

29 January 2020

VODAFONE GROUP AND STC SIGN A MEMORANDUM OF UNDERSTANDING IN RELATION TO VODAFONE'S 55% SHAREHOLDING IN VODAFONE EGYPT AND A NEW PARTNER MARKET AGREEMENT

Vodafone Group Plc1 ("Vodafone") announces that it has signed a Memorandum of Understanding with Saudi Telecom Company ("stc") in relation to a potential sale of Vodafone's 55% shareholding in Vodafone Egypt to stc. Vodafone and stc have agreed a cash consideration of US\$2,392m (€2,171m3) for Vodafone's 55% shareholding in Vodafone Egypt, equivalent to an Enterprise Value for 100% of Vodafone Egypt of US\$4,350m (€3,948m3).

The Parties have agreed the basis for a long-term Partner Market Agreement, which will include use of the Vodafone brand, preferential roaming arrangements, access to Vodafone's central procurement function, and a range of other services. This agreement will ensure that Vodafone Egypt will be able to continue to offer its business and consumer customers world-class services and innovations.

Vodafone will continue to have a significant presence in Egypt through its substantial Shared Services centers, recently rebranded as _VOIS (Vodafone Intelligent Solutions). The centers in Cairo, Giza and Alexandria employ around 7,800 people and provide a range of services to Vodafone's operations around the world. The success of _VOIS is expected to continue and Vodafone has plans to recruit at least 1,000 more people over the coming 12-18 months.

Nick Read, Chief Executive of Vodafone Group, said: "I am deeply proud of our business in Egypt, being the clear number one leader in the market. Under stc, I believe they will continue to flourish. This transaction is consistent with our efforts to simplify the Group to two differentiated, scaled geographic regions - Europe and sub-Saharan Africa. Additionally, it will reduce our net debt and unlock value for our shareholders. We look forward to continuing our close relationship with the business through a Partner Market agreement, and building on our significant shared service operations in Egypt, known as _VOIS (Vodafone Intelligent Solutions)."

Nasser al Nasser, Chief Executive of stc, said: "The potential acquisition of Vodafone Egypt is in line with our expansion strategy in the MENA region. The transaction, which is still subject to a detailed due diligence, confirms stc's eagerness to maintain a leadership position not only in the KSA, but also in the wider region. Vodafone Egypt is the leading player in the Egyptian mobile market and we look forward to contribute further to its continuous success."

The parties intend to enter into definitive agreements in relation to the transaction following completion of due diligence on Vodafone Egypt by stc. The transaction is expected to close by the end of June 2020, subject to regulatory approval.