VODAFONE GROUP PUBLIC LTD CO
Form 6-K
November 14, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

Report of Foreign Private Issuer

Pursuant to Rules 13a-16 or 15d-16 under

the Securities Exchange Act of 1934

Dated November 14, 2013

Commission File Number: 001-10086

VODAFONE GROUP

PUBLIC LIMITED COMPANY

(Translation of registrant s name into English)

VODAFONE HOUSE, THE CONNECTION, NEWBURY, BERKSHIRE, RG14 2FN, ENGLAND

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F___ü___ Form 40-F______

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): _____

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ____

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes______ No___ü___

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-____.

This Report on Form 6-K contains a news release dated 12 November 2013 entitled VODAFONE ANNOUNCES RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

Vodafone announces results for the six months ended 30 September 2013

12 November 2013

- Q2 Group organic service revenue on a management basis[1] declined 4.9%*; N. & C. Europe down 4.9%*; S. Europe down 15.5%*; AMAP up 5.7%*

- H1 EBITDA[2] on a management basis[1] down 4.1%* to £6.6 billion, now reported excluding restructuring and significant one-off items of £228 million in H1

- Adjusted operating profit[2] on a management basis[1] £5.7 billion, free cash flow on a management basis[1] £2.0 billion

- Full year guidance[3] confirmed: adjusted operating profit[2] around £5.0 billion; free cash flow £4.5 £5.0 billion

- Interim dividend per share of 3.53 pence, up 8.0%; intention to pay full year dividends per share of 11 pence

- US$130 billion sale of US Group announced, US$84 billion expected return to shareholders

- Completion of Kabel Deutschland acquisition in October 2013 advances unified communications strategy

- Additional deferred tax assets of £17.7 billion recognised in relation to the Group s historical tax losses; £3.0 billion tax charge recognised in relation to the sale of the US Group

Financial highlights[4]	Six months ended	Change year-on-year	
	30 September 2013	Reported	Organic
	£m	%	%
Management basis[1]			
Group revenue	**22,034**	**+1.2**	**(3.2)**
Group service revenue	**20,040**	**+0.1**	**(4.2)**
Northern and Central Europe (N. & C. Europe)	9,470	+4.6	(3.9)
Southern Europe (S. Europe)	4,475	(10.1)	(14.9)
Africa, Middle East and Asia Pacific (AMAP)	5,887	(0.5)	+5.8

Adjusted operating profit	**5,709**	**(8.3)**	**+0.5**
Free cash flow	**2,020**	**(7.3)**	
Statutory basis[5]			
Revenue	**19,061**	**+2.5**	**(1.6)**
Profit for the financial period from continuing operations	**15,711**		
Profit for the financial period[6]	**18,064**		
Earnings per share from continuing operations	**32.10p**		
Interim dividend per share	**3.53p**	**+8.0**	
Adjusted earnings per share[7]	**7.85p**	**(2.6)**	

Project Spring:

- Project Spring organic investment programme to accelerate and extend Vodafone 2015 strategy: continued focus on data, enterprise and emerging markets

- Additional investment increased to around £7 billion by March 2016, to establish stronger network and service differentiation in major markets

- Peak impact on EBITDA from higher operating expenses of up to £0.6 billion in the 2015 financial year; neutral to EBITDA by the 2017 financial year

- Incremental free cash flow of over £1 billion expected in the 2019 financial year

- Commitment to annual growth in dividends per share

Vittorio Colao, Group Chief Executive, commented:

Whilst trading conditions in Europe remain very tough at present, we are encouraged by the forecast return to economic growth over the next two years and the potential for a shift in regulatory focus to support greater industry investment and consolidation.

We have continued to make good progress in delivering our long-term strategy. Our emerging markets businesses are performing very well, driven by rapidly increasing smartphone penetration and data usage. In mature markets, our performance reflects more challenging conditions, which we continue to mitigate through ongoing actions to improve our operating model and cost efficiency. This rigorous approach, plus our substantial investments in Vodafone Red, 4G and unified communications services including our recent acquisition of Kabel Deutschland are laying strong foundations for the future. Our Project Spring organic investment programme now increased to £7 billion will accelerate further our plans to establish stronger network and service differentiation for our customers.

The pending US$130 billion US transaction will reward our shareholders for their long-term support of our strategy and will provide us with a strong balance sheet, improved dividend cover and the financial and strategic flexibility to make further investments in the business or returns to shareholders in the future.

Notes:

* All amounts in this document marked with an * represent organic growth which presents performance on a comparable basis, both in terms of merger and acquisition activity and movements in foreign exchange rates. There have been two one-off items impacting organic growth rates in the six month period. For details see note 4 on page 47.

1 Management basis includes the results of Vodafone Italy, Vodafone Hutchison Australia, Vodafone Fiji and Indus Towers, the Group s joint ventures, on a proportionate consolidation basis. It also includes five months profit contribution from Verizon Wireless (VZW).

2 EBITDA and adjusted operating profit have been redefined to exclude restructuring costs and the write-off of an asset in relation to a regulatory case in Spain in the six months ended 30 September 2013 of £121 million (2012: £63 million) and £107 million respectively.

3 Pro forma guidance, see page 8 for more information on guidance.

4 See page 42 for more information on non-GAAP measures.

5 Statutory reporting includes the Group s joint ventures, Vodafone Italy, Vodafone Hutchison Australia, Vodafone Fiji and Indus Towers, using the equity accounting basis rather than on a proportionate consolidation basis. The profit contribution from VZW is included for five months, until the date of the announcement of the disposal, and is treated as discontinued operations. Total profit for the financial period includes continuing and discontinued operations.

6 Includes the recognition of a deferred tax asset in respect of tax losses in Germany (£1,838 million) and Luxembourg (£15,831 million) and the estimated tax liability related to the rationalisation and reorganisation of our non-US assets prior to the disposal of our stake in VZW (£3,016 million).

7 Now reported excluding amortisation of acquired intangibles for brand and customer base. Adjustments also include the restatement of tax on VZW earnings in the current period to align with the five months of earnings recognised in the income statement.

