



vodafone



Chris Gent
Chief Executive
Vodafone Group Plc

Agenda

- **Overview of the results**
 - **Review our strategy and progress**
 - **Analysis of results**
 - **Group funding**
 - **Highlights and KPIs**
 - **Project Momentum and Group Synergies**
 - **Future Development**
 - **Questions**
- } Chris Gent
- } Ken Hydon
- } Julian Horn-Smit
- } Chris Gent

Financial Highlights

Proportionate Year to March 2001

Proportionate mobile	March 2001	Change
Turnover	£21.43 billion	+29%
EBITDA ¹	£7.04 billion	+28%
Group operating profit ²	£5.02 billion	+26%
Registered customers	82,997,000	+56%

1 Before exceptional items

2 Before goodwill and exceptional items

Financial Highlights

Statutory Year to March 2001

Statutory Basis	March 2001	Change
Group operating profit ¹	£5.20 billion	+105%
Profit before taxation ¹	£4.03 billion	+87%
Basic EPS ^{1, 2}	3.75 pence	-20%

1 Before goodwill and exceptional items

2 Reflects expected dilution following Mannesmann and Airtel transactions

Including non-mobile businesses before exceptionals, EBITDA reached £7.01 billion; +27% on 2000

Financial Highlights

Year to March 2001

- **Very strong financial progress**
- **Shows benefits of:**
 - **Effective integration of Mannesmann and AirTouch**
 - **First year of trading for Verizon Wireless**

Group Strategy

Three Dimensions of Growth

- **Strong customer growth**
- **Continued geographic expansion**
- **Good progress on introduction of new services and data revenue growth**

First Dimension of Growth

Customer Growth

- **29.7 million registered new customers world-wide**
- **Fourth year of compound growth >50%**
- **EBITDA margins maintained at 32.9% in mobile and 31.6% in business overall**

Second Dimension of Growth

Geographic Expansion

- **Control taken in Airtel**
- **Investment in 25% of Swisscom Mobile**
- **Acquisition of Eircell**
- **Investment in 34.5% of Iusacell**
- **Strategic partner in China Mobile (Hong Kong) Limited with a 2.2% shareholding**
- **Series of investments in Japan, resulting in see-through 60% interest in J-Phone**

Third Dimension of Growth

Data Services

	Data as % of service revenues	
	Year ended 2001	March 2001
Controlled Subsidiaries	8.1	9.3
Group overall	6.2	7.0

- **Prior to introduction of GPRS services**
- **On track to achieve 20% to 25% of revenues from data by March 2004**

Group Strategy

- **Net debt of £6.7 billion at year end = 5.4% of our market capitalisation, despite acquisitions and 3G licence costs**
- **Reorganisation of Company to achieve better focus and resource allocation**

➔ Operational Review Committee chaired by Julian Horn-Smith

➔ Project Momentum initiative led by Tom Geitner

Group Strategy

- **Introduction of a COO**
 - **Separate focus on operational performance**
 - **Aimed at sustaining high growth**
- **Establishment of Project Momentum to ensure we capture the benefits of our global position:**
 - **Product Management and Innovation**
 - **Technical Implementation and Co-ordination, including IT**
 - **Multi-National Account Management**
 - **Supply Chain Management**
 - **Brand Development**

Group Strategy

- **Project Momentum targeted at:**
 - **Delivering synergies for all Group operating companies envisaged and projected at time of Mannesmann acquisition**
 - **Effective integration of Group operations**



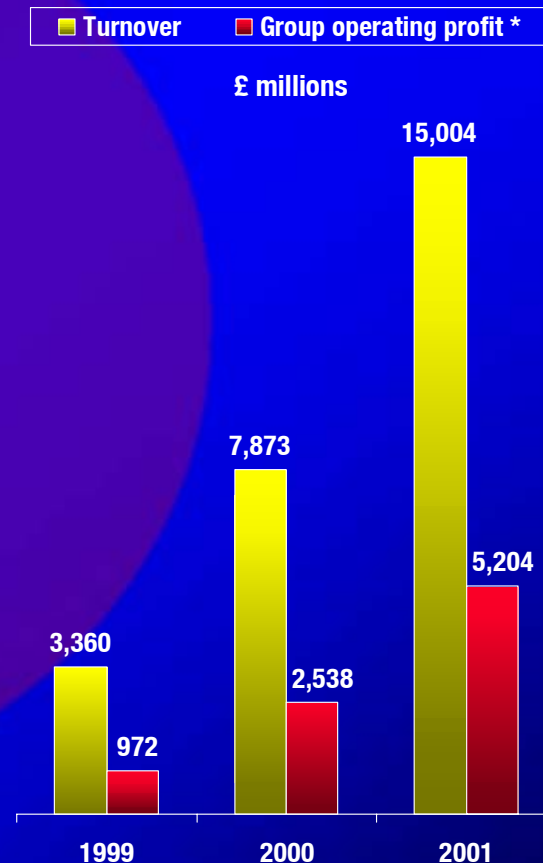
Ken Hydon
Group Financial Director
Vodafone Group Plc

Presentation of Results

- **Statutory basis:**
 - AirTouch from 30 June 1999
 - Verizon Wireless from 3 April 2000
 - Mannesmann from 12 April 2000
- **Pro forma proportionate basis:**
 - Includes our share of associates and investments
 - AirTouch and Mannesmann from 1 April 1999
 - Mannesmann assets sold or held for resale excluded

Statutory Results

	Year to 31 March 2001 £m	Increase %
Turnover	15,004	91
Group operating profit *	5,204	105
Net interest payable	(1,177)	194
Profit before tax *	4,027	87
Tax	(1,290)	88
Exceptional costs	(240)	(126)
Goodwill amortisation	(11,882)	594
Dividends per share	1.402p	5



* Before amortisation of goodwill and exceptional costs

Pro forma Proportionate Turnover

Mobile

	Year to 31 March 2001 £m	Total Growth %	Organic Growth %
Germany	4,102	15	20
Italy	2,323	19	23
Other Europe	3,318	30	22
Continental Europe	9,743	21	22
United Kingdom	3,458	17	17
United States	5,008	37	27
Asia Pacific	2,771	80	50
Middle East & Africa	448	13	19
Total Mobile Turnover	21,428	29	25

