

Final Results - Part One

Vodafone Group Plc 24 May 2005 PART 1 VODAFONE GROUP PLC Embargo: Not for publication VODAFONE ANNOUNCES FULL YEAR RESULTS before 07:00 hours 24 May 2005 Vodafone today announces preliminary results for the year ended 31 March 2005, which meet or exceed stated targets for the Group's global operations across every metric. The highlights of the results are:

Strong financial performance: □ Group turnover of £34.1 billion. Mobile telecommunications turnover increased to £33.2 billion, with organic growth of 5%(1) □ Earnings per share, before goodwill amortisation and exceptional items, increased by 14% to 10.41 pence. Basic loss per share was 11.39 pence. Loss for the financial year was £7.5 billion after goodwill amortisation of £14.7 billion □ Free cash flow(1) of £7.8 billion. Net cash inflow from operating activities up 3% to £12.7 billion

Delivering results through strong customer focus: □ Net organic proportionate customer additions in the year of 16.3 million, representing organic growth of 12%(1). Closing proportionate customer base of 154.8 million in 26 markets □ Vodafone live! active devices increased to 30.9 million □ Increasing adoption of 3G services, with 2.4 million devices at year end □ Launch of Vodafone Simply, a new, easy to use service for customers who want to use voice and text services with minimum complexity □ Introduction of Vodafone Passport, a new voice roaming price plan which provides customers with greater price clarity when using mobile voice services abroad

Increasing returns to shareholders: □ Total dividends per share increased by 100% to 4.07 pence, giving a total dividend payout of £2.7 billion □ £4.5 billion share purchase target for the 2006 financial year. £4 billion expended on the share purchase programme in the 2005 financial year, reducing shares in issue by 4% (1) See page 38 for definition of terms. Arun Sarin, Chief Executive, commented: These strong results highlight both our operational and financial strength. We have met or exceeded all of our stated targets and significantly increased returns to shareholders. Whilst competitive pressures are increasing, there is clear evidence that our global scale and scope is enabling us to deliver innovative customer propositions and to produce superior results. Chief Executive's Statement Vodafone Group has posted a strong set of annual results, highlighting both operational and financial strength. I am pleased to report that the Group met or exceeded our stated targets on every metric. We exceeded 12% organic growth in proportionate customers, bringing the total in our 26 markets to over 154 million by the end of the year. Following the successful launch of 3G in November, we are able to report 2.4 million registered 3G devices on our networks at the year end as our customers increasingly enjoy the benefits of enhanced services. Organic revenue growth for the year was 6% on a statutory basis and 9% on a proportionate basis. Particularly strong markets included the US and Spain, which both grew revenues at more than 20% year on year. In our core European markets, good performances were also recorded by Italy and Germany and the UK performed well despite a very competitive backdrop. We were disappointed with our performance in Japan, where we are working to improve further our service proposition. We are committed to improving our competitive position in this market and are executing on a business improvement plan in the year ahead. Many of the mobile markets in which we operate are highly penetrated and competitive pressures are increasing, with new players entering our markets. Vodafone's response is to focus on addressing customer needs with segmented propositions. Our biggest commercial launch for the year occurred in November with the introduction of Vodafone live! with 3G. Through an end-to-end service encompassing industry leading handsets, new and exciting products and services, enhanced portal access and robust quality 3G networks, we have leveraged our unique scale and scope advantages. Last week we introduced Vodafone Simply, to appeal to those users who want a simple, basic service. Equally important is the launch of our new roaming price plan, Vodafone Passport, which leverages our unrivalled footprint and delivers roaming tariffs that are better value for money and easier to understand. Together with new and innovative product offerings, we see the traditional lines between mobile and fixed line communications increasingly breaking down. Given the power of mobility and the additional capacity afforded to us by 3G networks, we are pursuing many opportunities, both in the consumer and business environments, to take more minutes from fixed line networks. The platform for Vodafone to