CHIEF EXECUTIVE S STATEMENT

Financial review of the half year

Our emerging markets continue to deliver strong results, with growing revenue and increasing margins. The environment in Europe remains challenging and we have seen intense macroeconomic, regulatory and competitive pressures during the period. Overall, we have continued to make progress in the past six months:

- We now have 7.5 million customers on Vodafone Red plans;
- Following the recent 4G launch in the UK, our 4G services are now live in 14 markets;
- We continue to advance our innovative enterprise and unified communications propositions. The recent acquisition of Kabel Deutschland in October 2013 will allow us to build on our strengths in this segment, and the integration of Cable and Wireless Worldwide (CWW) and TelstraClear remain on track; and
- We announced the sale of our US Group whose principal asset is its 45% interest in VZW, for US$130 billion (£84 billion[1]), including the acquisition of 23% of Vodafone Italy. We intend to return approximately US$84 billion (£54 billion[1]) to our shareholders.

Group[2]

Group revenue was £22.0 billion and Group service revenue was £20.0 billion. Group service revenue decreased by 4.2%*, or 1.5%* excluding the impact of mobile termination rate (MTR) cuts. Enterprise service revenue decreased 4.5%* following intense price competition across a number of our markets.

Group EBITDA[6] fell 4.1%* to £6.6 billion. The Group EBITDA margin fell 0.8 percentage points, or 0.3* percentage points on an organic basis.

Adjusted operating profit[6] fell 8.3% due to lower EBITDA and higher depreciation and amortisation. Additionally, only five months of profit contribution from VZW is included in the current half year. On an organic basis, adjusted operating profit increased by 0.5%*.

Free cash flow was £2.0 billion, £0.2 billion lower than the prior year due principally to lower EBITDA, increased taxation and higher capital additions, offset by lower adverse working capital and higher dividends received. Net debt at 30 September 2013 was £25.7 billion which includes the £2.1 billion dividend we received from VZW in the period.

Adjusted earnings per share of 7.85 pence fell 2.6%; this is now reported excluding amortisation on certain acquired intangible assets. The Board is recommending an interim dividend per share of 3.53 pence, up 8.0% year-on-year.

Northern and Central Europe2

Organic service revenue in Northern and Central Europe fell 3.9%*, or 1.6%* excluding the impact of MTR cuts. Performance in our major European markets of Germany, the UK and the Netherlands remained under pressure due mainly to increasing price competition. Mobile in-bundle revenue grew 4.7%* and smartphone penetration increased 9 percentage points year-on-year to 39%.

Organic EBITDA6 fell 7.6%* and the EBITDA margin fell 1.4 percentage points due to service revenue declines in most markets.

Southern Europe2

Organic service revenue in Southern Europe fell 14.9%*, or 10.6%* excluding the impact of MTR cuts. Macroeconomic weakness continued across the region and a number of markets experienced intense price competition during the period. Mobile in-bundle revenue grew 8.9%* and smartphone penetration increased 8 percentage points year-on-year to 39%.

Organic EBITDA6 fell 23.0%* and the EBITDA margin fell 4.1 percentage points, primarily due to service revenue declines.

AMAP2

Organic service revenue in AMAP grew 5.8%* with strong revenue growth coming from the majority of our markets, driven by a higher customer base, increased customer usage and successful pricing strategies. Whilst voice remains the main driver of revenue growth in our emerging markets, the contribution from data is increasingly significant, with revenue from data growing by 30.8%* and now representing 15.8% of the region s total service revenue.

Organic EBITDA6 increased 20.1%* and the EBITDA margin increased 3.2 percentage points to 33.5%. India, Vodacom, Ghana, Australia and Qatar all reported improved margins during the period.

CHIEF EXECUTIVE S STATEMENT

Verizon Wireless

The profit contribution of VZW is reported in our first half results for five months only, up until the date we announced its proposed sale. Service revenue grew 7.5%*3 as increased smartphone penetration and higher data usage led to growth in the average revenue per account. The EBITDA margin of 42.9%3 improved by 1.3 percentage points due to efficiencies in operating expenses and direct costs.

We expect the VZW transaction to realise a gain on disposal of between £45 billion and £50 billion, which will be recognised on completion. The exact figure will depend on a number of variables, primarily the sterling/US dollar exchange rate and the Verizon share price at the time of completion.

Statutory results

On a statutory basis Group revenue was £19.1 billion, an increase of 2.5%. The increase was driven by the acquisition of CWW and TelstraClear in the prior year. Profit for the period from continuing operations increased by £20.0 billion to £15.7 billion, primarily as a result of the recognition of additional deferred tax of £14.7 billion in the current period and an impairment charge of £5.9 billion in the prior period.

Strategy update

In November 2012 we announced our Vodafone 2015 strategy to seize the attractive long-term opportunities and mitigate adverse factors in the telecommunications sector. This strategy outlined a new approach to our consumer offer and pricing in Europe, a growing focus on unified communications, and a strong commitment to emerging markets. Underpinning this strategy is our continuous investment in high speed data networks to enhance our customers experience. Additional value and efficiency will be delivered from scale as we focus on standardisation and simplification across the Group.

In Europe, despite the current tough macroeconomic and regulatory environment, the telecoms market is approaching a turning point:

- The demand for universal high speed data continues to grow, creating attractive growth opportunities in mobile and unified communications services in both the consumer and enterprise sectors;

- The economic environment is expected to recover, with a return to GDP growth forecast in 2013 and 2014 for Northern Europe and Southern Europe respectively; and

- The focus of regulation is showing some early signs of acknowledging the need to promote investment in the sector and permit consolidation.

In emerging markets, the regulatory framework is becoming increasingly clear, particularly in India, underpinning our expectations for continued strong growth and improving profitability.

Our Vodafone 2015 strategy has already created good momentum and achieved significant progress.

Consumer 2015

We now have 7.5 million Vodafone Red customers, ahead of our plan. We are therefore expecting to reach 11-12 million customers by March 2014. Smartphone penetration in Europe is now 39% and 57% of our mobile service revenue in Europe is in-bundle. Data usage continues to grow with average usage per device now 400MB per month. Through commercial arrangements, network investment or in-market acquisitions we are able to meet our customers growing demand for unified communications services.

Enterprise 2015

At the beginning of this year we created a new Group enterprise unit which has allowed us to build on our strengths in this segment. We continue to invest in areas of enterprise growth to further differentiate our global enterprise franchise, as well as to leverage the significant expertise and capability gained with our recent acquisitions of CWW and TelstraClear.

