

## Key highlights

Vodafone has agreed to acquire Liberty Global's operations in Germany, the Czech Republic, Hungary and Romania for an enterprise value of €18.4 billion (the "Transaction").

- Accelerates Vodafone's converged communications strategy through in-market consolidation in Vodafone's largest market, Germany, and in Vodafone's Central and Eastern European ("CEE") markets, the Czech Republic, Hungary and Romania.
- Vodafone becomes the leading next generation network ("NGN") owner in Europe, with 54 million cable/fibre homes 'on-net' and a total NGN reach of 110 million homes and businesses, including wholesale arrangements.
- Creates a converged national challenger to the dominant incumbent in Germany with the scale to accelerate achievement of the German government's digital ambitions, bringing Gigabit connections to around 25 million German homes (62% of total German households) by 2022. The combination of Vodafone and Unitymedia's non-overlapping regional operations will establish a strong second national provider of digital infrastructure in the German market, building on Vodafone's long track record in bringing sustainable and effective choice and competition to the German consumer and enterprise markets.
- Transforms Vodafone's fixed line and convergence strategy in key CEE markets, complementing Vodafone's existing mobile operations in the Czech Republic, Hungary and Romania. In these markets, the combined businesses will reach over 6.4 million homes (39% of total households) and will serve 15.8 million mobile, 1.8 million broadband and 2.1 million TV customers.
- Brings together leading talent in the mobile and cable sectors. Management and employees of the acquired businesses will have the opportunity to play an integral role within the combined company in each country and across the wider Vodafone Group.
- Estimated cost and capex synergies of approximately €535 million per year before integration costs by the fifth year post completion, with an estimated net present value of over €6 billion after integration costs. Estimated revenue synergies with a net present value exceeding €1.5 billion from cross-selling to the combined customer base.
- Values the acquired operations at FY2019E multiples of 12.5x OpFCF1 and 8.6x EBITDA1, adjusted for year five cost and capex synergies before integration costs, and 10.9x EBITDA1 before synergies.
- Substantial free cash flow accretion anticipated over time, reflecting attractive standalone growth potential and synergy realisation. Expected to be accretive to free cash flow per share from the first year postcompletion and double digit accretive from the third year2 post completion, after cost and capex synergies and before integration costs, supporting Vodafone's intention to grow its dividend per share.
- Vodafone intends to finance the acquisition using existing cash, new debt facilities (including hybrid debt securities) and around €3 billion of mandatory convertible bonds ('MCBs'). Vodafone will have the option to repurchase the shares issued under the terms of the MCBs at maturity, thereby avoiding equity dilution.

- Increases exposure to resilient converged revenues and enhances Vodafone's growth outlook, supporting an increase in Vodafone's long-term targeted net debt / EBITDA ratio to 2.5 – 3.0x, consistent with a solid investment grade credit rating. Pro forma for the Transaction, Vodafone's FY2018 net debt/EBITDA3 is expected to be at the upper end of this range.
- The Transaction is subject to regulatory approval, with completion anticipated around the middle of calendar 2019.