Pro forma Proportionate EBITDA

Mobile

	Year to 31 March 2001 £m	Total Growth %	Organic Growth %	EBITDA Margin %
Germany	1,421	(2)	2	34.6
Italy	1,048	28	33	45.1
Other Europe	1,065	69	61	32.1
Continental Europe	3,534	22	24	36.3
United Kingdom	1,068	14	14	30.9
United States	1,627	42	31	32.5
Asia Pacific	587	56	28	21.2
Middle East & Africa	227	60	67	50.7
Total Mobile EBITDA	7,043	28	25	32.9

Pro forma Proportionate Results

Other

	Year to 31 March 2001 £m	Growth %
Turnover	802	(3)
EBITDA *	(27)	(259)
Operating profit **	(237)	39

Arcor:

- EBITDA positive
- Profitable in 2003

Vizzavi:

- £63m start-up losses
- Profitable in 2004

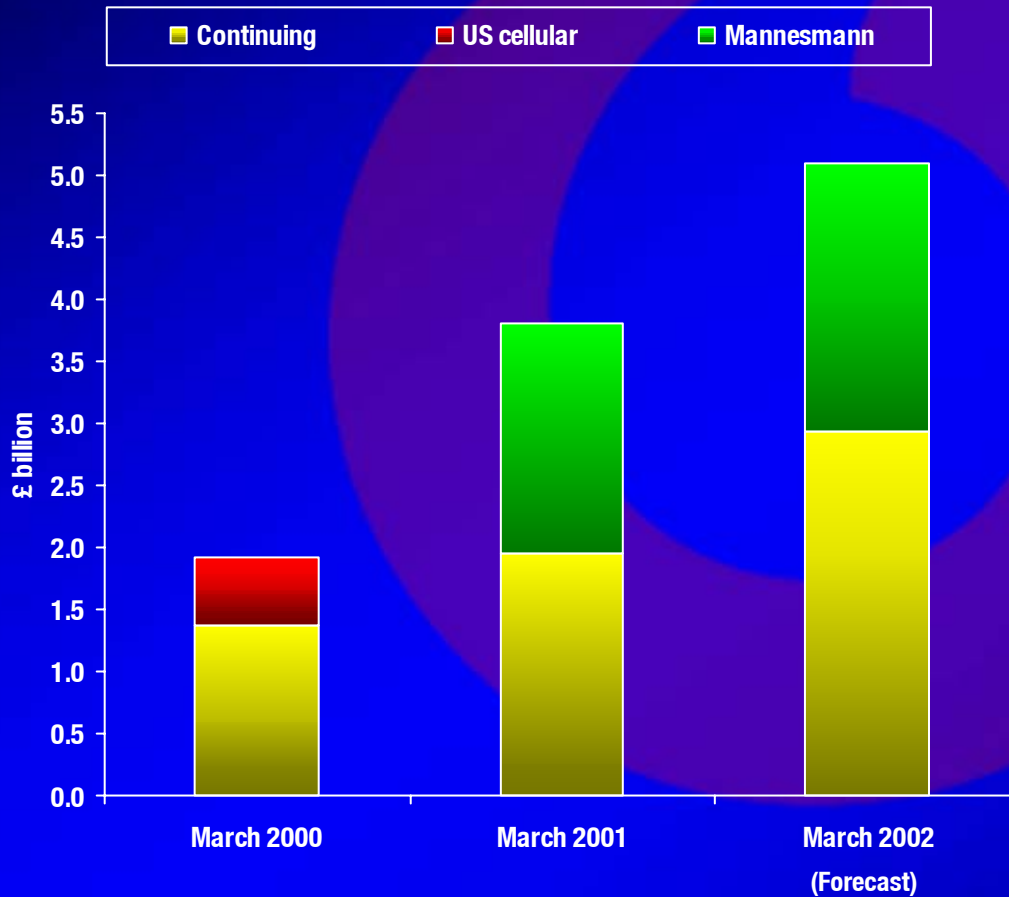
* Before exceptional costs

** Before amortisation of goodwill and exceptional costs

Cash Flow

	Year to 31 March 2001 £m	Year to 31 March 2000 £m	Increase £m
Operating cash flow	4,587	2,510	2,077
Capital expenditure	(3,799)	(1,918)	(1,881)
Tax paid	(1,574)	(325)	(1,249)
Net interest paid	(969)	(313)	(656)
Dividends received	455	236	219
Other	1,124	186	938
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Free cash flow before 3G licences	(176)	376	(552)
3G Licences	(13,103)	(100)	(13,003)
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Free cash flow	(13,279)	276	(13,555)
Acquisitions	(13,184)	(4,867)	(8,317)
Investments	(4,468)	(1,282)	(3,186)
Disposals	32,156	1,028	31,128
Group dividends	(775)	(221)	(554)
Other	(529)	(69)	(460)
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Net debt movement	(79)	(5,135)	(5,056)

Capital expenditure



2000/1:

- £1.8 billion Mannesmann

2001/2:

- £5 billion in 2001/2

- 3% on GPRS

- 20% on 3G

Disposals

	Year to 31 March 2001 £bn	Deferred proceeds £bn
Orange	18.7	3.1
Atecs	2.9	2.3
Infostrada	5.2	-
Watches & Clocks	1.1	-
Verizon	2.5	-
US Conflicted Properties	1.8	-
Total	32.2	5.4

Debt

- **£6.7 billion at 31 March 2001**
- **Recent transactions:**
 - **Japan Telecom (25%)**
 - **Grupo Iusacell**
 - **Share placing**
 - **Japan Telecom, J-Phone & Airtel**
- **Committed to single 'A' credit ratings**

