September 2015. The final hearing took place in September 2016, and on 1 March 2017 the Court rejected FASTWEB's appeal and confirmed the first instance ruling. FASTWEB appealed this decision to the Supreme Court and a decision is not expected for two to three years.

Italy: Telecom Italia v Vodafone Italy ('TeleTu')

Telecom Italia brought civil claims against Vodafone Italy in relation to TeleTu's alleged anti-competitive retention of customers. Telecom Italia seeks damages in the amount of €101 million. The Court decided on 9 June 2015 to appoint an expert to verify whether TeleTu has put in place anticompetitive retention activities. The expert has prepared a draft report with a range of damages from €nil–9 million.

Greece: Papistas Holdings SA, Mobile Trade Stores (formerly Papistas SA) and Athanasios and Loukia Papistas v Vodafone Greece, Vodafone Group Plc and certain Directors and Officers of Vodafone

In December 2013, Mr. and Mrs. Papistas, and companies owned or controlled by them, brought three claims in the Greek court in Athens against Vodafone Greece, Vodafone Group Plc and certain Directors and officers of Vodafone Greece and Vodafone Group Plc for purported damage caused by the alleged abuse of dominance and wrongful termination of a franchise arrangement with a Papistas company. Approximately €1.0 billion of the claim is directed exclusively at one former and one current Director of Vodafone Greece. The balance of the claim (approximately €285.5 million) is sought from Vodafone Greece and Vodafone Group Plc on a joint and several basis. Both cases have been adjourned until September 2018.

Netherlands: Consumer credit/handset case

In February 2016, the Dutch Supreme Court ruled on the Dutch implementation of the EU Consumer Credit Directive and "instalment sales agreements" (a Dutch law concept), holding that bundled "all-in" mobile subscription agreements (i.e. device along with mobile services) are considered consumer credit agreements. As a result, Vodafone Netherlands, together with the industry, has been working with the Ministry of Finance and the Competition Authority on compliance requirements going forward for such offers. The ruling also has retrospective effect.

A number of small claims have been submitted by individual customers in the small claims courts. On 15 February 2018, Consumentenbond (a claims agency) issued a press release stating that Consumentenbond has initiated collective claim proceedings against VodafoneZiggo, Tele2, T-Mobile and now KPN.

South Africa: GH Investments ('GHI') v Vodacom Congo

Vodacom Congo contracted with GHI to install ultra-low cost base stations on a revenue share basis. After rolling out three sites, GHI stopped and sought to renegotiate the terms. Vodacom Congo refused. GHI accused it of bad faith and infringement of intellectual property rights. In April 2015, GHI issued a formal notice for a claim of US$1.16 billion, although there does not seem to be a proper basis nor any substantiation for the compensation claimed. The dispute was submitted to mediation under the International Chamber of Commerce. A mediator was appointed in September 2015 who convened a first meeting which took place in early November 2015. A follow-up mediation meeting was scheduled for December 2015 but was postponed without a new date having been fixed. In July 2016, Vodacom filed a request for arbitration with the International Chamber of Commerce's International Court of Arbitration. In their response GHI revised their claim down to US$256 million. Each party has appointed an arbitrator and the arbitrators have appointed a third arbitrator to act as chairman of the tribunal. A trial was scheduled for March 2018 but GHI failed to pay its share of the arbitration fees resulting in a decision by the Court in February 2018 that GHI's claims were considered withdrawn.

South Africa: Makate v Vodacom (Proprietary) Limited ('Vodacom')

Negotiations in accordance with the Constitutional Court order to determine a reasonable compensation for Mr. Makate for a business idea that led to a product known as "Please Call Me" have deadlocked and the matter has been referred to the Group's Chief Executive Officer to determine reasonable compensation in accordance with the Constitutional Court order.

30. Related party transactions

The Group has a number of related parties including joint arrangements and associates, pension schemes and Directors and Executive Committee members (see note 12 "Investments in associates and joint arrangements", note 25 "Post employment benefits" and note 23 "Directors and key management compensation").

Transactions with joint arrangements and associates

Related party transactions with the Group's joint arrangements and associates primarily comprise fees for the use of products and services including network airtime and access charges, fees for the provision of network infrastructure and cash pooling arrangements.

No related party transactions have been entered into during the year which might reasonably affect any decisions made by the users of these consolidated financial statements except as disclosed below.

	2018 €m	2017 €m	2016 €m
Sales of goods and services to associates	19	37	39
Purchase of goods and services from associates	1	90	118
Sales of goods and services to joint arrangements	194	19	21
Purchase of goods and services from joint arrangements	199	183	92
Net interest income receivable from joint arrangements[1]	120	87	92
Trade balances owed:			
by associates	4	–	1
to associates	2	1	4
by joint arrangements	107	158	232
to joint arrangements	28	15	71
Other balances owed by joint arrangements[1]	1,328	1,209	108
Other balances owed to joint arrangements[1]	150	127	106

Note:
1 Amounts arise primarily through VodafoneZiggo, Vodafone Hutchison Australia and Cornerstone Telecommunications Infrastructure Limited. Interest is paid in line with market rates.

Dividends received from associates and joint ventures are disclosed in the consolidated statement of cash flows.

Notes to the consolidated financial statements (continued)

30. Related party transactions (continued)

Transactions with Directors other than compensation

During the three years ended 31 March 2018, and as of 8 June 2018, no Director nor any other executive officer, nor any associate of any Director or any other executive officer, was indebted to the Company.

During the three years ended 31 March 2018 and as of 8 June 2018, the Company has not been a party to any other material transaction, or proposed transactions, in which any member of the key management personnel (including Directors, any other executive officer, senior manager, any spouse or relative of any of the foregoing or any relative of such spouse) had or was to have a direct or indirect material interest.

31. Subsequent events

Vodafone UK

On 5 April 2018, Vodafone announced that Vodafone UK had acquired 50 MHz of spectrum in the 3400 MHz band for mobile data services in Ofcom's auction for a total cost of £378.2 million (€433.4 million). The spectrum acquired has a 20 year term and is convertible to perpetual licences thereafter.

Indus Towers

On 25 April 2018, Vodafone, Bharti Airtel Limited ('Bharti Airtel') and Idea announced the merger of Indus Towers Limited ('Indus Towers') into Bharti Infratel Limited ('Bharti Infratel'), creating a combined company that will own the respective businesses of Bharti Infratel and Indus Towers. Indus Towers is currently jointly owned by Bharti Infratel (42%), Vodafone (42%), Idea Group (11.15%) and Providence (4.85%). Bharti Airtel and Vodafone will jointly control the combined company, in accordance with the terms of a new shareholders' agreement.

Idea Group has the option to either sell its 11.15% shareholding in Indus Towers for cash or receive new shares in the combined company. Providence has the option to elect to receive cash or shares for 3.35% of its 4.85% shareholding in Indus Towers, with the balance exchanged for shares.

Vodafone will be issued with 783.1 million new shares in the combined company, in exchange for its 42% shareholding in Indus Towers. On the basis that (a) Providence decides to sell 3.35% of its 4.85% shareholding in Indus Towers for cash and (b) Idea Group decides to sell its full 11.15% shareholding in Indus Towers for cash, these shares would be equivalent to a 29.4% shareholding in the combined company. On the basis that (a) Providence decides to sell 3.35% of its 4.85% shareholding in Indus Towers for cash, and (b) Idea Group decides to sell its full 11.15% shareholding in Indus Towers for cash, Bharti Airtel's shareholding will be diluted from 53.5% in Bharti Infratel today to 37.2% in the combined company. The final number of shares issued to Vodafone and the cash paid or shares issued to Idea Group and Providence, will be subject to closing adjustments, including but not limited to movements in net debt and working capital for Bharti Infratel and Indus Towers.

The transaction is conditional on regulatory and other approvals and is expected to close before the end of the financial year ending 31 March 2019.

Vodafone to acquire Liberty Global's operations in Germany, the Czech Republic, Hungary and Romania

On 9 May 2018 Vodafone announced that it had agreed to acquire Unitymedia GmbH ('Unitymedia') in Germany and Liberty Global's operations

On 9 May 2018, Vodafone announced that it had agreed to acquire Unitymedia GmbH ('Unitymedia') in Germany and Liberty Global's operations (excluding its 'Direct Home' business) in the Czech Republic ('UPC Czech'), Hungary ('UPC Hungary'), and Romania ('UPC Romania'), for a total enterprise value of €18.4 billion (the 'Transaction'). This is expected to comprise approximately €10.8 billion of cash consideration paid to Liberty Global and €7.6 billion of existing Liberty debt, subject to completion adjustments.

UPC Czech, UPC Hungary and UPC Romania will be acquired on a cash-free, debt-free basis, while it is expected that Unitymedia's existing bond structure (€4.5 billion outstanding as of 9 May 2018) will be retained and refinanced over time, with €2.2 billion of Unitymedia's term loans to be refinanced shortly after completion.

The €10.8 billion of cash consideration payable to Liberty Global and the refinancing of Unitymedia's term loans will be financed using Vodafone's existing cash, around €10 billion of new debt facilities (including hybrid debt securities) and around €3 billion of mandatory convertible bonds, which will be issued prior to completion. The cash consideration payable to Liberty Global will be subject to adjustments for net debt and other items at completion.

A break fee of €250 million will be payable by Vodafone, in certain circumstances, if the Transaction does not complete.

The Transaction is subject to review by and approval from the European Commission. It is anticipated that completion will take place around the middle of calendar 2019.

Bond issuance

On 23 May 2018, the Group raised US$11.5billion (€9.8 billion) of bond debt to support the acquisition, announced on 9 May 2018, of Unitymedia GmbH ('Unitymedia') in Germany and Liberty Global's operations (excluding its 'Direct Home' business) in the Czech Republic ('UPC Czech'), Hungary ('UPC Hungary'), and Romania ('UPC Romania'). The bond issuance completed and the cash was received on 30 May 2018.

Repurchase of Floating Rate Notes by Verizon

On 24 May 2018 Verizon Communications Inc. ('Verizon') repurchased the outstanding US$2.5 billion aggregate principal amount of Floating Rate Notes due 2025 (the 'Notes') issued by Verizon and held by an indirect subsidiary of Vodafone. Pursuant to the terms of a Noteholders Agreement, dated 21 February 2014, the repurchase price for the Notes was the US$2.5 billion principal outstanding plus accrued and unpaid interest on the Notes up to, but excluding, the repurchase date.

32. Related undertakings

A full list of all of our subsidiaries, joint arrangements and associated undertakings is detailed below.

A full list of subsidiaries, joint arrangements and associated undertakings (as defined in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008) as at 31 March 2018 is detailed below. No subsidiaries are excluded from the Group consolidation. Unless otherwise stated the Company's subsidiaries all have share capital consisting solely of ordinary shares and are indirectly held. The percentage held by Group companies reflect both the proportion of nominal capital and voting rights unless otherwise stated.

Subsidiaries

Accounting policies

A subsidiary is an entity controlled by the Company. Control is achieved where the Company has existing rights that give it the current ability to direct the activities that affect the Company's returns and exposure or rights to variable returns from the entity. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Company name	% of share class held by Group Companies	Share class
Albania		
Autostrada Tirane-Durres, Rruga: "Pavaresia", Nr 61, Kashar, Tirana, Albania		
Vodafone Albania Sh.A	100.00	Ordinary shares
Vodafone M-PESA SH.P.K	100.00	Ordinary shares
Belgium		
Malta House, rue Archimède 25, 1000 Bruxelles, Belgium		
Vodafone Belgium SA/NV	100.00	Ordinary shares
Brazil		
China		
Building 21, 11, Kangding St., BDA, Beijing, 100176 – China, China		
Vodafone Automotive Technologies (Beijing) Co, Ltd	100.00	Ordinary shares

Angola

Rua Fernao de Sousa, Condominio do Benga, 10A, Vila Alice, Luanda, Angola

Vodacom Business (Angola) Limitada[2]	63.87	Ordinary shares

Argentina

Cerrito 348, 5to B, C1010AAH, Buenos Aires, Argentina

CWGNL S.A.	100.00	Ordinary shares

Australia

C/-KPMG Level 38 Tower Three, International Towers Sydney, 300 Barangaroo Avenue, Sydney NSW 2000, Australia

Quickcomm Pty Limited	100.00	Ordinary shares, Redeemable convertible preference shares

Level 1, 177 Pacific Highway, North Sydney NSW 2060, Australia

PPL Pty Limited	100.00	Ordinary shares
Talkland Australia Pty Limited	100.00	Ordinary shares
VAPL No. 2 Pty Limited	100.00	Ordinary shares

Mills Oakley, Level 12, 400 George Street, Sydney NSW 2000, Australia

Vodafone Enterprise Australia Pty Limited	100.00	Ordinary shares

Austria

c/o Stolitzka & Partner Rechtsanwälte OG, Kärntner Ring 12, 3. Stock, 1010, Wien, Austria

Vodafone Enterprise Austria GmbH	100.00	Ordinary shares

Bahrain

RSM Bahrain, 3rd floor Falcon Tower, Diplomatic Area, Manama, PO BOX 11816, Bahrain

Vodafone Enterprise Bahrain W.L.L.	100.00	Ordinary shares

Avenida Cidade Jardim, 400, 7th and 20th Floors, Jardim Paulistano, Sao Paul, Brazil, 01454-000

Vodafone Serviços Empresariais Brasil Ltda.	100.00	Ordinary shares

Av José Rocha Bonfim, 214, Cond Praça Capital – Edifício Toronto, sls 228/229 13080-900 Jardim Santa Genebra – Campinas, São Paulo, Brazil

Cobra do Brasil Serviços de Telemática ltda.	70.00	Ordinary shares

Rua Boa Vista, 01014-907, 254, 13th Floor, Suite 38, Centro, City of São Paulo, State of São Paulo, Brazil

Vodafone Empresa Brasil Telecomunicações Ltda	100.00	Ordinary shares

Bulgaria

10 Tsar Osvoboditel Blvd., 3rd Floor, Spredets Region, Sofia, 1000, Bulgaria

Vodafone Enterprise Bulgaria EOOD	100.00	Ordinary shares

Cameroon

Porte 201A 3eme Etage Entree C, immeuble SOCAR, Boulevard de la liberte, Akwa, Douala, Cameroon

Vodacom Business Cameroon SA[2]	64.52	Ordinary shares

Canada

2 Bloor Street West, Suite 700, Toronto ON M4W3E2, Canada

Vodafone Canada Inc.	100.00	Common shares

Cayman Islands

190 Elgin Avenue, George Town, Grand Cayman, KY1-9005, Cayman Islands

CGP Investments (Holdings) Limited	100.00	Ordinary shares

Chile

222 Miraflores, P.28, Santiago, Metrop, 97-763, Chile

Vodafone Enterprise Chile S.A.	100.00	Ordinary shares

Floor 36, Unit 23-25, China World Tower 1 No. 1, Jianguomenwai Avenue, Chaoyang District, Beijing, 100004, China

Vodafone China Limited (China)	100.00	Equity interest shares

Unit 1708, Full Tower, No. 9 Dong San Huan Zhong Road, Chaoyang District, Beijing, 100020, China

Cable & Wireless Communications Technical Service (Shanghai) Co. Ltd (Beijing Branch)	100.00	Branch

Unit 558-560, 5/F Standard Chartered Bank Tower, No.201 Century Avenue, Pudong District, Shanghai, 200120, China

Vodafone Enterprise Communications Technical Service (Shanghai) Co., Ltd.	100.00	Ordinary shares

Congo, The Democratic Republic of the

292 Avenue de la Justice, Commune de la Gombe, Kinshasa, Congo

Vodacash S.A.[2]	32.90	Ordinary shares
Vodacom Congo (RDC) SA[2,3]	32.90	Ordinary shares

Cote d'Ivoire

No 62, Rue du Docteur Blanchard, Zone 4C, Abidjan, Cote d'Ivoire

Vodacom Business Cote D'Ivoire S.A.R.L.[2]	64.52	Ordinary shares

Cyprus

Ali Riza Efendi Caddesi No:33/A Ortaköy, Lefkoşa, Cyprus

Vodafone Mobile Operations Limited	100.00	Ordinary shares

Czech Republic

náměstí Junkových 2, Prague 5, Czech Republic, 155 00, Czech Republic

Oskar Mobil S.R.O.	100.00	Basic capital shares
Vodafone Czech Republic A.S.	100.00	Ordinary shares
Vodafone Enterprise Europe (UK) Limited – CZECH BRANCH	100.00	Branch

Financials

Other information

Notes to the consolidated financial statements (continued)

32. Related undertakings (continued)

Denmark

Tuborg Boulevard 12, 2900, Hellerup, Denmark

Company name	% of share class held by Group Companies	Share class
Vodafone Enterprise Denmark A/S	100.00	Ordinary (DKK) shares

Egypt

17 Port Said Street, Maadi El Sarayat, Cairo, Egypt

Vodafone International Services LLC	54.93	Ordinary shares

37 Kaser El Nil St. 4th. Floor,Cairo,Egypt

Starnet	54.90	Ordinary shares

54 El Batal Ahmed Abed El Aziz, Mohandseen, Giza, Egypt

Sarmady Communications	54.91	Ordinary shares

Site No 15/3C, Central Axis, 6th October City, Egypt

Vodafone Egypt Telecommunications S.A.E.	54.93	Ordinary shares
Vodafone For Trading	54.87	Ordinary shares

Smart Village C3 Vodafone Building, Egypt

Vodafone Data	54.93	Ordinary shares

Finland

c/o Eversheds Asianajotoimisto Oy, Fabianinkatu 29 B, Helsinki, 00100, Finland

Vodafone Enterprise Finland OY	100.00	Ordinary shares

France

Friedrich-Wilhelm-Strasse 2, 38100, Braunschweig, Germany

Company name	% of share class held by Group Companies	Share class
KABELCOM Braunschweig Gesellschaft Fur Breitbandkabel-Kommunikation Mit Beschrankter Haftung[4]	76.70	Ordinary shares

