



vodafone

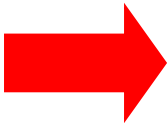


Sir Christopher Gent
Chief Executive
Vodafone Group Plc

Agenda

- **Overview of the results** } **Sir Christopher Gent**
- **Analysis of results** }
- **Group funding** } **Ken Hydon**
- **KPIs and business drivers** }
- **Major operational initiatives** } **Julian Horn-Smith**
- **Global products and services** } **Thomas Geitner**
- **Vodafone's prospects** } **Sir Christopher Gent**

Results Overview

- **Statutory results:**
 - Exclude full consolidation of JT and J-Phone
 - Control only acquired after period close
 - **Proportionate results:**
 - Include JT and J-Phone at levels of ownership throughout period
-  **Excellent financial performance and very strong growth**

Financial Highlights

Proportionate Half-Year to September 2001¹

Mobile Only	Sept 2001	Change
Turnover	£13.492 bn	+33%
EBITDA²	£4.778 bn	+46%
Group operating profit³	£3.321 bn	+44%
Registered customers	95.6 m	+15%⁴

1 Includes performance of Japanese entities at level of ownerships throughout the period

2 Before exceptional items

3 Before goodwill and exceptional items

4 At 31 March 2001

Financial Highlights

Statutory Half-Year to September 2001¹

	Sept 2001	Change
Group Turnover²	£8.906 bn	+27%
Group Operating Profit²	£3.392 bn	+40%
Profit Before Taxation²	£3.011bn	+65%
Adjusted EPS²	2.51 pence	+63%

1 Excludes consolidation of Japan Telecom and J-Phone

2 Before goodwill and exceptional items

Financial Highlights

H1 Margin Performance & Cash Flow

- **Mobile EBITDA margin of 35.4%; +3.1pp**
 - **Changes in commercial policies**
 - **Increased focus on overhead management**
- **Group EBITDA* margin of 32.9%; +3.0pp**
- **Capex of £1.8 billion - 20% below original plans**
- **Free cash flow generation of over £600m**

* After Exceptionals

Operational Highlights

Customer Growth

- Net growth moderated
- But higher rate than expected
- Better mix of contract to prepaid

Stabilisation in ARPU

- After years of decline

Improved Margin Performance

- Lower acquisition costs
- Better overhead management

Rise in Data Revenues

- 9.1% in controlled subsidiaries
- 9.9% in month of September
- Up 3pp on last financial year

Geographic Expansion

- **Presence achieved in all geographic territories**
- **Achieved control of Eircell in Ireland**
- **Final cash payment for 25% Swisscom Mobile**
- **Completed Iusacell transaction in Mexico**
- **Disposed of 11.7% stake in Shinsegi, South Korea**

Geographic Expansion

Japan

- **Conclusion of tender offer in Japan**
- **66.7% control of JT secured**
- **Control of J-Phone with ~70% interest**
- **World leading wireless internet market**
 - **Data at 14.6% of service revenues**
 - **World's highest mobile internet adoption levels**

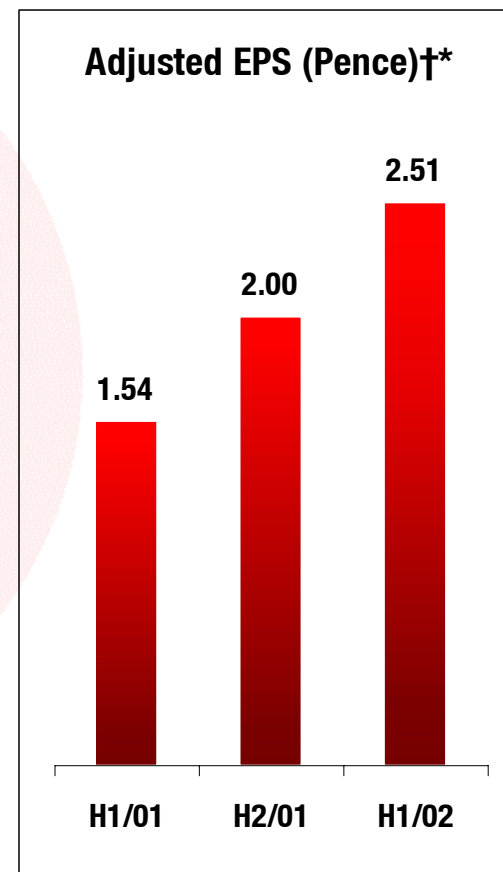


Ken Hydon
Group Financial Director
Vodafone Group Plc

Statutory Results

6 months to 30 September

	2001 £m	2000† £m	Increase %
Turnover	8,906	7,019	27
Group operating profit *	3,392	2,420	40
Net interest payable	(381)	(597)	(36)
Profit before tax *	3,011	1,823	65
Tax	(1,086)	(680)	60
Exceptional items	(4,763)	(132)	3,508
Goodwill amortisation	(6,697)	(5,589)	20
Adjusted earnings per share *	2.51p	1.54p	63
Dividends per share	0.7224p	0.6880p	5



† Restated following the adoption of FRS 19, "Deferred Tax"

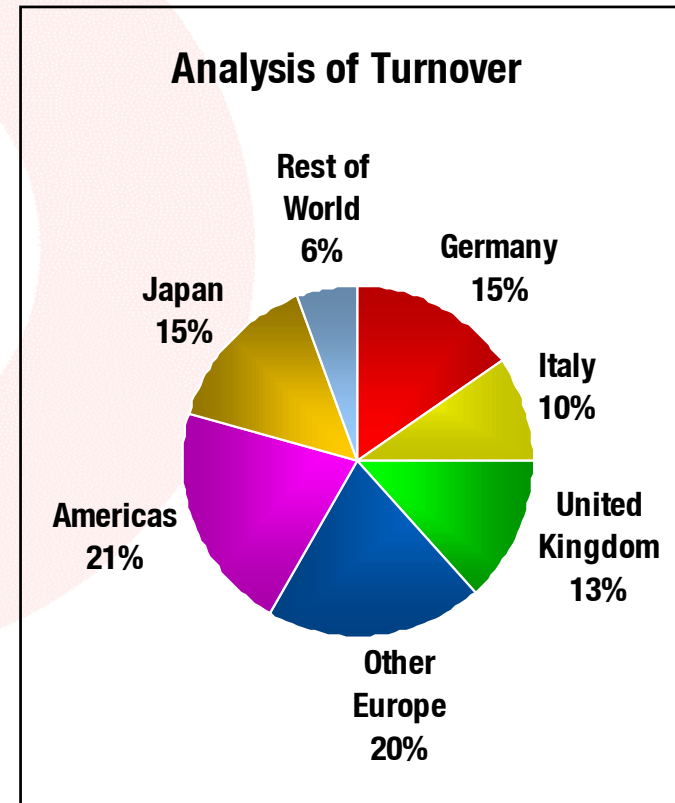
* Before amortisation of goodwill and exceptional items

Proportionate Results*

Mobile Turnover

6 months to 30 September

	2001	2000*	Growth
	£m	£m	%
Germany	2,057	2,056	-
Italy	1,328	1,137	17
United Kingdom	1,805	1,662	9
Other Europe	2,694	1,454	85
Total Europe	7,884	6,309	25
Americas	2,839	2,414	18
Japan	2,018	854	136
Other Asia Pacific	499	380	31
Middle East & Africa	252	213	18
Total Mobile	13,492	10,170	33



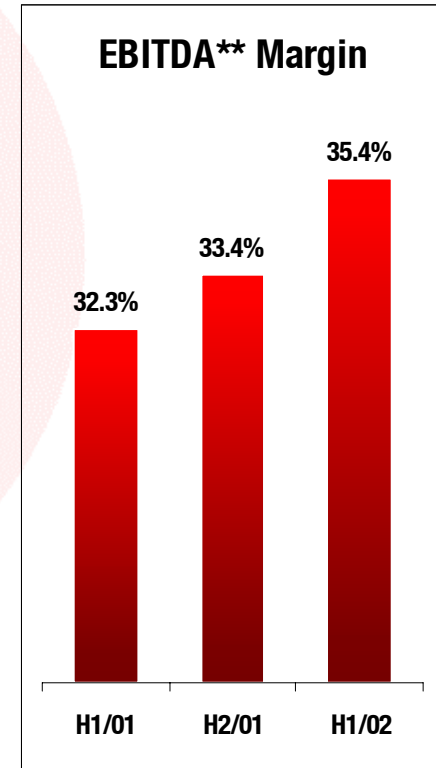
* September 2000 stated on a pro forma basis for Mannesmann

Proportionate Results*

Mobile EBITDA**

6 months to 30 September

	2001 £m	Total Growth* £m	Organic Growth %	Margin %
Germany	931	50	44	45.3
Italy	655	27	28	49.3
United Kingdom	565	14	14	31.3
Other Europe	952	111	36	35.3
Total Europe	3,103	49	32	39.4
Americas	1,000	23	19	35.2
Japan	413	122	11	20.5
Other Asia Pacific	154	56	27	30.9
Middle East & Africa	108	8	18	42.9
Total Mobile	4,778	46	26	35.4



* Calculated on a pro forma basis for Mannesmann

** Before exceptional items

Proportionate Results*

Other Operations

6 months to 30 September

	2001 £m	2000* £m	Growth %
Turnover	834	372	124
EBITDA **	(1)	6	N/A

Other Operations:

- Arcor
- Japan Telecom
- Vizzavi
- Cegetel

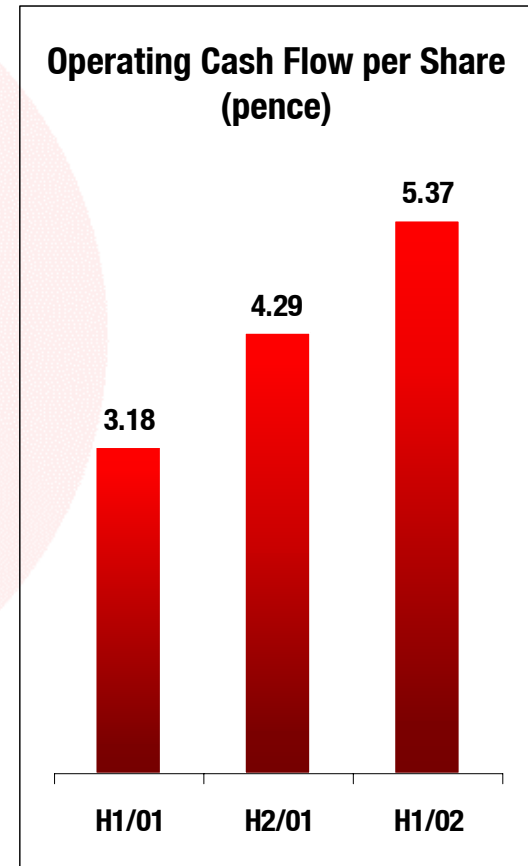
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** Before exceptional items

