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 May 22, 2014

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 x Form 40-F o

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): o

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): o

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 o No x

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 20 May 2014 entitled Vodafone announces results for the year ended 31 March 2014

Vodafone announces results for the year ended 31 March 2014

20 May 2014

Highlights(1)

- Group revenue down 1.9% to £43.6 billion; full year organic service revenue decline 4.3%*
- Q4 organic service revenue declined 3.8%*(2), or 4.0%* including Italy at 100% from 21 February 2014
- EBITDA(3) down 7.4%* at £12.8 billion; organic EBITDA margin down 1.3 percentage points
- Adjusted operating profit(3) £7.9 billion, including £3.2bn for Verizon Wireless to 2 September 2013
- Pro forma full year 13/14 guidance met: adjusted operating profit £4.9(4) billion, free cash flow £4.8(4) billion
- Completion of Verizon Wireless disposal, US$85 billion returned to shareholders; £45.0 billion pre-tax gain
- £19.3 billion deferred tax assets recognised in relation to the Group s historical tax losses, £17.7 billion of this announced H1
- Impairments totalling £6.6 billion in Germany, Spain, Portugal, Czech Republic and Romania
- Planned organic investments of around £19 billion over the next two years, including Project Spring
- Final dividend per share of 7.47 pence, giving total dividends per share of 11.0 pence, up 8%

	Year ended 31 March 2014 £m	Change year-on-year Reported %	Organic %
Management basis(1)			
Group revenue	**43,616**	**(1.9)**	**(3.5)**
Group service revenue	**39,529**	**(2.4)**	**(4.3)**
Europe	25,977	(2.0)	(9.1)
Africa, Middle East and Asia Pacific (AMAP)	13,087	(4.7)	+6.1
EBITDA(3)	**12,831**	**(5.4)**	**(7.4)**
Adjusted operating profit(3)	**7,874**	**(37.4)**	**(9.4)**
Free cash flow	**4,405**	**(21.5)**	
Statutory basis(5)			
Revenue	**38,346**	**+0.8**	**(2.2)**
Profit/(loss) for the financial year from continuing operations	**11,312**	**n/m**	
Profit for the financial year	**59,420**	**n/m**	
Basic earnings per share	**223.84p**	**n/m**	
Total dividends per share	**11.00p**	**+8**	
Adjusted earnings per share(3)	**17.54p**	**(12.8)**	

- Significant progress on unified communications strategy: acquisition of Kabel Deutschland (KDG), announced acquisition of Ono, ongoing fibre build in Spain and Portugal, with Italy to commence this year
- Project Spring underway, initially with increased network investment in India and Germany
- 4.7 million 4G customers in 14 markets; early 4G data usage more than double that of 3G data usage
- European smartphone penetration 45%, up 7 percentage points year-on-year
- Mobile in-bundle revenue grew 7.8%* in the year and Q4, and now represents 51% of Q4 Group mobile service revenue, and 61% in Europe
- Vodafone Red now in 20 markets; 12 million customers as at 31 March 2014
- M-Pesa now in 10 markets, 17 million customers

Guidance for the 2015 financial year(6)

- EBITDA in the range of £11.4 billion to £11.9 billion, principally reflecting the impact of Project Spring investment and foreign exchange movements

- Positive free cash flow after all capex, before M&A, spectrum and restructuring costs

- Total capex programme of around £19 billion in the two years to March 2016, with capital intensity subsequently normalising to 13-14% of annual revenue

- Intention to grow dividends per share

Vittorio Colao, Group Chief Executive, commented:

It has been a year of substantial strategic progress. The sale of our Verizon Wireless stake has rewarded shareholders for their support, and enabled the acceleration of our strategy through the acquisition of KDG, the pending acquisition of Ono and our Project Spring investment programme.

Our operational performance has been mixed. The Group s emerging markets businesses have performed strongly throughout the year: we have executed our strategy well and have successfully positioned ourselves for the rapid growth in data we are now witnessing. In Europe, where we continue to face competitive, regulatory and macroeconomic pressures, we have taken steps to improve our commercial performance, particularly in Germany and Italy, and are beginning to see encouraging early signs.

I am confident about the future of the business given the growth prospects in data, emerging markets, enterprise and unified communications. We have commenced our Project Spring two-year investment programme which will accelerate our plans to establish stronger network and service differentiation for our customers. I expect the first signs of this to become evident later this year, with wider 4G coverage in Europe and 3G coverage in emerging markets, improved network performance and increased customer advocacy. While cash flow will be depressed during this investment phase, our intention to continue to grow dividends per share annually demonstrates our confidence in strong future cash flow generation.

