VODAFONE GROUP PUBLIC LTD CO
Form 6-K
November 16, 2005

Form 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Private Issuer

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

the Securities Exchange Act of 1934

Dated November 16, 2005

VODAFONE GROUP

PUBLIC LIMITED COMPANY

(Exact name of registrant as specified in its charter)

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 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 press release issued by Vodafone Group Plc on November 15, 2005, entitled **VODAFONE ANNOUNCES RESULTS FOR THE SIX MONTHS TO 30 SEPTEMBER 2005** .

VODAFONE GROUP PLC

VODAFONE ANNOUNCES RESULTS FOR THE SIX MONTHS TO 30 SEPTEMBER 2005

Embargo:
Not for publication before 07:00 hours 15 November 2005

Robust financial performance:

Group revenue of £18.3 billion. Mobile telecommunications revenue increased to £17.7 billion, with organic growth(1) of 5.8%

Adjusted basic earnings per share(1) increased by 8.5% to 5.37 pence. Basic earnings per share were 4.36 pence. Profit before taxation for the period was £4.1 billion after an impairment charge of £0.5 billion

Free cash flow(1) of £3.7 billion. Net cash inflow from operating activities, after net taxation paid of £0.7 billion, up 4.4% to £6.1 billion

Investment in customer growth:

Net organic proportionate additions of 10.0 million for the period

Closing proportionate customer base of 171.0 million, representing annualised organic growth of 12.9%

Continuing strong take-up of products and services:

Total 3G devices of over 4.9 million at the period end, including 4.5 million consumer devices

Mobile voice usage increased by 17.0% to 95.6 billion minutes and non-messaging data revenue grew by 29.6% to £1 billion

Substantial increase in returns to shareholders:

Interim dividend per share increased by 15%, to 2.20 pence, giving a pay-out of approximately £1.4 billion. Targeting a 50% dividend pay-out ratio for the year ending 31 March 2007

Increasing share purchase target by £2 billion to £6.5 billion for the year to March 2006. Since 1 April, £3.4 billion has been expended, reducing shares in issue by 3.7%

(1) See page 62 for definition of terms and page 61 for use of non-GAAP financial information.

Arun Sarin, Chief Executive, commented:

I am pleased to announce another strong set of results. We have grown our customer base to 171 million and made good progress on 3G and other global products and services. We continue to outperform our competitors in most of our markets as we leverage our global scale and remain focused on delivering our strategy for growth. The Board is pleased to announce a substantial increase in returns to shareholders.

CHIEF EXECUTIVE S STATEMENT

Vodafone Group has posted another good set of results for the first half of this financial year, underpinned by a strong operational performance.

The main feature of the last six months has been the success our businesses have enjoyed in acquiring and retaining customers. Our Group added 10 million net organic proportionate mobile customers in the first half, representing annualised growth of approximately 13%. The total proportionate customer base of the Group has risen to 171 million as we continue to enjoy success in both low and high penetration markets.

Our focus on customers can also be seen in the continued and accelerating growth of our 3G customer base. Our early push for 3G is delivering real benefits and we now have approximately 5 million devices. Across the markets where we have introduced the benefits of W-CDMA, I continue to believe that 3G offers Vodafone, and indeed the mobile industry, significant opportunities for growth in the future.

We are now also seeing the benefits of scale introduced into the 3G world. Handset prices to Vodafone have reduced by around 30% in the last 12 months and continued improvements in functionality are all helping to deliver 3G as a mass market proposition. The Vodafone 3G service offering also continues to develop, with a major push in both music and mobile TV which will be enhanced by the rollout of HSDPA next year. I am excited about the prospects for these adjacent markets and our ability to drive new revenue streams.

In light of our financial performance, we are reiterating our guidance ranges for the full year. At this stage in the year we see the likely organic proportionate mobile revenue growth to be in the middle of the 6 to 9% range we indicated in May and organic proportionate mobile EBITDA margins to be at the lower end of the flat to minus 1% range.