Summary

- **Organic growth**
- **Financial strength**
- **Shareholder value**

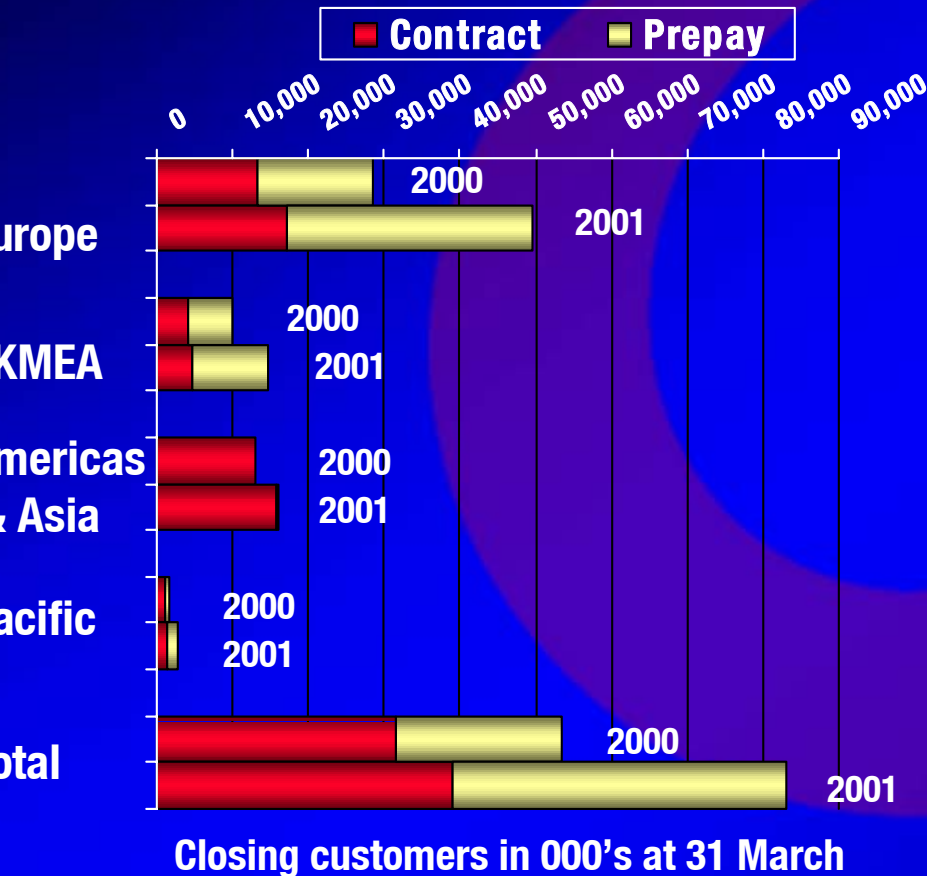


Julian Horn-Smith
Group Chief Operating Officer
Vodafone Group Plc

Basic Value Drivers

- **Customer growth**
- **ARPU**
- **Cost-to-connect**
- **Churn**

Proforma Proportionate* Customers

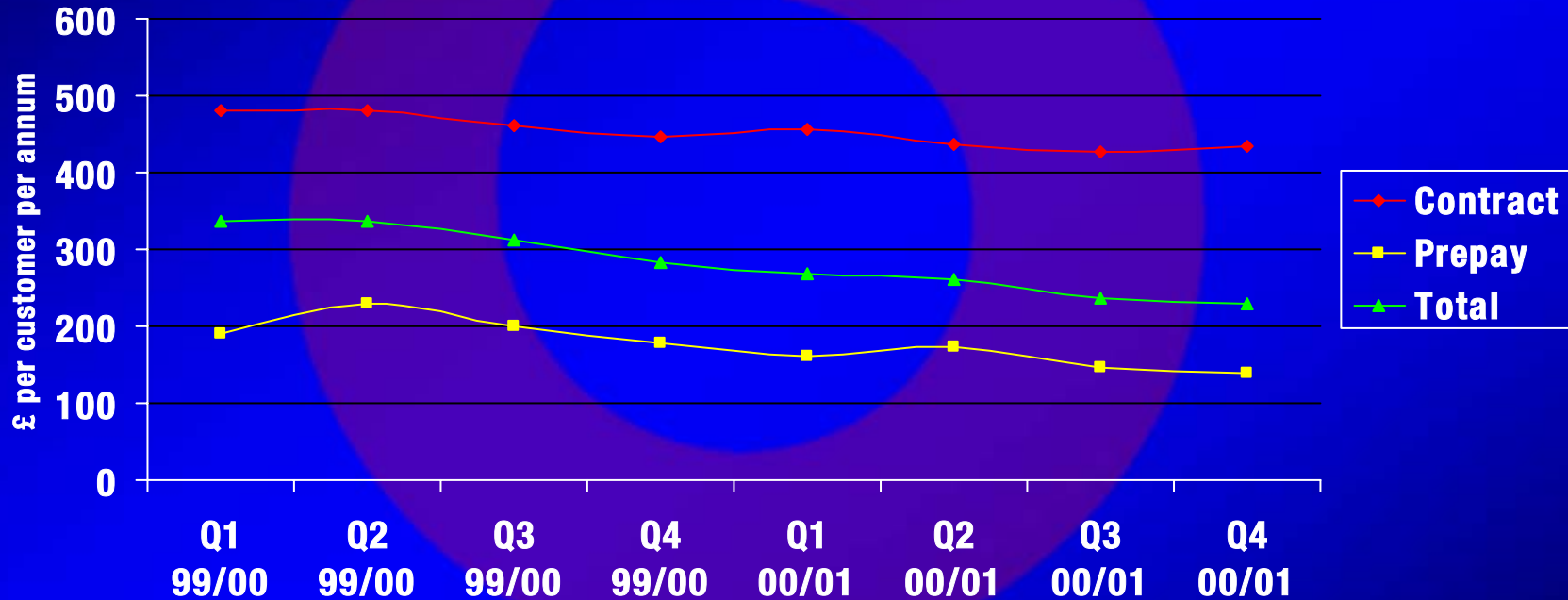


**Closing customers at 31 March
Increase 2000-2001**

	Total	Contract	Prepay
Europe	73%	29%	110%
UKMEA	46%	17%	66%
Americas & Asia	22%	22%	n/a
Pacific	58%	25%	124%
Total	55%	25%	99%