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. For details see page 29.

(1) Management basis amounts and growth rates are calculated consistent with how the business is managed and operated, and includes the results of the Group s joint ventures, Vodafone Italy, Vodafone Hutchison Australia, Vodafone Fiji and Indus Towers, on a proportionate basis, including the profit contribution from Verizon Wireless to 2 September 2013. See page 29 for more information on non-GAAP measures and page 32 for reconciliations to the statutory equivalents.

(2) Pro forma organic growth including Italy ownership at 76.9% for the whole of the years ended 31 March 2014 and 2013.

(3) EBITDA, adjusted operating profit and earnings per share have been redefined to exclude restructuring costs (statutory basis: year ended 31 March 2014: £355 million (2013: £311 million)). Adjusted operating profit and earnings per share have also been redefined to exclude amortisation of customer bases and brand intangible assets (statutory basis: year ended 31 March 2014: £551 million (2013: £327 million)). Adjusted earnings per share for the year ended 31 March 2014 also include the results of Verizon Wireless and related tax up to 2 September and exclude items in relation to the acquisitions and disposals. Comparatives have been restated consistently.

(4) Based on 2014 guidance foreign exchange rates.

(5) Statutory basis includes the results of the Group s joint ventures using the equity accounting basis rather than on a proportionate consolidation basis, with the profit contribution from VZW treated as discontinued operations.

(6) See Guidance on page 8.

REVIEW OF THE YEAR

Financial review of the year(1)

The Group s emerging markets businesses have delivered strong organic growth this year, combining good local execution on marketing and distribution with leading network quality. In particular, data usage in emerging markets is really taking off, providing further growth potential for the Group. This has however been offset by significant ongoing pressures in our European operations, from a combination of a weak macroeconomic environment, regulatory headwinds, and stiff competition. We experienced revenue declines in all of our major European markets, and related pressure on margins, despite continuing measures to control costs.

We have made good progress with our strategic priorities:

- We have accelerated the transformation of the Group following the sale of our 45% stake in Verizon Wireless;
- We made a record US$85 billion return to our shareholders, while retaining financial flexibility to pursue our own strategy both organically and through targeted acquisitions;
- We have made significant advances in our unified communications capabilities through the acquisitions of leading cable operators in Germany and Spain, two of our most important markets;
- We are on track with the integration plans and synergies of Cable & Wireless Worldwide (CWW) and TelstraClear, and continue to build fibre in Spain and Portugal;
- Vodafone Red is now available in 20 markets, with 12 million customers at the year end;
- We continue to provide a market-leading network experience in most of our markets, and now have 4.7 million 4G customers across 14 countries; and
- Our M-Pesa footprint continues to grow, with launches in the year in India, Egypt, Mozambique, Lesotho and our first European market, Romania.

Group

Group revenue for the year fell 3.5%* to £43.6 billion, with Group organic service revenue down 4.3%*. Our AMAP region service revenue continued to perform strongly, growing 6.1%*, driven by our major emerging markets (India +13.0%*, Vodacom +4.1%*, Turkey +7.9%*). The Group EBITDA(2) margin fell 1.3* percentage points on an organic basis, as the impact of steep revenue declines in Europe offset improving margins in AMAP, notably in India and Australia. Group EBITDA(2) fell 7.4%* to £12.8 billion.

Group adjusted operating profit(2) fell 9.4%* year-on-year to £7.9 billion, largely reflecting the decline in EBITDA(2), and includes a £3.2 billion profit contribution from Verizon Wireless to 2 September 2013. Adjusted operating profit on a pro forma guidance basis was £4.9 billion(3).

We recognised deferred tax assets of £19.3 billion during the year and reported a £45.0 billion pre-tax gain on disposal following the sale of our US group, whose principal asset was its 45% stake in Verizon Wireless, which is reported within discontinued operations.

We recorded impairment charges of £6.6 billion relating to our businesses in Germany, Spain, Portugal, Czech Republic and Romania. These were driven by lower projected cash flows within business plans, resulting from the tougher macroeconomic environment and heavy price competition.

