Sir Christopher Gent
Chief Executive
Vodafone Group Plc
Agenda

• Overview of the results
  • Sir Christopher Gent

• Analysis of results
  • Ken Hydon

• Group funding
  • Julian Horn-Smith

• KPIs and business drivers
  • Thomas Geitner

• Major operational initiatives
  • Sir Christopher Gent

• Global products and services

• Vodafone’s prospects
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 2001\(^1\)

<table>
<thead>
<tr>
<th>Mobile Only</th>
<th>Sept 2001</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>£13.492 bn</td>
<td>+33%</td>
</tr>
<tr>
<td>EBITDA(^2)</td>
<td>£4.778 bn</td>
<td>+46%</td>
</tr>
<tr>
<td>Group operating profit(^3)</td>
<td>£3.321 bn</td>
<td>+44%</td>
</tr>
<tr>
<td>Registered customers</td>
<td>95.6 m</td>
<td>+15%(^4)</td>
</tr>
</tbody>
</table>

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 2001

<table>
<thead>
<tr>
<th></th>
<th>Sept 2001</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group Turnover</strong>¹</td>
<td>£8.906 bn</td>
<td>+27%</td>
</tr>
<tr>
<td><strong>Group Operating Profit</strong>¹</td>
<td>£3.392 bn</td>
<td>+40%</td>
</tr>
<tr>
<td><strong>Profit Before Taxation</strong>¹</td>
<td>£3.011 bn</td>
<td>+65%</td>
</tr>
<tr>
<td><strong>Adjusted EPS</strong>²</td>
<td>2.51 pence</td>
<td>+63%</td>
</tr>
</tbody>
</table>

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

vodafone
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 Shinsegii, 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

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

### Adjusted EPS (Pence)†*

<table>
<thead>
<tr>
<th></th>
<th>H1/01</th>
<th>H2/01</th>
<th>H1/02</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.54</td>
<td>2.00</td>
<td>2.51</td>
<td></td>
</tr>
</tbody>
</table>

†   Restated following the adoption of FRS 19, “Deferred Tax”

* Before amortisation of goodwill and exceptional items
Proportionate Results*
Mobile Turnover

<table>
<thead>
<tr>
<th>Region</th>
<th>6 months to 30 September</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2001 £m</td>
</tr>
<tr>
<td>Germany</td>
<td>2,057</td>
</tr>
<tr>
<td>Italy</td>
<td>1,328</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>1,805</td>
</tr>
<tr>
<td>Other Europe</td>
<td>2,694</td>
</tr>
<tr>
<td>Total Europe</td>
<td>7,884</td>
</tr>
<tr>
<td>Americas</td>
<td>2,839</td>
</tr>
<tr>
<td>Japan</td>
<td>2,018</td>
</tr>
<tr>
<td>Other Asia Pacific</td>
<td>499</td>
</tr>
<tr>
<td>Middle East &amp; Africa</td>
<td>252</td>
</tr>
<tr>
<td>Total Mobile</td>
<td>13,492</td>
</tr>
</tbody>
</table>

* September 2000 stated on a pro forma basis for Mannesmann
## Proportionate Results

### Mobile EBITDA**

6 months to 30 September

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

* Calculated on a pro forma basis for Mannesmann  
** Before exceptional items
### Proportionate Results*

#### Other Operations

<table>
<thead>
<tr>
<th></th>
<th>Turnover</th>
<th>EBITDA **</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2001</strong> £m</td>
<td>834</td>
<td>(1)</td>
</tr>
<tr>
<td><em><em>2000</em> £m</em>*</td>
<td>372</td>
<td>6</td>
</tr>
<tr>
<td><strong>Growth</strong> %</td>
<td>124</td>
<td>N/A</td>
</tr>
</tbody>
</table>