The key trends in our business are reflected through our major geographies. First, our core European footprint is delivering solid growth and broadly flat margins. Given the competitive intensity of the European markets and our continued push for new customers, including 3G customers which tend to have a higher upfront subsidy and higher ARPUs, this is excellent progress.

In Japan, execution of our turn-around is on track and I am pleased with the progress we are making. One of the key aspects of this programme is that we continue to invest in customers. The EBITDA margin declined six percentage points year on year in the first half, which together with the effects of stake changes a year ago, contributed the majority of the 1.5 percentage point fall in the total mobile proportionate EBITDA margin.

In the US, our associate, Verizon Wireless, continues to lead the market for customer additions. This has led to continued strong double digit service revenue growth, with some associated margin impact. Given the development of the US market and market leading position enjoyed by Verizon Wireless, we are supportive of this strategy.

The Group continues to benefit from global scale. Our One Vodafone implementation is now ramping up to ensure we can deliver full benefits from the 2008 financial year. The differentiated customer propositions we have introduced in the last 12 months are delivering value to our customers. A very good example of utilising our scale is the introduction of Vodafone Passport, which today is used by over 3 million customers across the Vodafone footprint. Shareholders should expect us to continue to leverage our unrivalled scale in the future.

Inorganic growth is also a factor in our longer term development. This year we have announced acquisitions in Romania, the Czech Republic, India and South Africa as well as the disposal of our Swedish business. We will continue to focus on selective acquisitions and these recent announcements highlight our strategy of investing in growth markets.

The Board has approved a 15% increase in the interim dividend to 2.20 pence per share. The Board has also indicated that it is targeting a 50% dividend pay-out ratio to be achieved for the 2007 financial year. Having taken into account the target of a 50% pay-out, growth in future dividends is expected to be in line with underlying earnings growth.

The Board has also approved a £6.5 billion share purchase programme target for this financial year, representing an increase of £2 billion on the £4.5 billion target announced in May. The Board will continue to review the appropriate allocation of capital on an ongoing basis.

Vodafone Group continues to prosper in a competitive and challenging environment. I am very satisfied with progress and believe that the Group is uniquely placed to take advantage of the many opportunities to deliver shareholder value in the future.

Arun Sarin

GROUP FINANCIAL AND OPERATING HIGHLIGHTS

		Six months to 30 September			
		2005	2004	Change %	
	Page	**£m**	£m	£	Organic
Financial information					
Revenue		**18,251**	16,742	9.0	6.4
Operating profit		**4,477**	4,759	(5.9)	
Profit before taxation		**4,107**	4,540	(9.5)	
Profit for the period		**2,818**	3,683	(23.5)	
Basic earnings per share (pence)		**4.36p**	5.40p	(19.3)	
Capitalised fixed asset additions		**2,097**	2,177	(3.7)	
Net cash flow from operating activities		**6,084**	5,827	4.4	
Performance reporting(1)					
Group EBITDA	58	**6,711**	6,320	6.2	3.3
Adjusted operating profit	6	**4,973**	4,759	4.5	3.9
Adjusted profit before tax	20	**4,753**	4,524	5.1	
Adjusted effective tax rate	20	**30.4%**	29.0%		
Adjusted profit for the period attributable to equity shareholders	39	**3,421**	3,309	3.4	
Adjusted basic earnings per share (pence)	39	**5.37p**	4.95p	8.5	
Free cash flow	23	**3,695**	4,019	(8.1)	
Net debt at 30 September	23	**14,093**	11,081	27.2	
Operational					
Vodafone live! - active devices (million)(2)(3)(4)		**35.0**	11.1	215.3	
3G registered devices (million)(2)(3)		**4.9**	0.1		
Vodafone Mobile Connect data card registered devices (million)(2)(3)		**0.6**	0.3	100.0	
Mobile voice usage (billion minutes)(2)(3)		**95.6**	81.7	17.0	
Non-voice services as a % of service revenue(5)		**18.8%**	17.7%		

The interim results have been prepared based on the requirements of the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). References to IFRS refer to the application of International Financial Reporting Standards, expected to be in issue and adopted for use in the European Union (EU) for the next annual financial statements, including International Accounting Standards (IAS) and interpretations issued by the IASB and its committees, and as interpreted by any regulatory bodies applicable to the Group. Details of the principal accounting differences from UK generally accepted accounting practices are provided on page 49 to 51.

