

VODAFONE GROUP PUBLIC LTD CO  
Form 6-K  
July 22, 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 July 22, 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.

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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 19 July 2013 entitled INTERIM MANAGEMENT STATEMENT FOR THE QUARTER ENDED 30 JUNE 2013

## Interim management statement for the quarter ended 30 June 2013

19 July 2013

- Group service revenue including joint ventures<sup>1,2</sup> declined 3.5%\*; or 1.3%\* excluding joint ventures
- Continued strong service revenue growth in emerging markets<sup>3</sup>: Turkey 15.5%\*, India 13.8%\*, Vodacom 3.2%\*
- Increased competitive intensity in Northern and Central Europe: Germany -5.1%\*, UK -4.5%\*
- Conditions in Southern Europe remain difficult: Italy -17.6%\*, Spain -10.6%\*
- Verizon Wireless ( VZW ) service revenue remained strong, increasing 7.2%\*
- Vodafone Red in 16 markets; 5.2 million customers; mobile in-bundle customer revenue, including joint ventures<sup>1</sup>, +9.5%\*
- Enhanced unified communications capability: acquisition of Kabel Deutschland in Germany expected to close in calendar Q4; vertical fibre access agreement in Spain; wholesale fibre access agreement in Italy
- 4G services launched in Spain, Australia and Czech Republic; 4G now available in ten markets. Group data usage +60%
- Net debt including joint ventures<sup>1</sup> £24.9 billion after £2.1 billion VZW dividend and completion of £1.5 billion share buyback. Net debt, excluding joint ventures<sup>1</sup>, was £23.0 billion.

	Quarter ended 30 June 2013	Reported	Change year-on-year Organic
	£m	%	%
<b>Group revenue excluding joint ventures<sup>1</sup></b>	<b>9,604</b>	<b>5.2</b>	<b>(0.8)</b>

<b>Group service revenue including joint ventures<sup>1,2</sup></b>	<b>10,155</b>	<b>2.5</b>	<b>(3.5)</b>
Northern and Central Europe	4,754	8.8	(3.0)
Southern Europe	2,267	(10.6)	(14.4)
Africa, Middle East and Asia Pacific ( AMAP )	3,035	2.5	5.9
<b>Group service revenue excluding joint ventures<sup>1,2</sup></b>	<b>8,874</b>	<b>5.0</b>	<b>(1.3)</b>
Northern and Central Europe	4,754	8.8	(3.0)
Southern Europe	1,250	(8.0)	(11.6)
Africa, Middle East and Asia Pacific	2,769	3.5	7.5
<b>Capital expenditure including joint ventures<sup>1</sup></b>	<b>1,193</b>	<b>6.9</b>	
<b>Free cash flow including joint ventures<sup>1</sup></b>	<b>968</b>	<b>2.7</b>	

**Vittorio Colao, Chief Executive, commented:**

We have made a good start to the year in our areas of strategic focus: growth in emerging markets has accelerated, we now have over 5 million customers benefiting from Vodafone Red, and 4G is live in ten markets. In addition, the proposed acquisition of Kabel Deutschland will create an excellent platform for our unified communications strategy in our most important market. Although regulation, competitive pressures and weak economies, particularly in Southern Europe, continue to restrict revenue growth, we continue to lay strong foundations for the longer term.

## OPERATING REVIEW

### Group overview

Group revenue including joint ventures<sup>1</sup> was £11.1 billion and Group service revenue including joint ventures<sup>1</sup> was £10.2 billion. On an organic basis Group service revenue including joint ventures<sup>1</sup> decreased by 3.5%\*, and by 1.3%\* excluding joint ventures. Excluding the impact of mobile termination rate ( MTR ) cuts Group service revenue, including joint ventures<sup>1</sup>, fell by 0.7%\*.

We continue to see strong growth from our emerging market operations<sup>2</sup>; however conditions in Europe remain challenging due to ongoing economic and regulatory pressures and increased competitive intensity within some markets during the quarter. Our US associate, VZW, continued to perform strongly.

Northern and Central Europe service revenue decreased by 3.0%\*. In Germany service revenue declined by 5.1%\*, compared to a 3.5%\* decline in the prior quarter, reflecting increased competitive intensity and lower market growth in both the consumer and enterprise segments. Service revenue in the UK fell by 4.5%\*, mainly due to price pressure. Compared to the previous quarter this represents a 2.1\* percentage point improvement. In Turkey service revenue grew by 15.5%\*, compared to 14.5%\* in the previous quarter, driven by an easing of competitive pressures and continued strong growth in data and enterprise. In the Netherlands the service revenue decline was broadly unchanged from the previous quarter at 3.7%\*.