Free cash flow was £4.4 billion, down 21.5% from the prior year. On a pro forma guidance basis, free cash flow was £4.8(3) billion, within our guidance range of £4.5 billion to £5.0 billion for the year. The year-on-year decline reflects the relative strength of sterling against the South African rand and Indian rupee over the course of the year, partly offset by movements in the Euro, as well as tough trading conditions. In addition to the free cash flow reported above, we received an income dividend of £2.1 billion from Verizon Wireless.

Net debt on a statutory basis decreased £11.7 billion to £13.7 billion as proceeds from the disposal of our US group, whose principal asset was its 45% stake in Verizon Wireless, positive free cash flow and favourable foreign exchange movements more than offset the acquisition of KDG, licences and spectrum payments and equity shareholder returns including equity dividends, the special distribution and share buybacks. In Q4, we paid £2.4 billion in relation to the expected tax liability for the Verizon Wireless transaction, of which US$3.3 billion (£2.0 billion) was paid to Verizon. We now expect this liability to total US$3.6 billion (£2.2 billion).

Capital expenditure increased 13.3% to £7.1 billion, with the growth driven by the inclusion of CWW for 12 months, the inclusion of KDG from October 2013, the commencement of our fibre roll-out in Spain, and initial Project Spring investments in Germany and India. In addition, we acquired and renewed spectrum for £2.2 billion in India, Romania, New Zealand and the Czech Republic, with a cash cost of £0.9 billion during the year.

Adjusted earnings per share(2) fell 12.8% to 17.54 pence, driven by lower adjusted operating profit, offset by a lower share count arising from the Group s share buyback programme. The Board is recommending a final dividend per share of 7.47 pence, to give total ordinary dividends per share for the year of 11.0 pence, up 8% year-on-year.

Europe

Organic service revenue in Europe fell 9.1%* year-on-year. Excluding the impact of regulated mobile termination rate (MTR) cuts, service revenue fell 6.5%*. We saw challenging macroeconomic conditions in most markets, alongside strong competition. We also continued to experience steep MTR cuts, particularly in Italy, Spain, the Czech Republic and Greece. A number of markets are evolving towards convergence, with Vodafone increasingly well positioned to address this trend. Additionally, we terminated a number of MVNO relationships during the year, where wholesale prices did not sufficiently reflect the value of our investment in networks and spectrum.

Smartphone penetration is now 45% in the region, up 7 percentage points year-on-year. Mobile in-bundle revenue grew 3.1%* in the year and now represents 61% of Q4 European mobile service revenue. During the year we launched 4G services in the UK, Spain, Netherlands, Ireland, Czech Republic and Malta, taking 4G services to all European markets except Hungary and Albania.

Organic EBITDA(2) fell 18.3%* and the EBITDA margin fell 3.3* percentage points. We suffered a decline in our major markets as a result of lower revenues and increased customer investment, partly offset by a reduction in operating expenses. EBITDA margins improved in Greece, Hungary, Albania and Malta.

AMAP

Organic service revenue in AMAP grew 6.1%*, with continued growth in all of our markets apart from Australia and New Zealand. Service revenue in India grew 13.0%*, as the growing customer base used greater quantities of voice and data traffic, supported by effective voice price increases. In Vodacom, service revenue growth of 4.1%* was the result of strong growth in South African data revenue, partially offset by an MTR cut, and 18.9%* service revenue growth from the international businesses. Turkey service revenue grew 7.9%* driven by increasing smartphone penetration, now 34%, as well as success with Vodafone Red and growth in enterprise. Australia service revenue declined 9.0%* as a result of a lower customer base stemming from service issues in prior years. During the year we launched 4G services in Australia.

Organic EBITDA(2) rose 16.2%* and the EBITDA margin increased 2.1* percentage points, with strong margin improvements in India, Turkey, Australia, Qatar and Ghana whilst we continued to generate healthy margins in South Africa and Egypt.

Verizon Wireless

The profit contribution of Verizon Wireless is reported in our 2014 financial year results for five months to 2 September 2013, the date we announced its sale. Our share of Verizon Wireless profits for this five month period amounted to £3.2 billion. The sale of the US group, whose principal asset was Verizon Wireless, led to a pre-tax gain on disposal of £45.0 billion.

Statutory results

On a statutory basis Group revenue was £38.3 billion, an increase of 0.8% or on an organic basis, a decline of 2.2%*.