Nobelstrasse 55, 18059, Rostock, Germany

Urbana Teleunion Rostock GmbH & Co.KG[4]	53.69	Ordinary shares
Verwaltung "Urbana Teleunion" Rostock GmbH[4]	38.35	Ordinary shares

Seilerstrasse 18, 38440, Wolfsburg, Germany

KABELCOM Wolfsburg Gesellschaft Fur Breitbandkabel-Kommunikation Mit Beschrankter Haftung[4]	76.70	Ordinary shares

Ghana

3rd Floor, The Elizabeth Building, 68 Senchi Link, Airport Residential Area, Accra, Ghana

Vodacom Business (Ghana) Limited[2]	64.52	Ordinary shares and non-voting, irredeemable, non-cumulative preference shares

Telecom House, Nsawam Road, Accra-North, Greater Accra Region, PMB 221, Ghana

Ghana Telecommunications Company Limited	70.81 100.00	Ordinary shares Preference shares

India

10th Floor, Tower A&B, Global Technology Park, (Maple Tree Building), Marathahalli Outer Ring Road, Devarabeesanahalli Village, Varthur Hobli, Bengaluru, Bengaluru, Karnataka, 560103, India

Company name	% of share class held by Group Companies	Share class
Cable and Wireless Global (India) Private Limited	100.00	Ordinary shares
Cable & Wireless Networks India Private Limited	100.00	Equity shares
Cable and Wireless (India) Limited (India branch)	100.00	Branch

127, Maker Chamber III, Nariman Point, Mumbai, Maharashtra, 400021, India

AG Mercantile Company Private Limited	100.00	Equity shares
Jaykay Finholding (India) Private Limited	100.00	Equity shares, Preference shares
MV Healthcare Services Private Limited	100.00	Equity shares, Preference shares
Nadal Trading Company Private Limited	100.00	Equity shares
ND Callus Info Services Private Limited	100.00	Equity shares
Omega Telecom Holdings Private Limited	100.00	Equity shares
Plustech Mercantile Company Private Limited	100.00	Equity shares, Preference shares

1300 route de Cretes, Le WTC, Bat I1, 06560, Valbonne Soph, France		
Vodafone Automotive Telematics Development S.A.S	100.00	Ordinary shares
144, Avenue Roger Salengro, 92372 – Chaville Cedex, France		
Vodafone Automotive France S.A.S	50.94	Ordinary shares
Tour Egée, 9/11 Allée de l'Arche, 92671 Courbevoie La Défense Cedex – France		
Vodafone Enterprise France SAS	100.00	New Euro shares

Germany

Altes Forsthaus 2, 67661, Kaiserslautern, Germany		
TKS Telepost Kabel-Service Kaiserslautern Beteiligungs GmbH [4]	76.70	Ordinary shares
TKS Telepost Kabel-Service Kaiserslautern GmbH & Co. KG [4]	76.70	Ordinary shares
Betastraße 6-8, 85774 Unterföhring, Germany		
Kabel Deutschland Holding AG [4]	76.70	Ordinary shares
Kabel Deutschland Holding Erste Beteiligungs GmbH [4]	76.70	Ordinary shares
Kabel Deutschland Holding Zweite Beteiligungs GmbH [4]	76.70	Ordinary shares
Kabel Deutschland Neunte Beteiligungs GmbH	100.00	Ordinary shares
Kabel Deutschland Siebte Beteiligungs GmbH [4]	76.70	Ordinary shares
Vodafone Kabel Deutschland GmbH [4]	76.70	Ordinary shares
Vodafone Kabel Deutschland Kundenbetreuung GmbH [4]	76.70	Ordinary shares
Buschurweg 4, 76870, Kandel, Germany		
Vodafone Automotive Deutschland GmbH	100.00	Ordinary shares
Ferdinand-Braun-Platz 1, 40549, Duesseldorf, Germany		
CRVSH GmbH	100.00	Ordinary shares
Vodafone Enterprise Germany GmbH	100.00	Ordinary shares, Ordinary#2 shares
Vodafone GmbH	100.00	Ordinary A shares, Ordinary B shares
Vodafone Group Services GmbH	100.00	Ordinary shares
Vodafone Institut für Gesellschaft und Kommunikation GmbH	100.00	Ordinary shares
Vodafone Stiftung Deutschland Gemeinnutzige GmbH	100.00	Ordinary shares
Vodafone Vierte Verwaltungs AG	100.00	Ordinary shares

National Communications Backbone Company Limited	70.81	Ordinary shares
Vodafone Ghana Mobile Financial Services Limited	70.81	Ordinary shares

Greece

1-3 Tzavella str, 152 31 Halandri, Athens, Greece		
Vodafone-Panafon Hellenic Telecommunications Company S.A.	99.87	Ordinary shares
Vodafone Global Enterprise Telecommunications (Hellas) A.E.	100.00	Ordinary shares
12.5 km National Road Athens – Lamia, Metamorfosi / Athens, 14452, Greece		
Vodafone Innovus S.A. [6]	99.87	Ordinary shares
Pireos 163 & Ehelidon, Athens, 11854, Greece		
360 Connect S.A.	99.87	Ordinary shares

Guernsey

Martello Court, Admiral Park, St. Peter Port, GY1 3HB, Guernsey		
FB Holdings Limited	100.00	Ordinary shares
Le Bunt Holdings Limited	100.00	Ordinary shares
Silver Stream Investments Limited	100.00	Ordinary shares
Roseneath, The Grange, St Peter Port, GY1 2QJ, Guernsey		
VBA Holdings Limited	64.52	Ordinary shares
VBA International Limited	64.52	Ordinary shares, non-voting irredeemable non-convertible non-cumulative Preference

Hong Kong

Level 24, Dorset House, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong		
Vodafone Enterprise Global Network HK Ltd	100.00	Ordinary shares
Vodafone Enterprise Hong Kong Ltd	100.00	Ordinary shares

Hungary

6 Lechner Ödön fasor, Budapest, 1096, Hungary		
Vodafone Magyarorszag Mobile Tavkozlesi Zartkoruen Mukodo Reszvenytarsasag	100.00	Series A registered common shares
HU-1087 Budapest, Hungária körút 40-44., Hungary		
VSSB Vodafone Shared Services Budapest Private Limited Company	100.00	Registered ordinary shares

SMMS Investments Pvt Limited	100.00	Equity shares, Non-convertible cumulative redeemable preference shares
Telecom Investments India Private Limited	100.00	Equity shares, Preference shares
UMT Investments Limited	100.00	Equity shares
8th Floor, RDB Boulevard, Plot K-1, Block- EP & GP, Sector – V, Saltlake City, Kolkata, West Bengal, 700091, India		
Usha Martin Telematics Limited	100.00	Equity shares
Business @ Mantri, Tower A, 3rd Floor, S No.197, Wing A1 & A2, Near Hotel Four Points, Lohegaon, Pune, Maharashtra, 411014, India		
Vodafone Global Services Private Limited	100.00	Equity shares
C-48, Okhla Industrial Estate, Phase – II, New Delhi, 110020, India		
Vodafone Towers Limited	100.00	Equity shares
Indiabulls Finance Center, 1201, 12 Floor, Tower 1, Senapati Bapat Road, Elphinstone (West), Maharashtra, 400013, India		
Scorpios Beverages Pvt. Ltd	100.00	Equity shares
Vodafone India Services Private Limited	100.00	Ordinary shares
Peninsula Corporate Park, Ganpatro Kadam Marg, Lower Parel, Mumbai, Maharashtra, 400013, India		
Mobile Commerce Solutions Limited	100.00	Equity shares
Vodafone Foundation	100.00	Equity shares
Vodafone India Digital Limited	100.00	Equity shares
Vodafone India Limited	100.00	Equity shares
Vodafone India Ventures Limited	100.00	Ordinary shares
Vodafone Mobile Services Limited	100.00	Equity shares
Vodafone m-pesa Limited	100.00	Equity shares
Vodafone Technology Solutions Limited	100.00	Equity shares
Plot No 54, Marol Co-op Industrial Area, Makwana, Off Andheri Kurla Road, Andheri East, Mumbai, Mumbai, Maharashtra, 400059, India		
You Broadband India Limited	100.00	Equity shares
You System Integration Private Limited	100.00	Equity shares
Skyline Ikon, 1st Floor, 86/92, Andheri Kurla Road, Marol Naka, Andheri East, Mumbai, Maharashtra, 400059, India		
Connect (India) Mobile Technologies Private Limited	100.00	Equity shares

Company name	% of share class held by Group Companies	Share class
Vodafone House, Corporate Road, Prahladnagar, Off S. G. Highway, Ahmedabad, Gujarat, 380051, India		
Vodafone Business Services Limited	100.00	Equity shares

Ireland

2nd Floor, The Iveagh Building, The Park, Carrickmines, Dublin 18, Ireland		
Eudokia Limited	100.00	Ordinary shares
Mountainview, Leopardstown, Dublin 18, Ireland		
Cable & Wireless GN Limited	100.00	Ordinary shares
Stentor Limited	100.00	Ordinary shares
VF Ireland Property Holdings Limited	100.00	Ordinary shares
Vodafone Enterprise Global Limited	100.00	Ordinary shares
Vodafone Global Network Limited	100.00	Ordinary shares
Vodafone Group Services Ireland Limited	100.00	Ordinary shares
Vodafone Ireland Distribution Limited	100.00	Ordinary shares
Vodafone Ireland Limited	100.00	Ordinary shares
Vodafone Ireland Marketing Limited	100.00	Ordinary shares

Company name	% of share class held by Group Companies	Share class

Kenya

6th Floor, ABC Towers, ABC Place, Waiyaki Way, Nairobi, 00100, Kenya		
Vodafone Kenya Limited [2]	68.95	Ordinary shares
M-PESA Holding Co. Limited	100.00	Equity shares
The Riverfront, 4th floor, Prof. David Wasawo Drive, Off Riverside Drive, Nairobi, Kenya		
Vodacom Business (Kenya) Limited [2]	51.62	Ordinary shares, Ordinary B shares

Korea, Republic of

3rd Floor, 54 Gongse-ro, Gieheung-gu, Yongin-si, Gyeonggi-do, Korea, Republic of		
Vodafone Automotive Korea Limited	100.00	Ordinary shares
ASEM Tower level 37, 517 Yeongdong-daero, Gangnam-gu, Seoul, 135-798, Korea, Republic of		
Vodafone Enterprise Korea Limited	100.00	Ordinary shares

Lesotho

Vodacom Park, 585 Mabile Road, 3rd Floor, Maseru, Lesotho		
Vodacom Lesotho (Pty) Limited [2]	51.62	Ordinary shares

Luxembourg

Company name	% of share class held by Group Companies	Share class

Mauritius

DTOS Ltd, 10th Floor, Standard Chartered Tower, 19 Cybercity, Ebene, Mauritius		
Mobile Wallet VM1 [2]	64.52	Ordinary shares
Mobile Wallet VM2 [2]	64.52	Ordinary shares
Fifth Floor, Ebene Esplanade, 24 Cybercity, Ebene, Mauritius		
Al-Amin Investments Limited	100.00	Ordinary shares
Array Holdings Limited	100.00	Ordinary shares
Asian Telecommunication Investments (Mauritius) Limited	100.00	Ordinary shares
CCII (Mauritius), Inc.	100.00	Ordinary shares
CGP India Investments Ltd.	100.00	Ordinary shares
Euro Pacific Securities Ltd.	100.00	Ordinary shares
Mobilvest	100.00	Ordinary shares
Prime Metals Ltd.	100.00	Ordinary shares
Trans Crystal Ltd.	100.00	Ordinary shares
Vodafone Mauritius Ltd.	100.00	Ordinary shares
Vodafone Telecommunications (India) Limited	100.00	Ordinary shares
Vodafone Tele-Services (India) Holdings Limited	100.00	Ordinary shares

Limited		
Vodafone Ireland Retail Limited	100.00	Ordinary shares

Italy

Piazzale Luigi Cadorna, 4, 20123, Milano, Italy		
Vodafone Global Enterprise (Italy) S.R.L.	100.00	Ordinary shares
SS 33 del Sempione KM 35, 212, 21052 Busto Arsizio (VA), Italy		
Vodafone Automotive Italia S.p.A	100.00	Ordinary shares
Via Astico 41, 21100 Varese, Italy		
Vodafone Automotive Electronic Systems S.r.L	100.00	Ordinary shares
Vodafone Automotive SpA	100.00	Ordinary shares
Via Jervis 13, 10015, Ivrea, Tourin, Italy		
VEI S.r.l.	100.00	Partnership interest shares
Vodafone Italia S.p.A.	100.00	Ordinary shares
Via Lorenteggio 240, 20147, Milan, Italy		
Vodafone Enterprise Italy S.r.L	100.00	Euro shares
Vodafone Gestioni S.p.A.	100.00	Ordinary shares
Vodafone Servizi E Tecnologie S.R.L	100.00	Equity shares

Japan

15th Floor, The Imperial Hotel Tower, 1-1, Uchisaiwaicho 1-chome, Chiyoda-ku, Tokyo, 100-0005, Japan		
Vodafone Enterprise U.K. (Japanese Branch)	100.00	Branch
KAKiYa building, 9F, 2-7-17 Shin-Yokohama, Kohoku-ku, Yokoha- City, Kanagawa, 222-0033, Japan		
Vodafone Automotive Japan K.K.	100.00	Ordinary shares
The Imperial Hotel Tower, 15F, 1-1-1 Uchisaiwai-cho, Chiyoda, Tokyo, 100-0011, Japan		
Vodafone Global Enterprise (Japan) K.K.	100.00	Ordinary shares

Jersey

44 Esplanade, St Helier, JE4 9WG, Jersey		
Aztec Limited	100.00	Ordinary shares
Globe Limited	100.00	Ordinary shares
Plex Limited	100.00	Ordinary shares
Vizzavi Finance Limited	100.00	Ordinary shares
Vodafone Holdings (Jersey) Limited	100.00	Ordinary shares
Vodafone International 2 Limited	100.00	Ordinary shares
Vodafone Jersey Dollar Holdings Limited	100.00	Limited liability shares
Vodafone Jersey Finance	100.00	Ordinary shares, B shares, C shares, D shares, F shares, G shares
Vodafone Jersey Yen Holdings Unlimited	100.00	Limited Liability shares

Luxembourg

13 rue Edward Steichen, Luxembourg, 2540, Luxembourg		
Tomorrow Street GP S.à r.l.	100.00	Ordinary shares
15 rue Edward Steichen, Luxembourg, 2540, Luxembourg		
Vodafone Asset Management Services S.à r.l.	100.00	Ordinary shares
Vodafone Enterprise Global Businesses S.à r.l.	100.00	Ordinary shares
Vodafone Enterprise Luxembourg S.A.	100.00	Ordinary shares
Vodafone International 1 S.à r.l.	100.00	Ordinary shares
Vodafone International M S.à r.L.	100.00	Ordinary shares
Vodafone Investments Luxembourg S.à r.l.	100.00	Ordinary shares
Vodafone Luxembourg 5 S.à r.l.	100.00	Ordinary shares
Vodafone Luxembourg S.à r.l.	100.00	Ordinary shares
Vodafone Procurement Company S.à r.l.	100.00	Ordinary shares
Vodafone Real Estate S.à r.l.	100.00	Ordinary shares
Vodafone Roaming Services S.à r.l.	100.00	Ordinary shares
Vodafone Services Company S.à r.l.	100.00	Ordinary shares

Malaysia

Suite 13.03, 13th Floor, Menara Tan & Tan, 207 Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia		
Vodafone Global Enterprise (Malaysia) Sdn Bhd	100.00	Ordinary shares

Malta

SkyParks Business Centre, Malta International Airport, Luqa, LQA 4000, Malta		
Multi Risk Indemnity Company Limited	100.00	'A' Ordinary shares, 'B' Ordinary shares
Multi Risk Limited	100.00	'A' Ordinary shares, 'B' Ordinary shares
Vodafone Malta Limited	100.00	Ordinary shares

Mauritius

Suite 214, 2nd Floor, Grand Bay Business Park, Grand Bay, Mauritius		
VBA (Mauritius) Limited [2]	64.52	Ordinary shares, Redeemable preference shares
Vodacom International Limited [2]	64.52	Ordinary shares, Non-cumulative preference shares

Mexico

Insurgentes Sur #1377 8th Floor, Colonia Insurgentes Mixcoac, Mexico City, Mexico 03920		
Vodafone Empresa México S.de R.L. de C.V.	100.00	Corporate certificate series A shares, Corporate certificate series B shares

Morocco

129 Rue du Prince Moulay, Abdellah, Casablanca, Morocco		
Vodafone Maroc SARL	79.75	Ordinary shares

Mozambique

Rua dos Desportistas, Numero 649, Cidade de Maputo, Mozambique		
VM, SA [2]	54.84 64.52	Ordinary shares Redeemable preference shares
Vodafone M-Pesa, S.A [2]	54.84	Ordinary shares

Netherlands

Rivium Quadrant 173, 15th Floor, 2909 LC, Capelle aan den IJssel, Netherlands		
Vodafone Enterprise Netherlands B.V.	100.00	Ordinary shares
Vodafone Europe B.V.	100.00	Ordinary shares
Vodafone International Holdings B.V.	100.00	Ordinary shares
Vodafone Panafon International Holdings B.V.	100.00	Ordinary shares