We offer an innovative product suite across our enterprise organisation. Vodafone Global Enterprise continues to serve our biggest multi-national accounts, delivering a market-leading portfolio of managed mobility services. We continue to develop Vodafone One Net, our unified communications solution for small and medium-sized companies. In machine-to-machine (M2M), we have announced several new customer wins during the period. This segment continues to provide very attractive opportunities across many industry sectors as an increasing number of global businesses incorporate M2M communications into their core operations.

CHIEF EXECUTIVE S STATEMENT

Network 2015

We want all of our customers to have an excellent data experience and we continue to invest in HSPA+, 4G and high capacity backhaul to deliver this. 56% of our 3G footprint in Europe now operates at peak speeds of 43.2 Mbps, up from 29% one year ago. We have launched 4G services in 14 markets, and now offer next generation unified communications capability in 12 markets. In our fixed network, we are introducing the latest fibre technology. We have also entered into commercial arrangements in a number of countries to secure access to third party fibre networks. Our fixed broadband services are now available in 17 markets.

Operations 2015

We are focused on simplifying our business and maximising benefits from our scale. Network and IT management is being unified across markets, we continue to centralise and standardise procurement, and business activities are being transferred to shared service centres, where we now have 8,700 employees working in lower cost centres of excellence. We are on target to deliver an absolute reduction in European4 operating expenses of £0.3 billion from these programmes in the current financial year.

Project Spring

The transition to 4G and unified communications, coupled with the economic outlook for Europe, makes this the right time for Vodafone to pursue further development and differentiation. The Vodafone 2015 strategy outlined above will be boosted by our new organic investment programme announced in September 2013, Project Spring. This significant additional investment gives us a unique opportunity to strengthen further our network and service differentiation.

We plan to invest approximately £7 billion in capex in the next two financial years, including up to £0.5 billion committed in the current financial year that is expected to lead to a cash outflow in the 2015 financial year. The investments are expected to improve competitive performance and deliver attractive returns. We expect to generate incremental free cash flow of over £1 billion in the 2019 financial year. The total cash payback is expected to be approximately seven years. We intend to grow dividends per share annually, reflecting our confidence in our ability to grow cash flows in the future.

The increased capex will result in higher operating expenses, with a peak impact on EBITDA, net of Project Spring benefits, of around £0.6 billion in the 2015 financial year. We expect the impact on EBITDA to be neutral by the 2017 financial year.

Mobile and fixed networks

In Europe we will invest around £3 billion to deliver deeper 3G coverage and capacity, and will accelerate our 4G network build, supported by single RAN and high capacity backhaul. We will deliver the best voice and video experience, using small cells and Wi-Fi to differentiate our network performance.

In AMAP we will invest around £1.5 billion to extend 3G coverage across major cities and key regions to provide wider voice coverage and the best data experience.

We will invest approximately £1 billion in unified communications. In Europe we will increase our xDSL and fibre footprint to provide competitive unified communications solutions to our customers. In AMAP we will establish a fibre footprint to enable converged services in key business areas.

Enterprise

Around £0.5 billion will be invested in our innovative enterprise product suite. We will significantly expand our geographic coverage for our core Enterprise business as well as M2M solutions and Vodafone One Net, whilst accelerating IP-VPN in nine major markets. We will increase our hosting capability and invest in traffic routing systems to build our carrier services business.

Customer experience

We will invest about £1 billion to enhance the customer experience across key touch points. This will include a greater retail presence in certain markets, the upgrade of existing retail stores and improvements to our mCare and online platforms. New and standardised systems will simplify Vodafone s operations and improve the experience for our customers. We will drive faster deployment of mobile payment services in AMAP and selected European markets.

CHIEF EXECUTIVE S STATEMENT

Our new organisational structure came into effect on 1 October 2013:

- The Northern and Central Europe and Southern Europe regions have merged into one Europe region, and Turkey now sits within the AMAP region;
- The Group Commercial and Operations function has expanded to include Enterprise, Brand, Consumer, Unified Communications, Terminals, Customer Operations and Partner Markets.

This new structure will ensure an efficient and effective delivery of our Vodafone 2015 strategy and Project Spring priorities.

Outlook and guidance

In September 2013 we issued pro forma guidance for the 2014 financial year, which excludes VZW and includes 100% of Vodafone Italy, both for the whole year. This pro forma guidance includes Vodafone s remaining joint ventures (Australia, Fiji and Indus Towers), on an equity accounting basis, consistent with IFRS requirements.

The overall performance of the Group in the first half of the current financial year has been in line with our expectations. Our latest view of the likely overall business performance over the remainder of the year is consistent with that held when issuing pro forma guidance on 2 September 2013.

We are therefore on target to deliver adjusted operating profit of around £5 billion and free cash flow in the £4.5 £5.0 billion range, on the guidance basis described above5.

Assuming completion of the VZW disposal and associated transactions in calendar Q1 2014, the Board intends to increase the final dividend per share (post share consolidation) by 8.0%. Together with the 3.53 pence interim dividend per share announced today, total dividends per share for the 2014 financial year are therefore expected to be 11.0 pence.

Notes:

1 The consideration is payable in US dollars and, as such, the sterling equivalent will be subject to movements in the US dollar / sterling foreign exchange rate. On 30 August 2013, being the last practicable date before announcement of the transaction, the exchange rate was £1: US$1.5482 and the conversion to sterling is set out for convenience.

2 Management basis includes the results of Vodafone Italy, Vodafone Hutchison Australia, Vodafone Fiji and Indus Towers, the Group s joint ventures, on a proportionate consolidation basis. It also includes five months profit contribution from VZW. Southern Europe results include the results of Vodafone Italy, the Group s joint venture in Southern Europe, on a proportionate consolidation basis. Results for AMAP include Vodafone Hutchison Australia, Vodafone Fiji and Indus Towers, the Group s joint ventures in AMAP, on a proportionate consolidation basis.

3 Based on VZW s results for the period ended 2 September 2013 and the comparable five month period in the prior year.

4 Northern and Central Europe, Southern Europe and Common Functions, excluding restructuring costs and Project Spring.

5 See page 8 for more information on guidance.

6 Now reported excluding restructuring costs and significant one-off items of £121 million (2012: £63 million) and £107 million respectively in the six months ended 30 September 2013.