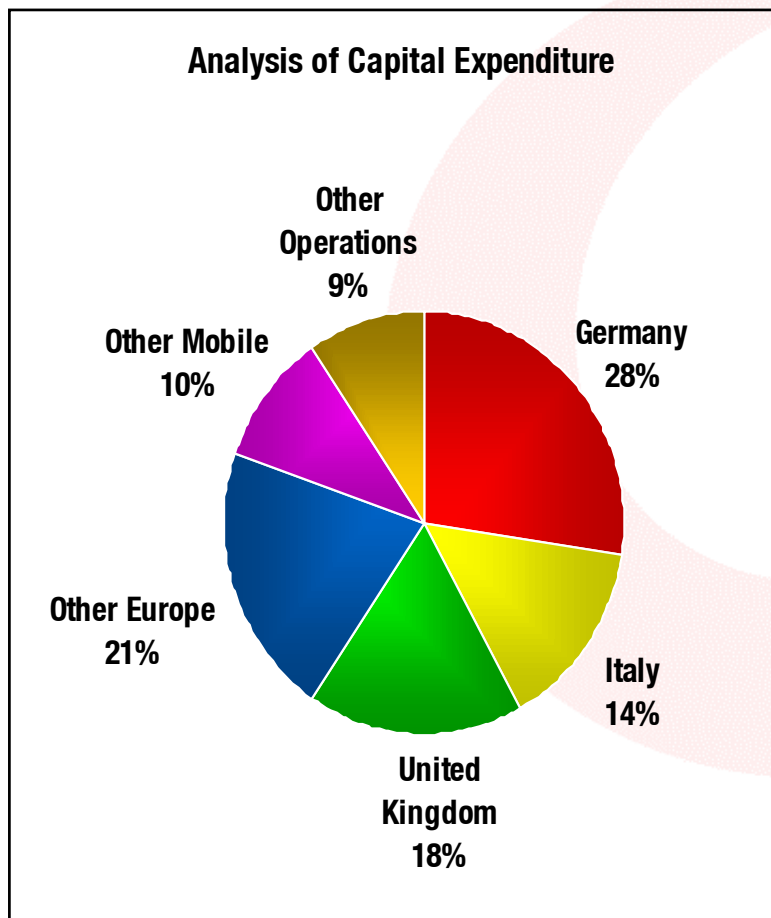
Cash Flow

6 months to 30 September

	2001 £m	2000 £m	Increase %
Operating cash flow	3,640	1,888	93
Capital expenditure	(1,816)	(1,357)	34
Tax paid	(545)	(829)	(34)
Net interest paid	(449)	(609)	(26)
Dividends received & other	(1)	246	N/A
Free cash flow before licences	829	(661)	N/A
Licences	(223)	(11,427)	(98)
Free cash flow	606	(12,088)	N/A
Acquisitions	(8,558)	(12,851)	(33)
Disposals	2,320	18,951	(88)
Share placement	3,510	-	N/A
Group dividends	(486)	(391)	24
Other	90	(156)	N/A
Net debt movement	(2,518)	(6,535)	(61)



Capital Expenditure



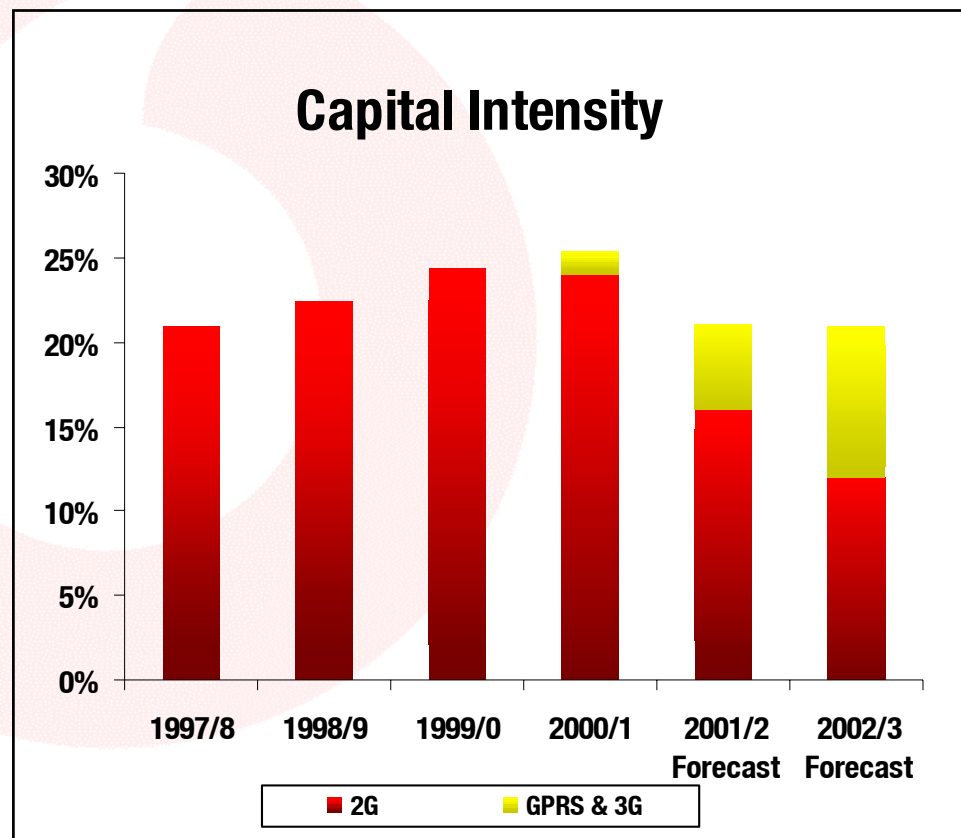
September 2001:

- **£1.8 billion**
- **Excludes:**
 - Verizon Wireless
 - J-Phone
 - Japan Telecom

Capital Expenditure

March 2002:

- £5 billion
- Includes:
 - £1 billion in Japan
- 2% on GPRS
- 20% on 3G



Net Debt

	£bn
At 31 March 2001	6.7
Increase during the period	2.5
	<hr/>
At 30 September 2001	9.2
	<hr/>
	£bn
Recent transactions:	
- JT tender offer	1.8
- JT debt assumed	6.2
	<hr/>
	8.0
	<hr/>

Committed to single 'A' credit ratings

Summary

- **Strong growth:**
 - **EBITDA**
 - **Operating cash flow per share**
 - **Free cash flow**
 - **Earnings per share**
- **Financial strength**
- **Shareholder value**



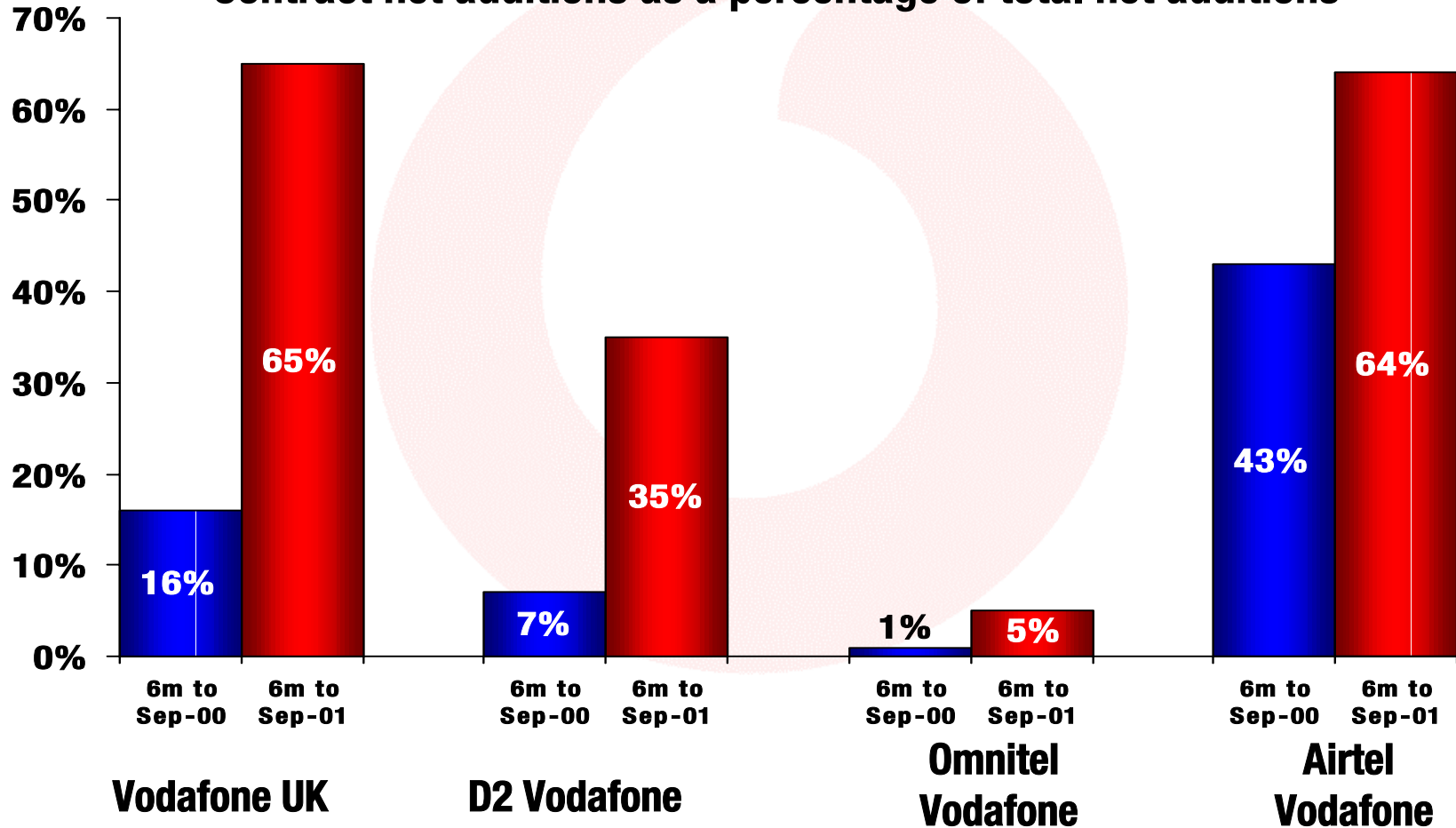
Julian Horn-Smith
Group Chief Operating Officer
Vodafone Group Plc