New Zealand

74 Taharoto Road, Takapuna, Auckland, 0622, New Zealand		
Vodafone Mobile NZ Limited	100.00	Ordinary shares
Vodafone New Zealand Foundation Limited	100.00	Ordinary shares
Vodafone New Zealand Holdings Limited	100.00	Ordinary shares
Vodafone New Zealand Limited	100.00	Ordinary shares
Vodafone Next Generation Services Limited	100.00	Ordinary shares

Notes to the consolidated financial statements (continued)

32. Related undertakings (continued)

Company name	% of share class held by Group Companies	Share class
8 Butler Street, Timaru, 7910, New Zealand		
BayCity Communications Limited	70.00	Ordinary shares
BayCity Dairy Limited	70.00	Ordinary shares
Farmside Limited	70.00	Ordinary shares
Farmside Technologies Limited	70.00	Ordinary shares
MyFarmside Limited	70.00	Ordinary shares

Nigeria

3A Aja Nwachukwu Close, Ikoyi, Lagos, Nigeria		
Spar Aerospace (Nigeria) Limited [2]	64.52	Ordinary shares
Vodacom Business Africa (Nigeria) Limited [2]	64.52	Ordinary shares, Preference shares
Ict Lawyers & Consultants, 2nd Floor, Oakland Center, Plot 2940, Aguyi Ironi Street, Maitama, Abuja, Nigeria		
C&W Worldwide Nigeria Limited	100.00	Ordinary shares

Singapore

Asia Square Tower 2, 12 Marina View, #17-01, Singapore, 018961, Singapore		
Vodafone Enterprise Singapore Pte Ltd	100.00	Ordinary shares

Slovakia

Zochova 6-8, Bratislava, 811 03, Slovakia		
Vodafone Global Network Limited – Slovakia Branch	100.00	Branch

South Africa

15 Burnside Island, 410 Jan Smuts Avenue, Craighall, 2024, South Africa		
XLink Communications (Proprietary) Limited [2]	60.49	Ordinary A Shares
319 Frere Road, Glenwood, 4001, South Africa		

Sweden

c/o Hellström advokatbyrå, Box 7305, 103 90, Stockholm, Sweden		
Vodafone Enterprise Sweden AB	100.00	Ordinary shares

Switzerland

Schiffbaustrasse 2, 8005, Zurich, Switzerland		
Vodafone Enterprise Switzerland AG	100.00	Ordinary shares
Schoenburgstrasse 41, 3013, Bern, Switzerland		
Vodafone International 1 S.à r.L. Luxembourg, Zweigniederlassung Bern	100.00	Branch
Vodafone Investments Luxembourg S.à r.L. Luxembourg, Zweigniederlassung Bern	100.00	Branch

Norway

c/o EconPartner AS, Dronning Mauds gate 15, Oslo, 0250, Norway		
Vodafone Enterprise Norway AS	100.00	Ordinary shares
Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, United Kingdom		
Vodafone Limited (Norway Branch)	100.00	Branch

Portugal

Av. D. João II, nº 36 – 8º Piso, 1998 – 017, Parque das Nações, Lisboa, Portugal		
Oni Way – Infocomunicacoes, S.A	100.00	Ordinary shares
Vodafone Portugal – Comunicacoes Pessoais, S.A. [1]	100.00	Ordinary shares
Av. da República, 50 – 10º, 1069-211, Lisboa, Portugal		
Vodafone Enterprise Spain, S.L.U. – PORTUGAL BRANCH	100.00	Branch

Romania

201 Barbu Vacarescu, 8th Floor, 1st District, Bucharest, Romania, 020276, Romania		
Vodafone Romania S.A	100.00	Ordinary shares
Sectorul 2, Strada Barbu Văcărescu, Nr. 201, Etaj 1, Bucuresti, Romania		
Vodafone România M – Payments SRL	100.00	Ordinary shares
Vodafone România Technologies SRL	100.00	Ordinary shares
Sectorul 4, Strada Oltenitei, Nr. 2, Etaj 3, Bucuresti, Romania		
Vodafone Shared Services Romania SRL	100.00	Ordinary shares

Russian Federation

4A, Atarbekova Street, Moscow, 107076, Russian Federation		
Vodafone Global Enterprise Russia LLC	100.00	Equity shares
Build. 2, 14/10, Chayanova str., 125047, Moscow, Russian Federation		
Cable & Wireless CIS Svyaz LLC	100.00	Charter capital shares

Seychelles

F20, 1st Floor, Eden Plaza, Eden Island, Seychelles		
Cavalry Holdings Ltd [2]	31.61	Ordinary A shares
East Africa Investments (Mauritius) Limited [2]	31.61	Ordinary A shares

Sierra Leone

12 White Street, Brookfield, Off Railway Line, Freetown, Sierra Leone		
VBA International (SL) Limited [2]	64.52	Ordinary shares

Cable and Wireless Worldwide South Africa (Pty) Ltd	100.00	Ordinary shares
76 Maude Street, Sandton, Johannesberg, 2196, South Africa		
Waterberg Lodge (Proprietary) Limited [2]	30.25	Ordinary shares
9 Kinross Street, Germiston South, 1401, South Africa		
Vodafone Holdings (SA) Proprietary Limited	100.00	Ordinary shares
Vodafone Investments (SA) Proprietary Limited	100.00	Ordinary A shares, "B" Ordinary shares
Vodacom Corporate Park, 082 Vodacom Boulevard, Midrand, 1685, South Africa		
GS Telecom (Pty) Limited [2]	64.52	Ordinary shares
Jupicol (Proprietary) Limited [2]	42.34	Ordinary shares
Mezzanine Ware Proprietary Limited (RF) [2]	54.44	Ordinary shares
Motifpros 1 (Proprietary) Limited [2]	60.49	Ordinary shares
Scarlet Ibis Investments 23 (Pty) Limited [2]	60.49	Ordinary shares
Storage Technology Services (Pty) Limited [2]	30.85	Ordinary shares
Vodacom (Pty) Limited [2]	60.49	Ordinary shares
Vodacom Business Africa Group (Pty) Limited [2]	64.52	Ordinary shares
Vodacom Financial Services (Proprietary) Limited [2]	60.49	Ordinary shares
Vodacom Group Limited [2]	64.52	Ordinary shares
Vodacom Insurance Administration Company (Proprietary) Limited [2]	60.49	Ordinary shares
Vodacom Insurance Company (RF) Limited [2]	60.49	Ordinary shares
Vodacom International Holdings (Pty) Limited [2]	64.52	Ordinary shares
Vodacom Life Assurance Company (RF) Limited [2]	60.49	Ordinary shares
Vodacom Payment Services (Proprietary) Limited [2]	60.49	Ordinary shares
Vodacom Properties No 1 (Proprietary) Limited [2]	60.49	Ordinary shares
Vodacom Properties No.2 (Pty) Limited [2]	60.49	Ordinary shares
Wheatfields Investments 276 (Proprietary) Limited [2]	64.52	Ordinary shares

Spain

Antracita, 7 – 28045, Madrid CIF B-91204453, Spain		
Vodafone Automotive Iberia S.L.	100.00	Ordinary shares
Avenida de América 115, 28042, Madrid, Spain		
Vodafone Enabler España, S.L.	100.00	Ordinary shares
Vodafone Enterprise Spain SLU	100.00	Ordinary shares
Vodafone Espana S.A.U.	100.00	Ordinary shares
Vodafone Holdings Europe S.L.U.	100.00	Ordinary shares
Vodafone ONO, S.A.U.	100.00	Ordinary A shares
Vodafone Servicios S.L.U.	100.00	Ordinary shares

Vodafone Luxembourg 5 S.à r.l., Luxembourg, Zweigniederlassung Bern	100.00	Branch
Vodafone Luxembourg S.à r.l., Luxembourg, Zweigniederlassung Bern	100.00	Branch
Via Franscini 10, 6850 Mendrisio, Switzerland		
Vodafone Automotive Telematics S.A	100.00	Ordinary shares
World Trade Center, Lia Lugano 13, 6982, Agno, Ticino, Switzerland		
Vodafone Enterprise Switzerland AG – AGNO BRANCH	100.00	Branch

Taiwan

13F, No. 156, Sec. 3, Minsheng E. Rd., Songshan District, Taipei City, 10596, Taiwan		
Vodafone Global Enterprise Taiwan Limited	100.00	Ordinary shares

Tanzania, United Republic of

3rd Floor, Maktaba (Library), Complex Bibi, Titi Mohaned Road, Dar es Salaam, Tanzania, United Republic of		
Gateway Communications Tanzania Limited [2]	63.87	Ordinary shares
15 Floor, Vodacom Tower, Ursino Estate, Plot No. 23, Bagamoyo Road, Dar es Salaam, Tanzania, United Republic of		
M-Pesa Limited [2]	39.74	Ordinary shares
Shared Networks Tanzania Limited [2]	39.75	Ordinary shares
Vodacom Tanzania Limited Zanzibar [2]	39.75	Ordinary shares
Vodacom Tanzania Public Limited Company [2]	39.75	Ordinary shares
Plot no. 77, Kipawa, Nyerere Road, PO Box 40954, Dar es Sala, Tanzania, United Republic of		
Mirambo Limited [2]	31.61	Ordinary shares

Turkey

Büyükdere Caddesi, No: 251, Maslak, Şişli / İstanbul, Turkey, 34398, Turkey		
Vodafone Bilgi Ve İletişim Hizmetleri AS	100.00	Registered shares
Vodafone Dağıtım Hizmetleri A.S.	100.00	Registered shares
Vodafone Elektronik Para Ve Ödeme Hizmetleri A.S.	100.00	Registered shares
Vodafone Holding A.S.	100.00	Registered shares
Vodafone Net İletişim Hizmetleri A.S.	100.00	Ordinary shares
Vodafone Telekomunikasyon A.S	100.00	Registered shares
İTÜ Ayazağa Kampüsü, Koru Yolu, Arı Teknokent Arı 3 Binası, Maslak, İstanbul, 586553, Turkey		
Vodafone Teknoloji Hizmetleri A.S.	100.00	Registered shares

Ukraine

Bohdana Khmelnytskogo Str. 19-21, Kyiv, Ukraine		
LLC Vodafone Enterprise Ukraine	100.00	Ordinary shares

Company name	% of share class held by Group Companies	Share class
United Arab Emirates		
Office 101, 1st Floor, DIC Building 1, Dubai Internet City, Dubai, United Arab Emirates		
Vodafone Enterprise Europe (UK) Limited – DUBAI BRANCH	100.00	Branch
United Kingdom		
1-2 Berkeley Square, 99 Berkeley Street, Glasgow, G3 7HR, Scotland		
Thus Group Holdings Limited	100.00	Ordinary shares
Thus Group Limited	100.00	Ordinary shares
Thus Profit Sharing Trustees Limited	100.00	Ordinary shares

Company name	% of share class held by Group Companies	Share class
Cable & Wireless Global Telecommunication Services Limited	100.00	Ordinary shares
Cable & Wireless UK Holdings Limited	100.00	Ordinary shares
Cable & Wireless UK Services Limited	100.00	Ordinary shares
Cable & Wireless Worldwide Limited	100.00	Ordinary shares
Cable & Wireless Worldwide Voice Messaging Limited	100.00	Ordinary shares
Cable and Wireless (India) Limited	100.00	Ordinary shares
Cable and Wireless Nominee Limited	100.00	Ordinary shares

Company name	% of share class held by Group Companies	Share class
Vodafone (New Zealand) Hedging Limited	100.00	Ordinary shares
Vodafone 2.	100.00	Ordinary shares
Vodafone 4 UK	100.00	Ordinary shares
Vodafone 5 Limited	100.00	Ordinary shares
Vodafone 5 UK	100.00	Ordinary shares
Vodafone 6 UK	100.00	Ordinary shares
Vodafone Americas 4	100.00	Ordinary shares
Vodafone Benelux Limited	100.00	Preference shares, Ordinary shares
Vodafone Business Solutions Limited	100.00	Ordinary shares
Vodafone Cellular Limited [1]	100.00	Ordinary shares

Imperial House, 4–10 Donegall Square East, Belfast, BT1 5HD		
Vodafone (NI) Limited	100.00	Ordinary shares
Leven House, 10 Lochside Place, Edinburgh Park, Edinburgh, Scotland, EH12 9RG, United Kingdom		
Pinnacle Cellular Group Limited	100.00	Ordinary shares
Pinnacle Cellular Limited	100.00	Ordinary shares
Vodafone (Scotland) Limited	100.00	Ordinary shares
Woodend Cellular Limited	100.00	Ordinary shares
Woodend Communications Limited	100.00	Ordinary shares
Woodend Group Limited	100.00	Ordinary shares
Woodend Holdings Limited	100.00	Ordinary shares, Redeemable Preference
Quarry Corner, Dundonald, Belfast, BT16 1UD, Northern Ireland		
Energis (Ireland) Limited	100.00	A Ordinary shares, B Ordinary shares, C Ordinary shares
Shuttleworth House, 21 Bridgewater Close, Network 65 Business Park, Hapton, Burnley, Lancashire, England, BB11 5TE, United Kingdom		
Navtrak Ltd	100.00	Ordinary shares
Vodafone Automotive UK Limited	100.00	Ordinary shares
Staple Court, 11 Staple Inn Building, London, WC1V 7QH, United Kingdom		
Gateway Communications Africa (UK) Limited [2]	64.52	Ordinary shares
Vodacom Business Africa Group Services Limited [2]	64.52	Ordinary shares, preference shares
Vodacom UK Limited [2]	64.52	Ordinary shares, Ordinary A shares, Ordinary B shares, Irredeemable preference shares
Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, United Kingdom		
AAA (Euro) Limited	100.00	Ordinary shares
Acorn Communications Limited	100.00	Ordinary shares
Apollo Submarine Cable System Limited	100.00	Ordinary shares
Aspective Limited	100.00	Ordinary shares, A Preference shares, B Preference shares, C Preference shares
Astec Communications Limited	100.00	Ordinary shares
Bluefish Communications Limited	100.00	Ordinary B shares, Ordinary A shares, Ordinary C shares, Ordinary D shares
C.S.P. Solutions Limited	100.00	Ordinary shares
Cable & Wireless Aspac Holdings Limited	100.00	Ordinary shares
Cable & Wireless CIS Services Limited	100.00	Ordinary shares
Cable & Wireless Communications Data Network Services Limited	100.00	'A' Ordinary shares, 'B' Ordinary shares
Cable & Wireless Europe Holdings Limited	100.00	Ordinary shares
Cable & Wireless Global Business Services Limited	100.00	Ordinary shares
Cable & Wireless Global Holding Limited	100.00	Ordinary shares

Cellops Limited	100.00	Ordinary shares
Cellular Operations Limited	100.00	Ordinary shares
Central Communications Group Limited	100.00	Ordinary shares, Ordinary A shares
CWW Operations Limited	100.00	Ordinary shares
Dataroam Limited	100.00	Ordinary shares, Ordinary A shares
Emtel Europe Limited	100.00	Ordinary shares
Energis Communications Limited	100.00	Ordinary shares
Energis Squared Limited	100.00	Ordinary shares
Flexphone Limited	100.00	Ordinary shares
FM Associates (UK) Limited	100.00	Ordinary shares
General Mobile Corporation Limited	100.00	Ordinary shares
Global Cellular Rental Limited	50.00	Ordinary shares
Internet Network Services Limited	100.00	Ordinary shares
Isis Telecommunications Management Limited	100.00	A Ordinary shares, B Ordinary shares, C Ordinary shares
Legend Communications Limited	100.00	Ordinary shares
London Hydraulic Power Company	100.00	Ordinary shares, 5% Non-cumulative preference shares
MetroHoldings Limited	100.00	Ordinary shares
ML Integration Group Limited	100.00	Ordinary shares
ML Integration Services Limited	100.00	Ordinary shares
Mobile Phone Centre Limited	100.00	Ordinary shares
Nat Comm Air Limited	100.00	Ordinary shares
P.C.P. (North West) Limited	100.00	Ordinary shares
Peoples Phone Limited	100.00	Ordinary shares
Project Telecom Holdings Limited [1]	100.00	Ordinary shares
PT Network Services Limited	100.00	Ordinary shares
PTI Telecom Limited	100.00	Ordinary shares
Rian Mobile Limited	100.00	Ordinary shares
Singlepoint (4U) Limited	100.00	Ordinary shares
Singlepoint Payment Services Limited	100.00	Ordinary shares
Stentor Communications Limited (Dissolved 1 May 2018)	100.00	Ordinary shares
Talkland Airtime Services Limited	100.00	Ordinary shares
Talkland Communications Limited	100.00	Ordinary shares
Talkland International Limited	100.00	Ordinary shares
Talkland Midlands Limited	100.00	Ordinary shares
Talkmobile Limited	100.00	Ordinary shares
Temhill Communications Limited	100.00	Ordinary shares, Non-convertible Redeemable Preference shares
The Eastern Leasing Company Limited	100.00	Ordinary shares
Thus Limited	100.00	Ordinary shares
Townley Communications Limited	100.00	Ordinary shares
Uniqueair Limited	100.00	Ordinary shares
Vizzavi Limited	100.00	Ordinary shares
Voda Limited	100.00	Ordinary shares; Zero coupon redeemable preference
Vodacall Limited [1]	100.00	Ordinary shares

