

VODAFONE GROUP PUBLIC LTD CO

Form 6-K

February 10, 2010

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 February 10, 2010

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

Form 40-F

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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

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 SHALL BE DEEMED TO BE INCORPORATED BY REFERENCE IN EACH OF THE REGISTRATION STATEMENT ON FORM F-3 (FILE NO. 333-144978), THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-81825) AND THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-149634) OF VODAFONE GROUP PUBLIC LIMITED COMPANY AND TO BE A PART THEREOF FROM THE DATE ON WHICH THIS REPORT IS FURNISHED, TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS SUBSEQUENTLY FILED OR FURNISHED.

This Report on Form 6-K contains Vodafone Group Plc's (Vodafone) interim management statement for the quarter ended 31 December 2009.

Use of Non-GAAP Financial Information

In presenting and discussing the Group's reported operating results certain information is derived from amounts calculated in accordance with International Financial Reporting Standards (IFRS) but this information is not itself an expressly permitted GAAP measure. Such non-GAAP measures should not be viewed in isolation or as an alternative to the equivalent GAAP measure.

Cash flow measures

In presenting and discussing the Group's reported results, free cash flow is calculated and presented even though this measure is not recognised within IFRS. The Group believes that it is both useful and necessary to communicate free cash flow to investors and other interested parties, for the following reasons:

- free cash flow allows the Company and external parties to evaluate the Group's liquidity and the cash generated by the Group's operations. Free cash flow does not include payments for licences and spectrum included within intangible assets and items determined independently of the ongoing business, such as the level of dividends, and items which are deemed discretionary such as cash flows relating to acquisitions and disposals or financing activities. In addition it does not necessarily reflect the amounts which the Group has an obligation to incur. However, it does reflect the cash available for such discretionary activities, to strengthen the consolidated balance sheet or to provide returns to shareholders in the form of dividends or share purchases;
- free cash flow facilitates comparability of results with other companies although the Group's measure of free cash flow may not be directly comparable to similarly titled measures used by other companies;
- this measure is used by management for planning, reporting and incentive purposes; and
- this measure is useful in connection with discussion with the investment analyst community and debt rating agencies.

A reconciliation of cash generated by operations, the closest equivalent GAAP measure, to free cash flow to is provided below:

Quarter ended 31 December

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	2009 £m	2008 £m
Cash generated by operations	4,134	3,777
Cash capital expenditure(1), net of disposals	(1,550)	(1,438)
Dividends received from associates and investments(2)	162	
Other	(939)	(776)
Free cash flow	1,807	1,563

Notes:

(1) Cash paid for purchase of intangible assets other than licence and spectrum payments, and property, plant and equipment.

(2) Three months ended 31 December 2009 includes £162 million from the Group's interest in Verizon Wireless.

Organic Growth

Organic growth presents period to period changes on a comparable basis, both in terms of merger and acquisition activity and foreign exchange rates. The Group believes that organic growth, which is not intended to be a substitute for or superior to reported growth, provides useful and necessary information to investors and other interested parties for the following reasons:

- it provides additional information on underlying growth of the business without the effect of certain factors unrelated to the operating performance of the business;
- it is used by the Group for internal performance analysis; and
- it facilitates comparability of underlying growth with other companies, although the term organic is not a defined term under IFRS and may not, therefore, be comparable with similarly titled measures reported by other companies.

Reconciliations of organic growth to reported growth can be found below and on pages 5, 7, 8 and 10. Furthermore, all amounts in this document marked with an (*) represent organic growth.

		Organic	M&A activity	Foreign exchange	% change Reported
Service revenue growth	Turkey	12.9		(1.2)	11.7
Service revenue growth	Verizon Wireless	4.7	13.9	5.3	23.9
Broadband revenue growth	Italy	22.3		9.5	31.8
Broadband revenue growth	Spain	10.7		8.4	19.1
Fixed line revenue growth	Germany	4.1		8.0	12.1
Mobile internet revenue growth	Group	27.0		7.6	34.6
Enterprise revenue growth	Europe	3.8		(1.9)	1.9
Service revenue growth	Egypt	2.7		(3.3)	(0.6)
Data revenue growth	Vodacom	36.1	169.6	94.3	300.0
Service revenue decline	Romania	(23.8)		5.4	(18.4)
Voice revenue decline	Romania	(24.7)		5.6	(19.1)

INTERIM MANAGEMENT STATEMENT FOR THE QUARTER ENDED 31 DECEMBER 2009

Group service revenue trend improves by 1.8(*) percentage points:

- Group revenue increased by 10.3% to £11.5 billion. Group service revenue increased by 11.0% to £10.7 billion; organic service revenue fell 1.2%(*), a 1.8 percentage point improvement on the previous quarter
- In Europe service revenue fell 3.2%(*), a 1.4 percentage point improvement on the previous quarter. Growth continued in Italy, trends improved in the UK and Germany and trends were stable in Spain. Data and fixed line revenue continued to show a strong performance. In mobile, improvements were driven by enterprise and messaging with voice usage and price trends broadly stable
- In Africa and Central Europe service revenue fell 0.5%(*), a 3.4 percentage point improvement on the previous quarter driven by a return to service revenue growth in Turkey (+12.9%(*)) and continued robust growth at Vodacom (+5.5%(*)) driven by data
- Asia Pacific and Middle East delivered a 10.4%(*) increase in service revenue; India's service revenue grew by 13.8% (*) with strong customer growth despite a more competitive environment
- Verizon Wireless delivered another strong result with service revenue growth of 4.7% (*) and a 7.0% pro forma increase in the mobile customer base
- Proportionate mobile customer base reached 333.0 million with 10.3 million net additions during the quarter

Strong progress on our strategic priorities data revenue exceeded £1 billion:

- Group data revenue exceeded £1 billion for the first time, up 17.7%(*) year on year, with increased take up of data-enabled smartphones across Europe where active data users now exceed 30 million. Data as a percentage of service revenue in Europe was 11%, increasing for the sixth consecutive quarter
- Fixed line revenue grew by 10.0%(*) to £862 million in the quarter with strong broadband customer growth; the European broadband customer base now exceeds five million; revenue grew by 4.1%(*) in Germany, 22.3%(*) in Italy and 10.7%(*) in Spain

Outlook for the 2010 financial year free cash flow range upgraded(1):

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- Adjusted operating profit is now expected to be in the range of £11.4 billion to £11.8 billion(1); cost reduction programmes on track; third quarter EBITDA trends in line with management expectations

- Strong free cash flow of £5.8 billion