Southern Europe service revenue including Italy<sup>1</sup> fell by 14.4%\*. In Italy, market conditions remain difficult, with a significant increase in competitor activity leading to substantial price reductions, a deteriorating economic environment and the ongoing impact of steep MTR cuts. Against this background service revenue declined by 17.6%\*, compared to a fall of 17.0%\* in the prior quarter. In Spain service revenue fell by 10.6%\* due to the lower customer base, particularly in the prepaid segment, and the increased popularity of discounted converged consumer offers in the market. In Italy, Spain and Portugal, fixed broadband customer acquisition continues to gain traction due to the combination of Vodafone Red with fixed broadband tariffs.

Against a background of significant revenue pressures in Europe we continue to drive cost efficiencies through a range of initiatives including further network sharing agreements (most recently with Wind in Greece), offshoring of business functions to shared service centres, centralisation of procurement costs, and ongoing reductions in support function costs.

AMAP service revenue including joint ventures<sup>1</sup> increased by 5.9%\*, a 3.1\* percentage point improvement on the previous quarter. In India service revenue was up 13.8%\* driven by a more stable pricing environment, an improved process of customer verification and continued strong data revenue growth. Service revenue growth at Vodacom improved to 3.2%\* (prior quarter -0.7%\*). In South Africa service revenue decreased by 0.1%\* with the continued growth in data usage and the strong demand for prepaid bundles being more than offset by the impact of an MTR cut and competitive pricing pressures, particularly in the prepaid segment. Our joint venture in Australia experienced an 8.8%\* fall in service revenue as the business continues to suffer from weakness in brand perception, although network performance has improved significantly in recent months. In Egypt, service revenue grew strongly at 8.2%\*, significantly better than the prior period growth of 3.6%\*, due to significant growth in the customer base, higher incoming

revenue and continued take-up of data services and social media in particular.

Our push on integrated plans has driven mobile in-bundle customer revenue growth of 9.5%\*, including joint ventures<sup>1</sup>, which now represents 46% of Group mobile service revenue (56% in Europe<sup>4</sup>). Mobile out-of-bundle customer revenue, including joint ventures<sup>1</sup>, declined 11.2%\* reflecting increased take up of integrated offers and the ongoing economic and competitive pressures in European markets. Group data usage grew by 60%, including joint ventures<sup>1</sup>, driven by the increasing take-up of smartphones, with 37% of our European customers<sup>4</sup> now using smartphones, up from 29% a year ago. In emerging markets<sup>3</sup>, smartphone penetration continues to increase and now stands at 9.2% in India and 25.4% in Turkey.

We continue to progress our Vodafone 2015 strategy in the areas of Vodafone Red, unified communications and the deployment of 4G services. We now have 5.2 million Vodafone Red customers, since launch in September 2012, representing around 14% of consumer contract customers in our four main markets. Including Vodafone Red, our integrated voice, SMS and data plans now represent 67% of consumer contract revenue in Europe. We have enhanced our unified communications capability in Spain through the commercial launch of high speed VDSL broadband and an agreement with other operators in Spain to share vertical fibre optic infrastructure to support our deployment of a new fibre to the home network. We also announced our intention to acquire Kabel Deutschland, the biggest cable operator in Germany, in order to create a leading unified communications provider, which complements the wholesale VDSL agreement signed during the quarter. In addition we reached an agreement for

## OPERATING REVIEW

wholesale fibre access in Italy. In June, we launched 4G services in Spain, Australia and the Czech Republic, taking the number of markets with 4G to ten and population coverage in our five major European markets to 26%.

In our enterprise business, which accounts for 27.4%<sup>1</sup> of Group service revenue including joint ventures, there was a 4.6%\* fall in service revenue mainly due to the difficult economic environment, high unemployment and increased competitor activity in Europe. In contrast to the overall enterprise trend, our Vodafone Global Enterprise business, which serves our multinational customers, delivered a 3.7%\* increase in service revenue and the number of machine-to-machine connections expanded to 11.6 million, up 39.8% year-on-year.

VZW continues to perform strongly. Service revenue grew by 7.2%\* led by strong growth in accounts and rising average revenue per account ( ARPA ) driven by increased smartphone penetration (now 64% of the retail postpaid base) and take-up of 4G services (which currently covers more than 95% of the US population).

Capital expenditure, including joint ventures<sup>1</sup>, of £1.2 billion in the quarter was higher than the previous year as we continue to extend our high speed mobile data coverage across our footprint supported by targeted investment in unified communications capability.

Free cash flow, including joint ventures<sup>1</sup>, of £1.0 billion (£3.1 billion including the £2.1 billion VZW dividend) in the quarter was flat year-on-year. £1.0 billion was spent in the quarter on the £1.5 billion share buyback, which concluded at the end of June. Free cash flow excluding joint ventures was £0.9 billion in the quarter.

Net debt at 30 June 2013, including joint ventures<sup>1</sup>, was £24.9 billion, a £2.1 billion improvement during the quarter following the receipt of the £2.1 billion dividend from VZW. Net debt, excluding joint ventures<sup>1</sup>, was £23.0 billion.