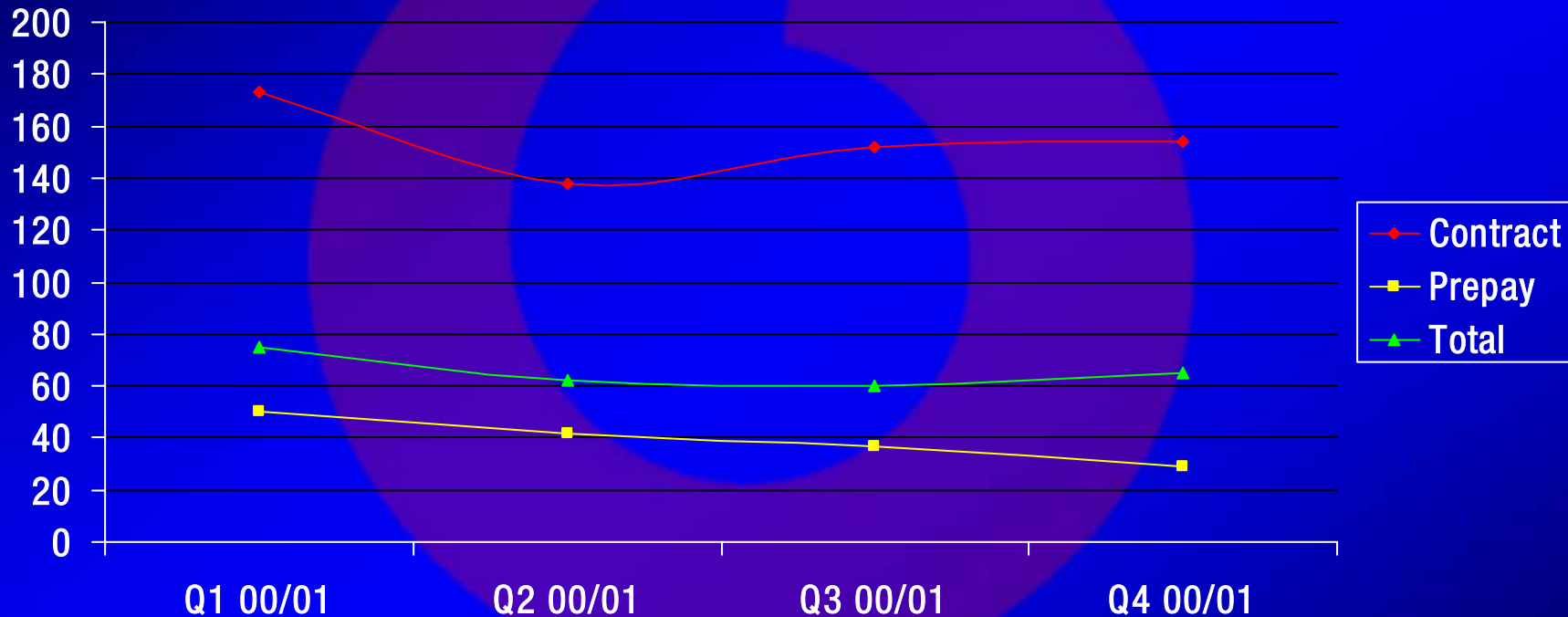
*Proforma numbers, adjusted to reflect shareholdings at 31/3/01

Subsidiary ARPU*



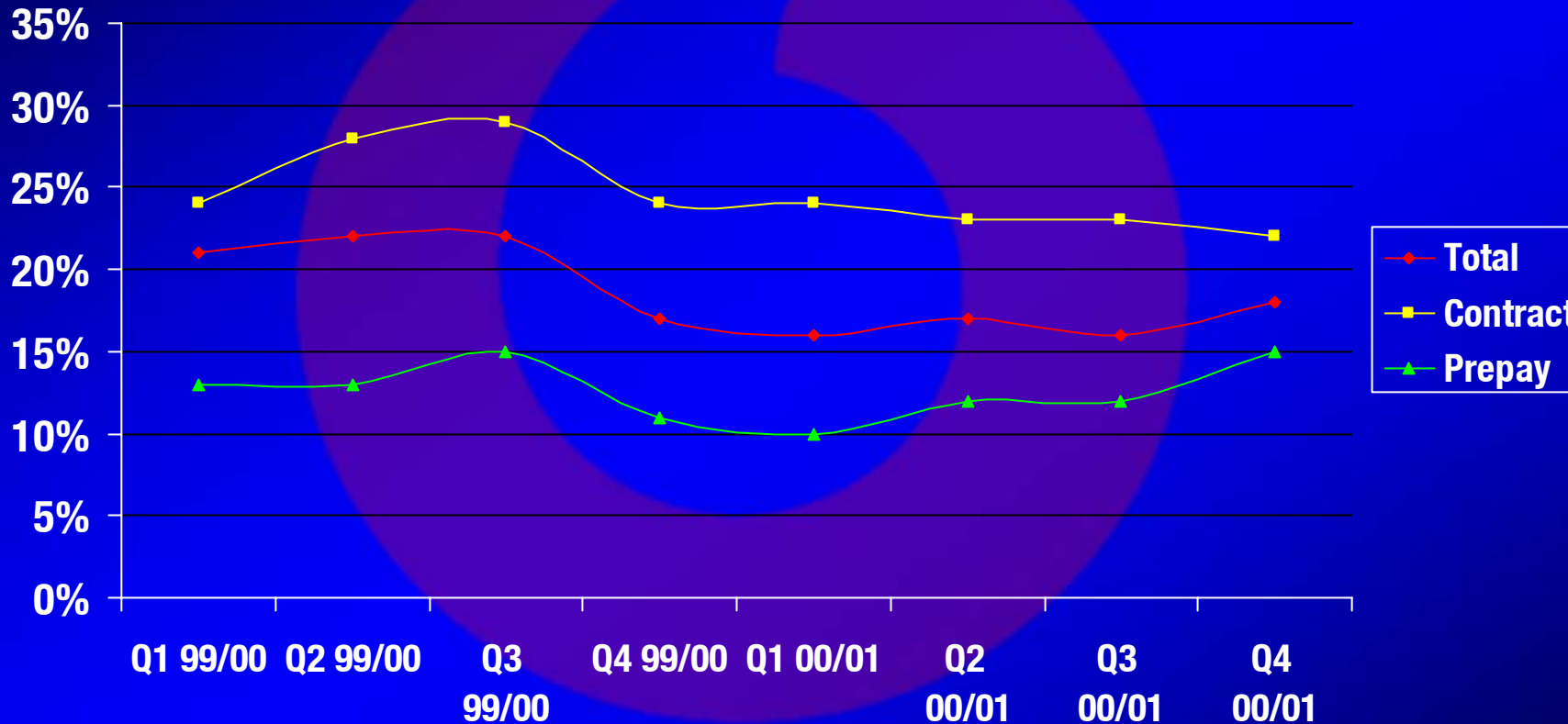
* comprises annualised quarterly data annualised for all subsidiary companies, weighted by network customer numbers, but not by shareholding percentage

Customer Acquisition Costs*



*comprises handset subsidy and distribution channel commissions across all subsidiary companies, weighted by acquisition cost value and customer base, not by shareholding percentage

Churn Rate*



*comprises quarterly annualised data for all subsidiary companies, weighted by network customer numbers, not by shareholding percentage

Active Customers as at 2001

Network	Prepay	Contract	Total Active	Market Penetration ²
	%	%	%	%
Germany	85	89	87	64
Italy	93	92	93	76
UK	82	99	88	72
Group Total	88	94	90	n/a