GROUP FINANCIAL HIGHLIGHTS

		Six months ended 30 September			
		2013	2012	% change	
	Page	£m	£m	Reported	Organic
Statutory basis[1, 2]					
Continuing operations:					
Revenue	29	19,061	18,598	2.5	(1.6)
Operating profit/(loss)	29	2,196	(3,215)		
Profit/(loss) before taxation	29	1,514	(3,881)		
Profit/(loss) for the financial period[3]	29	15,711	(4,252)		
Basic earnings/(loss) per share (pence)	29	32.10p	(8.81p)		
Capital expenditure	23	2,329	2,038	14.3	
Total operations:					
Adjusted profit before tax[6]	11, 45	5,145	5,282	(2.6)	
Adjusted effective tax rate[6]	11	29.3%	26.6%		
Adjusted profit attributable to equity shareholders[6]	12, 45	3,815	3,974	(4.0)	
Adjusted earnings per share (pence)[6]	12, 45	7.85p	8.06p	(2.6)	
Cash generated by operations	23, 38	5,469	5,063	8.0	
Free cash flow[4]	23	1,840	1,771	3.9	
Net debt	23, 24	23,933	24,469	(2.2)	
Management basis[1, 2, 5]					
Service revenue	9	20,040	20,022	0.1	(4.2)
EBITDA[6]	9	6,609	6,702	(1.4)	(4.1)
EBITDA margin	9	30.0%	30.8%	(0.8pp)	(0.3pp)
Adjusted operating profit[6]	9	5,709	6,225	(8.3)	0.5
Free cash flow[4]	23	2,020	2,178	(7.3)	

Notes:

1 Amounts presented at 30 September or for the six month period then ended.

2 See page 42 for Use of non-GAAP financial information and page 48 for Definitions of terms .

3 Includes the recognition of a deferred tax asset in respect of tax losses in Germany (£1,838 million) and Luxembourg (£15,831 million) and the estimated tax liability related to the rationalisation and reorganisation of our non-US assets prior to the disposal of our stake in VZW (£3,016 million).

4 All references to free cash flow are to amounts before licence and spectrum payments.

5 Management basis includes the results of Vodafone Italy, Vodafone Hutchison Australia, Vodafone Fiji and Indus Towers, the Group s joint ventures, on a proportionate consolidation basis. It also includes five months profit contribution from VZW.

6 Now reported excluding restructuring costs and significant one-off items of £121 million (2012: £63 million) and £107 million respectively in the six months ended 30 September 2013.

GUIDANCE

Please see page 42 for Use of non-GAAP financial information , page 48 for Definitions of terms and page 49 for Forward-looking statements .

2014 financial year guidance

The Group revised its guidance following the announcement of the agreement to dispose of its US Group whose principal asset is its 45% interest in VZW. On a statutory basis, the Group s financial results for the 2014 financial year will include the contribution of VZW up to the date of the sale announcement on 2 September 2013, and will include the additional 23% of Vodafone Italy only from the date of completion of that transaction, expected to be in calendar Q1 2014.

Management believes this statutory presentation will not be representative of performance. Therefore on 2 September 2013 we provided guidance on a pro forma basis, including 100% of Vodafone Italy and excluding results relating to VZW. This pro forma guidance includes Vodafone s remaining joint ventures (principally Australia, Fiji and Indus Towers), on an equity accounted basis, consistent with IFRS requirements. On this basis the Group expects to deliver pro forma adjusted operating profit of around £5 billion and free cash flow of £4.5 to £5.0 billion for the 2014 financial year. Capital expenditure is expected to remain broadly stable on a constant currency basis, excluding Project Spring. The EBITDA margin is expected to decline slightly more in the second half of the 2014 financial year than in the first half. Our latest view of the likely overall business performance over the remainder of the year is consistent with that held when issuing pro forma guidance on 2 September 2013.

	Original guidance 2014 financial year £bn	Excluding results relating to VZW £bn	Including additional 23% of Italy £bn	Impact of joint venture accounting £bn	Pro forma guidance 2014 financial year £bn
Adjusted operating profit	12.0 12.8	(7.0 8.0)	0.3	(0.2)	Around 5.0
Free cash flow	Around 7.0	(3.0)	0.2	0.2	4.5 5.0

Assumptions

Pro forma guidance for the 2014 financial year is based on our current assessment of the global macroeconomic outlook and assumes certain foreign exchange rates including £1: 1.17, £1:INR 84.9 and £1:ZAR 14.3. It excludes the impact of licence and spectrum purchases, material tax settlement related payments, restructuring costs and purchase adjustments on the Vodafone Italy

transaction, and assumes no material change to the current structure of the Group, except as stated above, and excludes the impact of Project Spring.

Actual foreign exchange rates may vary from the foreign exchange rate assumptions used. A 1% change in the sterling exchange rate would impact both adjusted operating profit and free cash flow by approximately £25 million with respect to the euro, approximately £5 million with respect to the India rupee, and approximately £10 million with respect to the South Africa rand.

CONTENTS

	Page
Financial results	9
Liquidity and capital resources	23
Other significant developments	26
Risk factors	27
Responsibility statement	28
Unaudited condensed consolidated financial statements	29
Use of non-GAAP financial information	42
Additional information	43
Other information (including forward-looking statements)	47

FINANCIAL RESULTS

Group[1]

	Northern and Central Europe £m	Southern Europe2 £m	Africa, Middle East and Asia Pacific2 £m	Non-Controlled Interests and Common Functions2, 3 £m	Eliminations £m	Group on a **management basis**2 £m	Discontinued operations/Joint ventures4 £m	Group on a **statutory basis** for the six months ended 30 September 2013 £m	2012 £m
Mobile in-bundle revenue	4,426	2,082	1,406	125		8,039	(1,061)	6,978	6,332
Mobile out-of-bundle revenue	2,082	1,424	3,213	2		6,721	(847)	5,874	6,443
Mobile incoming revenue	704	277	752	1		1,734	(239)	1,495	1,799
Fixed line revenue	1,827	478	271	99	(1)	2,674	(279)	2,395	1,710
Other service revenue	431	214	245	15	(33)	872	(82)	790	913
Service revenue5	**9,470**	**4,475**	**5,887**	**242**	**(34)**	**20,040**	**(2,508)**	**17,532**	**17,197**
Other revenue5	681	442	785	86		1,994	(465)	1,529	1,401
Revenue	**10,151**	**4,917**	**6,672**	**328**	**(34)**	**22,034**	**(2,973)**	**19,061**	**18,598**
Direct costs	(2,583)	(1,030)	(1,627)	(169)	34	(5,375)	630	(4,745)	(4,704)
Customer costs	(2,313)	(1,184)	(986)	7		(4,476)	545	(3,931)	(3,767)
Operating expenses	(2,410)	(1,164)	(1,825)	(175)		(5,574)	765	(4,809)	(4,531)
EBITDA6	**2,845**	**1,539**	**2,234**	**(9)**		**6,609**	**(1,033)**	**5,576**	**5,596**
Depreciation and amortisation:									
Acquired intangibles	(71)		(263)	(5)		(339)	9	(330)	(320)
	(508)	(99)	(104)			(711)	86	(625)	(563)