Vodafone Cellular Limited	100.00	Ordinary shares
Vodafone Central Services Limited	100.00	Ordinary shares
Vodafone Connect 2 Limited	100.00	Ordinary shares
Vodafone Connect Limited	100.00	Ordinary shares
Vodafone Consolidated Holdings Limited	100.00	Ordinary shares
Vodafone Corporate Limited	100.00	Ordinary shares
Vodafone Corporate Secretaries Limited [1]	100.00	Ordinary shares
Vodafone DC Pension Trustee Company Limited [1]	100.00	Ordinary shares
Vodafone Distribution Holdings Limited	100.00	Ordinary shares
Vodafone Enterprise Corporate Secretaries Limited	100.00	Ordinary shares
Vodafone Enterprise Equipment Limited	100.00	Ordinary shares
Vodafone Enterprise Europe (UK) Limited	100.00	Ordinary shares
Vodafone Enterprise U.K.	100.00	Ordinary shares
Vodafone Euro Hedging Limited	100.00	Ordinary shares
Vodafone Euro Hedging Two	100.00	Ordinary shares
Vodafone Europe UK	100.00	Ordinary shares
Vodafone European Investments [1]	100.00	Ordinary shares
Vodafone European Portal Limited [1]	100.00	Ordinary shares
Vodafone Finance Limited [1]	100.00	Ordinary shares
Vodafone Finance Luxembourg Limited	100.00	Ordinary shares
Vodafone Finance Sweden	100.00	Ordinary shares, Ordinary deferred
Vodafone Finance UK Limited	100.00	Ordinary shares
Vodafone Financial Operations	100.00	Ordinary shares
Vodafone Global Content Services Limited	100.00	Ordinary shares, 5% fixed rate non-voting preference shares
Vodafone Global Enterprise Limited	100.00	Ordinary shares; Deferred, B Deferred
Vodafone Group (Directors) Trustee Limited [1]	100.00	Ordinary shares
Vodafone Group Pension Trustee Limited [1]	100.00	Ordinary shares
Vodafone Group Services Limited	100.00	Ordinary shares, Deferred shares
Vodafone Group Services No.2 Limited [1]	100.00	Ordinary shares
Vodafone Group Share Trustee Limited [1]	100.00	Ordinary shares
Vodafone Hire Limited	100.00	Ordinary shares
Vodafone Holdings Luxembourg Limited	100.00	Ordinary shares
Vodafone Intermediate Enterprises Limited	100.00	Ordinary shares
Vodafone International Holdings Limited	100.00	Ordinary shares
Vodafone International Operations Limited	100.00	Ordinary shares
Vodafone Investment UK	100.00	Ordinary shares
Vodafone Investments Australia Limited	100.00	Ordinary shares
Vodafone Investments Limited [1]	100.00	Ordinary shares
Vodafone IP Licensing Limited [1]	100.00	Ordinary shares

Notes to the consolidated financial statements (continued)

32. Related undertakings (continued)

Company name	% of share class held by Group Companies	Share class
Vodafone Leasing Limited	100.00	Ordinary shares
Vodafone Limited	100.00	Ordinary shares
Vodafone M.C. Mobile Services Limited	100.00	Ordinary shares, A Preference
Vodafone Marketing UK	100.00	Ordinary shares
Vodafone Mobile Commerce	100.00	Ordinary shares

Company name	% of share class held by Group Companies	Share class
United States		
560 Lexington Avenue, 8th Floor, New York, NY 10022		
Bluefish Communications Inc.	100.00	Common stock shares, Preference shares
Cable & Wireless Americas	100.00	Common stock

Limited		
Vodafone Mobile Communications Limited	100.00	Ordinary shares
Vodafone Mobile Enterprises Limited	100.00	A-ordinary shares, Ordinary One Pound shares
Vodafone Mobile Network Limited	100.00	A-ordinary shares, Ordinary one pound shares
Vodafone Multimedia Limited	100.00	Ordinary shares
Vodafone Nominees Limited [1]	100.00	Ordinary shares
Vodafone Oceania Limited	100.00	Ordinary shares
Vodafone Old Show Ground Site Management Limited	100.00	Ordinary shares
Vodafone Overseas Finance Limited	100.00	Ordinary shares
Vodafone Overseas Holdings Limited	100.00	Ordinary shares
Vodafone Panafon UK	100.00	Ordinary shares
Vodafone Partner Services Limited	100.00	Ordinary shares, Redeemable preference shares
Vodafone Property Investments Limited	100.00	Ordinary shares
Vodafone Retail (Holdings) Limited	100.00	Ordinary shares
Vodafone Retail Limited	100.00	Ordinary shares
Vodafone Sales & Services Limited	100.00	Ordinary shares
Vodafone Satellite Services Limited	100.00	Ordinary shares
Vodafone Specialist Communications Limited	100.00	Ordinary shares
Vodafone UK Content Services Limited	100.00	Ordinary shares
Vodafone UK Investments Limited	100.00	Ordinary shares
Vodafone UK Limited [1]	100.00	Ordinary shares
Vodafone Ventures Limited [1]	100.00	Ordinary shares
Vodafone Worldwide Holdings Limited	100.00	Ordinary shares, Cumulative preference
Vodafone Yen Finance Limited	100.00	Ordinary shares
Vodafone-Central Limited	100.00	Ordinary shares
Vodaphone Limited	100.00	Ordinary shares
Vodata Limited	100.00	Ordinary shares
Your Communications Group Limited	100.00	B Ordinary shares, Redeemable preference shares

Systems, Inc.		shares
Cable & Wireless a-Services, Inc	100.00	Common shares
Vodafone Americas Virginia Inc.	100.00	Common stock shares
Vodafone US Inc.	100.00	Common stock shares

Zambia

Orange Park, Plot 35185, Alick Nkhata Road, Lusaka, Zambia		
Africonnect (Zambia) Limited [2]	64.52	Ordinary shares, Redeemable preference Shares
	50.00	D Ordinary shares

Financials

Associated undertakings and joint arrangements

Company Name	% of share class held by Group Companies	Share Class
Australia		

Company Name	% of share class held by Group Companies	Share Class
Netherlands		

Company Name	% of share class held by Group Companies	Share Class
New Zealand		

Overview

Level 1, 177 Pacific Highway, North Sydney NSW 2060, Australia		
H3ga Properties (No.3) Pty Limited	50.00	Ordinary shares
Mobileworld Communications Pty Limited	50.00	Ordinary shares
Mobileworld Operating Pty Ltd	50.00	Ordinary shares
Vodafone Australia Pty Limited	50.00	Ordinary shares, Class B shares, Redeemable preference
Vodafone Foundation Australia Pty Limited	50.00	Ordinary shares
Vodafone Hutchison Australia Pty Limited	50.00	Ordinary shares
Vodafone Hutchison Finance Pty Limited	50.00	Ordinary shares
Vodafone Hutchison Receivables Pty Limited	50.00	Ordinary shares
Vodafone Network Pty Limited	50.00	Ordinary shares
Vodafone Pty Limited	50.00	Ordinary shares

Czech Republic

Jankovcova 1037/49, 170 00 Praha 7-Holešovice, Czech Republic		
HBO Netherlands Channels s.r.o.	25.00	Ordinary shares
U Rajské zahrady 1912/3, Praha 3, 130 00, Czech Republic		
COOP Mobil s.r.o.	33.33	Ordinary shares

Egypt

Piece No. 1215, Plot Of Land No. 1/14A, 6th October City, Egypt		
Wataneya Telecommunications S.A.E	50.00	Ordinary shares

Greece

43-45 Valtetsiou Str., Athens, Greece		
Safenet N.P.A.	25.00	Ordinary shares
Marathonos Ave 18 km & Pylou, Pallini, Attica, Pallini, Attica, 15351, Greece		
Victus Networks S.A.	50.00	Ordinary shares

India

A-19, Mohan Co-operative Industrial Estate, Mathura Road, New Delhi, New Delhi, Delhi, 110044, India		
FireFly Networks Limited	50.00	Equity shares
Bharti Crescent, 1 Nelson Mandela Road, Vasant Kunj, Phase -II, New Delhi – 110070, India		
Indus Towers Limited	42.00	Equity shares

Ireland

Two Gateway, East Wall Road, Dublin 3, Ireland		
Siro Limited	50.00	Ordinary shares

Italy

Via per Carpi 26/B, 42015, Correggio (RE), Italy		
VND S.p.A.	35.00	Ordinary shares

Kenya

LR No. 13263, Safaricom House, Waiyaki Way, PO Box 66827-00800, Nairobi, Kenya		
Safaricom PLC[5]	22.58	Ordinary shares

Luxembourg

15 rue Edward Steichen, Luxembourg, 2540, Luxembourg		
Tomorrow Street SCA	50.00	Ordinary B shares, Ordinary C shares

Assendorperdijk 2, 8012 EH Zwolle, The Netherlands		
Zoranet Connectivity Services B.V.	50.00	Ordinary shares
Atoomweg 100, 3542 AB Utrecht, The Netherlands		
Amsterdamse Beheer- en Consultingmaatschappij B.V.	50.00	Ordinary shares
Torenspits II B.V.	50.00	Ordinary shares
Vodafone Nederland Holding I B.V.	50.00	Ordinary shares
Vodafone Nederland Holding II B.V.	50.00	Ordinary shares
Vodafone Nederland Holding III B.V.	50.00	Ordinary shares
VodafoneZiggo Group B.V.	50.00	Ordinary shares
VZ Financing I B.V.	50.00	Ordinary shares
VZ Financing II B.V.	50.00	Ordinary shares
Ziggo B.V.	50.00	Ordinary shares
Ziggo Bond Finance B.V.	50.00	Ordinary shares
Ziggo Deelnemingen B.V.	50.00	Ordinary shares
Ziggo Finance 2 B.V.	50.00	Ordinary shares
Ziggo Holding B.V.	50.00	Ordinary shares
Ziggo Netwerk II B.V.	50.00	Ordinary shares
Ziggo Real Estate B.V.	50.00	Ordinary shares
Ziggo Secured Finance B.V.	50.00	Ordinary shares
Ziggo Secured Finance II B.V.	50.00	Ordinary shares
Ziggo Services B.V.	50.00	Ordinary shares
Ziggo Services Employment B.V.	50.00	Ordinary shares
Ziggo Services Netwerk 2 B.V.	50.00	Ordinary shares
Ziggo Zakelijk Services B.V.	50.00	Ordinary shares
ZUM B.V.	50.00	Ordinary shares
Avenue Ceramique 300, 6221 KX Maastricht, The Netherlands		
Vodafone Libertel B.V.	50.00	Ordinary shares
Barbara Strozzilaan 101, 1083 HN Amsterdam		
Cooperatie Nederland Cooperatief U.A.	25.00	Partnership Interest
Boeingavenue 53, 1119 PE Schiphol-Rijk, The Netherlands		
FinCo Partner 1 B.V.	50.00	Ordinary shares
LGE HoldCo V B.V.	50.00	Ordinary shares
LGE HoldCo VI B.V.	50.00	Ordinary shares
LGE Holdco VII B.V.	50.00	Ordinary shares
LGE HoldCo VIII B.V.	50.00	Ordinary shares
VodafoneZiggo Group Holding B.V.	50.00	Ordinary shares
Fred. Roeskestrata 123, 1076 EE Amsterdam, The Netherlands		
HBO Netherlands Distribution B.V.	25.00	Ordinary shares
Koningin Wilhelminaplein 2-4, 1062 HK Amsterdam, The Netherlands		
Liberty Global Content Netherlands B.V.	50.00	Ordinary shares
Monitorweg 1, 1322 BJ Almere, The Netherlands		
Esprit Telecom B.V.	50.00	Ordinary shares
XB Facilities B.V.	50.00	Ordinary shares
Simon Carmiggeltstraat 6, 1011 DJ Amsterdam		
Vodafone Financial Services B.V.	50.00	Ordinary shares
Winschoterdiep 60, 9723 AB Groningen, The Netherlands		
Zesko B.V.	50.00	Ordinary shares
Ziggo Bond Company B.V.	50.00	Ordinary shares
Ziggo Netwerk B.V.	50.00	Ordinary shares

C/- The Office Of Minterellisonruddwatts, Level 20, Lumley Centre, 88 Shortland Street, Auckland, 1010, New Zealand		
Rural Connectivity Group Limited	33.33	Ordinary shares
Level 1, Building C, 14-22 Triton Drive, Albany, New Zealand		
TNAS Limited	50.00	Ordinary shares
Level 5, 151 Victoria Street West, Auckland 1010, New Zealand		
Centurion GSM Limited	25.00	Ordinary shares

Portugal

Av. D. João II, no. 34, 1998 – 031, Parque das Nações, Lisboa, Portugal		
Celfocus – Solucoes Informaticas Para Telecomunicacoes S.A	45.00	Ordinary shares
Rua Pedro e Inês, Lote 2.08.01, 1990-075, Parque das Nações, Lisboa, Portugal		
SPORT TV PORTUGAL, S.A.	25.00	Nominative shares

Romania

Floor 3, Module 2, Connected Buildings III, Nr. 10A, Dimitrie Pompei Boulevard, Bucharest, Sector 2, Romania		
Netgrid Telecom SRL	50.00	Ordinary shares

Russian Federation

401, Building 3, 11, Promyshlennaya Street, Moscow 115 516		
Autoconnex Limited	35.00	Ordinary shares

United Kingdom

83 Baker Street, London, W1U 6AG, United Kingdom		
Digital Mobile Spectrum Limited	25.00	Ordinary shares
Griffin House, 161 Hammersmith Road, London, W6 8BS, United Kingdom		
Cable & Wireless Trade Mark Management Limited	50.00	Ordinary B shares
The Exchange Building 1330, Arlington Business Park, Theale, Berks, RG7 4SA, United Kingdom		
Cornerstone Telecommunications Infrastructure Limited	50.00	Ordinary shares

United States

2711 Centerville Road, Suite 400, Wilmington, DE 19808 Delaware		
LG Financing Partnership	50.00	Partnership Interest
Ziggo Financing Partnership	50.00	Partnership Interest
Ziggo Secured Finance Partnership	50.00	Partnership Interest

Notes:
1 Directly held by Vodafone Group Plc.
2 Shareholding is indirect through Vodacom Group Limited. The indirect shareholding is calculated using the 64.52% ownership interest in Vodacom.
3 The Group has rights that enable it to control the strategic and operating decisions of Vodacom Congo (RDC) S.A.
4 Shareholding is indirect through Vodafone Kabel Deutschland GmbH.
5 At 31 March 2018 the fair value of Safaricom Plc was KES 1.2 trillion (€9,963 million) based on the closing quoted share price on the Nairobi Stock Exchange.
6 Name changed from Zelitron S.A. on 12 April 2018.

Notes to the consolidated financial statements (continued)

32. Related undertakings (continued)

The table below shows selected financial data in respect of subsidiaries that have non-controlling interests that are material to the Group.

	Vodacom Group Limited		Vodafone Egypt Telecommunications S.A.E.		Vodafone Qatar Q.S.C.	
	2018 €m	2017 €m	2018 €m	2017 €m	2018 €m	2017 €m
Summary comprehensive income information						
Revenue	5,692	5,294	962	1,333	468	510
Profit/(loss) for the financial year	934	768	206	194	(40)	(67)
Other comprehensive (expense)/income	(8)	(10)	–	–	–	–
Total comprehensive income/(expense)	926	758	206	194	(40)	(67)
Other financial information						
Profit/(loss) for the financial year allocated to non-controlling interests	342	257	93	82	(31)	(52)
Dividends paid to non-controlling interests	309	258	1	153	–	–
Summary financial position information						
Non-current assets	6,433	6,213	985	1,038	–	1,550
Current assets	2,389	2,023	407	352	–	137
Total assets	**8,822**	**8,236**	**1,392**	**1,390**	–	**1,687**
Non-current liabilities	(2,151)	(2,368)	(46)	(25)	–	(266)
Current liabilities	(2,104)	(1,825)	(522)	(656)	–	(226)
Total assets less total liabilities	**4,567**	**4,043**	**824**	**709**	–	**1,195**
Equity shareholders' funds	3,595	3,379	491	433	–	275
Non-controlling interests	972	664	333	276	–	920
Total equity	**4,567**	**4,043**	**824**	**709**	–	**1,195**
Statement of cash flows						
Net cash flow from operating activities	1,727	1,702	307	520	115	134
Net cash flow from investing activities	(541)	(788)	(145)	(609)	(119)	(93)
Net cash flow from financing activities	(879)	(777)	(55)	(328)	(33)	(32)
Net cash flow	**307**	**137**	**107**	**(417)**	(37)	**9**
Cash and cash equivalents brought forward	619	464	57	619	43	31
Exchange gain/(loss) on cash and cash equivalents	(39)	18	(5)	(145)	(6)	3
Cash and Cash Equivalents	**887**	**619**	**159**	**57**	–	**43**

The voting rights held by the Group equal the Group's percentage shareholding as shown on pages 169 to 175.

Financials

33. Subsidiaries exempt from audit

The following UK subsidiaries will take advantage of the audit exemption set out within section 479A of the Companies Act 2006 for the year ended 31 March 2018.