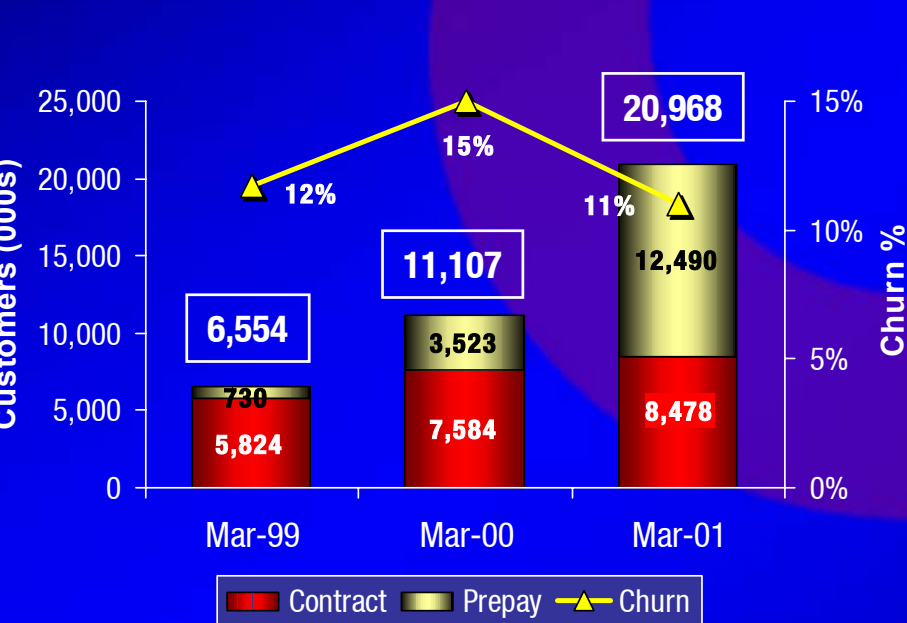
Definition: Customers who have made or received a call in the last three months or, where information is not available, customers who have made a chargeable call in the last three months

**Source: Global Mobile (Q1 2001), based on registered customers*

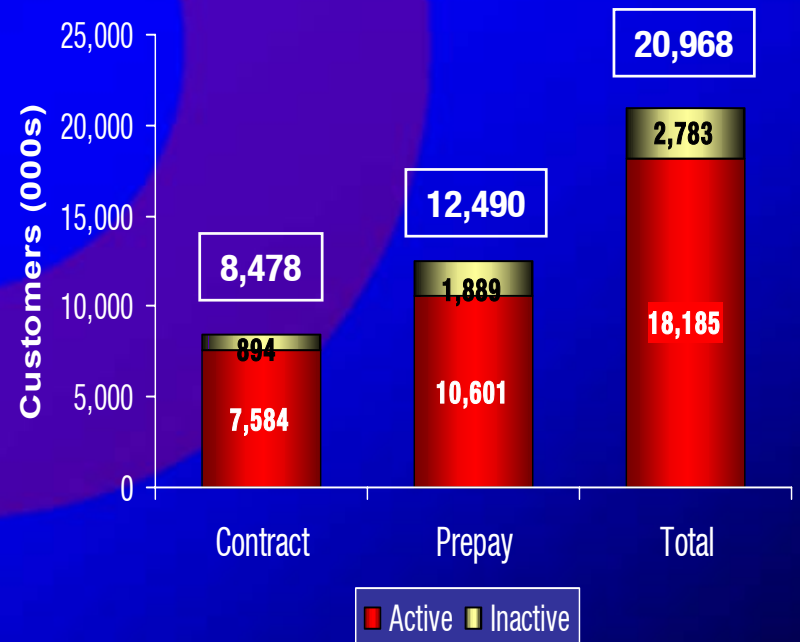
D2 Vodafone

Customer Base & Churn

Customer Base & Churn



Active Base Information at 31 March 2001



D2 Vodafone

ARPU, Cost to Connect & Data

ARPU & Cost to Connect

Data as % of Service Revenues

Euros

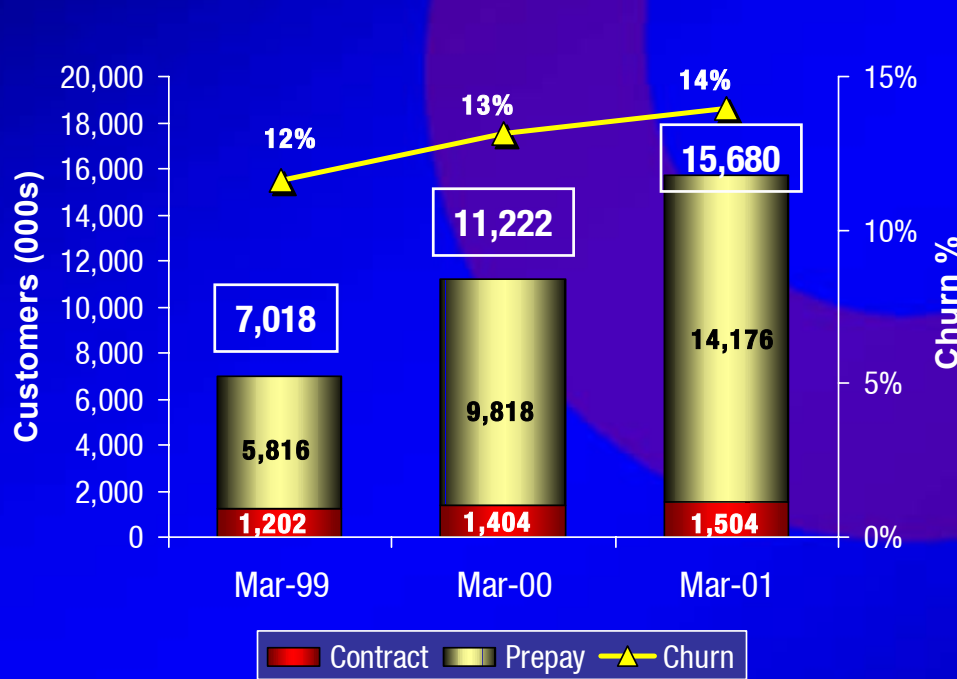
Year to 31 March 2001

	Contract	Prepay	Blended		Year to March 01	Month of March 01
Registered ARPU - 2001	611	151	378	Messaging Data	13.1%	15.7%
-2000	679	284	559	Internet Data	0.3%	0.5%
Active ARPU	683	178	430	Total Non Voice Services	13.4%	16.2%
Cost to Connect	215	90	116			