*September 2000 stated on a pro forma basis for Mannesmann

**Before exceptional items

#### Other Operations:
- Arcor
- Japan Telecom
- Vizzavi
- Cegetel
### Cash Flow

**6 months to 30 September**

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

### Operating Cash Flow per Share

<table>
<thead>
<tr>
<th></th>
<th>H1/01</th>
<th>H2/01</th>
<th>H1/02</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3.18</td>
<td>4.29</td>
<td>5.37</td>
</tr>
</tbody>
</table>

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*Vodafone*
Capital Expenditure

Analysis of Capital Expenditure

- Other Operations 9%
- Other Mobile 10%
- Other Europe 21%
- United Kingdom 18%
- Germany 28%
- Italy 14%

September 2001:
- £1.8 billion
- Excludes:
  - Verizon Wireless
  - J-Phone
  - Japan Telecom
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
At 30 September 2001 9.2

Recent transactions:
- JT tender offer 1.8
- JT debt assumed 6.2

8.0

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

<table>
<thead>
<tr>
<th>Company</th>
<th>6m to Sep-00</th>
<th>6m to Sep-01</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vodafone UK</td>
<td>16%</td>
<td>65%</td>
</tr>
<tr>
<td>D2 Vodafone</td>
<td>7%</td>
<td>35%</td>
</tr>
<tr>
<td>Omnitele Vodafone</td>
<td>1%</td>
<td>5%</td>
</tr>
<tr>
<td>Airtel Vodafone</td>
<td>43%</td>
<td>64%</td>
</tr>
</tbody>
</table>
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** *

- **Highest**
- **Lowest**
- **Weighted Average**

* 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 *

- 6m to Mar-01: 40%
- 6m to Sep-01: 66%

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

- 12m to Mar-01: 8.1%
- 12m to Jun-01: 8.6%
- 12m to Sep-01: 9.1%

* 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

- Vodafone UK: -21%
- D2 Vodafone: -57%
- Omnitel Vodafone: -25%
Overheads (excl. depreciation & amortisation) as a % of Turnover *

* European Subsidiaries (excluding Malta and Hungary)
Vodafone UK
Customer Base & Churn

* 6 months annualised
D2 Vodafone
Customer Base & Churn

### Customers (000s)

<table>
<thead>
<tr>
<th></th>
<th>Sep-00</th>
<th>Mar-01</th>
<th>Sep-01</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract</td>
<td>8,560</td>
<td>8,478</td>
<td>8,795</td>
</tr>
<tr>
<td>Prepaid</td>
<td>7,967</td>
<td>12,490</td>
<td>13,069</td>
</tr>
</tbody>
</table>

### Churn %

<table>
<thead>
<tr>
<th></th>
<th>Sep-00</th>
<th>Mar-01</th>
<th>Sep-01</th>
</tr>
</thead>
<tbody>
<tr>
<td>Churn</td>
<td>11%</td>
<td>12%</td>
<td>19%</td>
</tr>
</tbody>
</table>

* 6 months annualised
Omnitel Vodafone

Customer Base & Churn

<table>
<thead>
<tr>
<th>Month</th>
<th>Customers (000s)</th>
<th>Churn % * 6 months annualised</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sep-00</td>
<td>13,591</td>
<td>12%</td>
</tr>
<tr>
<td>Mar-01</td>
<td>15,680</td>
<td>16%</td>
</tr>
<tr>
<td>Sep-01</td>
<td>16,652</td>
<td>18%</td>
</tr>
</tbody>
</table>

* 6 months annualised
Verizon Wireless
Customer Base & Churn

- **Sep-00**: 26,282, 23,896 (30%)
- **Mar-01**: 27,122, 25,446 (33%)
- **Sep-01**: 28,682, 26,879 (27%)

* 6 months annualised
Verizon Wireless

Quarterly ARPU

US$ per customer per quarter

Cost to Connect

US$ per gross addition

\[\text{Total}\]

\[\text{Total}\]
J-Phone
Customer Base & Churn

* 6 months annualised
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
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
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
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

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

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

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 ARPU, 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