Realignment of Strategy

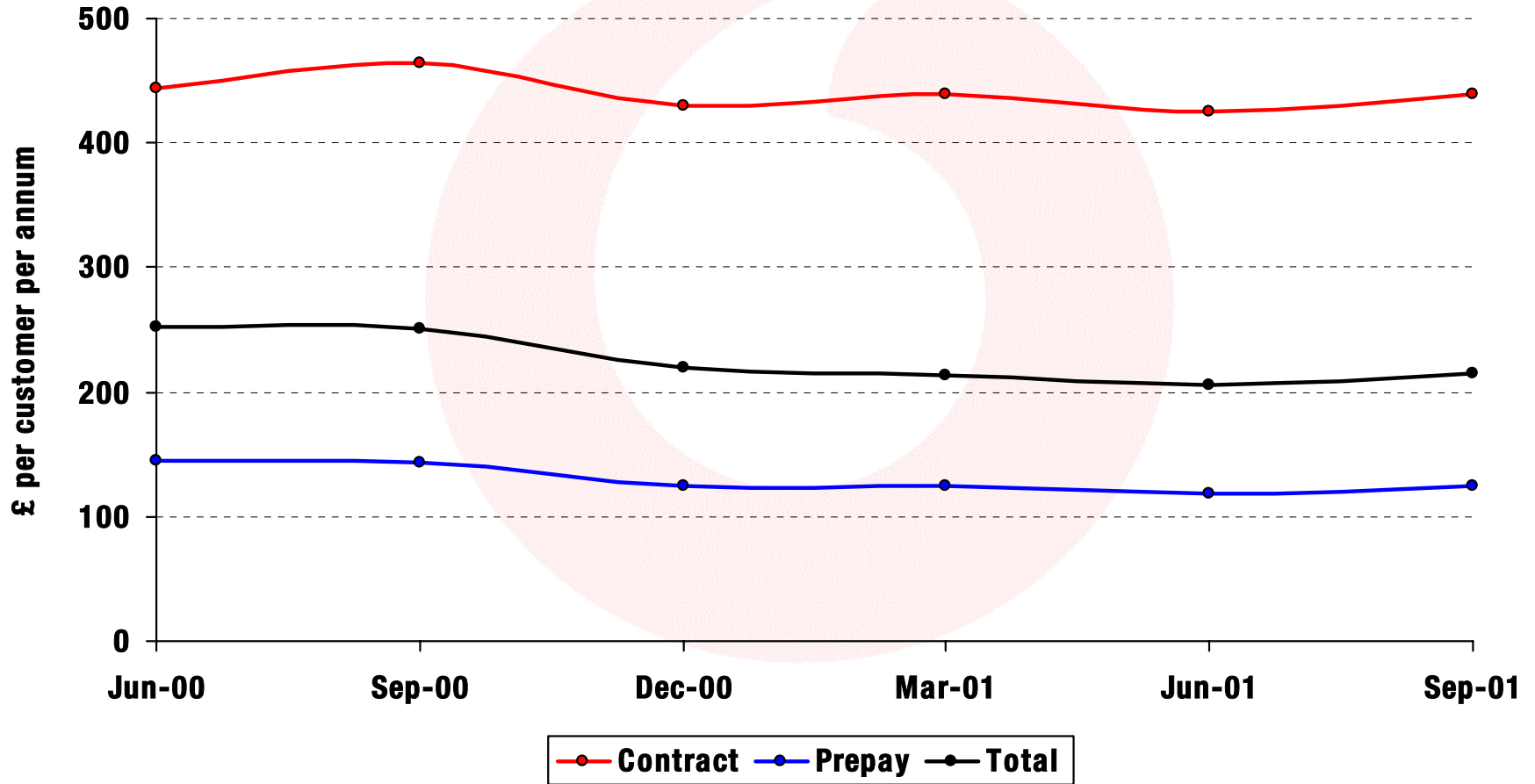
- **Sharpened focus on revenue growth and margin improvement**
- **Attracting, servicing and retaining high value customers and effective cost control**
- **Delivered 3 percentage point increase in margin**

Customers

Contract net additions as a percentage of total net additions



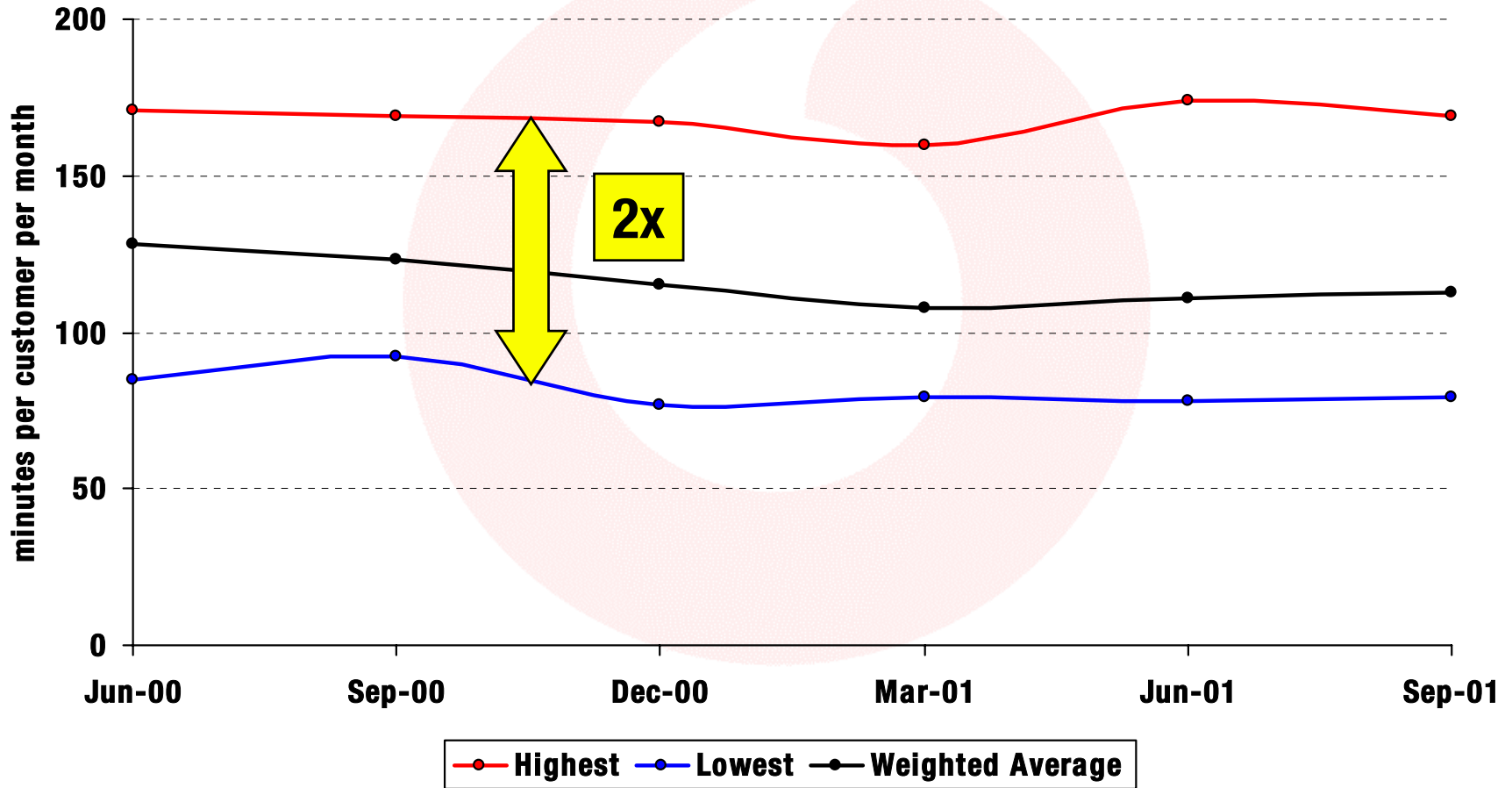
Subsidiary ARPU*



* Comprises annualised quarterly data for European subsidiaries (excluding Malta and Hungary), weighted by network customer numbers, but not by shareholding percentage

Usage

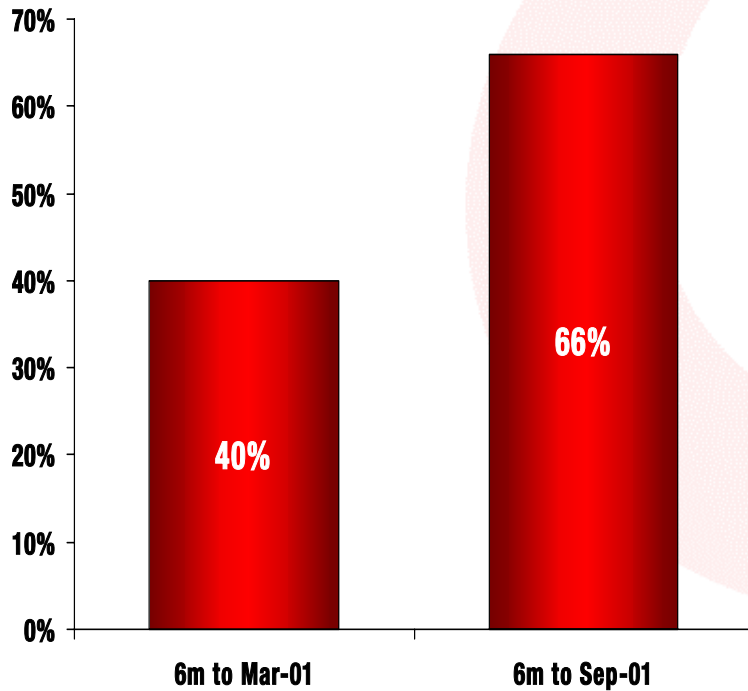
Usage per customer per month *



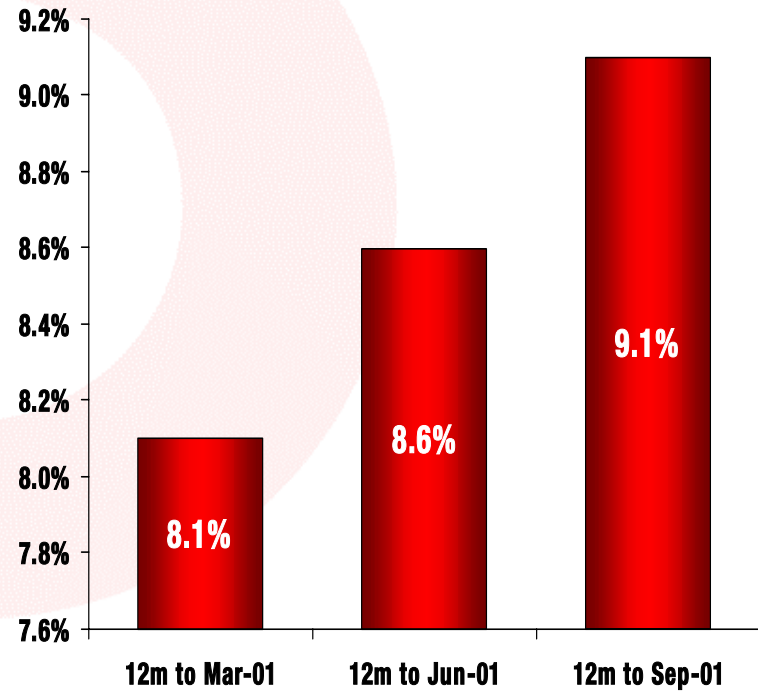
* Average monthly usage by quarter in European subsidiaries (excluding Malta and Hungary). Average weighted by network customer numbers, but not by shareholding percentage