Purchased licences								
Other	(1,341)	(769)	(943)	11	(3,042)	521	(2,521)	(2,336)
Share of result in associates and joint ventures	(5)		34	3,163	3,192	(2,969)	223	367
Adjusted operating profit6	**920**	**671**	**958**	**3,160**	**5,709**	**(3,386)**	**2,323**	**2,744**
Impairment loss								(5,900)
Restructuring costs and write-off of an asset relating to a regulatory case in Spain					(228)	60	(168)	(63)
Other income and expense					69	(28)	41	4
Operating profit/(loss)					**5,550**	**(3,354)**	**2,196**	**(3,215)**
Non-operating income and expense							(150)	1
Net financing costs							(532)	(667)
Income tax, excluding the recognition of additional deferred tax							(456)	(371)
Recognition of additional deferred tax7							14,653	
Profit/(loss) for the financial period from continuing operations							**15,711**	**(4,252)**
Profit for the financial period from discontinued operations							**2,353**	**2,360**
Profit/(loss) for the financial period							**18,064**	**(1,892)**

Notes:

1 Current period results reflect average foreign exchange rates of £1: 1.17 and £1:US$1.54.

2 Includes Vodafone Italy, Vodafone Hutchison Australia, Vodafone Fiji and Indus Towers, the Group s joint ventures, on a proportionate consolidation basis and five months profit contribution from VZW until the announcement of its disposal.

3 Common Functions primarily represent the results of the partner markets and the net result of unallocated central Group costs on a continuing basis.

4 Excludes joint ventures on a proportionate consolidation basis, but includes them on an equity accounting basis, and excludes on a continuing basis the profit contribution from VZW.

5 Revenue from network infrastructure arrangements is no longer recorded in service revenue. Comparative periods have been restated on a comparable basis.

6 Now reported excluding restructuring costs and significant one-off items of £121 million (2012: £63 million) and £107 million respectively in the six months ended 30 September 2013.

7 Includes the recognition of a deferred tax asset in respect of tax losses in Germany (£1,838 million) and Luxembourg (£15,831 million) and the estimated tax liability related to the rationalisation and reorganisation of our non-US assets prior to the disposal of our stake in VZW (£3,016 million).

9

FINANCIAL RESULTS

Revenue

Group revenue increased by 2.5% to £19.1 billion, with service revenue of £17.5 billion, a decline of 2.3%* on an organic basis. On a management basis, service revenue was £20.0 billion, a decline of 4.2%*. Our performance reflected strong growth in our emerging markets and continued demand for data services, offset by regulatory changes, challenging macroeconomic conditions in Europe and competitive pricing pressures.

In Northern and Central Europe service revenue declined by 3.9%* as growth in Turkey was more than offset by declines in all other markets, driven by the impact of MTR cuts, increased competition and macroeconomic conditions in some markets.

In Southern Europe service revenue on a management basis declined by 14.9%* as revenue declined in all of our major markets resulting from severe macroeconomic weakness, intense competition and the impact of MTR cuts.

In AMAP service revenue on a management basis increased by 5.8%* with good growth in most markets, partially offset by declines in Australia and New Zealand.

EBITDA and profit

Group EBITDA decreased by 0.4% to £5.6 billion primarily driven by lower revenue, partially offset by operating cost efficiencies. On a management basis, EBITDA was £6.6 billion, a decrease of 4.1%*.

Adjusted operating profit declined by 15.3%, primarily due to a decline in our share of results of associates and joint ventures, lower EBITDA and higher amortisation and depreciation. On a management basis, adjusted operating profit was £5.7 billion, an increase of 0.5%*.

Operating profit increased to £2.2 billion from a loss of £3.2 billion in the prior period, primarily as a result of the £5.9 billion impairment charge in the six months ended 30 September 2012.

Net financing costs

	Six months ended 30 September 2013 £m	2012 £m
Investment income	171	187
Financing costs	(703)	(854)
Net financing costs	**(532)**	**(667)**
Analysed as:		
Net financing costs before interest on settlement of tax issues	(532)	(768)
Interest (expense)/income arising on settlement of outstanding tax issues	(9)	39
	(541)	**(729)**
Foreign exchange[1]	9	62
	(532)	**(667)**

Note:

1 Comprises foreign exchange rate differences reflected in the income statement in relation to certain intercompany balances.

Net financing costs before interest on settlement of tax issues have decreased by 30.7%, primarily due to the recognition of mark-to-market gains.

FINANCIAL RESULTS

Taxation

	Six months ended 30 September	
	2013	2012
	£m	£m
Income tax expense:		
Continuing operations before recognition of deferred tax	456	371
Discontinued operations	871	802
Total income tax expense	**1,327**	**1,173**
Recognition of additional deferred tax continuing operations	(14,653)	
Total tax (credit)/expense	**(13,326)**	**1,173**
Tax on adjustments to derive adjusted profit before tax	79	32
Recognition of a deferred tax asset for losses in Germany and Luxembourg	17,669	
Deferred tax liability on US rationalisation and reorganisation	(3,016)	
Adjusted income tax expense	**1,406**	**1,205**
Share of associates and joint ventures tax	166	292
Adjusted income tax expense for calculating adjusted tax rate	**1,572**	**1,497**
Profit/(loss) before tax:		
Continuing operations	1,514	(3,881)
Discontinued operations	3,224	3,162
Total profit/(loss) before tax	**4,738**	**(719)**
Adjustments to derive adjusted profit before tax1	407	6,001
Adjusted profit before tax	**5,145**	**5,282**
Add: Share of associates and joint ventures tax and non-controlling interest	221	340
Adjusted profit before tax for calculating adjusted effective tax rate	**5,366**	**5,622**
Adjusted effective tax rate	**29.3%**	**26.6%**

Note:

1 See Earnings/(loss) per share on page 12.

Our adjusted effective tax rate for the six months ended 30 September 2013 was 29.3%, in line with our expectation for the year. The rate was negatively impacted by including six months of tax in respect of our US Group, but only including the profit contribution from VZW for five months. If only five months tax in respect of the US Group were included our adjusted effective tax rate would be 25.9%.

