

Final Results - Part Two

Vodafone Group Plc 24 May 2005 PART 2 VODAFONE GROUP PLC PRELIMINARY RESULTS

MOBILE TELECOMMUNICATIONS - REVIEW OF OPERATIONS In October 2004, the Group announced changes to the regional structure of its operations, effective from 1 January 2005. The following results are presented in accordance with the new regional structure.

GERMANY Financial highlights Year ended 31 March ----- 2005 2004 % change £m £m £ □

Turnover(1)	5,684	5,536	3	5	-----	-----
Trading Voice services	4,358	4,254	2	4	-----	-----
Non-voice services	962	895	7	9	-----	-----
Total service revenue	5,320	5,149	3	5	-----	-----
Net other revenue	(1) 122	155	(21)	(20)	-----	-----
Interconnect costs	(734)	(725)	1	3	-----	-----
Other direct costs	(314)	(334)	(6)	(4)	-----	-----
Net acquisition costs(1)	(348)	(367)	(5)	(3)	-----	-----
Net retention costs(1)	(330)	(321)	3	5	-----	-----
Payroll	(409)	(390)	5	7	-----	-----
Other operating expenses	(668)	(675)	(1)	1	-----	-----
EBITDA	2,639	2,492	6	8	-----	-----
Depreciation and amortisation(2)	(976)	(751)	30	32	-----	-----
Total Group operating profit	(2) 1,663	1,741	(4)	(3)	-----	-----

EBITDA margin 46.4% 45.0% KPIs Closing Customers ('000) 27,223 25,012 9 Average monthly ARPU €24.9 €25.9 (4) (1) Turnover includes revenue of £242 million (2004: £232 million) which has been excluded from other revenue and deducted from acquisition and retention costs in the trading results (2) Before goodwill amortisation See page 38 for definition of terms Vodafone has built on its strong position in the German mobile market following the successful launch of 3G services. The EBITDA margin improved compared to the previous year and continues to represent the highest of all mobile network operators. A 9% growth in the average customer base compared to the prior year was the main driver of the 5% increase in service revenue in local currency. Customer growth was strong as a result of successful and competitively priced, but low subsidy, offerings which had a dilutive effect on ARPU. The offerings included partner cards, which offer a second SIM card without a handset to contract customers at a low monthly cost to the customer, and SIM only prepaid promotions, which attracted a substantial proportion of prepaid customers in the second half of the financial year. ARPU, and consequently service revenue growth, in the second half of the financial year was also impacted by a reduction in the mobile call termination rate from 14.3 eurocents to 13.2 eurocents in December 2004. A further cut to 11.0 eurocents in December 2005 has also been agreed with Deutsche Telekom. Non-voice service revenue increased due to the success of non-messaging data offerings, the revenue from which increased by 85% in local currency to £163 million. In the consumer segment, the number of Vodafone live! active devices increased by 105% over the financial year to 4,845,000 at 31 March 2005 and, in the business segment, there were strong sales of Vodafone Mobile Connect 3G/GPRS data cards. Demonstrating Vodafone's lead in the 3G market in Germany, there were 358,000 registered 3G devices at 31 March 2005. Cost control facilitated the improvement in the EBITDA margin by 1.4 percentage points over the prior year to 46.4%. A higher proportion of prepaid additions, particularly in the second half of the financial year, and lower contract subsidies led to net acquisition costs decreasing by 3% in local currency in spite of an 8% increase in gross customer additions. Lower loyalty scheme costs were offset by higher upgrade costs, particularly in the second half of the financial year following increased activity through indirect channels, and consequently net retention costs increased by 5%. Other operating expenses and direct costs remained relatively stable compared to the prior year. The commencement of depreciation and amortisation on the 3G network and licence, following launch of services in the second half of the previous financial year, reduced operating profit before goodwill amortisation, with licence amortisation contributing to the largest share of this reduction.