Non-Voice Revenue

**% growth in non-voice revenue
vs 6 months to Sep-00 ***



**Non-voice revenue as a %
of service revenues ****

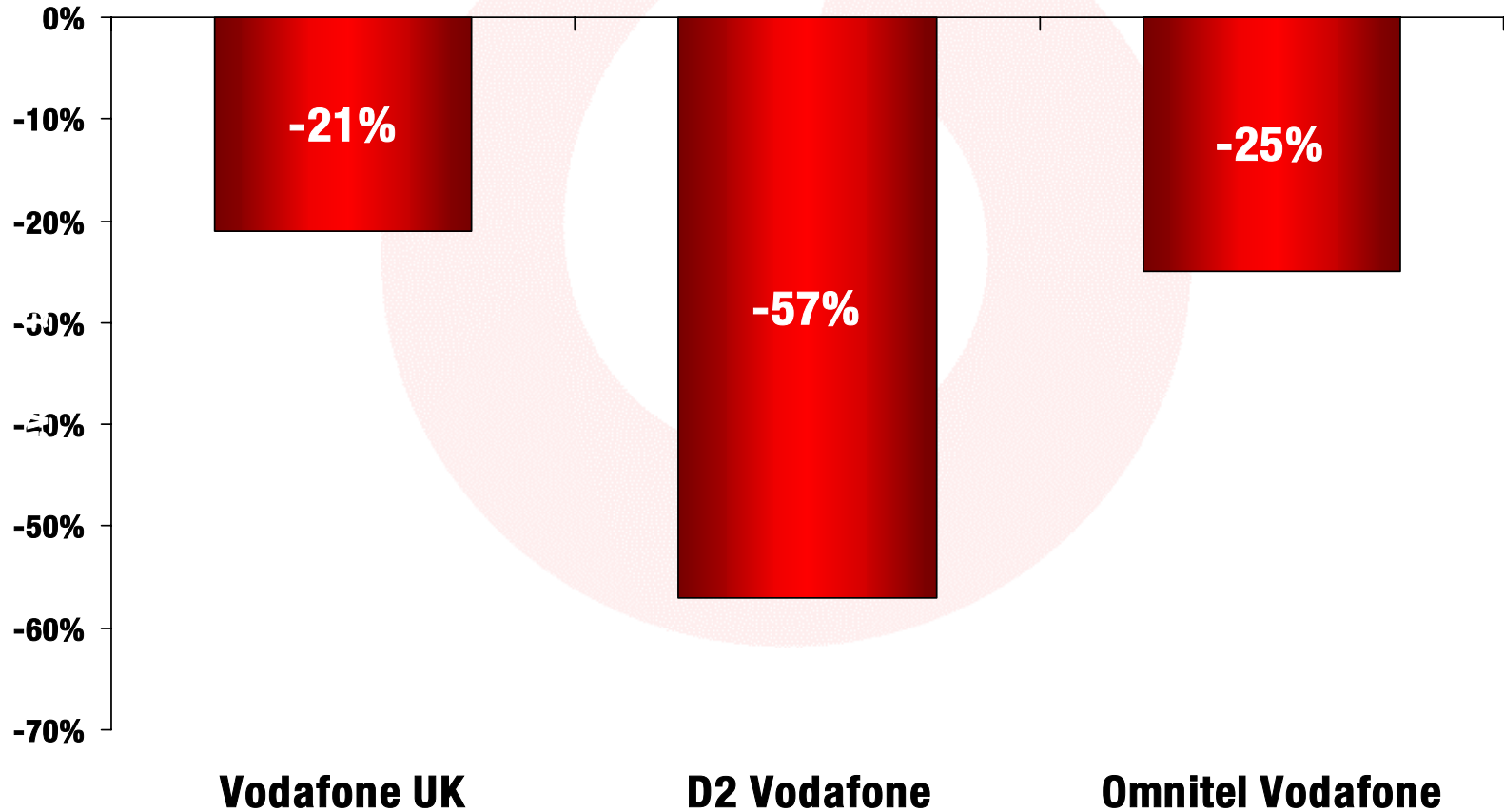


* European subsidiaries (excluding Malta and Hungary)

** Controlled Group Total

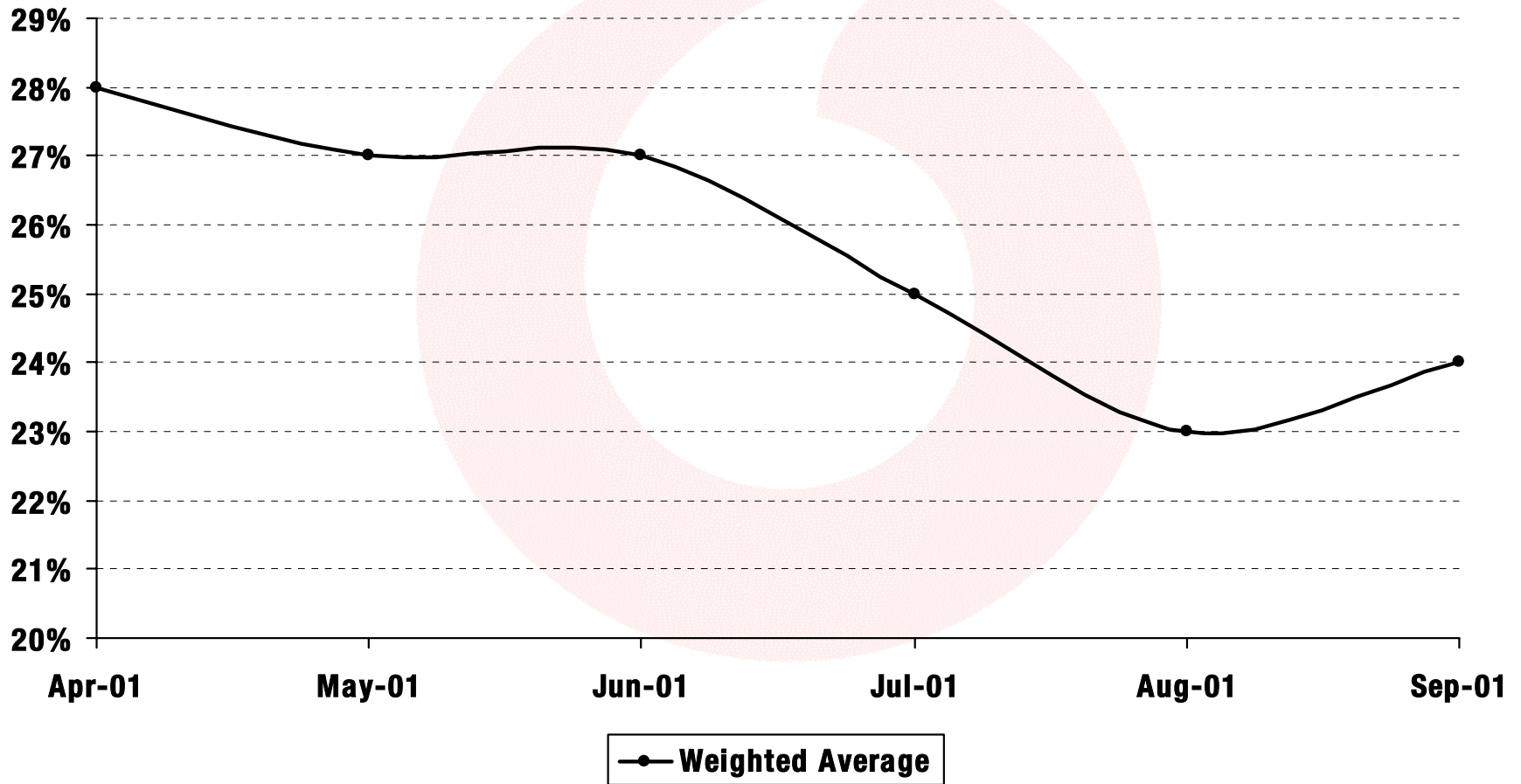
Customer Acquisition Spend

% decrease in acquisition spend - 6m to Sep-01 vs 6m to Sep-00



Overheads

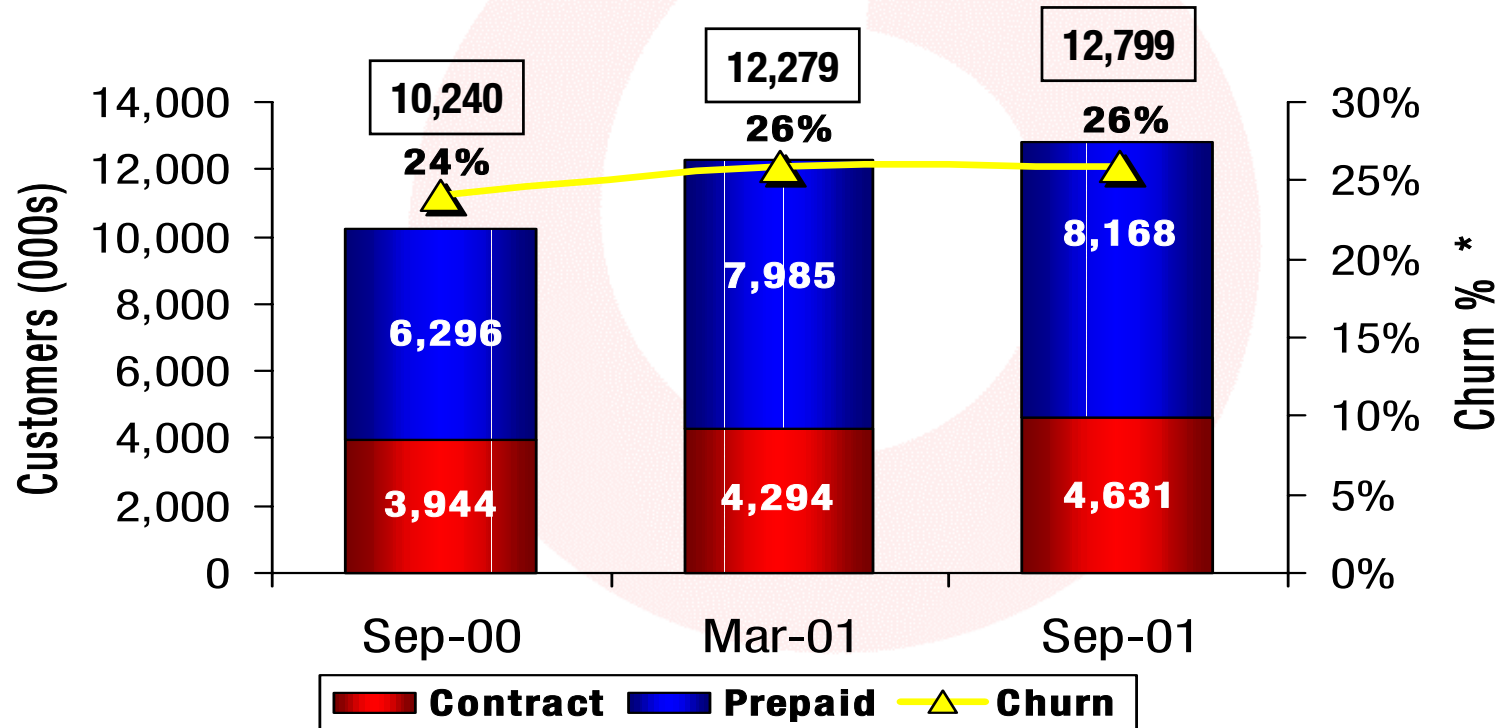
Overheads (excl. depreciation & amortisation) as a % of Turnover *



* European Subsidiaries (excluding Malta and Hungary)