Profit for the year from continuing operations increased from a loss of £4.0 billion to a profit of £11.3 billion, primarily as a result of the recognition of additional deferred tax of £19.3 billion in the current year, offset by a higher tax charge. We recorded impairments of £6.6 billion this year compared to £7.7 billion in the prior year.

Profit for the financial year was £59.4 billion and includes a £45.0 billion profit arising on the disposal of our US group, whose principal asset was its 45% stake in Verizon Wireless, £1.7 billion of dividends received since the disposal and the post-tax profits of the Group s share of Verizon Wireless and entities in the US group sold to Verizon Communications as part of the overall disposal transaction up until 2 September 2013.

Strategic progress

We have made very substantial progress on our strategy in the past year, despite the significant challenges faced in Europe.

Consumer

We have now launched 4G in all our major European markets, as well as South Africa, Australia and New Zealand. Early experience from 4G shows us that customers use roughly twice as much data compared to 3G data usage, driven principally by video streaming. Smartphone adoption continues to grow strongly in all markets and the increased availability of mobile applications and low cost devices is driving significant growth in data usage. Data traffic in India increased 125% year-on-year, and at the end of the year Vodafone had 52 million data customers in India alone, with 7 million of these being 3G data customers. Data adoption is becoming truly mass market.

Our Vodafone Red plans are now available in 20 markets and we had 12 million customers at the year end. These bundled plans provide our customers with unlimited voice and SMS, and generous data allowances. We continue to enhance the Red proposition through the introduction of additional features, including improved access to technical support, attractive roaming packages, shared data and family plans, early handset upgrades, storage and back-up in the cloud, and device security. These enhancements provide customers with greater freedom of usage, whilst at the same time defending revenue from over-the-top applications and stabilising ARPU.

We continue to see a growing trend in some of our European markets towards residential unified communications services, with cable operators offering MVNO services, and incumbent fixed line providers combining their domestic broadband services with mobile and TV plans. We are becoming a leader in unified communications across Europe, fuelled by the acquisitions of KDG and Ono, our ongoing fibre build in Portugal and Spain, and our fibre plans in Italy, allied to last year s acquisition of Cable & Wireless Worldwide. These plans enable us to access a large and growing revenue pool where our market share is currently much lower than in mobile, while also helping us defend our mobile business from converged offers.

In emerging markets, good local execution on marketing and distribution, along with increasing availability of mobile applications and low cost devices continues to drive voice and data adoption and market share gains. These markets offer very attractive long-term opportunities and are contributing greater value to the Group from growth, strong margins and cash generation.

Enterprise

Enterprise now represents 27.4% of Group service revenue. The creation of a discrete Enterprise unit is beginning to bear fruit, as we focus on a smaller number of products with the potential for global application.

VGE, serving our biggest multi-national accounts, grew revenues in the year by 2.1%* boosted by the expertise and skills acquired with CWW. In machine-to-machine (M2M), we continue to consolidate our position as a global leader and grew revenue in the year by 20.9%*. Both VGE and M2M have successfully attracted several key contract wins during the year, across many industry and service sectors.

We continue to develop Vodafone One Net to provide converged services for small- and medium-sized companies.

In addition, we will develop our product offering in high growth segments, such as cloud and hosting, thereby leveraging the expertise acquired with CWW.

Network

Our aim is to deliver a leading network experience to our customers, and we continue to make significant investments in mobile voice and data networks, and next generation fixed line technologies, to support this. The widespread deployment of HSPA+, 4G and high capacity backhaul is delivering an excellent data experience to our customers. 67% of our 3G footprint in Europe now operates at peak speeds of 43.2 Mbps, up from 42% one year ago.

We have launched 4G services in 14 markets and see very healthy data usage from our 4G customers, more than double that used on 3G. By Q4, 18% of data traffic carried in Europe was 4G, and over 80% of data sessions take place at more than 3 Mbps, the level required for high definition video streaming.

We have made significant improvements to our networks in Germany, the UK and Australia over the course of the year. During the year we acquired or renewed spectrum in India, Romania, New Zealand and the Czech Republic.

Operations

We continue to simplify our business model both across and within countries, eliminating legacy structures, reducing non customer-facing costs and moving towards more standardised offerings. We now have 13,500 employees working in our shared service centres and continue to centralise and standardise procurement within the Group. These activities have delivered lower operating expenses for the Group, including a net reduction of £0.3 billion in Europe in the year.