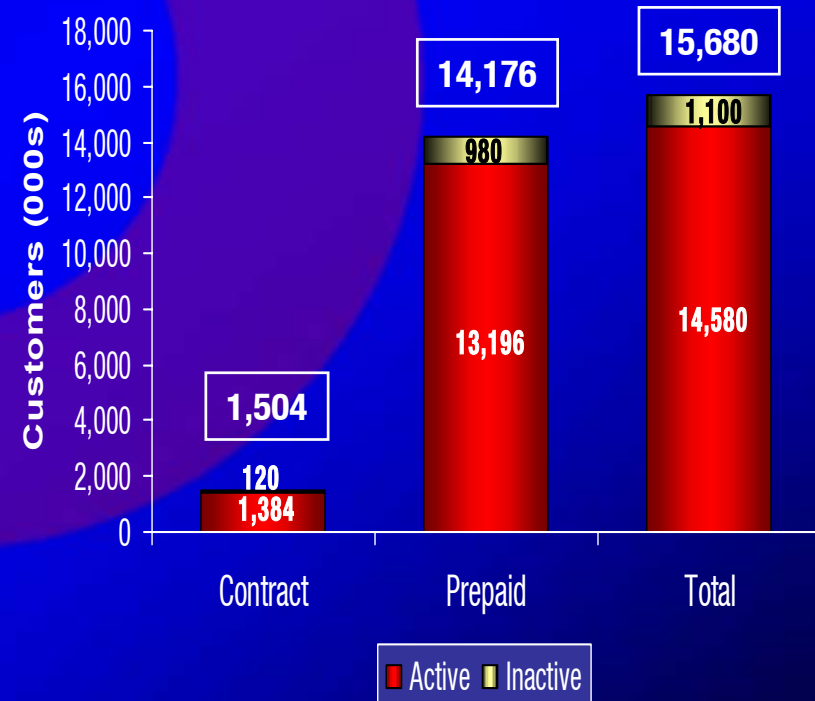
Omnitel Vodafone

Customer Base & Churn

Customer Base & Churn



Active Base Information at 31 March 2001



Omnitel Vodafone

ARPU, Cost to Connect & Data

ARPU & Cost to Connect

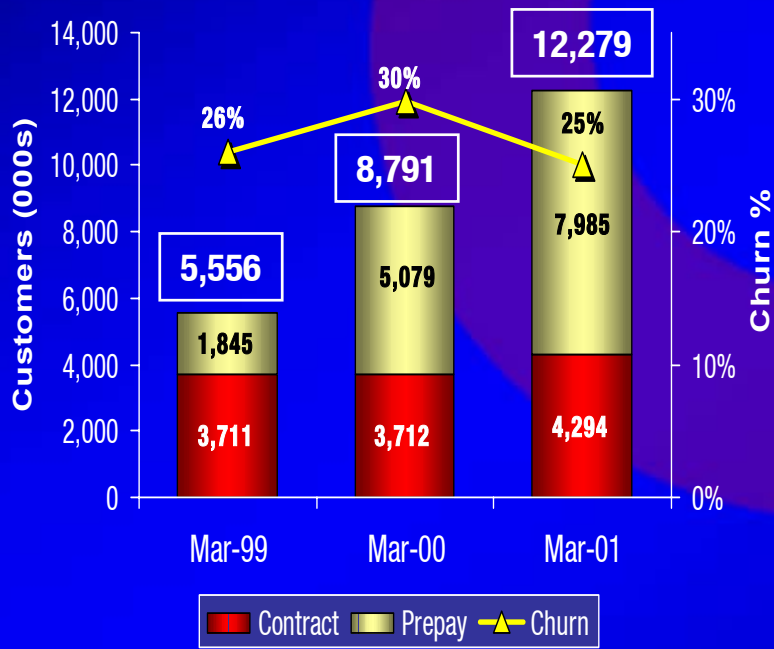
Data as % of Service Revenues

Euros	2001	2000		Year to March 01	Month of March 01
Registered ARPU	338	380	Messaging Data	6.0%	7.0%
Active ARPU	364	n/a	Internet Data	0.2%	0.2%
Cost to Connect	37	27	Total Non Voice Services	6.2%	7.2%