Name	Registration number
Cable & Wireless Aspac Holdings Limited	4705342
Cable & Wireless CIS Services Limited	2964774
Cable & Wireless Europe Holdings Limited	4659719
Cable & Wireless Global Business Services Limited	3537591
Cable & Wireless Global Holding Limited	3740694
Cable & Wireless UK Holdings Limited	3840888
Cable & Wireless Worldwide Limited	7029206
Cable & Wireless Worldwide Voice Messaging Limited	1981417
Cable and Wireless Nominee Limited	3249884
Central Communications Group Limited	4625248
Energis (Ireland) Limited	NI035793
Energis Communications Limited	2630471
Energis Squared Limited	3037442
Internet Network Services Limited	3047165
Legend Communications Limited	3923166
MetroHoldings Limited	3511122
ML Integration Group Limited	3252903
ML Integration Services Limited	4087040
Singlepoint (4U) Limited	2795597
The Eastern Leasing Company Limited	1672832
Thus Group Holdings Limited	SC192666
Thus Group Limited	SC226738
Vizzavi Finance Limited	80499
Voda Limited	1847509
Vodafone (New Zealand) Hedging Limited	4158469
Vodafone 2	4083193
Vodafone 4 UK	6357658
Vodafone 5 Limited	6688527
Vodafone 5 UK	2960479
Vodafone Americas 4	6389457
Vodafone Benelux Limited	4200960
Vodafone Business Solutions Limited	2186565
Vodafone Cellular Limited	896318
Vodafone Connect Limited	2225919
Vodafone Consolidated Holdings Limited	5754561
Vodafone Distribution Holdings Limited	3357115
Vodafone Enterprise Equipment Limited	1648524
Vodafone Enterprise Europe (UK) Limited	3137479
Vodafone Euro Hedging Limited	3954207
Vodafone Euro Hedging Two	4055111

Name	Registration number
Vodafone Europe UK	5798451
Vodafone European Investments	3961908
Vodafone European Portal Limited	3973442
Vodafone Finance Luxembourg Limited	5754479
Vodafone Finance Sweden	2139168
Vodafone Finance UK Limited	3922620
Vodafone Financial Operations	4016558
Vodafone Global Content Services Limited	4064873
Vodafone Holdings Luxembourg Limited	4200970
Vodafone Intermediate Enterprises Limited	3869137
Vodafone International 2 Limited	BR009978
Vodafone International Holdings Limited	2797426
Vodafone International Operations Limited	2797438
Vodafone Investment UK	5798385
Vodafone Investments Limited	1530514
Vodafone IP Licensing Limited	6846238
Vodafone Marketing UK	6858585
Vodafone Mobile Communications Limited	3942221
Vodafone Mobile Enterprises Limited	3961390
Vodafone Mobile Network Limited	3961482
Vodafone Nominees Limited	1172051
Vodafone Oceania Limited	3973427
Vodafone Overseas Finance Limited	4171115
Vodafone Overseas Holdings Limited	2809758
Vodafone Panafon UK	6326918
Vodafone Property Investments Limited	3903420
Vodafone Retail (Holdings) Limited	3381659
Vodafone Retail Limited	1759785
Vodafone UK Limited	2227940
Vodafone Worldwide Holdings Limited	3294074
Vodafone Yen Finance Limited	4373166
Vodafone-Central Limited	1913537
Vodaphone Limited	2373469
Vodata Limited	2502373
Woodend Holdings Limited	SC128335
Your Communications Group Limited	4171876
London Hydraulic Power Company (The)	ZC000055
Vodafone Enterprise Corporate Secretaries Ltd (formerly Intercell Limited)	2303594
Vodafone Corporate Secretaries Limited	2357692

Other unaudited financial information

Prior year operating results

This section presents our operating performance for the 2017 financial year compared to the 2016 financial year, providing commentary on how the revenue and the adjusted EBITDA performance of the Group and its operating segments developed over those years. The results for both years include the results of Vodafone India as discontinued operations following the agreement to combine it with Idea Cellular.

Group[1,2]

	Europe €m	AMAP €m	Other[3] €m	Eliminations €m	2017 €m	2016 €m	% change Reported	% change Organic*
Revenue	34,550	11,773	1,390	(82)	47,631	49,810	(4.4)	1.2
Service revenue	31,975	9,956	1,138	(82)	42,987	44,618	(3.7)	1.9
Other revenue	2,575	1,817	252	–	4,644	5,192		
Adjusted EBITDA	10,283	3,854	12	–	14,149	14,155	–	5.8
Depreciation and amortisation	(8,344)	(1,829)	(6)	–	(10,179)	(10,386)		
Adjusted EBIT	**1,939**	**2,025**	**6**	**–**	**3,970**	**3,769**	**5.3**	**7.0**
Share of result in associates and joint ventures	(49)	213	–	–	164	60		
Adjusted operating profit	**1,890**	**2,238**	**6**	**–**	**4,134**	**3,829**	**8.0**	**11.8**
Adjustments for:								
Impairment loss					–	(569)		
Restructuring costs					(415)	(316)		
Amortisation of acquired customer bases and brand intangible assets					(1,046)	(1,338)		
Other income/(expense)[4]					1,052	(286)		
Operating profit					**3,725**	**1,320**		

Notes:
1 Group revenue and service revenue includes the results of Europe, AMAP, Other (which includes the results of partner markets) and eliminations. 2017 results reflect average foreign exchange rates of €1:£0.84, €1:INR 73.58, €1:ZAR 15.43, €1:TRY 3.51 and €1: EGP 13.60.
2 Service revenue, adjusted EBITDA, adjusted EBIT and adjusted operating profit are alternative performance measures which are non-GAAP measures that are presented to provide readers with additional financial information that is regularly reviewed by management and should not be viewed in isolation or as an alternative to the equivalent GAAP measure. See "Alternative performance measures" on page 207 for reconciliations to the closest respective equivalent GAAP measure and "Definition of terms" on page 222 for further details.
3 The "Other" segment primarily represents the results of shareholder recharges received from Vodafone Netherlands, VodafoneZiggo and Vodafone India, partner markets and the net result of unallocated central Group costs.
4 Includes a €1.3 billion gain (2016: €nil) on the formation of the VodafoneZiggo joint venture in the Netherlands.

Revenue

Group revenue decreased 4.4% to €47.6 billion and service revenue decreased by 3.7% to €43.0 billion.

In Europe, organic service revenue increased 0.6%* and in AMAP, organic service revenue increased by 7.7%*. Further details on the performance of these regions is set out below.

Adjusted EBITDA

Group adjusted EBITDA remained stable at €14.1 billion, with organic growth in Europe and AMAP more than offset by foreign exchange movements and M&A and other activity. The Group's adjusted EBITDA margin improved by 1.3 percentage points to 29.7%. On an organic basis, adjusted EBITDA rose 5.8%* and the Group's adjusted EBITDA margin increased by 1.2* percentage points driven by organic margin improvements in both Europe and AMAP.

Adjusted EBIT

Adjusted EBIT increased by 5.3% to €4.0 billion as adjusted EBITDA growth outpaced the increase in depreciation and amortisation. On an organic basis adjusted EBIT increased by 7.0%* for the year.

Operating profit

Adjusted operating profit excludes certain income and expenses that we have identified separately to allow their effect on the results of the Group to be assessed (see page 207). The items that are included in operating profit but are excluded from adjusted operating profit are discussed below.

No impairment losses were recognised in the current year in respect of the Group's continuing operations (2016: €569 million in Romania). Further detail is provided in note 4 to the Group's consolidated financial statements.

Restructuring costs of €415 million (2016: €316 million) primarily reflect discrete cost efficiency actions taken during the year in Germany and the UK.

Amortisation of intangible assets in relation to customer bases and brands are recognised under accounting rules after we acquire businesses and decreased to €1,046 million (2016: €1,338 million) due to the acquisitions of KDG, Vodafone Italy and Ono.

Including the above items, operating profit increased by €2.4 billion to €3.7 billion, due to a €1.3 billion gain on the formation of the VodafoneZiggo joint venture in the Netherlands which for accounting purposes was characterised as a part disposal of the Group's interest in Vodafone Netherlands, €0.5 billion lower depreciation and amortisation charges, partially as a result of the treatment of our Netherlands operation as an asset held for sale during the year and the €0.6 billion impairment charge recognised in the year ended 31 March 2016.

Note:
* All amounts in the Operating Results section marked with an "*" represent organic growth which presents performance on a comparable basis, both in terms of merger and acquisition activity and movements in foreign exchange rates. Organic growth is an alternative performance measure. See "Alternative performance measures" on page 207 for further

Financials

details and reconciliations to the respective closest equivalent GAAP measure.

Europe

	Germany €m	Italy €m	UK €m	Spain €m	Other Europe €m	Eliminations €m	Europe €m	% change Reported	% change Organic*
Year ended 31 March 2017									
Revenue	10,600	6,101	6,925	4,973	6,128	(177)	34,550	(5.2)	(0.4)
Service revenue	10,006	5,247	6,632	4,507	5,756	(173)	31,975	(4.2)	0.6
Other revenue	594	854	293	466	372	(4)	2,575		
Adjusted EBITDA	3,617	2,229	1,212	1,360	1,865	–	10,283	(1.9)	3.1
Adjusted operating profit	568	948	(542)	180	736	–	1,890	(1.9)	(5.0)
Adjusted EBITDA margin	34.1%	36.5%	17.5%	27.3%	30.4%		29.8%		
Year ended 31 March 2016									
Revenue	10,626	6,008	8,428	4,959	6,599	(158)	36,462	3.3	0.4
Service revenue	9,817	5,129	7,987	4,468	6,132	(152)	33,381	2.4	(0.6)
Other revenue	809	879	441	491	467	(6)	3,081		
Adjusted EBITDA	3,462	2,015	1,756	1,250	2,002	–	10,485	4.0	1.7
Adjusted operating profit	523	805	(97)	75	621	–	1,927	(13.0)	(12.9)
Adjusted EBITDA margin	32.6%	33.5%	20.8%	25.2%	30.3%		28.8%		

Revenue decreased by 5.2%. Foreign exchange movements contributed a 2.8 percentage point negative impact and M&A and other activity contributed a 2.0 percentage point negative impact. On an organic basis, service revenue increased by 0.6%*, reflecting customer growth in mobile and fixed line ("fixed") and stabilising contract ARPU across all our major markets, more than offsetting the regulatory headwinds. Ex-regulation, service revenue growth was 1.6%*.

Adjusted EBITDA decreased 1.9%, including a 2.9 percentage point negative impact from M&A and other activity and a 2.1 percentage point negative impact from foreign exchange movements. On an organic basis, adjusted EBITDA increased 3.1%*, driven by tight cost control through our "Fit for Growth" programme.

	Reported change %	Other activity (including M&A) pps	Foreign exchange pps	Organic* change %
Revenue – Europe	**(5.2)**	**2.0**	**2.8**	**(0.4)**
Service revenue				
Germany	1.9	–	–	1.9
Italy	2.3	–	–	2.3
UK	(17.0)	1.4	12.3	(3.3)
Spain	0.9	–	–	0.9
Other Europe	(6.1)	8.4	(0.1)	2.2
Europe	**(4.2)**	**1.8**	**3.0**	**0.6**
Adjusted EBITDA				
Germany	4.5	–	–	4.5
Italy	10.6	–	–	10.6
UK	(31.0)	5.1	10.1	(15.8)
Spain	8.8	–	–	8.8
Other Europe	(6.8)	10.1	(0.1)	3.2
Europe	**(1.9)**	**2.9**	**2.1**	**3.1**
Europe adjusted operating profit	**(1.9)**	**(2.4)**	**(0.7)**	**(5.0)**

Germany

Service revenue grew 1.9%* for the year (Q3: 1.8%*, Q4: 1.2%*) driven by customer growth in both mobile and fixed and stabilising mobile contract ARPU, which more than offset regulatory drags. The slowdown in the final quarter reflected the full impact of the mobile and fixed

Mobile service revenue grew 0.1%* (Q3: flat*, Q4: -0.4%*) as a higher customer base was offset by regulatory headwinds. Excluding regulation (including the MTR cut from 1 December and the decline in roaming revenues), mobile service revenue grew 1.6%* (Q3: 1.1%*, Q4: 1.8%*). Aided by "more-for-more" propositions and successful "Giga moves" campaigns, consumer mobile contract ARPU returned to growth in Q4, while contract net additions accelerated in the second half (Q4: 123,000 Q3: 61,000) supported by a reduction in churn and higher activity in direct channels. The Enterprise mobile market remained competitive, however ARPU declines moderated throughout the year. Our 4G customer base surpassed 10 million by the period end, as we reached 90% 4G population coverage.

Fixed service revenues increased 4.8%* (Q3: 4.8%*, Q4 3.7%*) driven by strong broadband customer growth, with 433,000 net customer additions (Q4: 123,000), of which 320,000 were on cable and the remainder on DSL. Our "GigaKombi" convergence offer, launched in the summer last year, continues to gain traction, reaching 357,000 accounts by year end. We also launched our "GigaTV" advanced digital TV service in February 2017, and our TV customer base reached 7.7 million at the end of the period. Following upgrades to our superior coax-fibre cable network during the year, we now offer 400 Mbps speeds to almost 6 million households (out of our total NGN footprint of 12.6 million).

Adjusted EBITDA grew 4.5%* with the adjusted EBITDA margin improving by 1.5 percentage points to 34.1%. Margin expansion was driven by revenue growth, our focus on more profitable direct channels and a reduction of underlying operating costs. This was supported by exceeding our full year cost and capex target synergies of €300 million from the integration of Kabel Deutschland.

Italy

Service revenue grew 2.3%* for the year (Q3: 3.0%*, Q4: 2.8%*) supported by mobile and fixed ARPU growth and an acceleration in consumer fixed performance.

Mobile service revenue grew 1.5%* (Q3: 1.4%*, Q4: 1.4%*) driven by ARPU growth in prepaid following changes to our tariff plans and improved data monetisation through targeted "more-for-more" offers. In Q4, the prepaid pricing environment became increasingly competitive, particularly in the below-the-line channels, however customer losses moderated somewhat compared to Q3. As at 31 March 2017 we had reached over 97% population coverage on our 4G network and had 9.0 million 4G customers, adding 2.5 million customers within

Overview Strategic Report Governance Financials Other information termination cuts, (a 1.3 percentage point year-on-year headwind), as well as the lapping of an accounting reclassification in fixed in the prior financial year.

the year.

Other unaudited financial information (continued)

Prior year operating results (continued)

Fixed service revenue was up 6.8%* (Q3: 11.9%*, Q4: 10.2%*) driven by strong customer growth and ARPU improvement across all segments during the second half of the financial year. We added 224,000 broadband customers (Q3: 70,000, Q4: 75,000) during the year, and in total we now have 2.2 million broadband customers of which 0.7 million are on fibre. We also launched our advanced digital "Vodafone TV" proposition in March 2017, which is gaining good early traction.

Adjusted EBITDA grew significantly faster than revenues at 10.6%*, with a 3.0 percentage point improvement in adjusted EBITDA margin to 36.5%. This was driven by a strong revenue performance and tight cost control, with absolute declines in both customer and operating costs during the year.

UK

Our UK operational performance was disrupted during the year by mistakes made during the implementation of a new billing system in the final calendar quarter of 2015. We have now resolved these challenges, with billing accuracy improving to 99.9% and customer service levels now above those achieved prior to the implementation of the new system. In the fourth quarter we delivered our best ever network performance, which is reflected in our ranking as the best voice provider and the co-leader for data in the latest independent P3 test.

Our financial performance lagged behind this operational recovery. Service revenue declined 3.3%* (Q3: -3.2%*, Q4: -4.8%*) reflecting the impact of operational challenges, increased competition in Enterprise and lower roaming revenues. The slowdown in the final quarter mainly reflected a strong prior year comparator in carrier services and Enterprise.

Mobile service revenue declined 3.3%* (Q3: -3.9%*, Q4: -3.9%*) as a result of higher churn, an increase in the SIM only mix driving lower ARPU, increased competition in Enterprise and lower roaming and MVNO revenues. Improved operational performance contributed to lower contract churn rates and growth in branded contract customers during the final quarter. We have 9.5 million 4G customers at the end of the period, with 4G coverage at 96% (Ofcom definition: 98%).

Fixed service revenue declined 3.4%* (Q3: -0.9%*, Q4: -7.5%*). Excluding carrier service revenue, fixed service revenue declined 2.5%* in Q4, reflecting a strong comparator together with the ongoing effect of two large contract losses during the year as we balanced our growth objectives with a focus on customer profitability. We continued to gain good momentum in consumer broadband with 216,000 customers by the end of the period (Q4: 33,000 net additions), of which 163,000 are consumer customers.

Adjusted EBITDA declined 15.8%* excluding the benefit of one-off settlements with other network operators in the prior year, with a 3.3 percentage point decline in adjusted EBITDA margin. The decline was driven by lower revenues, increased costs as a result of sterling weakness post Brexit, regulatory headwinds and reallocation of costs across Vodafone Group. These headwinds were partially offset by a reduction in underlying operating costs. Excluding the reallocation of central costs, sterling weakness and one-off settlements, adjusted EBITDA declined at a high-single digit rate both for the year and in H2.

Spain

Service revenue grew 0.9%* (Q3: 0.8%*, Q4: 1.3%*). Excluding the impact of handset financing, service revenue grew by 4.0%* in the year (Q3: 4.1%*, Q4: 3.8%*). This performance improvement was driven by our strong commercial momentum in mobile and fixed, supported by our "more-for-more" propositions at the start of the year.

We maintained our leadership in both consumer and enterprise NPS, widening the gap versus our competitors during the year. Vodafone One, our fully integrated fixed, mobile and TV service, reached 2.4 million customers at the end of the period, up from 1.5 million a year ago. Our commercial momentum has remained strong throughout the year with 337,000 mobile contract net additions (Q3: 97,000, Q4: 96,000) and 209,000 fixed broadband net additions (Q3: 93,000, Q4: 75,000). Our fixed performance accelerated in the second half of the year as we focused on cross selling services to our mobile base. Our TV base reached 1.3 million (246,000 net additions during the year), reflecting the improvement in our content packages.

Our market-leading 4G coverage reached 93% at the end of the period and we now have 7.6 million 4G customers. In March 2017, we reached a commercial wholesale agreement with Telefónica to access its fibre network in both regulated and deregulated areas, which expands our NGN footprint to 18.7 million homes passed (almost 65% population coverage), of which 10.2 million are on our own network.