This results announcement contains certain information on the Group s results and cash flows that have been derived from amounts calculated in accordance with IFRS, but are not themselves IFRS measures. They should not be viewed in isolation as alternatives to the equivalent IFRS measure and should be read in conjunction with the equivalent IFRS measure. Further disclosures are provided under Use of Non-GAAP Financial Information on page 61.

See page 62 for definition of terms

(1) These measures are stated excluding items not related to underlying business performance. See page 39 for a description of items not related to underlying business performance

(2) Cumulative number at 30 September

(3) Figures represent 100% of subsidiary information and a pro-rata share in joint ventures

(4) With effect from 31 December 2004, Vodafone live! active devices in Japan have been included in the Group total as the service in Japan has become aligned with the Vodafone live! experience in other countries

(5) Following a review of certain tariffs in Japan, the Group has reclassified an element of monthly fees received from contract customers from voice revenue to non-voice revenue to provide a more precise reflection of customer usage in the six months ended 30 September 2004. Further details are provided on page 6

GROUP PROPORTIONATE INFORMATION

	Six months to 30 September			
	2005	2004	Change %	
	£m	£m	£	Organic
Financial				
Revenue				
Mobile telecommunications				
- Germany	**2,913**	2,808	3.7	
- Italy	**2,240**	2,091	7.1	
- Spain	**1,968**	1,554	26.6	
- UK	**2,568**	2,563	0.2	
- Other mobile operations[(1)]	**4,322**	3,624	19.3	
- Common functions[(2)]	**70**	58		
Less: revenue between mobile operations	**(233)**	(172)		
	13,848	12,526	10.6	6.8
- Japan	**3,619**	3,122	15.9	
- Associated undertakings and investments	**5,948**	5,139	15.7	
	23,415	20,787	12.6	7.7
Other operations	**602**	511	17.8	
Less: revenue between mobile and other operations	**(83)**	(119)		
	23,934	21,179	13.0	8.1
EBITDA[(3)]				
Mobile telecommunications				
- Germany	**1,353**	1,318	2.7	
- Italy	**1,207**	1,119	7.9	
- Spain	**721**	566	27.4	
- UK	**781**	851	(8.2)	
- Other mobile operations[(1)]	**1,503**	1,334	12.7	
- Common functions[(2)]	**182**	(2)		
	5,747	5,186	10.8	6.9
- Japan	**787**	864	(8.9)	
- Associated undertakings and investments	**2,344**	2,138	9.6	
	8,878	8,188	8.4	4.2
Other operations	**64**	63	1.6	
	8,942	8,251	8.4	4.2
EBITDA margin[(3)]			Percentage Points	Percentage Points
Mobile telecommunications				
- Germany	**46.4%**	46.9%	(0.5)	
- Italy	**53.9%**	53.5%	0.4	
- Spain	**36.6%**	36.4%	0.2	
- UK	**30.4%**	33.2%	(2.8)	
- Other mobile operations[(1)]	**34.8%**	36.8%	(2.0)	
	41.5%	41.4%	0.1	
- Japan	**21.7%**	27.7%	(6.0)	

- Associated undertakings and investments	**39.4%**	41.6%	(2.2)	
Mobile EBITDA margin[(3)]	**37.9%**	39.4%	(1.5)	(1.3)

(1) Excludes the results from associated undertakings.

(2) Common functions represent revenue from Partner Markets and unallocated central Group income and expenses.