deliver a differentiated service at the lowest cost is the driving force behind the "One Vodafone" programme. We are on track to derive significant benefits from the "One Vodafone" programme and to deliver £2.5 billion additional pre-tax operating free cash flow by the 2008 financial year. "One Vodafone" focuses on a combination of standardising designs and processes, reducing duplication, centralising certain functions and sharing best practice. The plans are now established and work streams already well advanced, such as the roaming initiative we announced recently and service platform hosting centres that are already built in Germany and Italy. As we indicated to you in November, we are proposing to double the final dividend for the year. This step change in dividend payout underlines our confidence in the future prospects for the Group. We were also able to complete a share purchase programme of £4 billion, reducing our shares in issue by 4%. The total return of £6.7 billion is a significant increase on the previous year and as a result Vodafone has one of the highest total return yields in the industry. Looking forward to current financial year, we are targeting a further buyback of £4.5 billion, and having rebased dividends in the year, to grow our dividend in line with underlying earnings. The Board continues to believe that the Group's balance sheet capacity provides Vodafone with the appropriate flexibility to consider selective acquisitions, whilst progressively increasing returns to shareholders. Shortly we expect to complete acquisitions from the TIW Group, which will add controlled businesses in both Romania and the Czech Republic. These two businesses are an excellent geographic fit and have attractive growth prospects that, we believe, are value enhancing for our shareholders. We live in a challenging world. However significant opportunities exist for Vodafone to continue to deliver superior shareholder returns by executing on our strategic goals.

March	Change %	2005	2004	£m	£m	£	Organic(1)
----- Statutory -----							
Turnover - continuing operations		34,133	32,741	4	6	-	discontinued operations - 818
Turnover - discontinued operations		34,133	33,559	2	6		Group EBITDA, before exceptional items
Group EBITDA, before exceptional items		13,041	12,640	3	7		Total Group operating profit, before goodwill amortisation and exceptional items
Total Group operating profit, before goodwill amortisation and exceptional items		10,904	10,749	1	5		Profit on ordinary activities before taxation, goodwill amortisation and exceptional items
Profit on ordinary activities before taxation, goodwill amortisation and exceptional items		10,300	10,035	3			Goodwill amortisation (14,700) (15,207) (3)
Goodwill amortisation (14,700) (15,207) (3)							Net exceptional items (302) 125
Net exceptional items (302) 125							Loss on ordinary activities before taxation (4,702) (5,047) (7)
Loss on ordinary activities before taxation (4,702) (5,047) (7)							Loss for the financial year (7,540) (9,015) (16)
Loss for the financial year (7,540) (9,015) (16)							Effective tax rate before goodwill amortisation and exceptional items 27.5% 30.4%
Effective tax rate before goodwill amortisation and exceptional items 27.5% 30.4%							Proportionate -----
Proportionate -----							Turnover - mobile telecommunications 42,762 38,157 12 9
Turnover - mobile telecommunications 42,762 38,157 12 9							- other operations 1,178 1,789 (34)
- other operations 1,178 1,789 (34)							Less: turnover between mobile and other operations (338) (500) (32)
Less: turnover between mobile and other operations (338) (500) (32)							EBITDA before exceptional items - mobile telecommunications 16,483 14,826 11
EBITDA before exceptional items - mobile telecommunications 16,483 14,826 11							- other operations 158 288 (45)
- other operations 158 288 (45)							Mobile EBITDA margin(2) 38.5%
Mobile EBITDA margin(2) 38.5%							38.9%
38.9%							Mobile EBITDA margin excluding Japan stake change(2)(3) 39.0% 38.9%
Mobile EBITDA margin excluding Japan stake change(2)(3) 39.0% 38.9%							Proportionate information is presented and calculated on the basis described on page 33.
Proportionate information is presented and calculated on the basis described on page 33.							Cash flow information ----
Cash flow information ----							Net cash inflow from operating activities 12,713 12,317 3
Net cash inflow from operating activities 12,713 12,317 3							Free cash flow 7,847 8,521 (8)
Free cash flow 7,847 8,521 (8)							Net debt at 31 March (8,339) (8,488) (2)
Net debt at 31 March (8,339) (8,488) (2)							Per share information Pence Pence -----
Per share information Pence Pence -----							Earnings/(loss) per share - before goodwill amortisation and exceptional items 10.41 9.10 14
Earnings/(loss) per share - before goodwill amortisation and exceptional items 10.41 9.10 14							- after goodwill amortisation and exceptional items (11.39) (13.24) (14)
- after goodwill amortisation and exceptional items (11.39) (13.24) (14)							Dividends per share 4.07 2.0315
Dividends per share 4.07 2.0315							100
100							This results announcement contains certain information on the Group's results and cash flows that have been derived from amounts calculated in accordance with UK Generally Accepted Accounting Principles, ("UK GAAP"), but are not themselves UK GAAP measures. They should not be viewed in isolation as alternatives to the equivalent UK GAAP measure and should be read in conjunction with the equivalent UK GAAP measure. Further disclosures are also provided under "Use of Non-GAAP Financial Information" on page 37. (1) See page 38 for definition of terms (2) Before exceptional items (3) See page 33 for a reconciliation of proportionate turnover and proportionate EBITDA, before exceptional items, excluding the impact of the Japan stake change
GROUP OPERATING HIGHLIGHTS Year ended / at 31 March 2005 2004 % change Vodafone live! - closing active devices (million)(1)(2) 30.9 6.8 354							
Vodafone Mobile Connect data card - registered cards (million)(1) 0.5 0.2 150 - including 3G/GPRS cards (million)(1) 0.3 - Registered 3G devices (million)(1)(3) 2.4 - Mobile voice usage (billion minutes) 170.7 154.8 10 Non-voice services as % of							