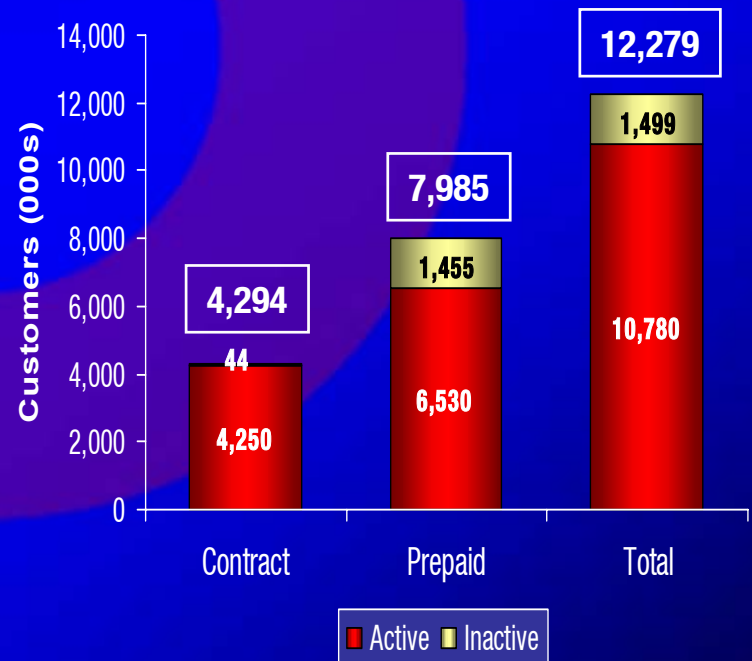
Vodafone UK

Customer Base & Churn

Customer Base & Churn



Active Base Information at 31 March 2001



Vodafone UK

ARPU, Cost to Connect & Data

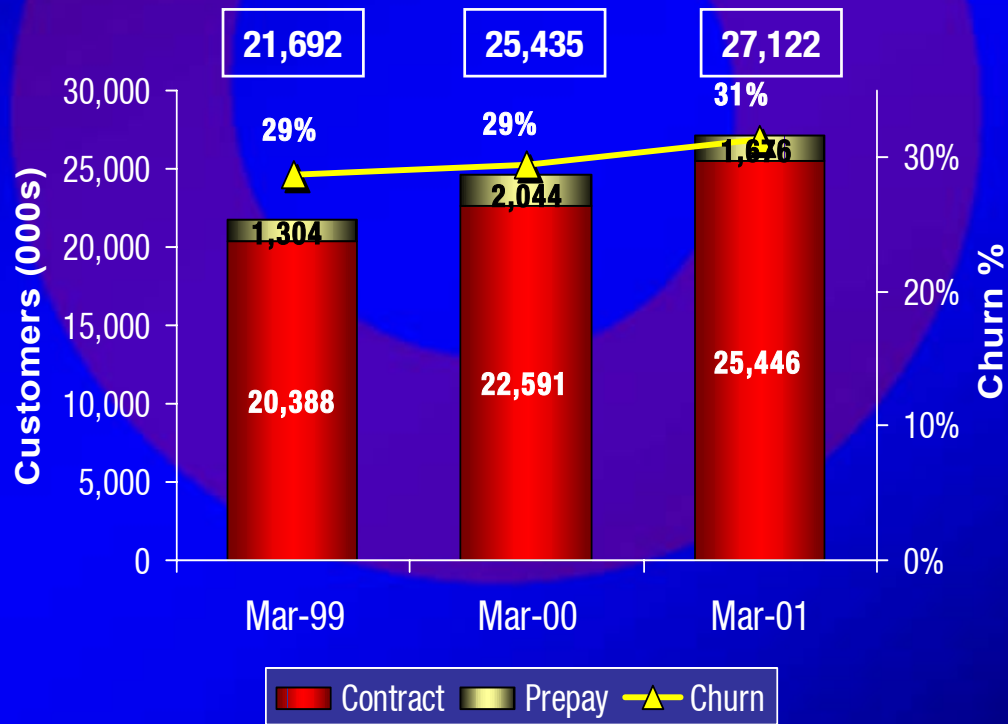
ARPU & Cost to Connect

Data as % of Service Revenues

£	Year to 31 March							Year to March 01	Month of March 01
	2001			2000					
	Contract	Prepay	Blended	Contract	Prepay	Blended			
Registered ARPU	550	156	306	562	178	380	Messaging Data	5.7%	6.5%
Active ARPU	556	191	348	n/a	n/a	n/a	Internet Data	0.9%	1.1%
Cost to Connect	121	56	78	94	50	64	Total Non Voice Services	6.6%	7.6%

* UK ARPU has been calculated based on total UK service revenue, consistent with other territories

Verizon Wireless Customer Base & Churn



Verizon Wireless

ARPU, Cost to Connect & Data

ARPU & Cost to Connect

Data as % of Service Revenues

US\$	Year to 31 March			Year to March 01	Month of March 01
	2001	2000			
Registered ARPU	551	472	Messaging Data	n/a	n/a
Cost to Connect	200	228	Internet Data	0.6%	0.8%
			Total Non Voice Services	0.6%	0.8%

Note: Cost to Connect in year to March 2000 reported from Airtouch businesses only

New Operating Environment

- **Penetration rates much higher**
- **Competition intensifying**
- **Regulatory environment shifting**

Growth Drivers

- **Development of new services**
 - **March 2001 data revenue 9.3% of controlled total service revenue, up from 1% 18 months ago**
- **Capture of synergies and economies of scale**
- **Adoption of best practice**
- **Focus on cost reduction and asset efficiency**

Project Momentum

New Services

- **Good progress made in launch of new cross-market products and services**
- **Targets exceeded for customer connections to new services**
- **Initial focus on European market**
 - **Expansion beyond these territories later**

Project Momentum

New Services

- **Eurocall**
 - Launched 3 months ago
 - >1.6 million users at April 2001
 - Base of roaming customers expected to increase
 - Increase in current usage
 - Reduce churn levels
 - Create a platform for further tariff products and services

Project Momentum

New Services

- **Short code access**
 - Deployed by 10 Vodafone operators
 - 4 more operators following this summer
 - Usage ~10% above levels expected
 - In future all products and services available in easy-to-use way while roaming

Project Momentum

New Services

- **Assisted roaming**
 - Introduced 2 months ago
 - SIM card programmed to roam onto Vodafone networks
 - Highest value business customers benefit
 - 18 operators currently participating

Project Momentum

New Services

- **Seamless prepay roaming**
 - Recently launched in UK
 - Enable 55 million prepay customers to roam
 - No risk of fraud
 - Roaming traffic boosted
- **GPRS roaming**
 - Commence Q3 to include 7 operators by year end
 - Benefit to corporate customers needing information and data applications whilst abroad

Project Momentum

New Services

Q3	Instant Messaging Service: D2 Vodafone Omnitel Vodafone
	Unified Messaging Service: Airtel Omnitel Vodafone
	E-wallet services: Omnitel Vodafone
Q4	Unified Messaging Service: D2 Vodafone Other subsidiaries
	E-wallet and location based services
2002	Micro-payments

Project Momentum

New Services

- **Vodafone actively involved in m-services initiative within GSM Association**
 - **Defines standards for WAP on GPRS**
 - **Creates common platforms**
 - **Improves user interface**
- ➔ **Creation of standardised mobile data environment in Europe**
 - **Similar to J-Sky and I-Mode in Japan**

Vizzavi Europe

- **Benefits of strong portal offering**
 - **Powerful retention tool for customer base**
 - **Additional network traffic**
 - **Reduced churn**
 - **Incremental revenue**

➔ Value Generation

Vizzavi Europe

- **Development and roll-out continues**
- **Operations in UK, France and Netherlands**
- **800,000 customers now served**
- **Italy, Germany, Greece and Portugal incorporated by July 2001, serving >2 million customers**

Vizzavi Europe

- **Services now:**
 - WAP games, e-mail, picture mail, music streaming, news and finance content and location-based services
- **Services later this year:**
 - Unified messaging, instant messaging and e-commerce
- **Continuous enhancements**

Vizzavi Worldwide

- **First version deployed in New Zealand**
- **During 2001**
 - **Australia, Egypt and Romania**
- **Discussions ongoing for use of platform or elements of it**
 - **Japan, US, China and Vizzavi Europe**

Project Momentum

Supply Chain Management

- GPRS deployed in most Vodafone companies
- Delivery of GPRS handsets from various suppliers
- Wider variety, PDAs and PC cards during Q3
- ➔ Take-up and usage will accelerate
- 30 million handsets purchased last year
- Development of strategic relationships with further handset manufacturers

Project Momentum

Supply Chain Management

- **3G launch in leading markets expected H2 2002**
- **3G network roll-out influenced by dual band handset availability**
- **Commercial quantities of handsets in H2 2002**
- **Infrastructure contracts with Ericsson, Nokia and Siemens**
- **Benefits of group-wide procurement to be brought to IT purchasing**