Vodafone UK

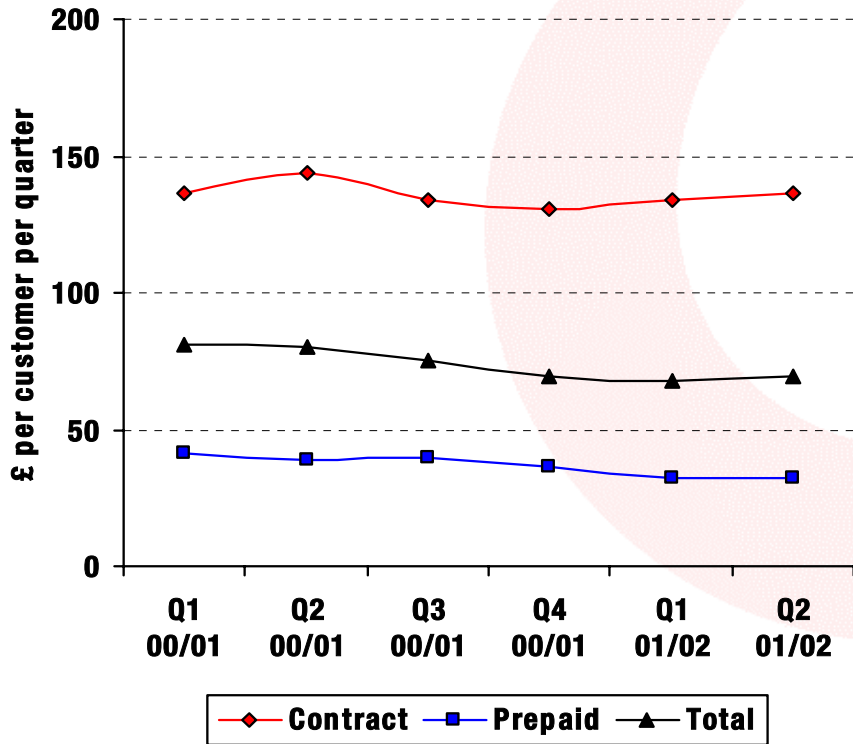
Customer Base & Churn



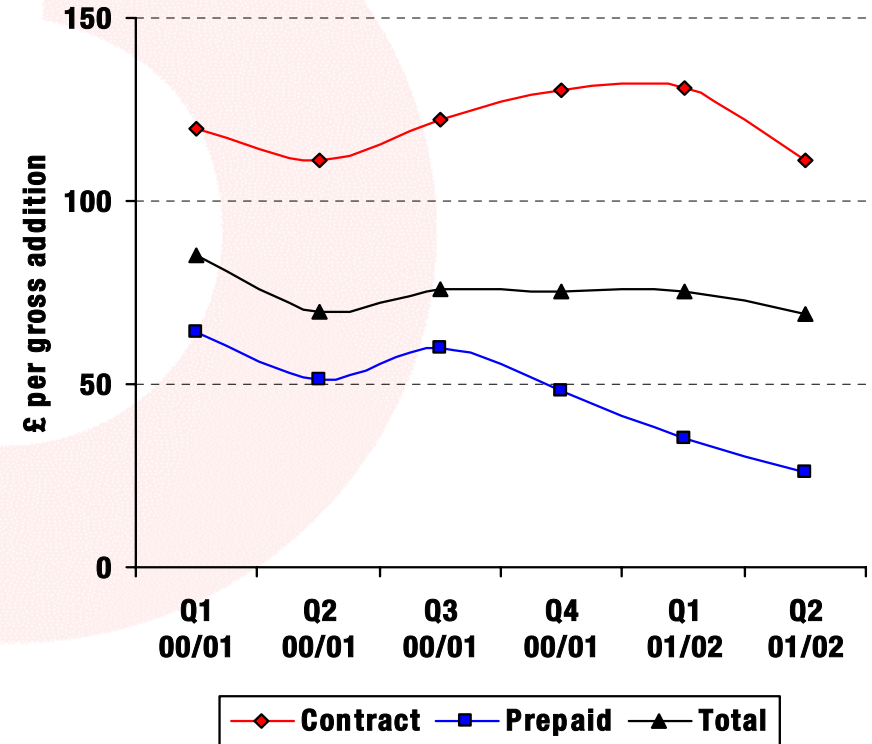
* 6 months annualised

Vodafone UK

Quarterly ARPU

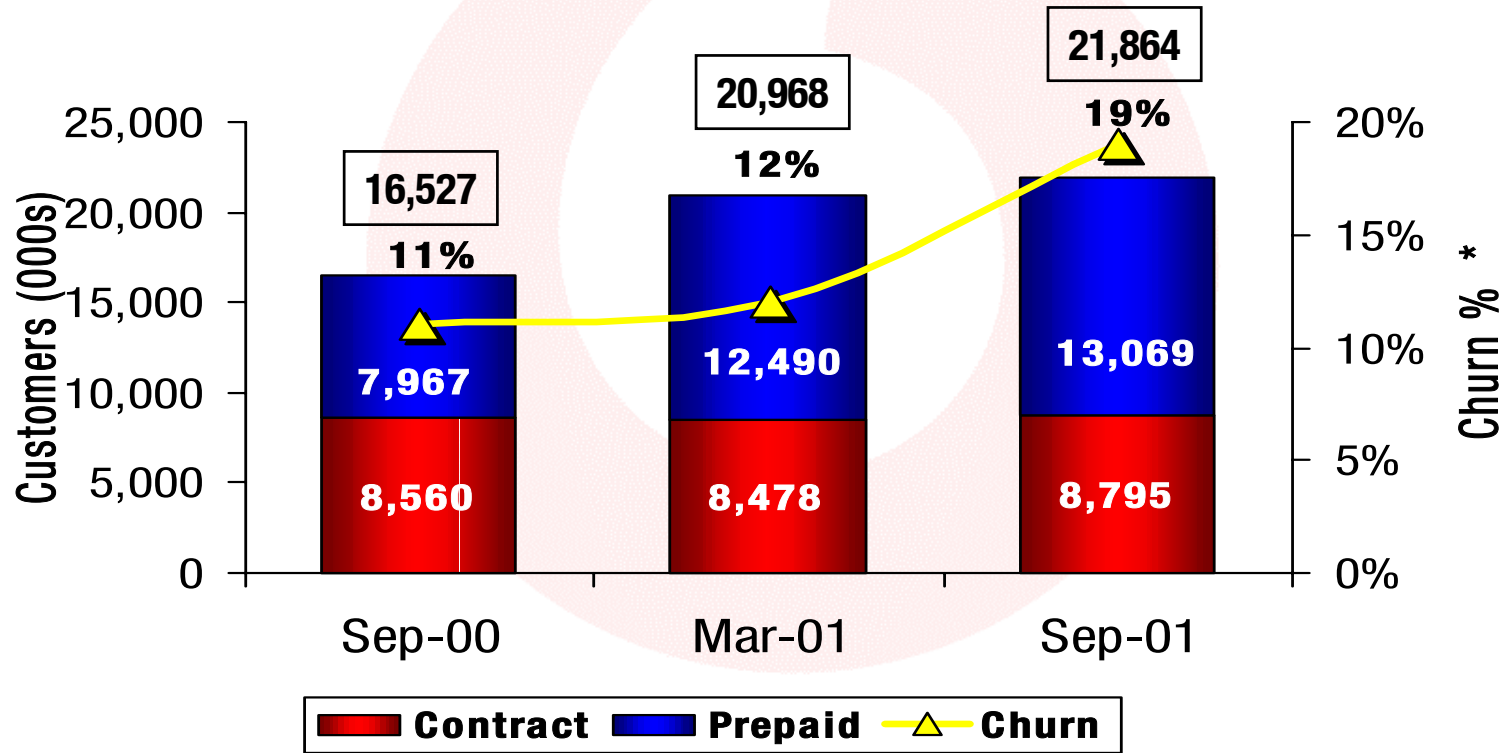


Cost to Connect



D2 Vodafone

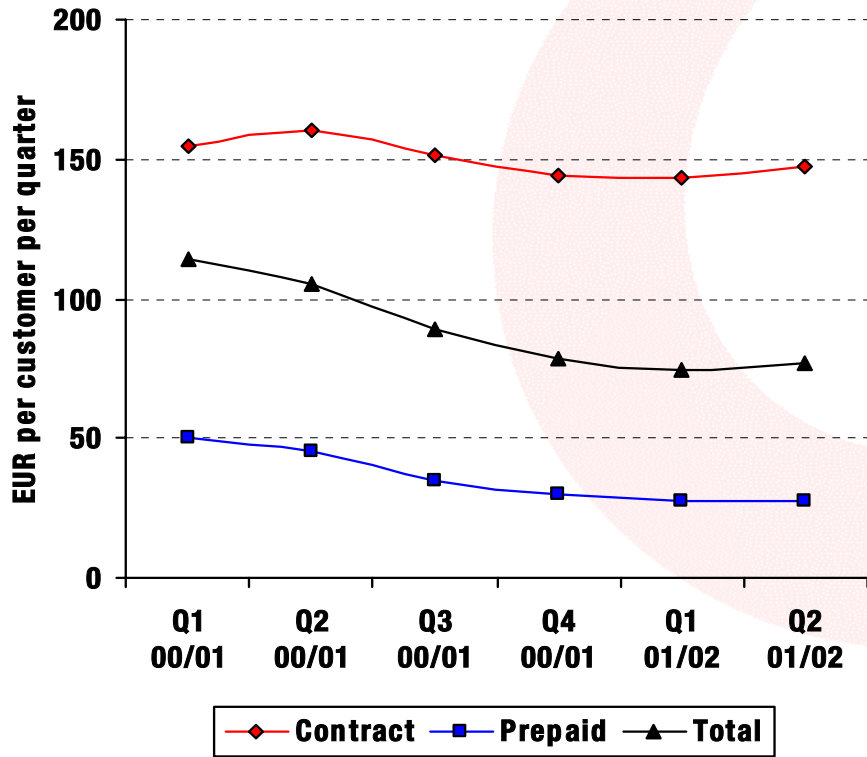
Customer Base & Churn



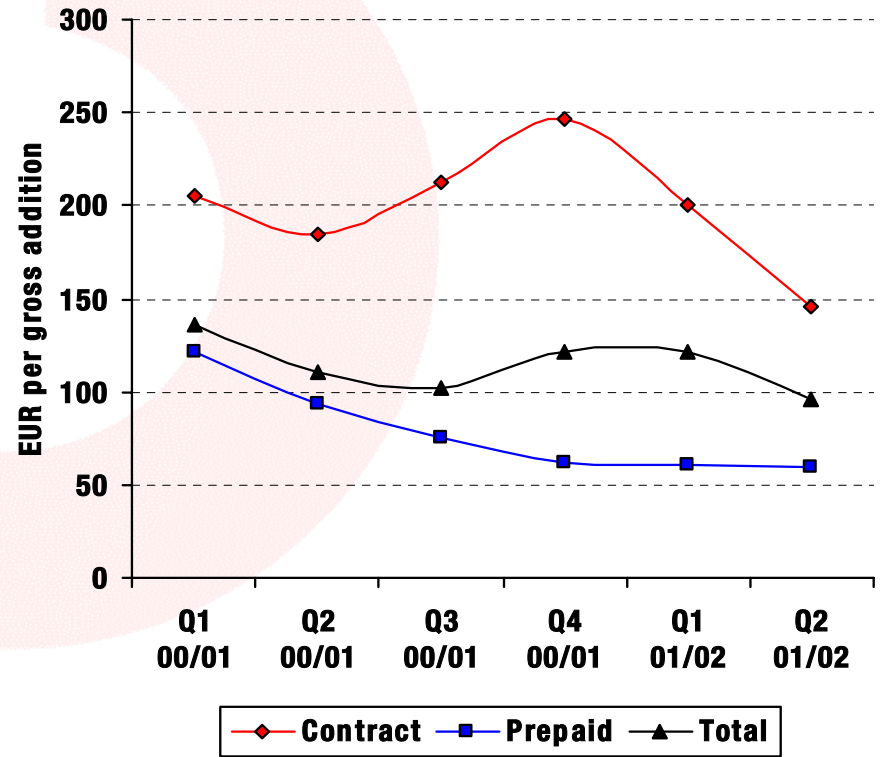
* 6 months annualised

D2 Vodafone

Quarterly ARPU

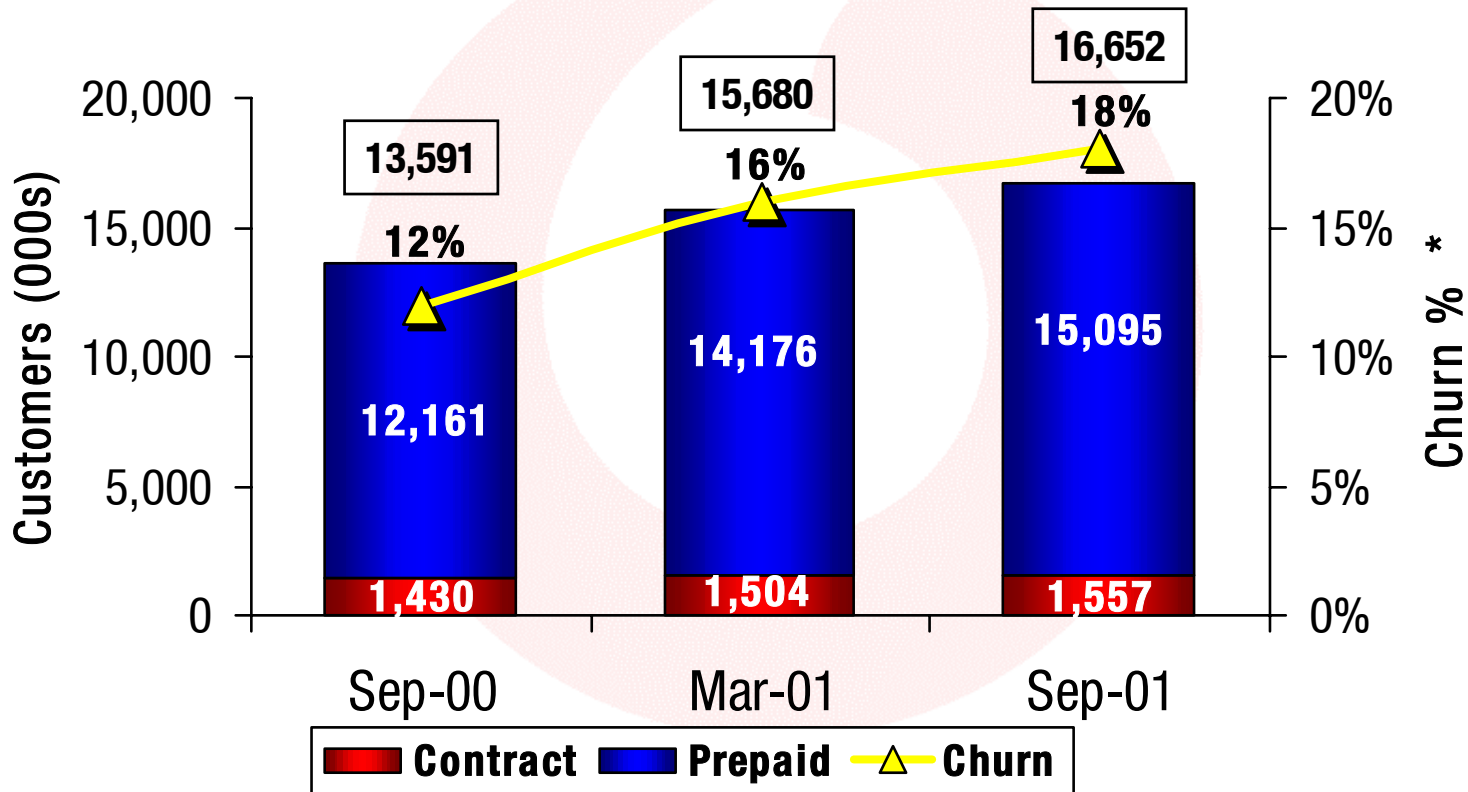


Cost to Connect



Omnitel Vodafone

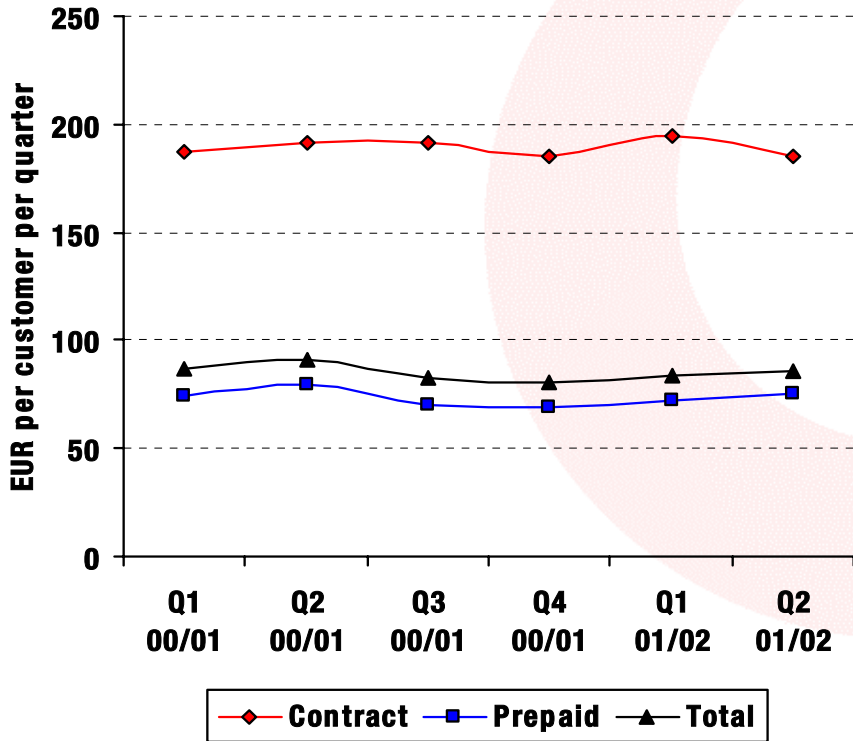
Customer Base & Churn



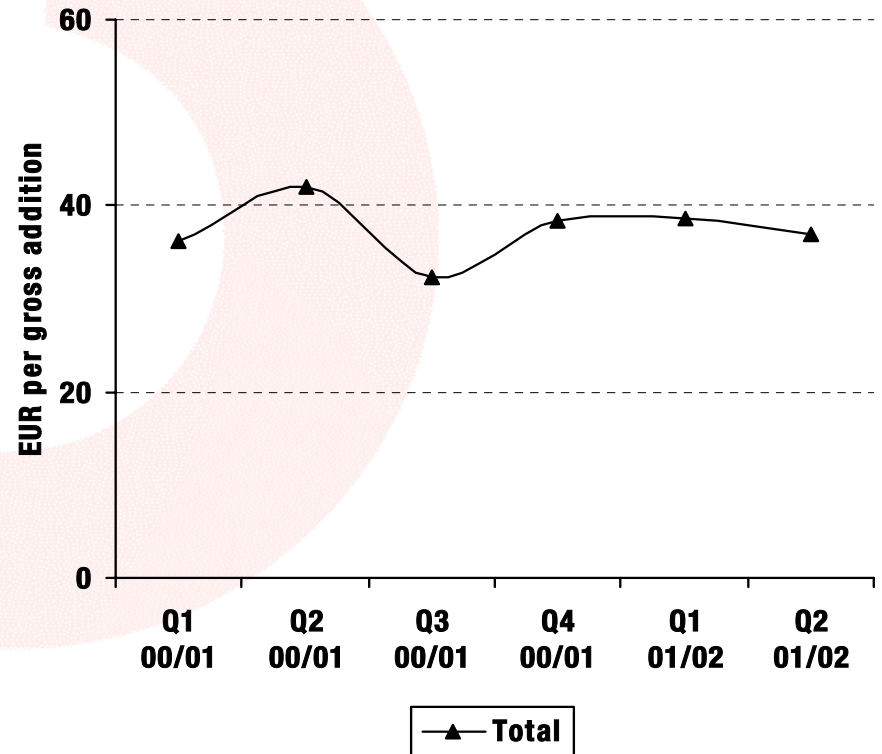