service revenue 17.0% 16.1% Tangible fixed assets - Group additions (£ billion) 5.1 4.8 6 - Mobile additions (£ billion) 4.9 4.6 7 - Mobile additions as a percentage of mobile turnover 14.8% 14.4% (1) On a controlled venture basis (2) With effect from 31 December 2004, Vodafone live! active devices in Japan have been included in the closing total as the service in Japan has become aligned with the Vodafone live! experience in other countries (3) Includes all registered devices capable of accessing 3G data services See page 38 for definition of terms OUTLOOK Please see "Forward-Looking Statements" on page 36. For the year ending 31 March 2006(1)("2006 financial year") These expectations for the 2006 financial year have been prepared on the basis of International Financial Reporting Standards ("IFRS"). Financial information for the year ended 31 March 2005 ("2005 financial year") under IFRS will be announced in July 2005. These expectations do not include the impact of the proposed acquisition of interests in MobiFon in Romania and Oskar in the Czech Republic, which are subject to certain conditions. The Group considers the organic increase in proportionate mobile revenue to be the key growth indicator. As a result of increasing multiple SIM usage and differences in customer number measurement between mobile operators, the Group will no longer provide customer growth guidance. The Group will, however, continue to report customer number information on a quarterly basis. The Group expects to deliver organic growth in proportionate mobile revenue in the 6% to 9% range. Proportionate mobile EBITDA margin is expected to be in the range of flat to 1 percentage point lower than that achieved in the 2005 financial year, after taking into account the effect of declines in interconnect rates and increased competition. Capitalised fixed asset additions(2) are anticipated to be similar to the levels for the 2005 financial year at around £5 billion, as the Group continues the roll out of its 3G networks. Free cash flow is expected to be in the £6.5 billion to £7.0 billion range. This is expected to be lower than that to be reported under IFRS for the 2005 financial year as the benefit of higher operating cash flow is more than offset by: □ the expectation that dividends received from Verizon Wireless will be approximately £0.7 billion lower; and □ higher payments on fixed assets and tax. Share purchases by Vodafone Group Plc are currently targeted to be approximately £4.5 billion in the financial year. Vodafone Italy shareholders are expected to approve the re-purchase of €7.9 billion of shares in that company at a meeting on 26 May 2005. The adjusted effective tax rate(3) is expected to be slightly higher than in the 2005 financial year. The absence of the benefits arising in the 2005 financial year from the German reorganisation are expected to be partially offset by the part reversal of deferred tax provisions on unremitted earnings and anticipated tax settlements. However, the adjusted effective tax rate and tax payments are subject to the resolution of open issues, planning opportunities, corporate acquisitions and disposals and changes in tax legislation. The Group is not currently aware of any developments to IFRS accounting standards and related interpretations that would result in the reconciling items between UK GAAP and IFRS to be reported for the year ended 31 March 2005 being significantly different from those previously reported for the six months ended 30 September 2004. The Group's outlook statement is prepared on the basis of IFRS. If the Group had prepared an outlook statement on the basis of UK GAAP, there would be no material differences to its expectations for proportionate mobile revenue growth and change in proportionate mobile EBITDA margin between the two bases. Other The section of this Preliminary Announcement press release entitled "One Vodafone" on page 17 provides additional outlook statements in relation to the expected future benefits of One Vodafone initiatives on pre-tax operating free cash flow, capital expenditure and operating expenditure. (1) Comparisons to the 2005 financial year are prepared on the basis of IFRS and, where appropriate, using constant exchange rates and after adjusting for business acquisitions and disposals and items not reflecting underlying business performance. (2) Capitalised fixed asset additions represents the aggregate of capitalised property, plant and equipment additions and capitalised software costs. (3) The adjusted effective tax rate is calculated excluding items not reflecting underlying business performance and reflecting the Group's share of its associated undertakings tax on profit on ordinary activities as a component of the total tax charge and not as a deduction from the share of results in associated undertakings which is included in profit on ordinary activities before taxation. BUSINESS REVIEW Year ended 31 March 2005 2004(4)