Project Momentum

IT and Technology

- **Standardised platforms across Group's networks**
- **Focus on offering benefits of GPRS technology**
 - Expanded data service portfolio
 - Harmonised technologies
 - Unified billing systems
- **Launch of 3G**
 - More capacity
 - Greater spectrum efficiency
 - Faster speed rates

Project Momentum

Multi-National Account Management

- **Service for multinational accounts commenced**
- **Major contracts in accountancy and FMCG segments**
- **Demand for multinational services expected to grow**
- **Important focus in future will be signing large national contracts in a broader global relationship**

Project Momentum

Global Brand Management

- **Well defined strategic framework**
 - Become one of top 10 global brands
 - Offer seamless service in all our markets
- **Key brand values established**

Global Brand Management

Valuable operating brands  Single Vodafone brand

- Dual branding rolled out in Germany, Italy, Sweden, Netherlands, Greece, Portugal and Egypt
- Spain and Ireland to follow this year
- Co-ordinated alongside transitional advertising campaign
- Wieden & Kennedy appointed global creative advertising agency

Global Brand Management

- **Sponsorship agreements:**
 - Formula One motor racing - Ferrari
 - Manchester United
 - England cricket
 - Australian rugby team
 - Vodafone Derby
- **Commitment to single Vodafone brand**
 - Reinforce our identity with customers, service delivery capability and market leadership



Chris Gent
Chief Executive
Vodafone Group Plc

Future Development

- **Operational priorities for the Group:**
 - **Roll-out of the Vodafone brand**
 - **Introduction of new data and voice services**
 - **Achievement of financial targets**
 - **Completion of integration of recent acquisitions**

Customer Growth

- **Customer growth rate likely to moderate as markets reach high penetration levels**
- **Relatively low penetration rates in the US, Japan and China: potential for rapid growth**
- **Net customer growth envisaged to be approximately half the level, on a proportionate basis, of that achieved in FY2001**

Customer Growth

- **Emphasis shifts from market growth to customer retention, focusing on highest revenue generating customers**
 - **Stimulate more voice traffic usage**
 - **Introduce new data applications**
- } to increase value of service to customer base

Geographic Expansion

- **Future acquisitions unlikely to match recent scales**
- **Opportunities will only be taken which focus on improving our existing presence**
- **Mindful of shareholders and bondholders**
- ➔ **Look for good returns and value**
- **Recent opportunities passed on due to:**
 - **Inadequate return on investment**
 - **Lack of sufficient strategic significance**

New Services

- **Launch of new data and voice service initiatives imminent**
- **Commence build of 3G networks this year in preparation for launch of commercial service**
- **Coincident with delivery of dual mode GSM/3G handsets H2 2002**

Future Development

- **Priority is margin improvement and cash-flow growth**
- **Emphasis shift from pure customer growth and overall market share to gaining and retaining highest revenue, quality customers**
- **Consolidating our position in the most valuable sectors of the market becomes more important**
- **These measures will lead to a more balanced growth and greater level of profitability**

Future Development

- **Further margin improvement expected through:**
 - Purchasing programme
 - Best practice on overall cost control measures
- **Vision and values communicated to employees**
- **Passionate about:**
 - Our customers
 - The people in the Company
 - Achieving results
 - The role we play in the community

Immediate Future

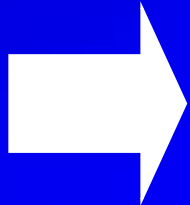
- **Emphasis on cost control and margins**
 - Enable good cash-flow growth as market transitions to new data services
- **Migration from fixed to wireless**
- **Multiplier effect of networking/communities**

➔ Increases voice and data traffic

Summary

- **Unrivalled global position**
- **High quality and huge customer base**
- **Exciting growth opportunity ahead**

Ideally placed to sustain leadership for benefit of customers and shareholders



Cautionary Statement

This presentation contains certain 'forward-looking statements' with respect to the financial condition, results of operations and business and some of our plans and objectives with respect to these items. In particular, certain statements concerning our expectations and plans, strategy, management's objectives, prospects, trends in market shares, market standing, overall market trends and revenues contain forward-looking information. In addition, 'forward-looking statements' also include statements made with respect to expectations as to launch and roll-out dates for products and services, future performance, costs, revenues, expected synergies, future average revenue per customer and future revenues derived from the new non-voice services which we are currently developing, expected EBITDA results, growth in data services and other trend projections

Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as 'anticipates', 'aims', 'due', 'could', 'may', 'should', 'expects', 'believes', 'intends', 'plans', 'targets', 'goal', or 'estimates'. By their nature, forward-looking statements are inherently predictive, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future.

There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, the following, changes in economic conditions in markets served by our operations that would adversely affect the level of demand for wireless services, greater than anticipated competitive activity requiring reduced pricing and/or new product offerings or resulting in higher costs of acquiring new customers or slower customer growth, slower than expected growth in customers and usage and greater than anticipated costs associated with 3G licence auctions, requiring increased investment in network capacity, failure to be awarded 3G licences in certain key markets, the impact on capital spending from the deployment of new technologies, or the rapid obsolescence of existing technology, the possibility that technologies, including wireless internet platforms, will not perform according to expectations or that vendors' performance will not meet our requirements, changes in our projected revenue model or global branding strategy, lower than anticipated future penetration rates and average revenue per user rates, changes to the percentage of active customers as compared to registered customers, future revenue contributions of the services we offer as a percentage of total revenue, our ability to harmonise our global mobile platforms, any delays or impediments in the roll-out of 3G technology and services, multi-mode handsets, limitations on our ability to offer new services, such as 3G, chat, instant messaging and unified messaging, streaming audio and video and linkage to Bluetooth technology, or with the delivery of GPRS handsets and other key products from our suppliers, limitations on our ability to leverage the strength of our balance sheet and cash-flows in order to produce comparative advantages in our industry, greater than anticipated prices of new mobile handsets and changes in exchange rates, including in particular the exchange rate of the pound to the euro.

Furthermore, a review of the reasons why actual results and developments may differ materially from the expectations disclosed or implied within forward-looking statements can be found in the description of our business and our management's discussion and analysis of financial condition and results of operations contained on pages 7 to 34 and 44 to 53 of our US Annual Report on Form 20-F for the year ended 31 March 2000. All subsequent written or oral forward-looking statements attributable to Vodafone, any Vodafone members or persons acting on our behalf are expressly qualified in their entirety by the factors referred to above. Vodafone does not intend to update these forward-looking statements.