Our adjusted effective tax rate does not include the impact of the recognition of an additional deferred tax asset in respect of the Group s historic tax losses in Germany (£1,838 million) and Luxembourg (£15,831 million), and the estimated US tax liability (£3,016 million) relating to the rationalisation and reorganisation of our non-US assets prior to the disposal of our interest in VZW.

The recognition of the additional deferred tax assets, which arose from losses in earlier years, was triggered by the agreement to dispose of the US group whose principal asset is its 45% interest in VZW, which removes significant uncertainty around both the availability of the losses in Germany and the future income streams in Luxembourg. Further details about the Group s tax losses can be found in note 7 of our consolidated financial statements for the year ended 31 March 2013.

The Group expects to use these losses over a significant number of years; the actual use of these losses is dependent on many factors which may change, including the level of profitability in both Germany and Luxembourg, changes in tax law and changes to the structure of the Group.

FINANCIAL RESULTS

Earnings/(loss) per share

Adjusted earnings per share was 7.85 pence, a decrease of 2.6% year-on-year, reflecting lower adjusted operating profit primarily due to the cessation of equity accounting for VZW from 2 September 2013, partially offset by a reduction in shares arising from the Group s share buyback programme. Basic earnings per share increased to 32.10 pence (30 September 2012: loss of 8.81 pence) due to the recognition of a deferred tax asset in the current period, as described above, and the impairment charge in the prior period, both of which are excluded from adjusted earnings per share.

	Six months ended 30 September	
	2013	2012
	£m	£m
Profit/(loss) attributable to equity shareholders	**17,954**	**(1,983)**
Adjustments:		
Impairment loss1		5,900
Amortisation of intangibles2	125	105
Restructuring costs and write-off of an asset relating to a regulatory case in Spain3	210	63
Other income and expense	(69)	(4)
Non-operating income and expense	150	(1)
Investment income and financing costs4	(9)	(62)
	407	**6,001**
Taxation1, 5	(14,732)	(32)
Removing the additional month of tax in respect of the trading results of VZW6	181	
Non-controlling interests	5	(12)
Adjusted profit attributable to equity shareholders2	**3,815**	**3,974**
	Million	Million
Weighted average number of shares outstanding basic	48,600	49,310
Weighted average number of shares outstanding diluted	48,798	49,310

Notes:

1 The impairment charge of £5,900 million in the six months ended 30 September 2012 did not result in any tax consequences.

2 The Group has redefined adjusted profit to exclude amortisation of acquired customer base and brand intangible assets.

3 Includes £103 million (2012: £63 million) of restructuring costs, net of tax relating to joint ventures, and £107 million (2012: £nil) relating to the write-off of an asset relating to a regulatory case in Spain.

4 See note 1 in Net financing costs on page 10.

5 Includes the recognition of a deferred tax asset in respect of tax losses in Germany (£1,838 million) and Luxembourg (£15,831 million) and the estimated tax liability relating to the rationalisation and reorganisation of our non-US assets prior to the disposal of our 45% interest in VZW (£3,016 million).

6 See Taxation on page 11.

FINANCIAL RESULTS

Northern and Central Europe

	Germany £m	UK £m	Other Northern and Central Europe £m	Eliminations £m	Northern and Central Europe £m	% change £	Organic
30 September 2013							
Mobile in-bundle revenue	1,834	1,224	1,368		**4,426**		
Mobile out-of-bundle revenue	607	689	786		**2,082**		
Mobile incoming revenue	156	194	354		**704**		
Fixed line revenue	851	791	186	(1)	**1,827**		
Other service revenue	183	160	100	(12)	**431**		
Service revenue	**3,631**	**3,058**	**2,794**	**(13)**	**9,470**	**4.6**	**(3.9)**
Other revenue	269	167	246	(1)	**681**		
Revenue	**3,900**	**3,225**	**3,040**	**(14)**	**10,151**	**5.1**	**(3.5)**
Direct costs	(858)	(892)	(847)	14	**(2,583)**		
Customer costs	(923)	(765)	(625)		**(2,313)**		
Operating expenses	(791)	(866)	(753)		**(2,410)**		
EBITDA	**1,328**	**702**	**815**		**2,845**	**0.3**	**(7.6)**
Depreciation and amortisation:							
Acquired intangibles		(47)	(24)		**(71)**		
Purchased licences	(256)	(170)	(82)		**(508)**		
Other	(483)	(432)	(426)		**(1,341)**		
Share of result in associates and joint ventures		(6)	1		**(5)**		
Adjusted operating profit	**589**	**47**	**284**		**920**	**(20.1)**	**(22.7)**
EBITDA margin	**34.1%**	**21.8%**	**26.8%**		**28.0%**		
30 September 2012							
Mobile in-bundle revenue	1,651	1,218	1,211		**4,080**		
Mobile out-of-bundle revenue	732	734	873		**2,339**		
Mobile incoming revenue	207	263	410		**880**		
Fixed line revenue	848	24	451	(7)	**1,316**		
Other service revenue	190	172	105	(31)	**436**		
Service revenue	**3,628**	**2,411**	**3,050**	**(38)**	**9,051**		
Other revenue	263	181	162		**606**		
Revenue	**3,891**	**2,592**	**3,212**	**(38)**	**9,657**		
Direct costs	(837)	(635)	(1,043)	38	**(2,477)**		
Customer costs	(880)	(812)	(497)		**(2,189)**		
Operating expenses	(751)	(560)	(843)		**(2,154)**		
EBITDA	**1,423**	**585**	**829**		**2,837**		
Depreciation and amortisation:							
Acquired intangibles		(3)	(43)		**(46)**		
Purchased licences	(241)	(166)	(49)		**(456)**		
Other	(429)	(288)	(467)		**(1,184)**		
Adjusted operating profit	**753**	**128**	**270**		**1,151**		
EBITDA margin	**36.6%**	**22.6%**	**25.8%**		**29.4%**		
Change at constant exchange rates	%	%	%				
Mobile in-bundle revenue	4.4	0.5	9.4				
Mobile out-of-bundle revenue	(22.0)	(6.1)	(12.4)				
Mobile incoming revenue	(29.2)	(26.2)	(15.4)				