	2004	2005	2004	2005
% change	fm	fm	£	£
Organic Turnover	29,322	28,249	4	5
Mobile telecommunications - Total service revenue	33,559	33,133	2	6
Other revenue(1)	3,862	3,666	5	-----
Other operations	1,108	2,128	(48)	-----
Less: turnover between mobile and other operations	(159)	(484)	(67)	-----
Total Group operating profit/ (loss)	10,875	10,729	1	4
Mobile telecommunications	10,904	10,749	1	5
Other operations	29	20	45	-----
Goodwill amortisation	(14,700)	(15,207)	(3)	-----
Exceptional operating items	(315)	228	-----	-----
Total Group operating loss	(4,111)	(4,230)	(3)	-----
Mobile telecommunications	24,349	23,708	3	-----
Trading Voice services	4,973	4,541	10	-----
Non-voice services	29,322	28,249	4	5
Total service revenue	557	512	9	-----
Net other revenue(1)	(4,311)	(4,137)	4	-----
Interconnect costs	(1,975)	(2,004)	(1)	-----
Other direct costs	(2,051)	(1,897)	8	-----
Net acquisition costs(1)	(1,914)	(1,638)	17	-----
Net retention costs(1)	(2,091)	(2,016)	4	-----
Payroll(2)	(4,693)	(4,802)	(2)	-----
Other operating expenses(2)	12,844	12,267	5	6
EBITDA(2)	(4,971)	(4,197)	18	-----
Depreciation and amortisation(3)	3,002	2,659	13	-----
Share of operating profit in associated undertakings(2)(3)	10,875	10,729	1	4
Total Group operating profit(2)(3)	(1) Turnover for the mobile telecommunications ("mobile") business includes revenue of £3,305 million (2004: £3,154 million) which has been deducted from acquisition and retention costs and excluded from other revenue in the trading results (2) Before exceptional items (3) Before goodwill amortisation (4) Consistent with the presentation adopted for the interim results for the six months ended 30 September 2004, the Group has amended its segmental disclosure of turnover to a gross of intercompany turnover basis, rather than a net of intercompany turnover basis as previously disclosed, in order to facilitate analysis of the performance of the Group and as part of the Group's preparations for the introduction of IFRS. There is no impact on total Group turnover, which continues to be stated on a net of intercompany turnover basis. In addition, a more detailed analysis of the trading results of the Group's mobile business and certain key markets has been provided, on a basis consistent with internal measures, to facilitate management's discussion of the results See page 38 for definition of terms GROUP RESULTS Turnover increased by 2% to £34,133 million in the year ended 31 March 2005, comprising organic growth of 6%, offset by unfavourable movements in exchange rates of 2% and the net effect of acquisitions and disposals, principally the disposal of Japan Telecom, of 2%. The foreign exchange impact primarily arose due to the relative strength of sterling in the first half of the financial year compared to the prior period, partially offset by a relative weakening in the second half. Before goodwill amortisation and exceptional items, total Group operating profit increased by 1% to £10,904 million, with underlying organic growth of 5%, broadly in line with the growth in turnover. Unfavourable exchange rate movements represented 3% of the difference between reported and organic growth, whilst acquisitions and disposals reduced reported growth by a further 1%. After goodwill amortisation and exceptional items, the Group reported a total operating loss of £4,111 million, compared with a loss of £4,230 million for the prior year. The charges for goodwill amortisation, which do not affect the cash flows of the Group or the ability of the Company to pay dividends, fell by 3% to £14,700 million, principally as a result of the impact of foreign exchange movements. Following the Group's transition to IFRS in the 2006 financial year, no goodwill amortisation charges will be incurred. Exceptional operating items moved from a £228 million net credit in the prior financial year, due principally to expected recoveries and provision releases in relation to a contribution tax levy on Vodafone Italy, to a £315 million charge in the 2005 financial year due to an impairment of the carrying value of the goodwill relating to Vodafone Sweden. MOBILE TELECOMMUNICATIONS RESULTS Turnover Turnover in the mobile business increased by 4%, or 5% on an organic basis, for the year ended 31 March 2005. The increase in turnover was driven principally by organic service revenue growth, at constant exchange rates, of 5%, which improved principally as a result of a 9% increase in the Group's average controlled customer base and 10% growth in total voice usage compared to the prior year, offset by the effect of regulatory and competitive pressures on pricing and the increase in the proportion of prepaid customers across the Group. Voice revenue improved by 4% on an organic basis, following an increase in voice usage, partially offset by tariff reductions due to increased competition and lower termination rates. Non-voice service revenue increased to £4,973 million for the year ended			