Adjusted EBITDA grew 8.8%*, and adjusted EBITDA margin improved by 2.1 percentage points to 27.3%. This improvement was driven by service revenue growth, lower mobile handset subsidies and a lower operating cost base; these more than offset sharply higher content costs.

Other Europe

Service revenue grew by 2.2%* (Q3: 1.8%*, Q4: 1.3%*), with all of the larger markets growing in Q4 (excluding the MTR impact in Ireland). Adjusted EBITDA grew 3.2%* and adjusted EBITDA margin improved by 0.1 percentage points, reflecting good cost control.

In Ireland, service revenue was flat* for the year but grew 2.0% excluding MTRs (Q4: -1.2%*, 2.3% ex. MTRs) supported by ongoing fixed customer growth. Portugal service revenue grew 1.7%* (Q4: 2.2%*), with strong fixed customer growth as our FTTH roll-out reached 2.7 million homes, which was partially offset by mobile service revenue declines (which moderated throughout the year). In Greece, service revenue grew 0.5%* (Q4: 0.2%*) driven by growth in consumer fixed service revenue.

VodafoneZiggo

The joint venture between Vodafone Netherlands and Ziggo (VodafoneZiggo, in which Vodafone owns a 50% stake) was formed on 31 December 2016. Note that VodafoneZiggo's quarterly reports for credit investors are published on a US GAAP basis, whereas Vodafone Group reports the results of the joint venture on an IFRS basis.

VodafoneZiggo experienced a decline in local currency revenue of 2% in Q4. The decline in local currency mobile service revenue (Q4: -7%) reflected increasing competition, particularly in the SoHo segment. Cable subscription revenues stabilised in Q4, as increased ARPU offset a decline in the customer base, and in the B2B segment (mid and large-sized enterprises) revenues grew 1%, supported by mobile growth.

Excluding the impact of the divestment of Vodafone "Thuis", we added 16,000 postpaid mobile customers in the quarter, supported by our successful promotional campaign. We also added 11,000 broadband

Financials

RGU additions in the quarter, with significantly fewer video subscriber losses (an outflow of 18,500 RGUs) compared to the prior year.

Adjusted EBITDA in local currency declined by 6% in Q4, as lower revenues and higher mobile acquisition and content costs were only partially offset by underlying cost reductions. During the quarter, Vodafone received €76 million in dividends from the joint venture and €14 million in interest payments on the shareholder loan.

Africa, Middle East and Asia-Pacific

	Vodacom €m	Other AMAP €m	Eliminations €m	AMAP €m	% change Reported	% change Organic*
Year ended 31 March 2017						
Revenue	5,294	6,479	–	11,773	(1.0)	7.4
Service revenue	4,447	5,509	–	9,956	(0.9)	7.7
Other revenue	847	970	–	1,817		
Adjusted EBITDA	2,063	1,791	–	3,854	4.0	13.2
Adjusted operating profit	1,381	857	–	2,238	15.3	25.2
Adjusted EBITDA margin	39.0%	27.6%		32.7%		
Year ended 31 March 2016						
Revenue	5,325	6,566	–	11,891	2.5	8.1
Service revenue	4,419	5,624	–	10,043	2.8	8.0
Other revenue	906	942	–	1,848		
Adjusted EBITDA	2,028	1,678	–	3,706	3.4	9.0
Adjusted operating profit	1,356	585	–	1,941	11.2	19.9
Adjusted EBITDA margin	38.1%	25.6%		31.2%		

Revenue decreased 1.0%, with strong organic growth offset by an 8.6 percentage point adverse impact from foreign exchange movements, particularly with regards to the South African rand, Turkish lira and Egyptian pound. On an organic basis service revenue was up 7.7%* driven by strong commercial momentum in South Africa, Turkey and Egypt.

Adjusted EBITDA increased 4.0%, including a 9.2 percentage point adverse impact from foreign exchange movements. On an organic basis, adjusted EBITDA grew 13.2%*, driven by service revenue growth and a continued focus on cost control and efficiencies to offset inflationary pressures.

	Reported change %	Other activity (including M&A) pps	Foreign exchange pps	Organic* change %
Revenue – AMAP	**(1.0)**	**(0.2)**	**8.6**	**7.4**
Service revenue				
Vodacom	0.6	–	3.5	4.1
Other AMAP	(2.0)	–	12.8	10.8
AMAP	**(0.9)**	**–**	**8.6**	**7.7**
Adjusted EBITDA				
Vodacom	1.7	–	3.2	4.9
Other AMAP	6.7	–	18.0	24.7
AMAP	**4.0**	**–**	**9.2**	**13.2**
AMAP adjusted operating profit	**15.3**	**–**	**9.9**	**25.2**

Vodacom

Vodacom Group service revenue increased 4.1%* (Q3: 4.0%*, Q4: 3.8%*), supported by strong customer additions, data usage and enterprise growth in South Africa. Vodacom's International operations were

Our market-leading network has now reached 76% 4G coverage (up from 58% in the prior year), and we have 6.0 million 4G customers.

Vodacom's international operations outside South Africa, which now represent 22.5% of Vodacom Group service revenue, grew 2.3%* (Q3: 1.9%*, Q4: 0.5%*) supported by commercial actions such as the introduction of "Just 4 You" personalised offers across all markets. Commercial momentum stabilised towards the end of the year as we began to lap the changes in customer registration requirements in Tanzania, the DRC and Mozambique, while political and economic disruptions adversely impacted the DRC's performance. M-Pesa customers totalled 10 million in Q4 (up from 6.8 million the prior year).

Vodacom Group adjusted EBITDA grew 4.9%*, with a 0.9 percentage point adjusted EBITDA margin improvement to 39.0%. In South Africa, margin improvement was supported by a subsidy shift towards data enabled devices, improved channel efficiencies, rationalisation of offices and network cost savings. International margins declined modestly as revenue growth was lower than underlying cost inflation.

Other AMAP

Service revenue grew by 10.8%* (Q3: 10.5%*, Q4: 9.8%*), with strong local currency growth in Turkey, Egypt and Ghana.

Service revenue in Turkey was up 16.0%* (Q3: 15.0%*, Q4: 13.9%*), supported by good growth in consumer contract, strong fixed customer momentum and a robust performance in Enterprise. Adjusted EBITDA grew 29.9%*, with an adjusted EBITDA margin improvement of 2.5 percentage points to 21.2% driven by lower commercial spend and improved operating cost control.

Egypt service revenue grew by 15.6%* (Q3: 19.6%*, Q4: 22.8%*) as rising data penetration drove higher ARPU. Adjusted EBITDA grew 22.7%*, with a 2.6 percentage point adjusted EBITDA margin improvement to 44.4% as revenue growth and cost discipline more than offset high inflationary pressures.

Overview Strategic Report Governance Financials impacted by a change in customer registration requirements in the prior year, which slowed customer growth during the period.

In South Africa service revenue grew 5.6%* (Q3: 5.6%*, Q4: 5.6%*), with continued strong customer growth in both the prepaid and contract base supported by our effective segmentation strategy. We added 3.2 million prepaid mobile customers (Q4: 1.2 million) in the year and contract churn remained at historically low levels. Data revenue growth remained strong at 20% for the year, supported by growth in active data customers (19.5 million), data bundle sales (almost 500 million sold during the year, up 45%), and higher usage. Voice revenue fell by 3.7%*, with the pace of decline slowing in the final quarter due to the success of our personalised voice bundle strategy on our "Just 4 You" platform.

In New Zealand, service revenue was up 0.8%* (Q3: flat*, Q4: 0.3%*) with strong fixed performance and mobile customer growth across both consumer and Enterprise. In February 2017, the New Zealand Commerce Commission ('NZCC') did not approve the proposed merger with Sky Network Television. We are reviewing the reasoning of the NZCC and have reserved the right to appeal the decision.

Other unaudited financial information (continued)

Prior year operating results (continued)

Associates and joint ventures

Safaricom, Vodafone's 40% associate, which is the number one mobile operator in Kenya, achieved local currency service revenue growth of 14.8% for the year and local currency adjusted EBITDA growth of 24.6% (20.6% excluding a current year benefit), driven by data and M-Pesa. 40 out of 47 targeted regions (counties) now have 4G coverage. During the year the Group received €214 million in dividends from Safaricom.

Vodafone Hutchison Australia ('VHA'), in which Vodafone owns a 50% stake, continued to perform solidly in a competitive environment. VHA continued to grow service revenue (excluding MTRs), driven by growth in our contract customer base and ARPU. Local currency adjusted EBITDA grew 19.0%, driven by an increase in underlying revenue and strong commercial cost discipline.

Indus Towers, the Indian towers company in which Vodafone has a 42% interest, will be excluded from the perimeter of the Idea merger. Indus achieved local currency revenue growth of 6.2% and adjusted EBITDA growth of 0.3% for the year. Indus owned 122,730 towers as at 31 March 2017, with a tenancy ratio of 2.35x. Our share of Indus' adjusted EBITDA for the year was €410 million and its contribution to Vodafone Group adjusted operating profit was €98 million. During the year the Group received €126 million in dividends from Indus Towers.

India[1]

On 20 March 2017, Vodafone announced an agreement to combine its subsidiary, Vodafone India (excluding its 42% stake in Indus Towers), with Idea Cellular. The transaction is subject to regulatory approvals and is expected to close during calendar 2018. The combined company will be jointly controlled by Vodafone and the Aditya Birla Group. Vodafone India has been classified as discontinued operations for Group reporting purposes. From an operational perspective, the Group remains highly focused on the management of the business and committed to its success, both prior to the completion of the merger and thereafter. The results of Vodafone India are detailed below.

	2017 €m	2016 €m	% change Reported	Organic*
Revenue	5,853	6,161	(5.0)	
Service revenue	5,834	6,135	(4.9)	(0.7)
Other revenue	19	26		
Direct costs	(1,583)	(1,835)		
Customer costs	(313)	(287)		
Operating expenses	(2,361)	(2,224)		
Adjusted EBITDA	1,596	1,815	(12.1)	(10.5)
Depreciation and amortisation	(1,116)	(1,276)		
Adjusted operating profit	**480**	**539**	**(10.9)**	
Adjustments for:				

With effect from 1 April 2016, the Group changed the reporting of certain dealer commissions in India. Annual and quarterly organic growth rates for the year ended 31 March 2017 of Vodafone India have been amended to exclude the impact of this change, which had no effect on earnings or cash flows.

Service revenue declined 0.7%* (Q3: -1.9%*, Q4: -11.5%*) as a result of heightened competitive pressure following free services offered by the new entrant during the second half of the year. The slowdown in Q4, as expected, was due to the ongoing impact of free services, which dragged on data and voice pricing, compounded by the leap year benefit in the prior period. However, we grew our overall customer base during the year and retained our high value customers.

Data browsing revenue declined by 16%* in Q4 compared to +0.6%* in Q3. Our active data customer base returned to growth in the quarter, increasing to 66.9 million (Q3: 65.0 million), mainly reflecting a 2.7 million increase in our 3G/4G customer base to 37.7 million (adding 10 million customers in the year). Unit prices declined 38% year-on-year (Q3: -11%), although this helped to stimulate 40% growth in monthly data usage per 3G/4G customer to 636 MB (Q3: 505 MB).

Voice revenue declined 13%* in Q4 (Q3: -3.0%*) as the benefit of higher incoming volumes and a larger customer base was offset by a 22% year-on-year decline in voice prices as the market moved to unlimited voice propositions. Total mobile customers increased 4.4 million in the quarter, giving a closing customer base of 209 million.

Following the Indian spectrum auction in October, we now offer 4G services in 18 circles, up from 9 circles prior to the auction. These circles cover around 92% of service revenues and 96% of our data revenues.

Adjusted EBITDA declined 10.5%*, with a 2.2 percentage point deterioration in adjusted EBITDA margin to 27.3%. This reflected lower revenues in the second half of the year and higher costs as a result of 4G network expansion, partially offset by lower intra circle roaming fees and an underlying reduction in operating costs.

In the first half of the 2017 financial year, the Group recorded a noncash impairment of €6.4 billion (€5.0 billion net of tax), relating to our Indian business. This was driven by lower projected cash flows within our business plan as a result of increased competition in the market. Impairment testing at 31 March 2017, following the announcement of the merger of Vodafone India with Idea Cellular, gave rise to a partial reversal of that impairment. As a result, the impairment charge for the year reduced to €4.5 billion (€3.7 billion net of tax).

Impairment loss[2]	(4,515)	–
Other	(136)	(116)
Operating (loss)/profit	**(4,171)**	**423**
Adjusted EBITDA margin	27.3%	29.5%

Notes:
1 In accordance with IFRS, the results of Vodafone India are classified as discontinued operations.
2 Year ended 31 March 2017 includes a gross impairment charge of €4.5 billion (2016: €nil) recorded in respect of the Group's investment in India, which together with the recognition of an associated €0.8 billion deferred tax asset, led to an overall €3.7 billion reduction in the carrying value of Vodafone India.

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Shareholder information

Unaudited information

Investor calendar

Ex-dividend date for final dividend	7 June 2018
Record date for final dividend	8 June 2018
Trading update for the quarter ending 30 June 2018	25 July 2018
AGM	27 July 2018
Final dividend payment	3 August 2018
Half-year financial results for the six-months ending 30 September 2018	13 November 2018
Ex-dividend date for interim dividend	22 November 2018
Record date for interim dividend	23 November 2018
Interim dividend payment	1 February 2019

Dividends

See pages 30 and 130 for details on dividend amount per share.

Euro dividends

Dividends are declared in euros and paid in euros and pounds sterling according to where the shareholder is resident. Cash dividends to ADS holders are paid by the ADS depositary in US dollars. This aligns the Group's shareholder returns with the primary currency in which we generate free cash flow. The foreign exchange rate at which dividends declared in euros are converted into pounds sterling and US dollars is calculated based on the average exchange rate of the five business days during the week prior to the payment of the dividend.

Payment of dividends by direct credit

We pay cash dividends directly to shareholders' bank or building society accounts. This ensures secure delivery and means dividend payments are credited to shareholders' bank or building society accounts on the same day as payment. A dividend confirmation covering both the interim and final dividends paid during the financial year is sent to shareholders at the time of the interim dividend in February. ADS holders may alternatively have their cash dividends paid by cheque from our ADS depository bank, Deutsche Bank.

Dividend reinvestment plan

We offer a dividend reinvestment plan which allows holders of ordinary shares who choose to participate to use their cash dividends to acquire additional shares in the Company. These are purchased on their behalf by the plan administrator, Computershare Investor Services PLC, through a low cost dealing arrangement. For ADS holders, Deutsche Bank, through its transfer agent, American Stock Transfer & Trust Company, LLC (AST) maintains the DB Global Direct Investor Services Program which is a direct purchase and sale plan for depositary receipts with a dividend reinvestment facility.

See vodafone.com/dividends for further information about dividend payments or, alternatively please contact our registrar, Computershare or AST for ADS holders as applicable. See page 192 for their contact information.

Taxation of dividends

See pages 194 for details on dividend taxation.

Managing your shares via Investor Centre

Computershare operates a portfolio service for investors in ordinary shares, called Investor Centre. This provides our shareholders with online access to information about their investments as well as a facility to help manage their holdings online, such as being able to:

- update dividend bank mandate instructions and review dividend payment history;
- update member details and address changes; and
- register to receive Company communications electronically.

Computershare also offers an internet and telephone share dealing service to existing shareholders.

The service can be obtained at www.investorcentre.co.uk. Shareholders with any queries regarding their holding should contact Computershare. See page 192 for their contact details.

Shareholders may also find the investors section of our corporate website, vodafone.com/investor, useful for general queries and information about the Company.

Shareholder communications

A growing number of our shareholders have opted to receive their communications from us electronically using email and web-based communications. The use of electronic communications, rather than printed paper documents, means information about the Company can be received as soon as it is available and has the added benefit of reducing our impact on the environment and our costs. Each time we issue a shareholder communication, shareholders who have elected for electronic communication will be sent an email alert containing a link to the relevant documents.

We encourage all our shareholders to sign up for this service by providing us with an email address. You can register your email address via Computershare at www.investorcentre.co.uk or contact them via the telephone number provided on page 192. See vodafone.com/investor for further information about this service.

AGM

Our thirty-fourth AGM will be held at the Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London SW1P 3EE on 27 July 2018 at 11.00 am. The AGM will be transmitted via a live webcast which can be viewed on our website at vodafone.com/agm on the day of the meeting. A recording will be available to view after that date.

ShareGift

We support ShareGift, the charity share donation scheme (registered charity number 1052686). Through ShareGift, shareholders who have only a very small number of shares, which might be considered uneconomic to sell, are able to donate them to charity. Donated shares are aggregated and sold by ShareGift, the proceeds being passed on to a wide range of UK charities.

See sharegift.org or call +44 (0)20 7930 3737 for further details.

Landmark Financial Asset Search

We participate in an online service which provides a search facility for solicitors and probate professionals to quickly and easily trace UK shareholdings relating to deceased estates. Visit www.landmarkfas.co.uk or call +44 (0)844 844 9967 for further information.

Shareholder information (continued)

Unaudited information

Warning to shareholders ("boiler room" scams)

Over recent years we have become aware of investors who have received unsolicited calls or correspondence, in some cases purporting to have been issued by us, concerning investment matters. These callers typically make claims of highly profitable opportunities in UK or US investments which turn out to be worthless or simply do not exist. These approaches are usually made by unauthorised companies and individuals and are commonly known as "boiler room" scams.

Share price history

The closing share price at 31 March 2018 was 194.20 pence (31 March 2017: 208.10 pence). The closing share price on 7 June 2018 was 187.52 pence.