ITALY Financial highlights Year ended 31 March ----- 2005 2004 % change £m £m £ □

Turnover (1)	5,565	5,312	5	7	-----	-----
Trading Voice services	4,548	4,380	4	6	-----	-----
Non-voice services	780	669	17	19	-----	-----
Total service revenue	5,328	5,049	6	7	-----	-----
Net other revenue	(1) 19	13	46	38	-----	-----
Interconnect costs	(913)	(874)	4	6	-----	-----
Other direct costs(3)	(302)	(306)	(1)	-	-----	-----
Net acquisition costs(1)	(93)	(76)	22	23	-----	-----
Net retention costs(1)	(97)	(64)	52	55	-----	-----
Payroll	(323)	(301)	7	10	-----	-----
Other operating expenses	(659)	(646)	2	4	-----	-----
EBITDA	2,960	2,795	6	8	-----	-----
Depreciation and amortisation(2)	(703)	(652)	8	10	-----	-----
Total Group operating profit	(2)(3) 2,257	2,143	5	7	-----	-----

EBITDA margin 53.2% 52.6% KPIs Closing Customers ('000) 22,502 21,137 6 Average

monthly ARPU €29.9 €30.1 (1) (1) Turnover includes revenue of £218 million (2004: £250 million) which has been excluded from other revenue and deducted from acquisition and retention costs in the trading results (2) Before goodwill amortisation (3) Before exceptional items See page 38 for definition of terms Vodafone continued to perform robustly in Italy despite aggressive competition, through strong market positioning driven by innovative promotions and a focus on high value customers, through targeted retention initiatives. Notwithstanding market penetration levels of over 100%, driven by the effect of customers having more than one SIM and increased competition, Vodafone had good customer growth, with gross additions higher than in the previous year, and only a slight increase in churn to 17.2%. Total turnover grew by 7%, when measured in local currency, reflecting the rise in service revenue that was driven by an 8% increase in the average customer base. ARPU remained stable despite a slight reduction in activity levels. Strong promotional campaigns, such as fixed price phone calls for voice users or unlimited text messaging, after paying for the first text message per day, in return for up front subscription fees, significantly stimulated usage, with minutes of use increasing by 12% and the number of text messages sent increasing by 11%. Non-voice service revenue grew by 19%, with revenue from non-messaging data offerings increasing to £87 million, representing an 85% increase in local currency. Vodafone live! active devices increased by 169% to 2,751,000 at 31 March 2005. In the business segment, Vodafone continued to increase its market share, with a 10% growth in the customer base and continuing net inflow of customers through mobile number portability. Strong revenue growth for this segment was supported by a higher proportion of non-voice service revenue, partially driven by sales of Vodafone Mobile Connect data cards. Following the successful launch of consumer 3G services in November 2004, customers had registered 665,000 3G devices on Vodafone's network by the end of the financial year. The EBITDA margin grew by 0.6 percentage points to 53.2% and remained the highest of the Group's European operations, despite competitive pressure following new market entrants offering high subsidies. A lower proportion of direct and other operating costs more than offset increased targeted retention investments. Operating profit, before goodwill amortisation and exceptional items, was impacted by higher depreciation and licence amortisation charges.

UNITED KINGDOM Financial highlights Year ended 31 March ----- 2005 2004 % change £m £m

	2005	2004	% change
Turnover(1)	5,065	4,782	6
Trading Voice services	3,672	3,522	4
Non-voice services	826	674	23
Total service revenue	4,498	4,196	7
Net other revenue(1)	177	146	21
Interconnect costs (771)	(752)	(3)	
Other direct costs (367)	(325)	13	
Net acquisition costs(1)	(388)	(333)	17
Net retention costs(1)	(391)	(321)	22
Payroll(3)	(389)	(387)	1
Other operating expenses(3)	(657)	(616)	7
EBITDA(3)	1,712	1,608	6
Depreciation and amortisation(2)	(737)	(510)	45
Total Group operating profit(2)(3)	975	1,098	(11)
EBITDA margin	33.8%	33.6%	
KPIs Closing Customers ('000)	15,324	14,095	9
Average monthly ARPU	£25.5	£25.8	(1)