* 6 months annualised

Omnitel Vodafone

Quarterly ARPU

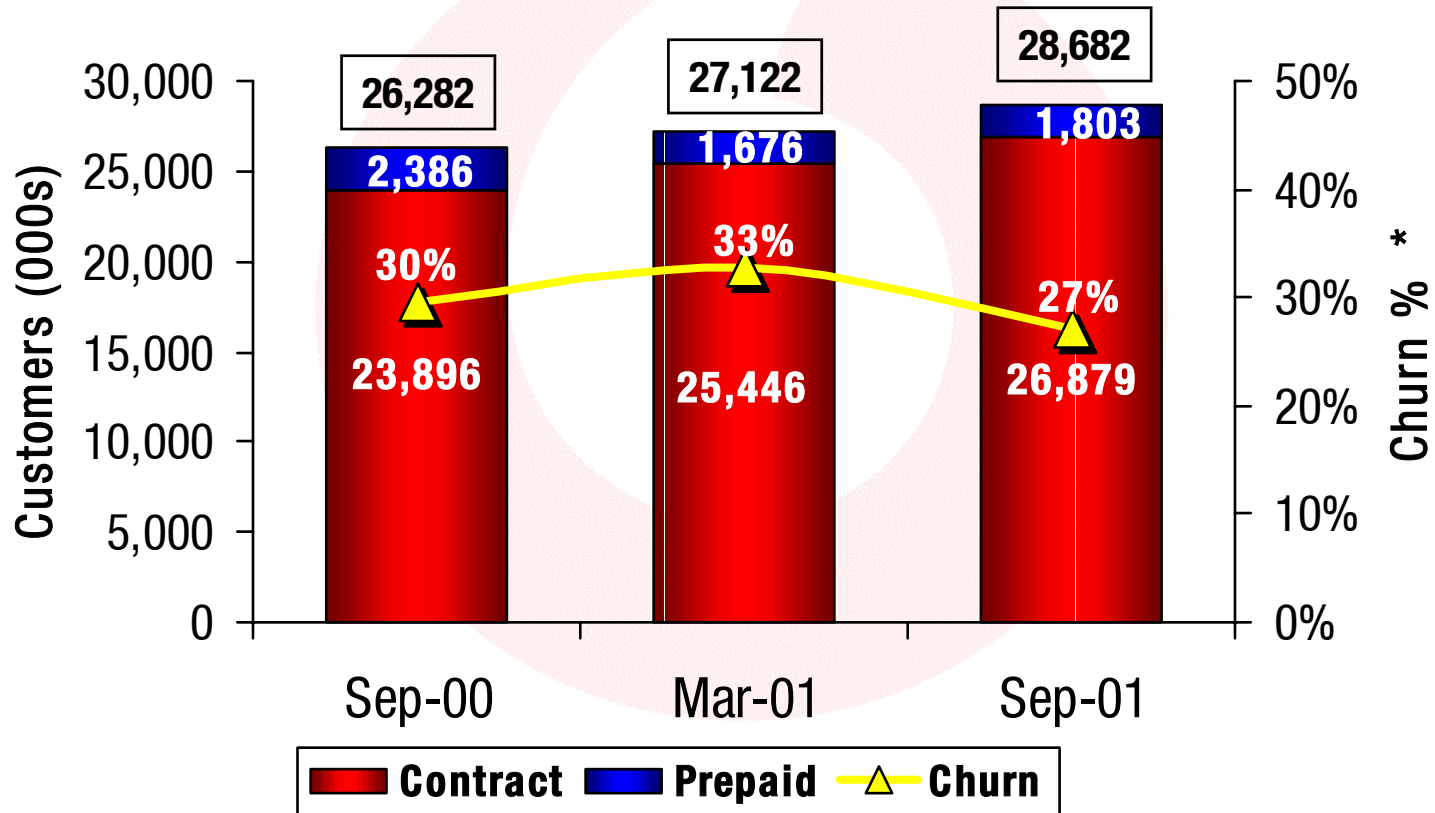


Cost to Connect



Verizon Wireless

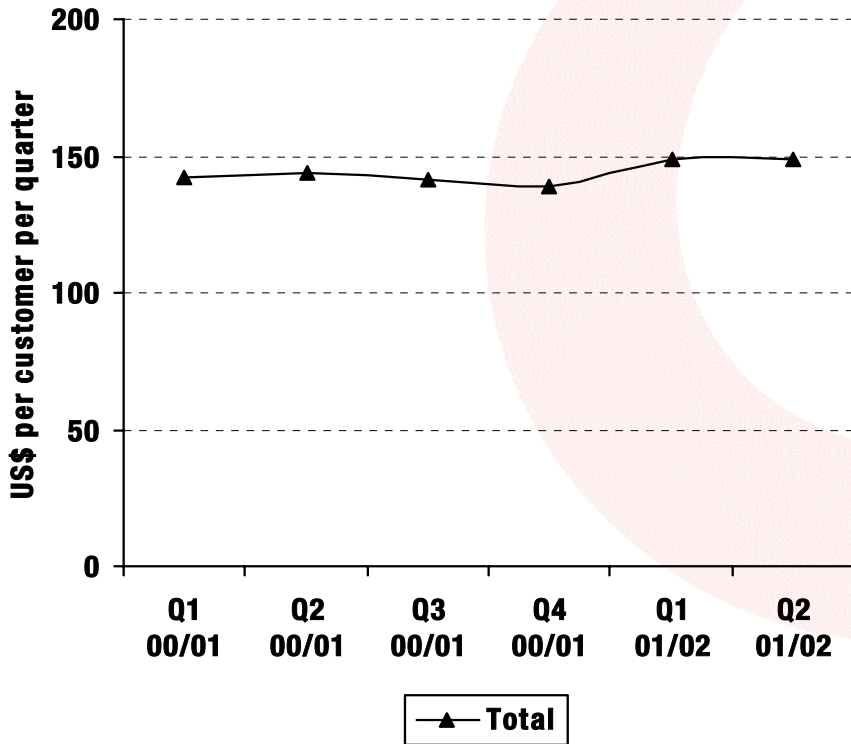
Customer Base & Churn



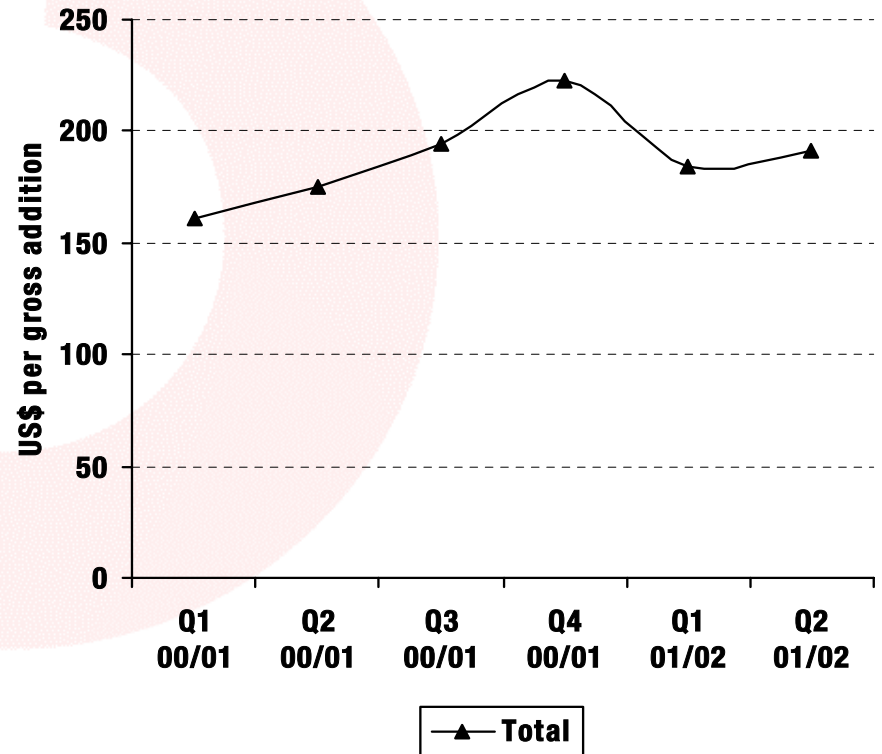
* 6 months annualised

Verizon Wireless

Quarterly ARPU

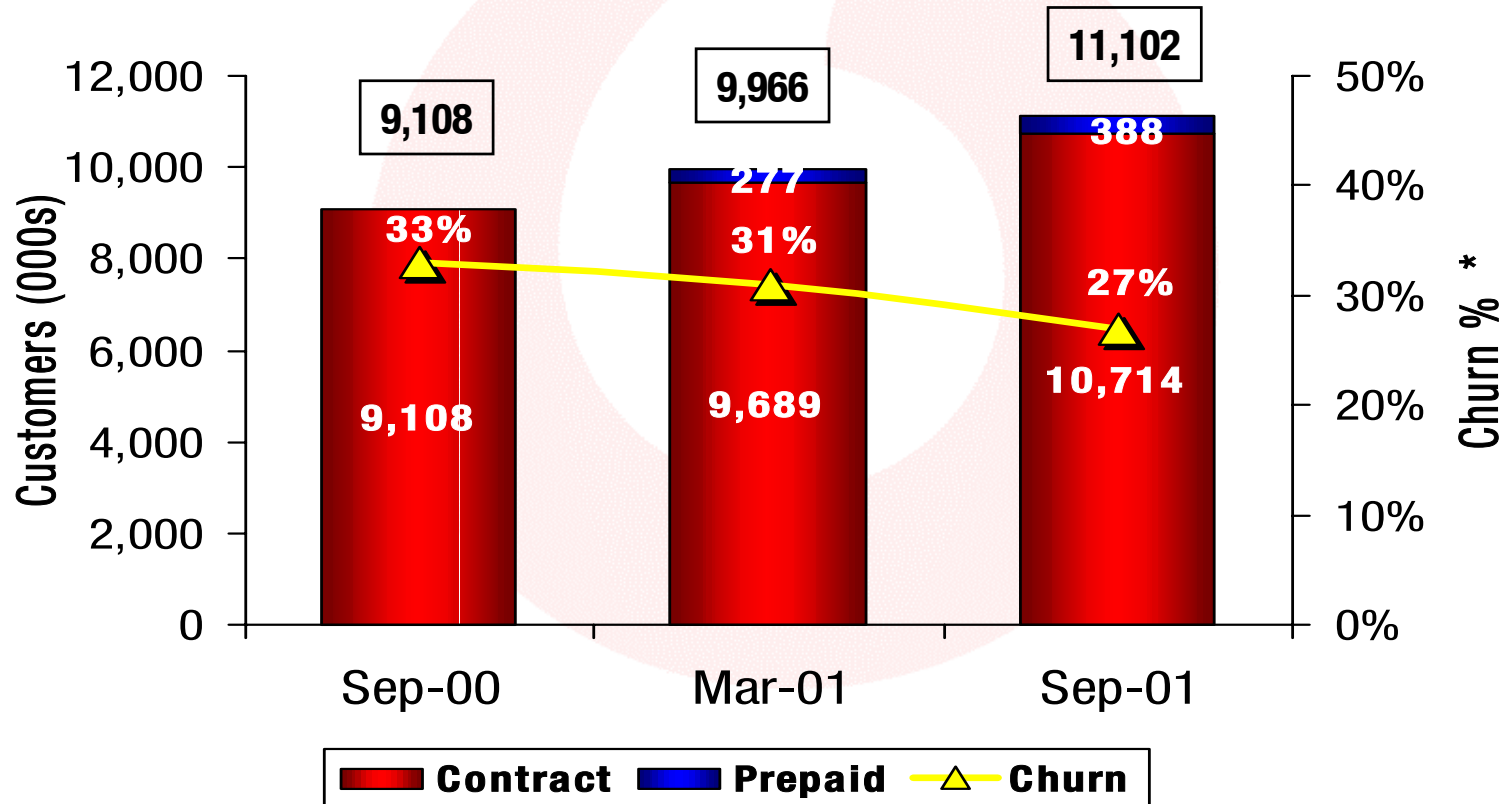


Cost to Connect



J-Phone

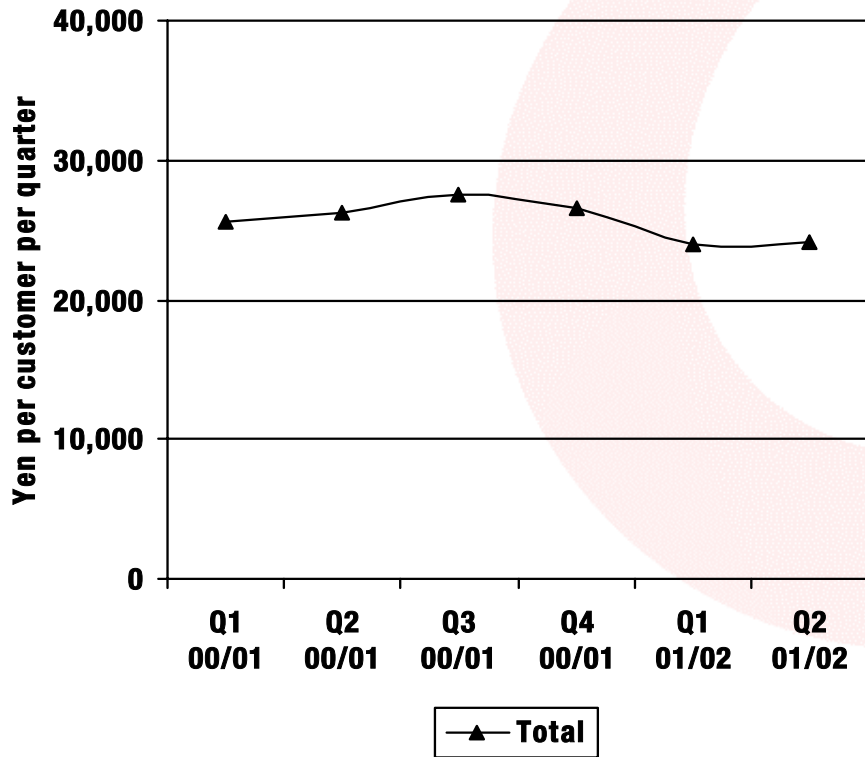
Customer Base & Churn



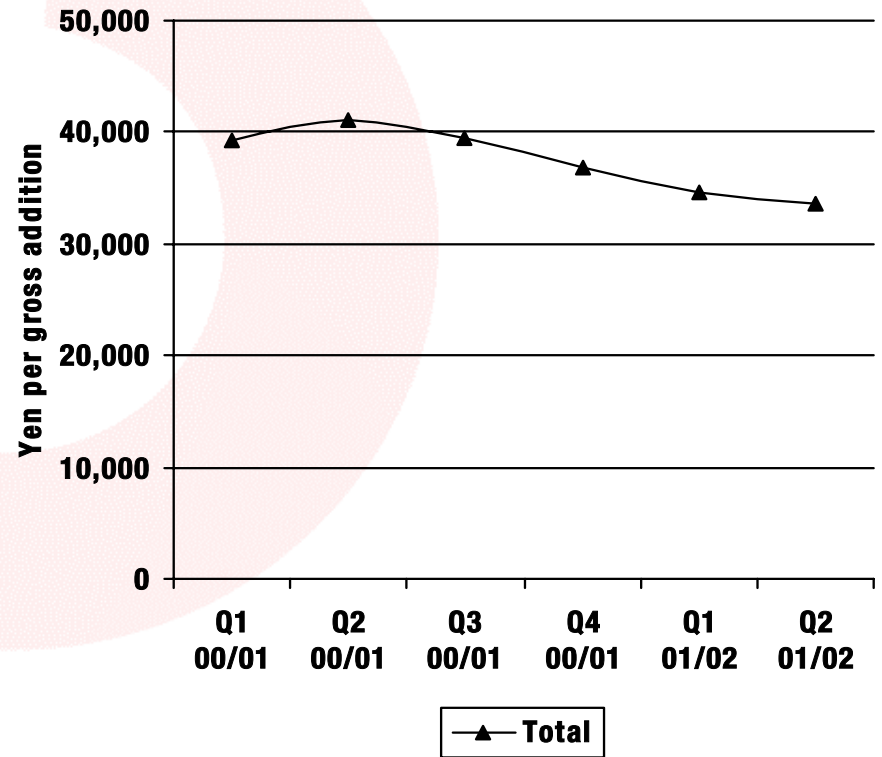
* 6 months annualised

J-Phone

Quarterly ARPU



Cost to Connect



Multi National Accounts

- **11 Multi National Accounts secured to date incl.**
 - **KPMG;**
 - **Deloitte & Touche;**
 - **Unilever;**
 - **Sun Microsystems;**
 - **Reuters**
- **Winning new partners, particularly systems integrators who assist in Corporate Sector**

Brand

- **Launched global ad campaign-“How Are You”**
 - **Communicates the brand values:**
 - **Dependability;**
 - **Empathy;**
 - **Can-do attitude;**
 - **Innovation; and**
 - **Joie de Vivre**
 - **Paves way for single brand**
- **Communicate to employees the link between corporate values and brand values**

Brand cont.