The following tables set out, for the periods indicated, (i) the reported high and low middle market quotations of ordinary shares on the London Stock Exchange, and (ii) the reported high and low sales

Investors are advised to be wary of any unsolicited advice or offers to buy shares. If it sounds too good to be true, it often is.

See the FCA website at fca.org.uk/scamsmart for more detailed information about this or similar activities.

Contact details for Computershare and AST

The Registrar

Computershare Investor Services PLC
The Pavilions
Bridgwater Road, Bristol BS99 6ZZ, United Kingdom
Telephone: +44 (0)370 702 0198
www.investorcentre.co.uk/contactus

Holders of ordinary shares resident in Ireland

Computershare Investor Services (Ireland) Ltd
PO Box 9742
Dublin 18, Ireland
Telephone: +353 (0)818 300 999
investorcentre.co.uk/contactus

ADS holders

AST
Operations Center
6201 15th Avenue
Brooklyn
NY 11219
United States of America

Telephone: +1 800 233 5601 (toll free) or, for calls outside the United States: +1 201 806 4103
Email: db@astfinancial.com

prices of ADSs on NASDAQ.

	London Stock Exchange Pounds per ordinary share		NASDAQ Dollars per ADS	
Year ended 31 March	High	Low	High	Low
2014	2.52	1.80	41.57	27.74
2015	2.40	1.85	38.26	29.67
2016	2.55	2.00	39.21	29.19
2017	2.40	1.91	34.69	24.30
2018	2.38	1.91	32.67	25.59
Quarter	High	Low	High	Low
2016/2017				
First quarter	2.33	2.09	34.69	28.31
Second quarter	2.40	2.19	31.68	28.99
Third quarter	2.28	1.91	29.30	24.30
Fourth quarter	2.15	1.92	26.91	24.42
2017/2018				
First quarter	2.32	1.99	30.26	25.59
Second quarter	2.27	2.05	29.90	28.06
Third quarter	2.36	2.09	31.93	28.06
Fourth quarter	2.38	1.91	32.67	27.36
2018/2019				
First quarter[1]	2.14	1.88	30.07	25.30

	London Stock Exchange Pounds per ordinary share		NASDAQ Dollars per ADS	
Month	High	Low	High	Low
November 2017	2.30	2.16	30.96	28.81
December 2017	2.36	2.24	31.93	30.48
January 2018	2.38	2.24	32.67	31.32
February 2018	2.20	2.00	31.05	28.25
March 2018	2.08	1.91	29.04	27.36
April 2018	2.14	1.94	30.07	27.42
May 2018	2.13	1.92	29.13	25.91
June 2018[1]	1.98	1.88	26.57	25.30

Note:
1 Covering period up to 7 June 2018.

Foreign currency translation

The following table sets out the euro exchange rates of the other principal currencies of the Group, being: "Sterling", "£" or "pence", the currency of the United Kingdom, and "US dollars", "US$", "cents" or "¢", the currency of the United States.

	31 March		
Currency (=€1)	2018	2017	% Change
Average:			
Sterling	0.88	0.84	4.8
US dollar	1.17	1.10	6.4
At 31 March:			
Sterling	0.88	0.85	3.5
US dollar	1.23	1.07	15.0

Other information

The following table sets out, for the periods and dates indicated, the period end, average, high and low exchange rates for euro expressed in US dollars per €1.00.

Year ended 31 March	31 March	Average	High	Low

At 31 March 2018 the following percentage interests in the ordinary share capital of the Company, disclosable under the Disclosure Guidance and Transparency Rules, ('DTR 5'), have been notified to the Directors.

Overview

2014	1.38	1.34	1.39	1.28
2015	1.08	1.27	1.39	1.05
2016	1.13	1.10	1.16	1.06
2017	1.07	1.10	1.15	1.04
2018	1.23	1.17	1.25	1.06

The following table sets out, for the periods indicated, the high and low exchange rates for euro expressed in US dollars per €1.00.

Year ended 31 March	High	Low
November 2017	1.19	1.16
December 2017	1.20	1.17
January 2018	1.25	1.19
February 2018	1.25	1.22
March 2018	1.24	1.22
April 2018	1.24	1.21
May 2018	1.20	1.15
June 2018	1.18	1.17

On 7 June 2018 (the latest practicable date for inclusion in this report), the exchange rates between euros and US dollars and between euros and sterling were as follows: €1 = US$1.18 and €1 = £0.88.

Markets

Ordinary shares of Vodafone Group Plc are traded on the London Stock Exchange and in the form of ADSs on NASDAQ.

ADSs, each representing ten ordinary shares, are traded on NASDAQ under the symbol "VOD". The ADSs are evidenced by ADRs issued by Deutsche Bank, as depositary, under a deposit agreement, dated 27 February 2017 between the Company, the depositary and the holders from time to time of ADRs issued thereunder.

ADS holders are not shareholders in the Company but may instruct Deutsche Bank on the exercise of voting rights relative to the number of ordinary shares represented by their ADSs. See "Articles of Association and applicable English laws" and "Rights attaching to the Company's shares – Voting rights" on page 194.

Shareholders as at 31 March 2018

Number of ordinary shares held	Number of accounts	% of total issued shares
1–1,000	306,097	0.24
1,001–5,000	43,247	0.35
5,001–50,000	12,317	0.56
50,001–100,000	507	0.14
100,001–500,000	786	0.69
More than 500,000	1,217	98.02
	364,171	100

Ownership location (as a percentage of shares held)

as at 31 March	2018	2017
UK	35.0	38.4
Europe (excluding UK)	15.0	14.2
North America	42.7	40.7
Rest of World	7.3	6.7

Major shareholders

As at 7 June 2018, Deutsche Bank as custodian of our ADR programme, held approximately 17.79% of our ordinary shares of 20 20/21 US cents each as nominee. At this date, the total number of ADRs outstanding was 474,789,483 and 1,489 holders of ordinary shares had registered addresses in the United States and held a total of approximately 0.00824% of the ordinary shares of the Company.

Shareholder	Shareholding
BlackRock, Inc.	6.90%

No changes in the interests disclosed under DTR 5 have been notified to the Company between 31 March 2018 and 7 June 2018.

Other than as described above, between 1 April 2015 and 7 June 2018, no shareholder held 3% or more of the voting rights attributable to the ordinary shares of the Company other than Deutsche Bank, as custodian of our ADR programme, and Bank of New York Mellon as custodian of our ADR programme prior to 27 February 2017.

The rights attaching to the ordinary shares of the Company held by these shareholders are identical in all respects to the rights attaching to all the ordinary shares of the Company. As at 7 June 2018 the Directors are not aware of any other interest of 3% or more in the ordinary share capital of the Company. The Company is not directly or indirectly owned or controlled by any foreign government or any other legal entity. There are no arrangements known to the Company that could result in a change of control of the Company.

Articles of Association and applicable English law

The following description summarises certain provisions of the Company's Articles of Association and applicable English law. This summary is qualified in its entirety by reference to the Companies Act 2006 of England and Wales and the Company's Articles of Association. See "Documents on display" on page 195 for information on where copies of the Articles of Association can be obtained. The Company is a public limited company under the laws of England and Wales. The Company is registered in England and Wales under the name Vodafone Group Public Limited Company with the registration number 1833679.

All of the Company's ordinary shares are fully paid. Accordingly, no further contribution of capital may be required by the Company from the holders of such shares.

English law specifies that any alteration to the Articles of Association must be approved by a special resolution of the shareholders.

Articles of Association

The Company's Articles of Association do not specifically restrict the objects of the Company.

Directors

The Directors are empowered under the Articles of Association to exercise all the powers of the Company subject to any restrictions in the Articles of Association, the Companies Act (as defined in the Articles of Association) and any special resolution.

Under the Company's Articles of Association a Director cannot vote in respect of any proposal in which the Director, or any person connected with the Director, has a material interest other than by virtue of the Director's interest in the Company's shares or other securities. However, this restriction on voting does not apply in certain circumstances as set out in the Articles of Association.

The Directors are empowered to exercise all the powers of the Company to borrow money, subject to the limitation that the aggregate amount of all liabilities and obligations of the Group outstanding at any time shall not exceed an amount equal to 1.5 times the aggregate of the Group's share capital and reserves calculated in the manner prescribed in the Articles of Association unless sanctioned by an ordinary resolution of the Company's shareholders.

The Company can make market purchases of its own shares or agree to do so in the future provided it is duly authorised by its members in a general meeting and subject to and in accordance with section 701 of the Companies Act 2006. Such authority was given at the 2017 AGM and the Company concluded an irrevocable and non-discretionary share buy-back programme on 15 November 2017. Under this programme the Company purchased 729,077,008 ordinary shares of $20^{20}/_{21}$ US cents each, equal to the limit the Company announced for the programme on 25 August 2017, for an aggregate consideration of €1.7 billion. The number of shares purchased represented 2.73% of the Company's issued share capital excluding treasury shares as at 31 March 2018 which was below the number permitted to be purchased by the Company pursuant to the authority granted by the shareholders at the 2017 AGM.

At each AGM all Directors who were elected or last re-elected at or before the AGM held in the third calendar year before the current year shall automatically retire. However, the Board has decided in the interests of good corporate governance that all of the Directors wishing to continue in office should offer themselves for re-election annually.

Directors are not required under the Company's Articles of Association to hold any shares of the Company as a qualification to act as a Director, although the Executive Directors are required to under the Company's Remuneration Policy. Further details are set out on pages 73 to 78.

Rights attaching to the Company's shares

At 31 March 2018, the issued share capital of the Company was comprised of 50,000 7% cumulative fixed rate shares of £1.00 each and 26,675,765,279 ordinary shares (excluding treasury shares) of $20^{20}/_{21}$ US cents each. As at 31 March 2018, 2,139,038,029 ordinary shares were held in Treasury.

Dividend rights

Holders of 7% cumulative fixed rate shares are entitled to be paid in respect of each financial year, or other accounting period of the Company, a fixed cumulative preferential dividend of 7% per annum on the nominal value of the fixed rate shares. A fixed cumulative preferential dividend may only be paid out of available distributable profits which the Directors have resolved should be distributed.

The fixed rate shares do not have any other right to share in the Company's profits.

Holders of the Company's ordinary shares may, by ordinary resolution, declare dividends but may not declare dividends in excess of the amount recommended by the Directors. The Board of Directors may also pay interim dividends. No dividend may be paid other than out of profits available for distribution. Dividends on ordinary shares can be paid to shareholders in whatever currency the Directors decide, using an appropriate exchange rate for any currency conversions which are required.

If a dividend has not been claimed for one year after the date of the resolution passed at a general meeting declaring that dividend or the resolution of the Directors providing for payment of that dividend, the Directors may invest the dividend or use it in some other way for the benefit of the Company until the dividend is claimed. If the dividend remains unclaimed for 12 years after the relevant resolution either declaring that dividend or providing for payment of that dividend, it will be forfeited and belong to the Company.

Voting rights

At a general meeting of the Company, when voting on substantive resolutions (i.e. any resolution which is not a procedural resolution) each shareholder who is entitled to vote and is present in person or by proxy has one vote for every share held (a poll vote). Procedural resolutions (such as a resolution to adjourn a general meeting or a resolution on the choice of Chairman of a general meeting) shall be decided on a show of hands, where each shareholder who is present at the meeting has one vote regardless of the number of shares held, unless a poll is demanded. Shareholders entitled to vote at general meetings may appoint proxies who are entitled to vote, attend and speak at general meetings.

Two shareholders present in person or by proxy constitute a quorum for purposes of a general meeting of the Company.

Under English law shareholders of a public company such as the Company are not permitted to pass resolutions by written consent. Record holders of the Company's ADSs are entitled to attend, speak and vote on a poll or a show of hands at any general meeting of the Company's shareholders by the depositary's appointment of them as corporate representatives or proxies with respect to the underlying ordinary shares represented by their ADSs. Alternatively, holders of ADSs are entitled to vote by supplying their voting instructions to the depositary or its nominee who will vote the ordinary shares underlying their ADSs in accordance with their instructions.

Holders of the Company's ADSs are entitled to receive notices of shareholders' meetings under the terms of the deposit agreement relating to the ADSs.

Employees who hold shares under the Vodafone Group Share Incentive Plan or in a vested nominee share account are able to vote through the respective plan's trustees. Note there is now a vested share account with Computershare (in respect of shares arising from a SAYE exercise) and Equatex (MyShareBank).

Holders of the Company's 7% cumulative fixed rate shares are only entitled to vote on any resolution to vary or abrogate the rights attached to the fixed rate shares. Holders have one vote for every fully paid 7% cumulative fixed rate share.

Liquidation rights

In the event of the liquidation of the Company, after payment of all liabilities and deductions in accordance with English law, the holders of the Company's 7% cumulative fixed rate shares would be entitled to a sum equal to the capital paid up on such shares, together with certain dividend payments, in priority to holders of the Company's ordinary shares. The holders of the fixed rate shares do not have any other right to share in the Company's surplus assets.

Pre-emptive rights and new issues of shares

Under section 549 of the Companies Act 2006 Directors are, with certain exceptions, unable to allot the Company's ordinary shares or securities convertible into the Company's ordinary shares without the authority of the shareholders in a general meeting. In addition, section 561 of the Companies Act 2006 imposes further restrictions on the issue of equity securities (as defined in the Companies Act 2006 which include the Company's ordinary shares and securities convertible into ordinary shares) which are, or are to be, paid up wholly in cash and not first offered to existing shareholders. The Company's Articles of Association allow shareholders to authorise Directors for a period specified in the relevant resolution to allot (i) relevant securities generally up to an amount fixed by the shareholders; and (ii) equity securities for cash other than in connection with a pre-emptive offer up to an amount specified by the shareholders and free of the pre-emption restriction in section 561. At the 2017 AGM the amount of relevant securities fixed by shareholders under (i) above and the amount of equity securities specified by shareholders under (ii) above were in line with the Pre-Emption Group's Statement of Principles. Further details of such proposals are provided in the 2018 Notice of AGM.

Shareholder information (continued)

Unaudited information

A US holder is a beneficial owner of shares or ADSs that is for US federal income tax purposes:

- an individual citizen or resident of the United States;
- a US domestic corporation;
- an estate, the income of which is subject to US federal income tax regardless of its source; or
- a trust, if a US court can exercise primary supervision over the trust's administration and one or more US persons are authorised to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for US federal income tax purposes.

If an entity or arrangement treated as a partnership for US federal income tax purposes holds the shares or ADSs, the US federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. Holders that are entities or arrangements treated as partnerships for US federal income tax purposes should consult their tax advisors concerning the US federal income tax consequences to them and their partners of the ownership and disposition of shares or ADSs by the partnership.

This section is based on the US Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, and on the tax laws of the UK, the Double Taxation Convention between the United States and the UK (the 'treaty') and current HM Revenue and Customs published practice, all as currently in effect. These laws and such practice are subject to change, possibly on a retroactive basis.

This section is further based in part upon the representations of the depositary and assumes that each obligation in the deposit agreement and any related agreement will be performed in accordance with its terms.

For the purposes of the treaty and the US-UK double taxation convention relating to estate and gift taxes (the 'Estate Tax Convention'), and for US federal income tax and UK tax purposes, this section is based on the assumption that a holder of American Depositary Receipts ('ADRs') evidencing ADSs will generally be treated as the owner of the shares in the Company represented by those ADRs. Investors should note that a ruling by the first-tier tax tribunal in the UK has cast doubt on this view, but HMRC have stated that they will continue to apply their long-standing practice of regarding the holder of such ADRs as holding the beneficial interest in the underlying shares. Similarly, the US Treasury has expressed concern that US holders of depositary receipts (such as holders of ADRs representing our ADSs) may be claiming foreign tax credits in situations where an intermediary in the chain of ownership between such holders and the issuer of the security underlying the depositary receipts, or a party to whom depositary receipts or deposited shares are delivered by the depositary prior to the receipt by the depositary of the corresponding securities, has taken actions inconsistent with the ownership of the underlying security by the person claiming the credit, such as a disposition of such security. Such actions may also be inconsistent with the claiming of the reduced tax rates that may be applicable to certain dividends received by certain non-corporate holders, as described below. Accordingly, (i) the creditability of any UK taxes and (ii) the availability of the reduced tax rates for any dividends received by certain non-corporate US Holders, each as described below, could be affected by actions taken by such parties or intermediaries. Generally exchanges of shares for ADRs and ADRs for shares will not be subject to US federal income tax or to UK tax other than stamp duty or stamp duty reserve tax (see the section on these taxes on page 197).

Taxation of dividends

UK taxation

Under current UK law, there is no requirement to withhold tax from the dividends that we pay. Shareholders who are within the charge to UK corporation tax will be subject to corporation tax on the dividends we pay unless the dividends fall within an exempt class and certain other conditions are met. It is expected that the dividends we pay would generally be exempt.

Individual shareholders in the Company who are resident in the UK will be subject to the income tax on the dividends we pay. Dividends will be taxable in the UK at the dividend rates applicable where the income received is above the dividend allowance (currently £2,000 per tax year) which is taxed at a nil rate. Dividend income is treated as the highest part of an individual shareholder's income and the dividend allowance will count towards the basic or higher rate limits (as applicable) which may affect the rate of tax due on any dividend income in excess of the allowance.

US federal income taxation

Subject to the passive foreign investment company ('PFIC') rules described below, a US holder is subject to US federal income taxation on the gross amount of any dividend we pay out of our current or accumulated earnings and profits (as determined for US federal income tax purposes). However, the Company does not maintain calculations of its earnings and profits in accordance with US federal income tax accounting principles. US holders should therefore assume that any distribution by the Company with respect to shares will be reported as ordinary dividend income. Dividends paid to a non-corporate US holder will be taxable to the holder at the reduced rate normally applicable to long-term capital gains provided that certain requirements are met.