(1) Turnover includes revenue of £390 million (2004: £440 million) which has been excluded from other revenue and deducted from acquisition and retention costs in the trading results (2) Before goodwill amortisation (3) Before exceptional items See page 38 for definition of terms In an intensively competitive market, Vodafone achieved growth in the customer base and revenue whilst maintaining EBITDA margin through the execution of a structured plan to drive revenue and tighten control of operating expenses. Turnover increased by 6%, comprising underlying growth of 1% and growth of 5% attributable to the acquisition of a number of service providers in the prior year, including Singlepoint (4U) Limited. Service revenue rose by 7%, driven by an 8% increase in the average customer base over the prior financial year. ARPU was broadly stable for the financial year, with increases in non-voice service revenue and the impact of service provider acquisitions being offset by termination rate cuts and reduced activity levels. From 1 September 2004, Vodafone, along with other UK mobile network operators, excluding the third generation operator, reduced termination rates by approximately 30%, impacting service revenue in the second half of the financial year. The impact of the termination rate cut was to reduce service revenue for the financial year by 3 percentage points. Increased acquisition and retention activity and the success of new tariffs and services, especially those targeted at corporate and business segments, drove customer growth in

the financial year. Contract churn improved from 24.9% for the year ended 31 March 2004 to 22.7% for the year ended 31 March 2005, although blended churn of 29.7% was in line with the previous year. In addition, total customer activity levels fell from 91% at 31 March 2004 to 89% at 31 March 2005, reflecting higher levels of prepaid customer self upgrades, consistent with market trends. In the first half of the financial year, an agreement was reached to provide wholesale services to BT and at 31 March 2005, 119,000 BT customers, reported as one registered customer, were connected to the Vodafone network under this agreement. Non-voice service revenue grew by 23%, with non-messaging data revenue increasing by 81% to £142 million, mainly due to the success of service offerings such as Vodafone live!, Vodafone Mobile Connect data cards and BlackBerry from Vodafone. At 31 March 2005, the number of Vodafone live! active devices rose to 3,443,000. In the business segment, there were strong sales of Vodafone Mobile Connect 3G/GPRS data cards. The EBITDA margin was 33.8% for the year ended 31 March 2005, slightly up on the prior year as increased investment in acquisition and retention activity was offset by a relative reduction in interconnect costs following the cut in termination rates and operational efficiencies from the execution of the structured plan announced in the prior financial year. The key elements of this plan are to sustainably differentiate and segment the customer base allowing more effective targeted marketing and to drive lower costs whilst positioning the organisation for the future. Under the drive to lower costs, Vodafone has continued to consolidate call centres, simplify its network and IT platforms and reduce support costs. Net other revenue and other direct costs both increased as a result of non-Vodafone customers acquired as part of service provider acquisitions in the prior year. Other direct costs increased further due to higher content costs associated with the increased data revenue. Operating profit before goodwill amortisation and exceptional items was impacted by the factors above and by an increase in both depreciation and licence amortisation charges, primarily due to the commencement of 3G services towards the end of the previous financial year. Recent independently-audited tests have shown that Vodafone has the best call success rate of all mobile networks in Britain.

OTHER EUROPE, MIDDLE EAST AND AFRICA Financial highlights Year ended 31 March -----

	2005	2004	% change	£m	£m	£	□
Turnover	3,261	2,686	21	24			
Other EMEA	5,402	4,983	8				
Less: intra-segment turnover	(49)	(42)	17				
Total Group Spain	775	703	10	12			
operating Other EMEA	2,608	2,439	7				
profit(2)(3)	3,383	3,142	8				
Spain -----							
Trading Voice services	2,558	2,191	17	19			
results Non-voice services	405	282	44	46			
Total service revenue	2,963	2,473	20	22			
Other revenue(1)	2	3					
(33)	(22)						
Interconnect costs	(540)	(477)	13	15			
Net other direct costs	(263)	(201)	31	33			
Net acquisition costs(1)	(246)	(146)	68	71			
Net retention costs(1)	(172)	(137)	26	27			
Payroll	(138)	(146)	(5)				
(3)							
Other operating expenses	(473)	(393)	20	22			
EBITDA	1,133	976	16	18			
Depreciation and amortisation(2)	(358)	(273)	31	33			
Total Group operating profit(2)	775	703	10	12			
EBITDA margin	34.7%	36.3%					

