

Vodafone Confirms Discussions in the UK
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Vodafone Group Plc
03 October 2022

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Vodafone confirms discussions in relation to Vodafone UK and Three UK

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

Vodafone Group Plc ("Vodafone") notes the recent press speculation in relation to Vodafone UK and Three UK.

Vodafone confirms that it is in discussions with CK Hutchison Holdings Limited ("CK Hutchison") in relation to a possible combination of Vodafone UK and Three UK.

The envisaged transaction would involve both companies combining their UK businesses, with Vodafone owning 51% and our partner CK Hutchison owning 49% of the combined business.

The relative ownership would be achieved through a differential leverage contribution at closing, and no cash consideration will be paid.

The UK Government rightly sees 5G as transformational for the economy and society and critical to the UK becoming more competitive in an increasingly digital world.

The conditions to ensure thriving competition in the market need to be nurtured, otherwise the UK is at risk of losing the opportunity to be a 5G leader. As Ofcom has identified, some operators in the UK - Vodafone UK and Three UK - lack the necessary scale to earn their cost of capital (1).

By combining our businesses, Vodafone UK and Three UK will gain the necessary scale to be able to accelerate the rollout of full 5G in the UK and expand broadband connectivity to rural communities and small businesses.

The merged business would challenge the two already consolidated players for all UK customers and bring benefits through competitively priced access to a third reliable, high quality, and secure 5G network throughout the UK.

There can be no certainty that any transaction between the two companies will ultimately be agreed.

If required, a further announcement will be made when appropriate.

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No 596/2014 as it forms part of domestic UK law as defined in the Market Abuse (Amendment) (EU Exit) Regulations (SI 2019/310).

(1) Ofcom's Discussion Paper (February 2022) described Vodafone UK and Three UK as sub-scale operators

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Person responsible

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