Fixed line revenue	(5.7)	NM	(59.1)
Other service revenue	(9.7)	(7.0)	(6.5)
Service revenue	**(5.9)**	**26.8**	**(10.7)**
Other revenue	(3.6)	(7.7)	46.4
Revenue	**(5.8)**	**24.4**	**(7.8)**
Direct costs	3.6	40.5	20.2
Customer costs	1.3	(5.8)	(21.3)
Operating expenses	1.0	54.6	12.5
EBITDA	**(12.3)**	**20.0**	**(5.3)**
Depreciation and amortisation:			
Acquired intangibles		NM	44.0
Purchased licences	0.1	2.4	(60.7)
Other	(5.8)	50.0	11.3
Share of result in associates and joint ventures			26.6
Adjusted operating profit	**(26.6)**	**(63.3)**	**(1.1)**
EBITDA margin movement (pps)	**(2.5)**	**(0.8)**	**0.7**

Note:

NM Not meaningful.

FINANCIAL RESULTS

Revenue increased by 5.1%, including a 3.5 percentage point favourable impact from foreign exchange rate movements and a 5.1 percentage point positive impact from M&A and other activity. On an organic basis service revenue declined by 3.9%*, driven by challenging macroeconomic conditions in some markets, increased competition and the impact of MTR cuts, partially offset by continued growth of mobile in-bundle revenue. Organic growth in Turkey was more than offset by declines in all other markets.

EBITDA increased by 0.3%, including a 4.2 percentage point favourable impact from foreign exchange rate movements and a 3.7 percentage point positive impact from M&A and other activity. On an organic basis EBITDA decreased by 7.6%*, resulting from a reduction in service revenue in most markets and higher customer investment due to the increased penetration of smartphones.

	Organic change %	Other activity1 pps	Foreign exchange pps	Reported change %
Northern and Central Europe revenue	**(3.5)**	**5.1**	**3.5**	**5.1**
Service revenue				
Germany	(5.6)	(0.3)	6.0	0.1
UK	(4.4)	31.2		26.8
Other Northern and Central Europe	(0.9)	(9.8)	2.3	(8.4)
Northern and Central Europe service revenue	**(3.9)**	**5.1**	**3.4**	**4.6**
EBITDA				
Germany	(12.6)	0.3	5.6	(6.7)
UK	(3.9)	23.9		20.0
Other Northern and Central Europe	(1.2)	(4.1)	3.6	(1.7)
Northern and Central Europe EBITDA	**(7.6)**	**3.7**	**4.2**	**0.3**
Adjusted operating profit				
Germany	(27.0)	0.4	4.8	(21.8)
UK	(22.0)	(41.3)		(63.3)
Other Northern and Central Europe	(12.3)	11.2	6.3	5.2
Northern and Central Europe adjusted operating profit	**(22.7)**	**(1.7)**	**4.3**	**(20.1)**

Note:

1 Other activity includes the impact of M&A activity and the revision to intra-group roaming charges from 1 April 2013. Refer to note 4 on page 47 for more details.

Germany

Service revenue decreased by 5.6%*, driven by intense price competition in both the consumer and enterprise segments. The consumer contract customer base returned to growth during Q2, driven by Vodafone Red price plans, with more than 1.8 million customers at 30 September 2013. Mobile in-bundle revenue increased by 4.4%* as a result of growth in integrated Vodafone Red

offers. This was more than offset by a decline in mobile out-of-bundle revenue of 22.0%*. Prepaid revenue continues to be impacted by a lower customer base.

The roll out of 4G services continued, with a focus on urban areas, and was available in all major cities with overall population coverage of 66% at 30 September 2013.

EBITDA declined by 12.6%* primarily driven by lower service revenue. The EBITDA margin fell by 2.7* percentage points as a result. On an underlying basis operating costs remained stable as higher network energy costs were offset by other savings.

On 14 October 2013 Vodafone announced that the public takeover offer of Kabel Deutschland Holding AG had been completed and settled, with Vodafone holding 76.57% of the share capital.

UK

Service revenue decreased by 4.4%* principally driven by continued intense price competition and an MTR cut effective from April 2013. Consumer contract service revenue is growing. Mobile in-bundle revenue grew by 0.5%* supported by customer growth and the increased take-up of Vodafone Red price plans. Mobile out-of-bundle revenue declined by 6.1%*. In August 2013 Vodafone UK launched 4G commercial services in London, with roll out to a further twelve cities planned by the end of the financial year.

The UK portion of Cable & Wireless Worldwide plc (CWW) was integrated into Vodafone UK from 1 April 2013, which was earlier than planned. The business has been rebranded to Vodafone and converged offers have been launched in the enterprise sector. Integration costs and synergies remain on track and technical integration continues to progress well.

FINANCIAL RESULTS

EBITDA declined by 3.9%*, driven by lower revenue, but partially offset by a 0.5* percentage point improvement in EBITDA margin as a result of operating cost savings.

Other Northern and Central Europe

Service revenue decreased by 0.9%* as growth in Turkey was more than offset by declines in the rest of Other Northern and Central Europe. Service revenue in Turkey increased by 10.1%*, including a 4.1 percentage point impact from voice and SMS MTR cuts effective from 1 July 2013. Mobile in-bundle revenue grew by 25.6%* driven by higher smartphone penetration, the introduction of Vodafone Red price plans in May 2013, and continued growth in enterprise. In the Netherlands, service revenue declined by 4.7%*, broadly in line with the market.

In August 2013 we launched 4G commercial services in the Netherlands with coverage of the major metropolitan areas, Randstad , and roll out continues in the rest of the country.

EBITDA declined by 1.2%*, with a 0.8* percentage point reduction in the EBITDA margin, as margin improvement in Turkey, driven by the increase in scale and cost management, was offset by declines in most other markets primarily resulting from lower revenue.