KPIs Closing Customers ('000) 11,472 9,705 18 Average monthly ARPU €34.5 €31.4 10 (1) Turnover for Spain includes revenue of £296 million (2004: £210 million) which has been excluded from other revenue and deducted from acquisition and retention costs in the trading results (2) Before goodwill amortisation (3) Before exceptional items See page 38 for definition of terms Spain In Spain, Vodafone continued to deliver strong growth throughout the year. A focus on acquiring high value customers, targeted promotions encouraging increased usage and improved customer satisfaction contributed to local currency service revenue growth of over 20%, despite a reduction in termination rates of 10.5% on 1 November 2004 required by the regulator. In local currency, turnover increased by 24%, due principally to a 22% increase in service revenue. A successful customer acquisition strategy, including a focus on customers transferring from other operators, led to an 11% increase in the average customer base. Loyalty programmes and promotional activity resulted in a reduction in churn levels from 23.6% for the year ended 31 March 2004 to 21.9% for the 2005 financial year. An ongoing marketing campaign encouraging customers to switch from prepaid to contract contributed to the proportion of contract customers rising from 43% at 31 March 2004 to 47% at 31 March 2005. This, along with usage stimulation promotions and initiatives, has resulted in a 10% increase in ARPU. Non-voice service revenue for the year increased

by 46%, with messaging remaining the principal driver of the increase. Text messaging volumes increased 27% year on year, primarily due to promotions stimulating increased messaging per customer. The success of service offerings such as Vodafone live! and Vodafone Mobile Connect data cards led to non-messaging data revenue increasing by 201% in local currency to £65 million. The number of Vodafone live! active devices rose to 2,992,000. Strong growth in customer additions, principally in the first half of the year relative to the previous financial year, and the increased proportion of new contract customers, led to increased acquisition costs and contributed to the reduction in the EBITDA margin of 1.6 percentage points to 34.7%. Interconnect costs increased due to higher usage offset by the impact of the termination rate cut in November and promotions in the second half of the year focusing on calls to other Vodafone and fixed-line numbers which incur relatively lower interconnect costs. Operating profit before goodwill amortisation was impacted by the increased acquisition costs and the rise in depreciation and amortisation charges mainly due to the commencement of 3G services. Other EMEA subsidiaries Controlled venture customers for the Group's operations in the Other EMEA region, other than Spain, increased by 12% in the year to 31 March 2005. Turnover increased by 8%, with the primary driver being an 8% increase in service revenue, as a result of the 12% higher average controlled venture customer base, partially offset by cuts in termination rates across the region. Non-voice service revenue grew strongly over the prior financial year to represent 13.2% of service revenue for the year ended 31 March 2005. In Greece, local currency service revenue grew by 14% due to a 4% increase in the average customer base, higher voice usage and a strong rise in non-voice service revenue. Visitor revenue also increased due to a national roaming agreement with Greece's fourth mobile operator and high usage during the Olympic Games. Service revenue growth in Portugal was 11% in local currency, driven by a 7% increase in the average customer base and good improvements in non-voice revenue and visitor revenue, due in part to the UEFA Euro 2004 football tournament and a particularly strong start in 3G, partially offset by lower termination rates. Service revenue in Ireland increased by 10%, in local currency, primarily as a result of additional voice usage. Intense competition restricted growth in local currency service revenue in the Netherlands to 1% and contributed to a 4% decline in Sweden. Operating profit before goodwill amortisation increased by 7% over the prior financial year, following increased turnover partially offset by higher depreciation charges, primarily due to the launch of 3G services. On 12 January 2005, the Group completed the acquisition of the remaining 7.2% shareholding in Vodafone Hungary from Antenna Hungaria Rt. with the effect that Vodafone Hungary became a wholly-owned subsidiary of the Group. On 26 January 2005, Telecom Egypt acquired a 16.9% stake in Vodafone Egypt from the Group, reducing the Group's controlling stake to 50.1%. The transaction followed the completion of an agreement with the Egyptian Government for the purchase of additional spectrum. EMEA associates Associates in EMEA increased their average customer bases by 20% in the year, with particularly strong growth in markets with relatively low penetration rates such as those in Eastern Europe and Africa. This customer growth generated an increase in operating profit before goodwill amortisation of 6%. SFR, the Group's associated undertaking in France, reported strong growth in revenue and operating profit before goodwill amortisation, principally as a result of a 9% increase in average customers compared to the prior year. Usage of both voice and non-voice services grew in the period and SFR had a total of 2.6 million Vodafone live! customers at 31 March 2005. SFR launched the Vodafone Mobile Connect 3G/GPRS data card in May 2004 and Vodafone live! with 3G in November 2004 and it also markets BlackBerry from Vodafone products. Vodacom continued to grow both in South Africa and internationally through its interests in the Democratic Republic of the Congo, Lesotho, Mozambique and Tanzania. Venture customers at 31 March 2005 totalled 15,482,000, an increase of 5,757,000 over the previous year, including 2,645,000 customers in Vodacom's international interests which were previously excluded from the Group's reported customer base. In April 2005, Vodacom launched Vodafone live! with 3G in South Africa, building on the successful launch of the Vodafone Mobile Connect 3G/GPRS data card in December 2004.