- **October Portugal and Spain moved to single brand**
 - **Ahead of early 2002 timetable**
- **Further migrations over course of the next year**
- **Revenue and cost synergies evident**
- **Ferrari sponsorship starts next year**
 - **Significant catalyst to Vodafone brand globally**
 - **Introduce products through ferrari.net agreement**
- **Sponsorship strategy to support overall brand strategy**

Global Internet Platform

My Vodafone - Netscape

File Edit View Go Communicator Help

my **vodafone**

Welcome to My Vodafone :: 15.10.2001

Login | Register | web2sms | Ringtones/Logos | What's Hot | Help | vodafone.com.au

Welcome
HOME

Why Register

Register now and get your free personal email account

- Send & Receive email on your mobile
- Access email from all your other accounts
- Get SMS email notifications on your mobile for new emails
- Use your email account anywhere in the world
- Store up to 5MB of messages and attachments
- Protect yourself from junk email with our advanced spam filter.

Emulator

Roll over the icons to see how My Vodafone services look on your WAP mobile.

- Events
- Horoscope
- The Finger
- Movies
- Sports Scores
- Email
- Surf
- Weather

WIN You could win \$5,000 or \$100 in call credits just by providing or updating your email address. [Conditions apply.](#)

REGISTER NOW

Quick Hit

- Alerts
- Mag/Planner
- Find It
- News/Weather
- Sports
- Entertainment
- Prayer Times
- Finance

vizzavi

What's Hot

- Take the Tour!** - Entertain Me, Inform Me, Organise Me
- Vodafone Survivor Trivia** - Win over \$10,000
- Ringtones/Logos** - Personalise your Nokia mobile
- ChatChat** - SMS Chatterooms on your mobile
- web2sms** - Send SMS text messages straight from a PC
- Tell Me Now** - Get fun and useful stuff on demand, anytime

Tell Me Now

Get information to your mobile on demand. Request such updates as share prices, weather and horoscopes by sending text messages. Setup is not required. [Click here for the quickcodes.](#)

Weather

SYDNEY
14C

My Vodafone - Netscape

File Edit View Go Communicator Help

my **vodafone**

Welcome

HOME

login | register | web2sms | what's hot | help | vodafone.com.eg

Why Register

Register now and get your free personal e-mail account

Send & receive e-mail on your mobile. Access e-mail from all your other accounts. Get SMS e-mail notifications on your mobile for new e-mails. Use your e-mail account anywhere in the world. Store up to 5MB of messages and attachments. Protect yourself from junk e-mail with our advanced spam filter.

Emulator

Roll over the icons to see how My Vodafone services look on your WAP mobile.

- Horoscope
- Email
- Weather
- Prayer Times
- Currencies
- Daily

REGISTER NOW

What's Hot

E-mail/Planner:

- Web based e-mail with contact and calendar information.
- Accessible through your WAP phone.
- Provides SMS alerts for incoming e-mail and calendar appointments.

Web2sms:

- Send SMS text messages straight from a PC.

Alerts:

- Set alerts for useful information to be delivered directly to your phone.

SMSme:

- Get fun and useful stuff on demand, anytime.

During our launch promotion:

- All "My Vodafone" mobile and interactive services will be provided to subscribers at no additional cost.
- SMS alerts will be limited to 5 free alerts per day.
- Web2SMS will be limited to 5 free messages

SMSme

Get information to your mobile on demand. Request updates such as weather and horoscopes by sending text messages. Setup is not required. [Click here for the Quick codes](#)

Horoscope

Libra
DAILY - Beauty is everything. Manifest yourself physically or spiritually, as the occasion requires. Libra is the most invited guest these days - show your appreciation so that they'll ask you back next time.

Weather

Local	High	Low
Alexandria	28	18
Cairo	30	20
Regional Beirut	28	17
World		

Quick Hit

- Alerts
- Mag/Planner
- Find It
- News/Weather
- Sports
- Entertainment
- Prayer Times
- Finance

Vizzavi Europe

- **Portal operational in UK; France; Germany; Greece; Italy; Netherlands; Portugal and Spain**
- **Customer base at 5.4 million in October**
- **Increase in WAP page views to 63 million in October**
- **Current offering:**
 - **Location based services; WAP games; and SMS**
- **Future services:**
 - **Unified and instant messaging; and multi access chat**



Thomas Geitner
Chief Executive
Group Products and Services

eurocall

- **Launched February 2001**
- **4m customers at end Sept 2001**
- **11 countries across Europe**
- **Certainty and predictability of roaming charges to customers**

Virtual Home Environment

- **Launched January 2001**
- **Generated 6m* roaming minutes**
- **The product DNA of our brand**
- **Integrated across 11 operators**
- **3 further countries expected by end of 2001**

*** Proportionate figure**

Assisted Roaming

- **Benefits highest value roaming customers**
- **16 operators globally**
- **Inbound capture rate increasing since introduction in March 2001**

Pre-Paid Roaming

- **Launched in May 2001**
- **12 European countries by end FY 2002**
- **Seamless roaming for 45m* European Pre-Paid customers**
- **>11m* roaming minutes and 5m* text messages**
- **Spanish top-up cards available to UK customers**

*** Proportionate figures**

GPRS

- **Data products across Europe**
- **Greater data usage as supply of devices increases**
- **By Christmas: 13 different terminals**

GPRS Roaming


- **Roll out in 10 European networks**
- **Unlock demand from corporate customers**
 - **New data revenue created**
 - **Better value access to services**

Customer Applications

- **Focus on customer applications**
- **Range of 2.5G applications**
- **Foundation for 3G launch**


Unified Messaging





BRINGING EUROPE TOGETHER

powered by





 home
[login](#)
[register](#)
[help](#)


 communicate

 mobile

 top services

 categories

 fun

 find stuff

 my vizzavi

Home > Tuesday, 14th June, 2001

Vivo
m a i l

Message centre

Demo (Unread : 3 2 4 Total messages : 9)
 ▶ Reply ▶ Forward ▶ Delete ▶ Mark as unread ▶ Check mail ▶ Select all

Go to folder... ▾

Move message to... ▾

	From	Subject	Date	Size	
<input type="checkbox"/>	Sharon.Cohen@ynet.co.il	Instructions: to reach the Conference.	04/29/2001 14:48	3 min 15 sec	<input type="checkbox"/>
<input type="checkbox"/>	Dan	About our Date... (Private)	04/29/2001 14:46	1.1 KB	<input type="checkbox"/>
<input type="checkbox"/>	Orly.Lavi@comverse.com	Orly's sister CV	04/29/2001 13:17	2 page(s)	<input type="checkbox"/>
<input type="checkbox"/>	Avi.Pal@klm.com	Hotels recomanded in London	04/29/2001 12:06	2.7 KB	<input type="checkbox"/>
<input type="checkbox"/>	Shlomi	Birthday Greetings!	04/29/2001 14:40	2 min 47 sec	<input type="checkbox"/>
<input type="checkbox"/>	Rachel	UM2 Course Agenda	04/29/2001 13:34	102.4 KB	<input type="checkbox"/>
<input type="checkbox"/>	Reuven.Shachar@comverse.com	Customer new request	04/29/2001 13:14	1.1 KB	<input type="checkbox"/>
<input type="checkbox"/>	Moshe.Tzarfati@um2wms.com	Installation Instructions	04/29/2001 12:04	4 page(s)	<input type="checkbox"/>
<input type="checkbox"/>	The system administrator	Welcome to Our system	04/19/2001 17:16	1.2 KB	<input type="checkbox"/>

▶ Reply ▶ Forward ▶ Delete ▶ Mark as unread ▶ Check mail ▶ Select all

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Instant Messaging



Summary

- **Further significant synergy potential**
- **Substantial synergies already created**
 - **Brand**
 - **Products**
 - **Technology**
 - **Supply Chain Management**
 - **Global Account Management**



Sir Christopher Gent
Chief Executive
Vodafone Group Plc

Mobile Prospects for H2

Customer Growth

- Don't expect repeat of exceptional growth at Christmas
- Net growth likely to exceed 20%
- Good mix to be sustained in H2

ARPU

- Expect stabilisation to continue in H2
- Small decline in roaming revenues - little effect on total revenues

Data Revenues

- Continues to improve-prior to GPRS
- Further enhancements and additional GPRS services
- Wider variety of GPRS devices

EBITDA Margins

- Improvement to be maintained
- Further improvements in UK
- Slightly reduced performance in some exceptional markets
- Increased competitive intensity remains threat but no changes to date

Japan in H2

- **Will consolidate JT and J-Phone from 12 October**
- **J-Phone continues to exceed expectations**
 - **Better customer growth, good ARPUs, improving margins**
- **Initial review of Japan Telecom undertaken**
 - **Revised forecasts for financial year issued by JT**
 - **No material impact on the Group's results**
 - **Further management appointments to be made**

Group Outlook in H2

- **Better performance in controlled mobile assets in H1 - expect continued performance in H2**
- **Fixed line businesses in difficult market**
 - **Plans in place to improve fundamentals**
 - **Benefits not visible until next year**

Outlook in FY 2003

- **Customer growth just under 10%***
- **ARPU stabilisation or slight improvement**
 - Increased usage and data contribution
- **Healthy EBITDA growth - before 3G**
- **3G launch in H2 of 2002 is an important step**
 - Financial impact not significant until end 2003
- **Reduced capital expenditure expectations**
 - Reviewed capex downwards in Japan from previous management estimates
- **Stronger cash flow than this year, incl. Japan**

* Including dilutive effect of likely IPO of Verizon Wireless

Vodafone's Prospects

- **No further acquisitions or stake increases planned for this financial year**
- **Expect good EPS* performance this year and next**

* Pre goodwill and exceptionals

Summary

- **Enhanced global leadership position**
- **Excellent progress on new products and services**
- **Better operational and margin performance**
-  **Delivering strong growth momentum**
- **Current market conditions highlight Vodafone's defensive and growth qualities**

Conclusion

- **Transitioning to new service environment of 3G**
- **Better financial performance than many anticipated**
- **Complete confidence remains in revenue growth opportunities from GPRS and 3G**
- **Good immediate growth prospects for this year and next**



vodafone