Dividends must be included in income when the US holder, in the case of shares, or the depositary, in the case of ADSs, actually or constructively receives the dividend and will not be eligible for the dividends-received deduction generally allowed to US corporations in respect of dividends received from other US corporations.

The amount of the dividend distribution to be included in income will be the US dollar value of the pound sterling or euro payments made determined at the spot pound sterling/US dollar rate or the spot euro/US dollar rate, as applicable, on the date the dividends are received by the US holder, in the case of shares, or the depositary, in the case of ADSs, regardless of whether the payment is in fact converted into US dollars at that time. If dividends received in pounds sterling or euros are converted into US dollars on the day they are received, the US holder generally will not be required to recognise any foreign currency gain or loss in respect of the dividend income.

Where UK tax is payable on any dividends received, a US holder may be entitled, subject to certain limitations, to a foreign tax credit in respect of such taxes.

Taxation of capital gains

UK taxation

A US holder that is not resident in the UK will generally not be liable for UK tax in respect of any capital gain realised on a disposal of our shares or ADSs.

However, a US holder may be liable for both UK and US tax in respect of a gain on the disposal of our shares or ADSs if the US holder:

- is a citizen of the United States and is resident in the UK;
- is an individual who realises such a gain during a period of "temporary non-residence" (broadly, where the individual becomes resident in the UK, having ceased to be so resident for a period of five years or less, and was resident in the UK for at least four out of the seven tax years immediately preceding the year of departure from the UK);
- is a US domestic corporation resident in the UK by reason of being centrally managed and controlled in the UK; or
- is a citizen or a resident of the United States, or a US domestic corporation, that has used, held or acquired the shares or ADSs in connection with a branch, agency or permanent establishment in the UK through which it carries on a trade, profession or vocation in the UK.

In such circumstances, relief from double taxation may be available under the treaty. Holders who may fall within one of the above categories should consult their professional advisers.

US federal income taxation

Subject to the PFIC rules described below, a US holder that sells or otherwise disposes of our shares or ADSs generally will recognise a capital gain or loss for US federal income tax purposes equal to the difference between the US dollar value of the amount realised and the holder's adjusted tax basis, determined in US dollars, in the shares or ADSs. This capital gain or loss will be a long-term capital gain or loss if the US holder's holding period in the shares or ADSs exceeds one year.

The gain or loss will generally be income or loss from sources within the US for foreign tax credit limitation purposes. The deductibility of losses is subject to limitations.

Additional tax considerations

UK inheritance tax

An individual who is domiciled in the United States (for the purposes of the Estate Tax Convention) and is not a UK national will not be subject to UK inheritance tax in respect of our shares or ADSs on the individual's death or on a transfer of the shares or ADSs during the individual's lifetime, provided that any applicable US federal gift or estate tax is paid, unless the shares or ADSs are part of the business property of a UK permanent establishment or pertain to a UK fixed base used for the performance of independent personal services. Where the shares or ADSs have been placed in trust by a settlor they may be subject to UK inheritance tax unless, when the trust was created, the settlor was domiciled in the United States and was not a UK national. Where the shares or ADSs are subject to both UK inheritance tax and to US federal gift or estate tax, the estate tax convention generally provides a credit against US federal tax liabilities for UK inheritance tax paid.

UK stamp duty and stamp duty reserve tax

Stamp duty will, subject to certain exceptions, be payable on any instrument transferring our shares to the custodian of the depositary at the rate of 1.5% on the amount or value of the consideration if on sale or on the value of such shares if not on sale. Stamp duty reserve tax ('SDRT'), at the rate of 1.5% of the amount or value of the consideration

Following rulings of the European Court of Justice and the first-tier tax tribunal in the UK, HMRC have confirmed that the 1.5% SDRT charge will not be levied on an issue of shares to a depositary receipt system on the basis that such a charge is contrary to EU law.

No stamp duty should in practice be required to be paid on any transfer of our ADSs provided that the ADSs and any separate instrument of transfer are executed and retained at all times outside the UK. A transfer of our shares in registered form will attract ad valorem stamp duty generally at the rate of 0.5% of the purchase price of the shares. There is no charge to ad valorem stamp duty on gifts.

SDRT is generally payable on an unconditional agreement to transfer our shares in registered form at 0.5% of the amount or value of the consideration for the transfer, but if, within six years of the date of the agreement, an instrument transferring the shares is executed, any SDRT which has been paid would be repayable or, if the SDRT has not been paid, the liability to pay the tax (but not necessarily interest and penalties) would be cancelled. However, an agreement to transfer our ADSs will not give rise to SDRT.

PFIC rules

We do not believe that our shares or ADSs will be treated as stock of a PFIC for US federal income tax purposes for our current taxable year or the foreseeable future. This conclusion is a factual determination that is made annually and thus is subject to change. If we are treated as a PFIC, US holders of shares would be required (i) to pay a special US addition to tax on certain distributions and (ii) any gain realised on the sale or other disposition of the shares or ADSs would in general not be treated as a capital gain unless a US holder elects to be taxed annually on a mark-to-market basis with respect to the shares or ADSs.

Otherwise a US holder would be treated as if he or she has realised such gain and certain "excess distributions" rateably over the holding period for the shares or ADSs and would be taxed at the highest tax rate in effect for each such year to which the gain was allocated. An interest charge in respect of the tax attributable to each such preceding year beginning with the first such year in which our shares or ADSs were treated as stock in a PFIC would also apply. In addition, dividends received from us would not be eligible for the reduced rate of tax described above under "Taxation of Dividends – US federal income taxation".

Back-up withholding and information reporting

Payments of dividends and other proceeds to a US holder with respect to shares or ADSs, by a US paying agent or other US intermediary will be reported to the Internal Revenue Service ('IRS') and to the US holder as may be required under applicable regulations. Back-up withholding may apply to these payments if the US holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to comply with applicable certification requirements.

Certain US holders are not subject to back-up withholding. US holders should consult their tax advisors about these rules and any other reporting obligations that may apply to the ownership or disposition of shares or ADSs, including requirements related to the holding of certain foreign financial assets.

Overview
Strategic Report
Governance
Financials
Other information

("SDRT"), at the rate of 1.5% of the amount or value of the consideration or the value of the shares, could also be payable in these circumstances but no SDRT will be payable if stamp duty equal to such SDRT liability is paid.

Description of American Depositary Shares (Item 12D)

Fees payable by ADR Holders

Deutsche Bank, as depositary, collects its fees for delivery and surrender of ADRs directly from investors depositing shares or surrendering ADRs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors, including in connection with the payment of dividends, by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

Persons depositing or withdrawing shares must pay:	For:
$5.00 (or less) per 100 ADRs (or portion of 100 ADRs)	• Issuance of ADRs, including issuances resulting from a distribution of shares or rights or other property • Cancellation of ADRs for the purpose of withdrawal, including if the deposit agreement terminates
$5.00 (or less) per 100 ADRs (or portion thereof). The current per ADR fee to be charged for an interim dividend is $0.015 per ADR and for a final dividend is $0.02 per ADR.	• Any cash distribution to ADR registered holders
$ 5.00 (or less) per 100 ADRs (or portion thereof)	• An annual fee for the operation and maintenance of administering the ADRs
A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADRs	• Distribution of securities distributed to holders of deposited securities which are distributed by the depositary to ADR registered holders
Registration or transfer fees	• Transfer and registration of shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw shares
Expenses of the depositary	• Cable, telex, facsimile transmissions and delivery expenses (when expressly provided in the deposit agreement) • Converting foreign currency to US dollars
Taxes and other governmental charges that the depositary or the custodian must pay on any ADR or share underlying an ADR, for example, stock transfer taxes, stamp duty or withholding taxes	• As necessary
Any charges incurred by the depositary or its agents for servicing the deposited securities	• As necessary

Fees Payable by the Depositary to the Issuer

As set out above, pursuant to the deposit agreement, the depositary may charge up to $0.05 per ADR in respect of each dividend paid by us. We have agreed with the depositary that any dividend fee collected by it is paid to us, net of any dividend collection fee charged by it. For the financial year ended 31 March 2018, we agreed with the depositary that it will charge $0.015 per ADR in respect of any interim dividend and $0.02 per ADR in respect of any final dividend paid during that year.

During the financial year (1 April 2017 through 31 March 2018), we received approximately $14.9 million from Deutsche Bank, in respect of dividends and issuance and cancellation of ADRs during the year.

Index of Exhibits to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2018

1.1	Articles of Association of the Company, as adopted on June 30, 1999 and including all amendments made on July 25, 2001, July 26, 2005, July 25, 2006, July 24, 2007, July 29, 2008, July 28, 2009, July 27, 2010 and January 28, 2014 (incorporated by reference to Exhibit 1.1 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2014 (File No. 001-10086), filed with the Securities and Exchange Commission on June 10, 2014).
2.1	Indenture, dated as of February 10, 2000, between the Company and Citibank, N.A., as Trustee, including forms of debt securities.
2.2	Agreement of Resignation, Appointment and Acceptance dated as of July 24, 2007, among the Company, Citibank N.A. and The Bank of New York Mellon (incorporated by reference to Exhibit 2.2 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2008 (File No. 001-10086), filed with the Securities and Exchange Commission on June 9, 2008).
2.3	Sixteenth Supplemental Trust Deed dated March 13, 2017 between the Company and The Law Debenture Trust Corporation p.l.c. further modifying and restating the provisions of the Trust Deed dated 16 July 1999 relating to a Euro 30,000,000,000 Euro Medium Term Note Programme
2.4	Trust Deed dated February 25, 2016 between the Company and The Law Debenture Trust Corporation p.l.c. in relation to the Group's £1,440,000,000 2.00 per cent Subordinated Mandatory Convertible Bonds due 2019 (incorporated by reference to Exhibit 2.5 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2016 (File No. 001-10086), filed with the Securities and Exchange Commission on June 10, 2016).
2.5	Deposit Agreement among Vodafone Group Plc, Deutsche Bank Trust Company Americas, as depositary, and the owners and beneficial owners from time to time of American Depositary Receipts, dated as of February 27, 2017 (incorporated by reference to Exhibit 2.6 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2017 (File No. 001-10086), filed with the Securities and Exchange Commission on June 9, 2017).
2.6	Form of American Depositary Receipt (included in Exhibit 2.5)
4.1	Agreement in relation to the Group's €3,860,000,000 Revolving Credit Facility dated 28 March 2014 among the Company and various lenders (incorporated by reference to Exhibit 4.6 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2014 (File No. 001-10086), filed with the Securities and Exchange

	Commission on June 10, 2014).
4.2	Amendment letter dated 11 January 2018 in relation to the €3,860,000,000 (increased to €4.01 billion) Revolving Credit Facility dated 28 March 2014.
4.3	Vodafone Group 1999 Long Term Stock Incentive Plan.
4.4	Vodafone Group 2005 Global Incentive Plan (incorporated by reference to Exhibit 4.8 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2006 (File No. 001-10086), filed with the Securities and Exchange Commission on June 14, 2006).

4.5	Vodafone Group 2014 Global Incentive Plan.
4.6	Facility Agreement in relation to the Group's US$3,935,000,000 revolving credit facility dated 27 February 2015 among the Company and various lenders (incorporated by reference to Exhibit 4.9 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2015 (File No. 001-10086), filed with the Securities and Exchange Commission on June 8, 2015).
4.7	Revolving Credit Agreement with Royal Bank of Canada, effective as of 15 December 2015 in relation to the Group's US$3,935,000,000 Revolving Credit Facility (incorporated by reference to Exhibit 4.6 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2016 (File No. 001-10086), filed with the Securities and Exchange Commission on June 10, 2016).
4.8	Extension letter dated 10 January 2017 in relation to the US$3,935,000,000 (increased to US$4.09 billion) Revolving Credit Facility dated 27 February 2015 (incorporated by reference to Exhibit 4.7 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2017 (File No. 001-10086), filed with the Securities and Exchange Commission on June 9, 2017).
4.9	Amendment letter dated 11 January 2018 in relation to the US$4.09 billion Revolving Credit Facility dated 27 February 2015.
4.11	Subscription Agreement dated February 19, 2016 among the Company, J.P. Morgan Securities Plc and Morgan Stanley & Co. International Plc in relation to the Group's £1,440,000,000 2.00 per cent Subordinated Mandatory Convertible Bonds due 2019 (incorporated by reference to Exhibit 4.10 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2016 (File No. 001-10086), filed with the Securities and Exchange Commission on June 10, 2016).
4.12	Service Agreement of Vittorio Colao dated 27 May 2008 (incorporated by reference to Exhibit 4.22 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2009 (File No. 001-10086), filed with the Securities and Exchange Commission on June 1, 2009).
4.13	Letter of Appointment of Samuel Jonah dated 9 March 2009 (incorporated by reference to Exhibit 4.26 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2009 (File No. 001-10086), filed with the Securities and Exchange Commission on June 1, 2009).
4.14	Letter of Appointment of Renee James dated 8 October 2010 (incorporated by reference to Exhibit 4.35 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2011 (File No. 001-10086), filed with the Securities and Exchange Commission on June 17, 2011).
4.15	Letter of Appointment of Gerard Kleisterlee dated 25 January 2011 (incorporated by reference to Exhibit 4.36 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2011 (File No. 001-10086), filed with the Securities and Exchange Commission on June 17, 2011).
4.16	Letter of Appointment of Valerie Gooding dated 25 November 2013 (incorporated by reference to Exhibit 4.30 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2014 (File No. 001-10086), filed with the Securities and Exchange Commission on June 10, 2014).
4.17	Service Agreement of Nicholas Read dated 23 January 2014 (incorporated by reference to Exhibit 4.31 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2014 (File No. 001-10086), filed with the Securities and Exchange Commission on June 10, 2014).

2

4.18	Letter of Appointment of Sir Crispin Davis dated 14 April 2014 (incorporated by reference to Exhibit 4.32 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2014 (File No. 001-10086), filed with the Securities and Exchange Commission on June 10, 2014).
4.19	Letter of Appointment of Dame Clara Furse dated 13 May 2014 (incorporated by reference to Exhibit 4.33 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2014 (File No. 001-10086), filed with the Securities and Exchange Commission on June 10, 2014).
4.20	Letter of indemnification for Nicholas Read dated 28 October 2014 (incorporated by reference to Exhibit 4.29 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2015 (File No. 001-10086), filed with the Securities and Exchange Commission on June 8, 2015).
4.21	Letter of Appointment for Dr Mathias Döpfner dated 24 March 2015 (incorporated by reference to Exhibit 4.30 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2015 (File No. 001-10086), filed with the Securities and Exchange Commission on June 8, 2015).
4.22	Letter of Appointment for David Nish dated 23 September 2015 (incorporated by reference to Exhibit 4.32 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2016 (File No. 001-10086), filed with the Securities and Exchange Commission on June 10, 2016).
4.23	Letter of Appointment for Maria Amparo Moraleda Martinez dated 24 January 2017 (incorporated by reference to Exhibit 4.30 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2017 (File No. 001-10086), filed with the Securities and Exchange Commission on June 9, 2017).
4.24	Letter of Appointment of Michel Demaré dated 23 January 2018.
4.25	Amendment and Restatement of a Contribution and Transfer Agreement dated 31 December 2016 by and among the Company, Liberty Global Europe Holding B.V., Liberty Global Plc, Vodafone International Holdings B.V. and Lynx Global Europe II B.V. relating to the contribution and/or transfer of shares in Ziggo Group Holding B.V. and Vodafone Libertel B.V. to Lynx Global Europe II B.V. and the formation of the Netherlands joint venture (incorporated by reference to Exhibit 4.31 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2017 (File No. 001-10086), filed with the Securities and Exchange Commission on June 9, 2017).
4.26	Implementation Agreement dated 20 March 2017 relating to the combination of the Indian mobile telecommunications businesses of Vodafone Group and Idea Group (incorporated by reference to Exhibit 4.32 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2017 (File No. 001-10086), filed with the Securities and Exchange Commission on June 9, 2017).
4.27	Implementation Agreement dated 25 April 2018 relating to the combination of the businesses of Indus Towers and Bharti Infratel.

4.28	Sale and Purchase Agreement dated 9 May 2018 relating to the sale of Liberty Global plc's businesses in Germany, Romania, Hungary and the Czech Republic.*
7.	Unaudited Computation of Ratio of Earnings to Fixed Charges for the financial years ended March 31, 2018, 2017, 2016, 2015 and 2014 (incorporated by reference to Exhibit 7 to the Preliminary Results Announcement for the year ended 31 March 2018 on Form 6-K (File No. 001-10086), filed with the Securities and Exchange Commission on May 16, 2018).

8.	List of the Company's related undertakings (incorporated by reference to Note 33 to the Consolidated Financial Statements included in this Annual Report on Form 20-F for the financial year ended March 31, 2018 (File No. 001-10086), filed with the Securities and Exchange Commission on June 8, 2018).
12.	Rule 13a — 14(a) Certifications.
13.	Rule 13a — 14(b) Certifications. These certifications are furnished only and are not filed as part of this Annual Report on Form 20-F for the financial year ended March 31, 2018.
15.1	Consent letter of PricewaterhouseCoopers LLP.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

* The schedules to the Sale and Purchase Agreement have been omitted from this filing pursuant to Item 601(b)(2) of Regulation S-K. Copies of such schedules will be furnished to the SEC upon its request; provided, however, that confidential treatment may be requested pursuant to Rule 24b-2 of the Exchange Act for any schedule so furnished.

SIGNATURE

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

VODAFONE GROUP PUBLIC LIMITED COMPANY
(Registrant)

/s/ R E S Martin
Rosemary E S Martin
Group General Counsel and Company Secretary

Date: June 8, 2018