Project Spring

Project Spring is our organic investment programme which will allow us to accelerate and extend our strategic priorities through investment in mobile and fixed networks, products and services, and our retail platform. Announced alongside the Verizon transaction in September 2013, Project Spring will strengthen further our network and service differentiation. The transition to 4G and unified communications, coupled with an improved economic outlook for Europe, lead us to believe Vodafone has a unique opportunity to invest now.

We have concluded the vast majority of network vendor negotiations and have already started the rollout of this programme, principally in India and Germany.

We expect total investments, including Project Spring, to be around £19 billion over the next two years.

As a result of Project Spring, we expect to generate incremental free cash flow of over £1 billion in the 2019 financial year. The total cash payback period 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 main elements of the Project Spring investment programme are:

- 4G in Europe: we aim to reach 91% population coverage by 2016;
- 3G in emerging markets: with 95% population coverage in India by 2016;
- Next generation fixed line infrastructure: laying fibre to more base stations and deep into residential areas across Europe and in selected emerging market urban areas;
- Development of enterprise products and services: extending our M2M reach to 75 countries and rolling out hosting and IP-VPN services internationally; and
- Investment in our retail estate: modernising 8,000 shops across the Group to improve the customer experience.

Prospects for the 2015 financial year(3)

The strategic steps we have taken in the last two years, allied to our planned organic investments of around £19 billion over the next two years, place us in a very strong long term position within the industry.

However, in the short term, we continue to face competitive, macroeconomic and regulatory pressures, particularly in Europe, and still need to secure our recovery in some key markets. While we are therefore heavily focused on the successful execution of our significant capital investment programme, we are also absolutely committed to operational efficiency and standard operating models across all markets.

We anticipate that our investments will begin to translate into clearly improved network performance and customer satisfaction in the coming year. In the medium term, this will become more evident in key operational metrics such as churn and ARPU; and subsequently into revenue, profitability and cash flow.

We expect EBITDA to be in the range of £11.4 billion to £11.9 billion for the 2015 financial year, and free cash flow to be positive, after all capex.

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. For details see page 29.

(1) Management basis amounts and growth rates are calculated consistent with how the business is managed and operated, and includes the results of the Group s joint ventures, Vodafone Italy, Vodafone Hutchison Australia, Vodafone Fiji and Indus Towers, on a proportionate basis, including the profit contribution from Verizon Wireless to 2 September 2013.

(2) EBITDA, adjusted operating profit and earnings per share have been redefined to exclude restructuring costs (statutory basis: year ended 31 March 2014: £355 million (2013: £311 million)). Adjusted operating profit and earnings per share have also been redefined to exclude amortisation of customer bases and brand intangible assets (statutory basis: year ended 31 March 2014: £551 million (2013: £327 million)). Adjusted earnings per share for the year ended 31 March 2014 also include the results of Verizon Wireless and related tax to 2 September and exclude items in relation to the acquisitions and disposals. Comparative financial information has been restated consistently.

(3) See Guidance on page 8.

GROUP FINANCIAL HIGHLIGHTS

	Page	2014 £m	Restated(1) 2013 £m	% change Reported	% change Organic
Statutory basis					
Revenue	24	38,346	38,041	0.8	(2.2)
Operating loss	24	(3,913)	(2,202)	n/m	
Loss before taxation	24	(5,270)	(3,483)	n/m	
Profit for the financial year from continuing operations	24	11,312	(3,959)	n/m	
Basic earnings per share (pence)	24	223.84p	1.54p	n/m	
Cash generated by operations	19	12,147	11,494	5.7	
Adjusted statutory basis:					
Adjusted profit before tax	11	6,477	10,716	(39.6)	
Adjusted effective tax rate	11	27.3%	24.5%		
Adjusted profit attributable to equity shareholders	12, 33	4,642	5,399	(14.0)	
Adjusted earnings per share (pence)(2)	33	17.54p	20.12p	(12.8)	
Capital expenditure	19	6,313	5,292	19.3	
Free cash flow	19	4,183	5,501	(24.0)	
Net debt	19, 20	13,700	25,354	(46.0)	

The statutory basis includes the results of the Group s joint ventures, Vodafone Italy, Vodafone Hutchison Australia, Vodafone Fiji and Indus Towers, using the equity accounting basis. The management basis is consistent with how the business is managed and operated, and includes the results of the Group s aforementioned joint ventures on a proportionate basis. Both the statutory and management basis include the profit contribution from Verizon Wireless up to 2 September 2013, which on a statutory basis is treated as discontinued operations. See page 29 for Use of non-GAAP financial information , page 32 for Reconciliations of management basis to statutory and adjusted statutory basis and page 36 for Definition of terms .