(3) Charges for the use of the Vodafone brand and trademark have been revised with effect from 1 April 2005. The impact of the change was to reduce individual operating company EBITDA margins by up to 1.1 percentage points in the six months to 30 September 2005 though there is no material impact on mobile or Group EBITDA or EBITDA margin. See page 7 for details.

Proportionate information is presented and calculated on the basis described on pages 57 to 58
See page 62 for definition of terms

	2005	2004	Organic
Customers	**Million**	Million	%
Organic net proportionate customer additions in the six months to 30 September	10.0	7.4	35.1
Proportionate customers at 30 September	171.0	146.7	12.9
See page 62 for definition of terms			

OUTLOOK

Please see Forward-Looking Statements on page 60 and definition of terms on page 62.

Where not explicitly stated on an organic basis, these expectations include the impact of the acquisition of interests in MobiFon in Romania and Oskar in the Czech Republic, but exclude the impact of recently announced transactions in India, Sweden and South Africa as their completion is subject to certain conditions.

For the year ending 31 March 2006 (2006 financial year)

The Group expects to deliver organic growth in proportionate mobile revenue in the middle of the 6% to 9% range previously indicated.

Continuing investment in customer growth is expected to result in the organic proportionate mobile EBITDA margin being at the lower end of the flat to 1 percentage point lower range when compared to the 2005 financial year. The expected fall in the proportionate mobile EBITDA margin includes a decline in the year on year EBITDA margin for Vodafone Japan for the full year similar to that experienced in the first half of the year.

Group capitalised fixed asset additions are anticipated to be in the £5.0 billion to £5.4 billion range, including expenditure in Romania and the Czech Republic.

The Group continues to expect free cash flow to be within the £6.5 billion to £7.0 billion range previously indicated, including free cash flow from Romania and the Czech Republic.

Share purchases by the Group are targeted to be approximately £6.5 billion.

For the year ending 31 March 2007 (2007 financial year)

The following is a summary of the key trends expected for the 2007 financial year.

The Group will continue to focus on growing its operations and outperforming its competitors. Whilst strong revenue growth is expected from 3G enabled data products it is likely that the overall rate of increase in proportionate mobile revenue on an organic basis will be slightly lower than that anticipated for the 2006 financial year due to both progressively higher levels of mobile penetration and a greater impact from changes in termination rates.

The Group expects to exploit opportunities to grow its customer and revenue base and consequently envisages a small decline in proportionate mobile EBITDA margins outside Japan as the benefit of efficiencies in payroll and other operating expenses arising from the One Vodafone programme are more than offset by additional investments in customer growth and changes in termination rates.

In Japan, the Group remains confident that the ongoing improvements to its handset range and the accelerated build out of its 3G network will enable Vodafone Japan to increase its share of the market s overall growth in customers in the 2007 financial year. It is expected that the costs of funding this anticipated growth and the opportunities presented by the introduction of mobile number portability are likely to cause a further significant reduction in EBITDA margin in the 2007 financial year as the Group seeks to re-build momentum in the business.

Group capitalised fixed asset additions, including those in Romania and the Czech Republic, are likely to be slightly higher than in the 2006 financial year, with further investment in 3G coverage and commencement of the Group s rollout of HSDPA.

The effective tax rate for the year is expected to increase by a similar amount to that anticipated for the full 2006 financial year due to a reduced level of one-off restructuring opportunities. It is also expected that there will be a significant increase in cash tax payments as a number of long standing tax issues are expected to reach resolution.

As a result of the above factors, the Group expects free cash flow to be lower than that anticipated for the 2006 financial year.

A detailed outlook, including the impact of the recently announced transactions in India, Sweden and South Africa, will be provided with the preliminary announcement of results for the 2006 financial year in May 2006.