FINANCIAL RESULTS

Southern Europe[1]

	Italy[1] £m	Spain £m	Other Southern Europe £m	Eliminations £m	Southern Europe on a management basis[1] £m	% change[1] £	Organic
30 September 2013							
Mobile in-bundle revenue	777	983	322		**2,082**		
Mobile out-of-bundle revenue	732	362	330		**1,424**		
Mobile incoming revenue	137	87	53		**277**		
Fixed line revenue	279	161	38		**478**		
Other service revenue	78	101	40	(5)	**214**		
Service revenue	**2,003**	**1,694**	**783**	**(5)**	**4,475**	**(10.1)**	**(14.9)**
Other revenue	214	145	84	(1)	**442**		
Revenue	**2,217**	**1,839**	**867**	**(6)**	**4,917**	**(8.6)**	**(13.5)**
Direct costs	(492)	(384)	(159)	5	**(1,030)**		
Customer costs	(409)	(602)	(174)	1	**(1,184)**		
Operating expenses	(498)	(431)	(235)		**(1,164)**		
EBITDA	**818**	**422**	**299**		**1,539**	**(19.1)**	**(23.0)**
Depreciation and amortisation:							
Purchased licences	(78)	(5)	(16)		**(99)**		
Other	(320)	(303)	(146)		**(769)**		
Share of result in associates and joint ventures							
Adjusted operating profit	**420**	**114**	**137**		**671**	**(39.3)**	**(41.7)**
EBITDA margin	**36.9%**	**22.9%**	**34.5%**		**31.3%**		
30 September 2012							
Mobile in-bundle revenue	592	901	305		**1,798**		
Mobile out-of-bundle revenue	1,090	544	378		**2,012**		
Mobile incoming revenue	221	148	99		**468**		
Fixed line revenue	272	160	34		**466**		
Other service revenue	95	105	45	(11)	**234**		
Service revenue	**2,270**	**1,858**	**861**	**(11)**	**4,978**		
Other revenue	158	109	134	(1)	**400**		
Revenue	**2,428**	**1,967**	**995**	**(12)**	**5,378**		
Direct costs	(542)	(429)	(231)	11	**(1,191)**		
Customer costs	(366)	(555)	(166)	1	**(1,086)**		
Operating expenses	(487)	(448)	(263)		**(1,198)**		
EBITDA	**1,033**	**535**	**335**		**1,903**		
Depreciation and amortisation:							
Purchased licences	(50)	(5)	(11)		**(66)**		
Other	(293)	(283)	(157)		**(733)**		
Share of result in associates and joint ventures			1		**1**		
Adjusted operating profit	**690**	**247**	**168**		**1,105**		
EBITDA margin	**42.5%**	**27.2%**	**33.7%**		**35.4%**		
Change at constant exchange rates	%	%	%				
Mobile in-bundle revenue	23.5	2.5	(0.6)				
Mobile out-of-bundle revenue	(36.9)	(37.5)	(18.3)				
Mobile incoming revenue	(41.9)	(44.2)	(47.8)				
Fixed line revenue	(3.6)	(5.8)	6.3				

Other service revenue	(22.2)	(9.7)	(20.1)
Service revenue	**(17.0)**	**(14.3)**	**(14.4)**
Other revenue	27.1	24.8	(41.7)
Revenue	**(14.2)**	**(12.1)**	**(18.1)**
Direct costs	14.5	15.7	35.5
Customer costs	(4.9)	(1.9)	1.2
Operating expenses	3.8	9.6	15.9
EBITDA	**(25.6)**	**(25.9)**	**(16.1)**
Depreciation and amortisation:			
Purchased licences	(48.1)		(32.9)
Other	(2.4)	(0.4)	11.0
Share of result in associates and joint ventures			(39.2)
Adjusted operating profit	**(42.8)**	**(56.6)**	**(24.2)**
EBITDA margin movement (pps)	**(5.7)**	**(4.2)**	**0.8**

Note:

1 Includes Vodafone Italy, the Group s joint venture in Southern Europe, on a proportionate consolidation basis.

FINANCIAL RESULTS

Revenue decreased by 8.6% including a 5.5 percentage point impact from favourable foreign exchange rate movements. On an organic basis service revenue declined by 14.9%* , driven by the impact of MTR cuts, severe macroeconomic weakness and intense competition, partially offset by growth in data revenue. Revenue declined in all of the major markets in the region.

EBITDA declined by 19.1%, including a 4.9 percentage point favourable impact from foreign exchange rate movements. On an organic basis EBITDA decreased by 23.0%*, resulting from a reduction in service revenue in most markets.

	Organic change %	Other activity2 pps	Foreign exchange pps	Reported change %
Southern Europe revenue1	**(13.5)**	**(0.6)**	**5.5**	**(8.6)**
Service revenue				
Italy1	(16.7)	(0.3)	5.2	(11.8)
Spain	(13.4)	(0.9)	5.5	(8.8)
Other Southern Europe	(13.5)	(0.9)	5.3	(9.1)
Southern Europe service revenue1	**(14.9)**	**(0.6)**	**5.4**	**(10.1)**
EBITDA				
Italy1	(25.4)	(0.2)	4.8	(20.8)
Spain	(23.7)	(2.2)	4.8	(21.1)
Other Southern Europe	(14.6)	(1.5)	5.4	(10.7)
Southern Europe EBITDA1	**(23.0)**	**(1.0)**	**4.9**	**(19.1)**
Adjusted operating profit				
Italy1	(42.5)	(0.3)	3.7	(39.1)
Spain	(53.7)	(2.9)	2.8	(53.8)
Other Southern Europe	(21.4)	(2.8)	5.7	(18.5)
Southern Europe adjusted operating profit1	**(41.7)**	**(1.3)**	**3.7**	**(39.3)**

Notes:

1 Includes Vodafone Italy, the Group s joint venture in Southern Europe, on a proportionate consolidation basis.

2 Other activity includes the impact of M&A activity and the revision to intra-group roaming charges from 1 April 2013. Refer to note 4 on page 47 for more details.

<u>Italy</u>

Service revenue declined by 16.7%* driven by a challenging macroeconomic and competitive environment, leading to intense price competition, as well as the impact of MTR cuts effective from July 2012. Mobile in-bundle revenue grew by 23.5%* driven by the take-up of Vodafone Red price plans, which have had a positive impact on consumer contract customer additions and churn, and

higher smartphone penetration.

Vodafone Italy has brought fibre services to thirty-four cities. Broadband revenue grew at 4.7%* in Q2, driven by continued positive broadband net additions.

EBITDA declined by 25.4%* driven by the lower service revenue partially offset by strong efficiency plans delivered both on commercial and operating costs. The EBITDA margin declined 5.7* percentage points.

Spain

Service revenue de