Management basis					
Group revenue	9, 30	43,616	44,445	(1.9)	(3.5)
Service revenue	9	39,529	40,495	(2.4)	(4.3)
EBITDA(2)	9, 30	12,831	13,566	(5.4)	(7.4)
EBITDA margin	9	29.4%	30.5%	(1.1pp)	(1.3pp)
Adjusted operating profit(2)	9, 30	7,874	12,577	(37.4)	(9.4)
Capital expenditure	19, 30	7,102	6,266	13.3	
Free cash flow	19	4,405	5,608	(21.5)	

Notes:

(1) Restated for adoption of IFRS 11 and amendments to IAS19. For details see 29.

(2) EBITDA, adjusted operating profit and earnings per share have been redefined to exclude restructuring costs (statutory basis: year ended 31 March 2014: £355 million (2013: £311 million)). Adjusted operating profit and earnings per share have also been redefined to exclude amortisation of customer bases and brand intangible assets (statutory basis: year ended 31 March 2014: £551 million (2013: £327 million)). Adjusted earnings per share for the year ended 31 March 2014 also include the results of Verizon Wireless and related tax up to 2 September and exclude items in relation to the acquisitions and disposals. Comparative financial information has been restated consistently.

GUIDANCE

Please see page 29 for Use of non-GAAP financial information , page 36 for Definitions of terms and page 37 for Forward-looking statements .

Performance against pro forma 2014 financial year guidance(1)

Based on guidance foreign exchange rates, our pro forma adjusted operating profit for the 2014 financial year was £4.9 billion, in line with the around £5.0 billion range set in September 2013. On the same basis our pro forma free cash flow was £4.8 billion, in line with our guidance range of £4.5 to £5.0 billion.

2015 financial year guidance(2)

	EBITDA £bn	Free cash flow £bn
2015 financial year guidance	11.4-11.9	Positive

We expect EBITDA to be in the range of £11.4 billion to £11.9 billion. We expect free cash flow to be positive after all capex, before the impact of M&A, spectrum purchases and restructuring costs. Total capex over the next two years is expected to be around £19 billion, after which we anticipate capital intensity normalising to a level of 13-14% of annual revenue.

Dividend policy

The Board intends to grow dividends per share annually.

Assumptions

We have based guidance for the 2015 financial year on our current assessment of the global macroeconomic outlook and assume foreign exchange rates of £1: 1.21, £1:INR 105.8 and £1:ZAR 18.4. It excludes the impact of licences and spectrum purchases, material one-off tax-related payments, restructuring costs and any fundamental structural change to the Eurozone. It also assumes no material change to the current structure of the Group.

Actual foreign exchange rates may vary from the foreign exchange rate assumptions used. A 1% change in the euro to sterling exchange rate would impact EBITDA by £60 million and have no material impact on free cash flow. A 1% change in the Indian Rupee to sterling exchange rate would impact EBITDA by £10 million and free cash flow by £5 million. A 1% change in the South African Rand to sterling exchange rate would impact EBITDA by £15 million and free cash flow by £5 million.

Notes:

(1) In September 2013 we issued pro forma guidance for the 2014 financial year, which excluded VZW and included 100% of Vodafone Italy, both for the whole year. This pro forma guidance included Vodafone s remaining joint ventures (Australia, Fiji and Indus Towers), on an equity accounting basis, consistent with IFRS requirements and excluded the impact of licence and spectrum purchases, material tax settlement related payments, restructuring costs and purchase adjustments on the Vodafone Italy transaction. Guidance foreign exchange rates for the year ended 31 March 2014 were £1: 1.17, £1=US$1.52, £1:INR 84.9 and £1:ZAR 14.3.

(2) Guidance for the year ending 31 March 2015 includes the results of Vodafone s remaining joint ventures (Australia, Fiji and Indus Towers) on an equity basis, consistent with IFRS requirements.