BUSINESS REVIEW

		Six months to 30 September			
		2005	2004	% change	
		£m	£m	£	Organic
Revenue	Mobile telecommunications				
	- Total service revenue	**15,641**	14,431	8.4	5.4
	- Other revenue[1]	**2,059**	1,884	9.3	
		17,700	16,315	8.5	5.8
	Other operations	**622**	505	23.2	
	Less: revenue between mobile and other operations	**(71)**	(78)		
		18,251	16,742	9.0	6.4
Operating profit	Adjusted operating profit				
	- Mobile telecommunications	**4,952**	4,748	4.3	3.7
	- Other operations	**21**	11	90.9	
		4,973	4,759	4.5	3.9
	Items not related to underlying business performance:				
	- Impairment of intangible assets	**(515)**	–	–	
	- Non-operating income in associated undertakings	**19**	–	–	
		4,477	4,759	(5.9)	
Mobile telecommunications					
Trading results	Voice services[2]	**12,705**	11,875	7.0	3.9
	Non-voice services[2]	**2,936**	2,556	14.9	12.2
	Total service revenue	**15,641**	14,431	8.4	5.4
	Net other revenue[1]	**259**	290	(10.7)	
	Interconnect costs	**(2,377)**	(2,164)	9.8	
	Other direct costs	**(1,092)**	(986)	10.8	
	Net acquisition costs[1]	**(1,078)**	(1,007)	7.1	
	Net retention costs[1]	**(1,143)**	(900)	27.0	
	Payroll	**(1,131)**	(1,103)	2.5	
	Other operating expenses	**(2,451)**	(2,314)	5.9	
	EBITDA	**6,628**	6,247	6.1	3.1
	Acquired intangibles amortisation	**(120)**	(31)		
	Purchased licence amortisation	**(472)**	(449)	5.1	
	Depreciation and other amortisation	**(2,269)**	(2,103)	7.9	
	Share of result in associated undertakings	**1,185**	1,084	9.3	
	Adjusted operating profit	**4,952**	4,748	4.3	3.7

(1) Total mobile revenue includes £1,800 million (2004: £1,594 million) which has been excluded from net other revenue and deducted from acquisition and retention costs in the trading results.

(2) Following a review of certain tariffs in Japan, the Group has reclassified an element of monthly fees received from contract customers from voice revenue to non-voice revenue to provide a more precise reflection of customer usage. The impact of the change is to reduce voice revenue by £224m and increase messaging revenue by £74m and non-messaging data revenue by £150m for both the mobile business and Japan in the comparative period. There is no impact on service revenue or total revenue.

See page 62 for definition of terms

GROUP RESULTS

Total revenue increased by 9.0% to £18,251 million for the six months ended 30 September 2005, comprising organic growth of 6.4%, favourable movements in exchange rates of 1.4%, primarily from the Euro, and a further 1.2% from the acquisitions in the Czech Republic and Romania.

Adjusted operating profit increased by 4.5% to £4,973 million, with underlying organic growth of 3.9%, following organic growth of 3.7% in the Group s mobile business. Favourable exchange rate movements benefited reported growth for the Group by 1.3% whilst the impact of acquisitions reduced reported growth by 0.7%, principally due to the amortisation of intangible assets resulting both from the acquisitions in the current period and the increase in the Group s effective shareholding in Japan in the prior period. The Group recorded an impairment charge to the carrying value of goodwill in Vodafone Sweden of £515 million to reflect the recoverable amount at 30 September 2005. This was the primary driver in the reduction in operating profit to £4,477 million, a decrease of 5.9% on the prior period.

MOBILE TELECOMMUNICATIONS RESULTS

Revenue

Revenue in the mobile business increased by 8.5%, or 5.8% on an organic basis, for the six months to 30 September 2005 due to a 5.4% increase in service revenue on an organic basis and growth in other revenue. Service revenue growth reflected a 12.4% organic increase in the average customer base of the controlled mobile networks and the Group s share of jointly controlled mobile networks, offset by a decline in ARPU in a number of markets following termination rate cuts, tariff adjustments in response to increased competition and a higher proportion of lower spending prepaid customers across the Group.