31 March 2005, or by 11% on an organic basis. Messaging revenue continued to represent the largest component of non-voice revenue at £3,589 million for the financial year, a 7% increase over the previous financial year. Non-messaging data revenue increased by 17% to £1,384 million as the Group continued to drive adoption of consumer services, such as Vodafone live! and Vodafone live! with 3G, and business offerings, including the Vodafone Mobile Connect data card and BlackBerry(R) from Vodafone. Japan generates the highest level of non-messaging data revenue in the Group and, following the loss of higher value customers and an increased proportion of prepaid customers with access to only basic data services, its non-messaging data revenue reduced by 7% to £816 million in the 2005 financial year. Other revenue increased to £3,862 million, principally due to growth in revenue related to acquisition and retention activities to £3,305 million, being 7% on an organic basis. The increase has arisen principally from higher levels of gross additions and upgrades in the year, partially offset by a reduction in the average handset sales price. Group operating profit before goodwill amortisation and exceptional items Total Group operating profit, before goodwill amortisation and exceptional items, increased by 1% to £10,875 million, comprising organic growth of 4% offset by unfavourable exchange rate movements, particularly the strengthening of sterling against the euro and the US dollar. Acquisition and retention costs, net of attributable revenue, increased by 12% to £3,965 million. The increase was primarily driven by higher customer growth in the UK and Spain and increased investment in retention activities in the UK and Japan. Other operating expenses as a percentage of service revenue reduced from 17.0% to 16.0% as the Group continued to realise cost efficiencies, particularly in network and IT costs. Depreciation and licence amortisation charges increased by 18% following the commencement of 3G services in a number of the Group's controlled mobile businesses. Licence amortisation amounted to £412 million in the year compared to £98 million in the prior year. The Group's share of operating profit, before goodwill amortisation and exceptional items, in associated undertakings grew strongly, primarily due to growth at Verizon Wireless in the US. This information is provided by RNS The company news service from the London Stock Exchange

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Results and Trading Reports

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