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FINANCIAL RESULTS

Group(1)

	Management basis(1)						Statutory basis(1)	
	Europe £m	AMAP £m	Other(3) £m	Eliminations £m	2014 £m	Restated(2) 2013 £m	2014 £m	Restated(2) 2013 £m
Mobile in-bundle revenue	12,125	3,686	252		16,063	14,959	14,159	13,044
Mobile out-of-bundle revenue	5,947	6,490	12		12,449	14,698	11,071	12,434
Mobile incoming revenue	1,555	1,725			3,280	4,118	2,861	3,504
Fixed line revenue	5,181	659	202	(3)	6,039	4,688	5,544	4,142
Other service revenue	1,169	527	36	(34)	1,698	2,032	1,555	1,875
Service revenue(4)	**25,977**	**13,087**	**502**	**(37)**	**39,529**	**40,495**	**35,190**	**34,999**
Other revenue(4)	2,020	1,884	184	(1)	4,087	3,950	3,156	3,042
Revenue	**27,997**	**14,971**	**686**	**(38)**	**43,616**	**44,445**	**38,346**	**38,041**
Direct costs	(6,283)	(3,893)	(293)	38	(10,431)	(10,937)	(9,333)	(9,588)
Customer costs	(6,851)	(2,419)	25		(9,245)	(8,901)	(8,235)	(7,700)
Operating expenses	(6,688)	(3,979)	(442)		(11,109)	(11,041)	(9,694)	(9,287)
EBITDA(5)	**8,175**	**4,680**	**(24)**		**12,831**	**13,566**	**11,084**	**11,466**
Depreciation and amortisation:								
Acquired intangibles	(20)	(398)			(418)	(456)	(406)	(443)
Purchased licences	(1,204)	(215)	4		(1,415)	(1,288)	(1,259)	(1,180)
Other	(4,251)	(2,042)	(55)		(6,348)	(5,799)	(5,433)	(4,879)
Share of result in associates and joint ventures	(12)	67	3,169		3,224	6,554	324	626
Adjusted operating profit(5)	**2,688**	**2,092**	**3,094**		**7,874**	**12,577**	**4,310**	**5,590**
Impairment loss							(6,600)	(7,700)
Restructuring costs							(355)	(311)
Amortisation of acquired customer base and brand intangible assets							(551)	(249)

Other income and expense(6)	(717)	468
Operating loss	**(3,913)**	**(2,202)**
Non-operating income and expense	(149)	10
Net financing costs	(1,208)	(1,291)
Income tax, excluding the recognition of additional deferred tax	(2,736)	(476)
Recognition of additional deferred tax	19,318	
Profit/(loss) for the financial year from continuing operations	**11,312**	**(3,959)**
Profit for the financial year from discontinued operations	**48,108**	**4,616**
Profit for the financial year	**59,420**	**657**

Notes:

(1) Management basis amounts and growth rates are calculated consistent with how the business is managed and operated, and includes the results of the Group s joint ventures, Vodafone Italy, Vodafone Hutchison Australia, Vodafone Fiji and Indus Towers, on a proportionate basis, including the profit contribution from Verizon Wireless to 2 September 2013. Statutory basis includes the results of the Group s joint ventures using the equity accounting basis rather than on a proportionate consolidation basis, with the profit contribution from Verizon Wireless being classified within discontinued operations. For details see page 32.

(2) Restated for adoption of IFRS 11 and amendments to IAS19. For details see 28.

(3) The Other segment includes non-controlled interests, which mainly consists of the profit contribution from Verizon Wireless, and common functions, which primarily represents the results of partner markets and the net result of unallocated central Group costs on a continuing basis.

(4) Revenue from network infrastructure arrangements is no longer recorded in service revenue. Comparative financial information has been restated consistently.

(5) EBITDA and adjusted operating profit have been redefined to exclude restructuring costs. Adjusted operating profit has also been redefined to exclude amortisation of customer bases and brand intangible assets. Comparative financial information has been restated consistently.

(6) Other income and expense for the year ended 31 March 2014 includes a £712 million loss on the deemed disposal of Vodafone Italy. The year ended 31 March 2013 includes a £473 million gain on the acquisition of CWW.

(7) Current year results reflect average foreign exchange rates of £1: 1.19, £1=US$1.59, £1:INR 96.25 and £1:ZAR 16.13.

FINANCIAL RESULTS

Revenue

Statutory Group revenue increased by 0.8% to £38.3 billion and service revenue increased 0.5% to £35.2 billion. Our performance reflected strong growth in our emerging markets and continued demand for data services, offset by competitive pricing pressures, regulatory changes and challenging macroeconomic conditions in Europe.