Voice revenue grew by 7.0%, or by 3.9% on an organic basis, with improvements in revenue from outgoing and roaming traffic offset by a decline in incoming revenue driven by termination rate cuts in several markets. Total voice minutes increased by 17.0%, driven by a larger customer base and the success of usage stimulation initiatives. These factors, counterbalanced by tariff declines, resulted in growth in outgoing revenue. Roaming revenue benefited from the launch of Vodafone Passport in the current period.

An increase of 29.6% in non-messaging data revenue, to £989 million, was the principal driver in the growth of non-voice service revenue to £2,936 million for the six months to 30 September 2005, a 12.2% increase on an organic basis. Registering an additional 2,740,000 3G devices in the last six months, including 188,000 Vodafone Mobile Connect 3G/GPRS data cards, was the main factor in the non-messaging data revenue growth, along with Vodafone live! for consumers and BlackBerry® from Vodafone in the business segment. Messaging revenue continued to represent the largest component of non-voice revenue at £1,947 million for the current period, an 8.6% increase over the prior period.

Other revenue increased to £2,059 million, principally due to growth in revenue related to acquisition and retention activities in Spain and Japan. A 27.8% rise in the number of gross customer additions, partially offset by a fall in the average revenue for handset sales to new prepaid customers, and a 23.3% increase in the number of upgrades, at a higher average price as customers upgraded to high-specification 3G handsets, led to a 12.9% growth in revenue related to acquisition and retention activities to £1,800 million.

Adjusted operating profit

Adjusted operating profit increased by 4.3% to £4,952 million, comprising organic growth of 3.7% and favourable exchange rate movements of 1.4% offset by the impact of acquisitions in the current and prior periods.

Interconnect costs increased by 6.2% on an organic basis, as strong growth in voice usage was only partially offset by cuts in termination rates in a number of markets and an increased proportion of outgoing traffic being to other Vodafone customers, which does not result in interconnect expense.

Acquisition and retention costs, net of attributable revenue, grew by 16.5% to £2,221 million, principally due to increased investment in retention activities, with Japan representing the largest element, as the number of upgrades grew strongly with a marginally higher average subsidy per upgrade.

Payroll and other operating expenses as a percentage of service revenue decreased from 23.7% to 22.9% as the Group continued to realise cost efficiencies.

The charge relating to the amortisation of acquired intangible assets increased to £120 million following the acquisitions in the Czech Republic and Romania in the current period and the increase in the Group s effective shareholding in Japan in the prior period. Depreciation and other amortisation increased principally due to acquisitions in the current period and the ongoing expansion of 3G networks.

The Group s share of the result in associated undertakings, before items not related to underlying business performance, grew by 9.3% after the deduction of interest, tax and minority interest, and 8.5% before the deductions, primarily due to growth at SFR in France. The Group s share of the result in Verizon Wireless increased by 5.9% to £952 million, before deduction of interest, tax and minority interest.

MOBILE TELECOMMUNICATIONS   REVIEW OF OPERATIONS

Vodafone operating companies are licensed on an arms length basis to use the Vodafone brand and related trademarks. These arrangements have been reviewed and the charges for the use of the Vodafone brand and related trademarks were revised with effect from 1 April 2005 to reflect the positioning of the brand in the current markets. There is no material impact on the Group s overall operating profit or EBITDA margin. The impact of the change is to reduce individual operating company margins by up to 1.1 percentage points, depending on the operating company, with a corresponding increase in the profit attributable to the Common functions segment, which forms part of the mobile telecommunications business.

GERMANY

Financial highlights			**Six months to 30 September**			
			2005	2004	% change	
			£m	£m	£	
Total revenue(1)			**2,913**	2,808	3.7	2.0
Trading results		Voice services	**2,225**	2,185	1.8	0.2
		Non-voice services	**536**	451	18.8	16.7
		Total service revenue	**2,761**	2,636	4.7	3.0
		Net other revenue(1)	**49**	69	(29.0)	(30.6)
		Interconnect costs	**(394)**	(377)	4.5	2.8
		Other direct costs	**(144)**	(158)	(8.9)	(