### Summary and outlook

Trading in the first quarter was consistent with management's expectation underlying the outlook statement for the 2014 financial year. The Group therefore confirms its outlook for the 2014 financial year.



Notes:

	All growth rates reflect a comparison to the quarter ended 30 June 2012 unless otherwise stated.
*	All amounts in this document marked with an * represent organic growth which presents performance on a comparable basis. See note 4 on page 10 for further information.
1	Pro forma results for the Group including Vodafone Italy, Vodafone Hutchison Australia, Vodafone Fiji and Indus Towers, the Group's joint ventures, on a proportionate basis. Pro forma results for Southern Europe including Vodafone Italy on a proportionate basis. Pro forma results for AMAP including Vodafone Hutchison Australia, Vodafone Fiji and Indus Towers on a proportionate basis.
2	Revenue from network infrastructure arrangements is no longer recorded in service revenue. Comparative periods have been restated on a comparable basis.
3	Emerging markets comprise India, Vodacom, Egypt, Turkey, Ghana, Qatar and Fiji.
4	Including Vodafone Italy.

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### Northern and Central Europe

Revenue increased by 8.9% including a 3.3 percentage point favourable impact from foreign exchange rate movements and an 8.4 percentage point positive impact from M&A and other activity. On an organic basis service revenue declined by 3.0%\*, primarily driven by challenging macroeconomic conditions in some markets, increasing competition and the impact of MTR cuts, partially offset by growth in mobile in-bundle revenue. Growth in Turkey was more than offset by declines in most other markets, in particular, Germany, the UK and the Netherlands.

#### Revenue

	Quarter ended 30 June		Reported %	Change Organic %
	2013 £m	2012 £m		
Germany	1,815	1,829	(0.8)	(5.1)
UK	1,521	1,198	27.0	(4.5)
Other Northern and Central Europe	1,425	1,357	5.0	1.6
Eliminations	(7)	(14)		
<b>Service revenue</b>	<b>4,754</b>	<b>4,370</b>	<b>8.8</b>	<b>(3.0)</b>
<b>Revenue</b>	<b>5,069</b>	<b>4,656</b>	<b>8.9</b>	<b>(2.8)</b>

#### Germany

Service revenue decreased by 5.1%\*, driven by a slowdown in the market and intense price competition in both the consumer and enterprise segments. Vodafone Red, introduced in October 2012 for consumer customers and extended in April 2013 to enterprise, continues to perform in line with expectations and has had a positive impact on customer perception. More than one million customers are now on Vodafone Red price plans. Prepaid revenue continues to be impacted by the lower customer base. During the quarter we introduced a new prepaid loyalty programme with more than 450,000 customers signed up at 30 June 2013. Mobile in-bundle revenue increased by 7.0%\* as a result of the growth in integrated Vodafone Red offers. This was offset by a decline in mobile out-of-bundle revenue of 25.7%\*.

The roll out of 4G services continued, with population coverage of 64% at 30 June 2013.

#### UK

Service revenue decreased by 4.5%\* principally driven by continued intense price competition and macroeconomic weakness, which impacted on consumer confidence and, in turn, led to lower out-of-bundle usage. Mobile in-bundle revenue grew by 1.5%\* supported by the increased take-up of Vodafone Red integrated price plans as well as continued growth in smartphone penetration and more smartphones being sold with a data bundle. Mobile out-of-bundle revenue declined by 7.0%\*.

Following the integration of Cable & Wireless Worldwide plc ( CWW ) from 1 April 2013, we rebranded the business to Vodafone and launched convergence offers to the enterprise sector during the quarter. Integration costs and synergies remain on track. Technical integration is progressing well, with several hundred UK mobile base station sites now integrated with the former CWW network and over 40% of our international IP traffic is now on-net.

Vodafone UK has continued to invest significantly in its 4G network, which we expect to launch later this summer.

#### Other Northern and Central Europe

Service revenue increased by 1.6%\* as growth in Turkey more than offset declines in the rest of the Other Northern and Central Europe region. Service revenue in Turkey increased by 15.5%\*, with strong growth in mobile in-bundle revenue, driven by higher smartphone penetration and an increase in enterprise revenue, as well as continued growth in the contract customer base. In the Netherlands service revenue declined by 3.7%\* due to challenging macroeconomic conditions and intense competition, as well as lower out-of-bundle usage.

We are due to launch 4G commercial services in the Netherlands in late summer 2013.

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### Southern Europe

Revenue including Italy<sup>1</sup> declined by 9.1% including a 4.2 percentage point favourable impact from foreign exchange rate movements. On an organic basis service revenue, including Italy<sup>1</sup>, declined by 14.4%\* primarily due to severe macroeconomic weakness, intense competition and MTR cuts, partially offset by the growth in mobile in-bundle revenue. Revenue declined in all major markets in the region.

#### Revenue

	Quarter ended 30 June		Reported %	Change Organic %
	2013 £m	2012 £m		
Italy	1,018			