AMERICAS Financial highlights Year ended 31 March ----- 2005 2004 % change £m £m £ \$ Total Group operating Verizon Wireless

1,647 1,406 17 28 profit/(loss)(1) Other Americas - (13) ----- 1,647 1,393 18 -----
Verizon Wireless ----- Proportionate turnover 6,884 6,111 13 23 Proportionate EBITDA margin
37.3% 35.9% KPIs Closing customers ('000) 45,452 38,909 17 Average monthly ARPU \$52.4 \$50.3 4
Acquisition and retention costs as a percentage of service revenue 12.9% 13.4% (1) Before goodwill
amortisation See page 38 for definition of terms Verizon Wireless In a highly competitive US market,
Verizon Wireless continued to outperform its competitors, ranking first in customer net additions for
the year ended 31 March 2005. The total customer base increased by 17% in the financial year to
45,452,000 at 31 March 2005. At 31 December 2004, US market penetration reached approximately
63%, with Verizon Wireless' market share at approximately 24%. In local currency, proportionate
turnover increased by 23%, driven by the larger customer base and an increase in ARPU. ARPU
growth was generated primarily by customers migrating to higher access price plans as well as
growth in data products, with data revenue increasing 131% over last year and representing 5.0% of
service revenue in the year. Churn rates are amongst the lowest in the US wireless industry and
have continued to improve, falling from 20.5% in the prior financial year to 17.2%. The low churn
rate is attributable in part to the quality and coverage of Verizon Wireless' network and the success
of retention programmes such as the 'Worry Free Guarantee(R)', which includes the 'New Every
Two(R)' plan. The EBITDA margin increased from 35.9% last year to 37.3%, which reflects increased
ARPU and further cost efficiencies. Verizon Wireless has achieved sustained cost containment,
including the reduction of interconnection and leased line rates as well as other operating expense
efficiencies. In local currency, the Group's share of Verizon Wireless' operating profit before
goodwill amortisation increased by 28%. Verizon Wireless launched V CAST(SM), the first wireless
consumer multimedia broadband service in the US, in February 2005 and BroadbandAccess, a data
card product providing wide area broadband computer connectivity, in October 2003. Both of these
broadband offerings are delivered over Verizon Wireless' Evolution-Data Optimized wide-area
network which reached a population of 75 million people at 31 December 2004 and has been
growing steadily, with the intention to cover 150 million people by the end of 2005. Vodafone and
Verizon Wireless are engaged in a number of joint projects to bring global services to their
customers. Global Phone, which was launched last year, is the first device to incorporate CDMA and
GSM technology and allows Verizon Wireless customers to use their phone in more than 100
countries. An additional joint project enabled Verizon Wireless customers to send text messages
internationally to customers of participating GSM carriers. Vodafone and Verizon Wireless have also
signed joint contracts with key media companies for their content and have several initiatives
underway to further improve their service to multinational corporations. Verizon Wireless has
recently substantially strengthened its spectrum position with the closing of the purchase of several
key spectrum licences, including licences from NextWave and Qwest and its participation in the
FCC's Auction 58, which ended in February 2005. 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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