EBITDA and operating profit

Group EBITDA on a statutory basis decreased 3.3% to £11.1 billion primarily driven by lower revenue and higher customer costs. Operating loss increased to £3.9 billion from £2.2 billion in the prior year due to lower EBITDA and higher amortisation and depreciation due principally to the acquisition of KDG in October 2013, offset by lower impairment charges in the current year. During the year we recorded impairment charges of £6.6 billion relating to our businesses in Germany, Spain, Portugal, Czech Republic and Romania.

Discontinued operations

On 2 September 2013 the Group announced it had reached an agreement with Verizon Communications Inc. to dispose of its US group whose principal asset was its 45% interest in Verizon Wireless. The Group ceased recognising its share of results in Verizon Wireless on 2 September 2013, and classified its investment as a held for sale asset and the results as a discontinued operation. The transaction completed on 21 February 2014. The table below sets out all of the elements relating to this discontinued operation within the consolidated income statement.

	2014 £m	**2013 £m**
Share of result in associates	3,191	6,422
Net financing income/(costs)	27	(56)
Profit before taxation	**3,218**	**6,366**
Taxation relating to performance of discontinued operations	(1,709)	(1,750)
Post-tax profit from discontinued operations	**1,509**	**4,616**
Gain on disposal of discontinued operations before taxation	**44,996**	
Other items arising from the disposal(1)	1,603	
Net gain on disposal of discontinued operations	**46,599**	
Profit for the financial year from discontinued operations	**48,108**	**4,616**

Note:

(1) Includes dividends received from Verizon Wireless after 2 September 2013, the date of the announcement of the disposal.

Net financing costs

	2014 £m	Restated 2013 £m
Investment income	346	305
Financing costs	(1,554)	(1,596)
Net financing costs	**(1,208)**	**(1,291)**
Analysed as:		
Net financing costs before income from investments	(1,254)	(1,333)
Interest income arising on settlement of outstanding tax issues	15	91
Income from investments	10	2
	(1,229)	**(1,240)**
Foreign exchange	21	(51)
	(1,208)	**(1,291)**

On a statutory basis, net financing costs have decreased 6.4% primarily due to the recognition of mark-to-market gains, offset by a £99 million loss (2013: £nil) on the redemption of US$5.65 billion bonds as part of the restructuring of the Group s financing arrangements following the disposal of Verizon Wireless and lower interest income on settlement of tax issues.

FINANCIAL RESULTS

Taxation

		2014 £m	Restated 2013 £m
Income tax expense:			
- Continuing operations before recognition of deferred tax		2,736	476
- Recognition of additional deferred tax - continuing operations		(19,318)	
Total tax (credit)/expense - continuing items		**(16,582)**	**476**
Income tax expense - discontinued operations		1,709	1,750
Total tax (credit)/expense		**(14,873)**	**2,226**
Tax on adjustments to derive adjusted profit before tax		290	150
Removal of post-disposal VZW tax		(1,019)	
Recognition of deferred tax asset for losses in Germany and Luxembourg		19,318	
Tax liability on US rationalisation and reorganisation		(2,210)	
Deferred tax on current year movement of Luxembourg losses		113	
Adjusted income tax expense		**1,619**	**2,376**
Share of associates and joint ventures tax		226	390
Adjusted income tax expense for calculating adjusted tax rate		**1,845**	**2,766**
Profit before tax			
- Continuing operations		(5,270)	(3,483)
- Discontinued operations		49,817	6,366
Total profit before tax		**44,547**	**2,883**
Adjustments to derive adjusted profit before tax	1	(38,070)	7,833
Adjusted profit before tax		**6,477**	**10,716**
Share of associates and joint ventures tax and non-controlling interest		281	575
Adjusted profit before tax for calculating adjusted effective tax rate		**6,758**	**11,291**
Adjusted effective tax rate		**27.3%**	**24.5%**

Note:

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

The adjusted effective tax rate for the year ended 31 March 2014 was 27.3%, in line with our expectation for the year. The rate has been adjusted to exclude tax arising in respect of our US group after the date of the announcement of the disposal of Verizon Wireless.

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 (£1,916 million) and Luxembourg (£17,402 million), and the estimated US tax liability (£2,210 million) relating to the rationalisation and reorganisation of our non-US assets prior to the disposal of our interest in Verizon Wireless.

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 Verizon Wireless, which removes significant uncertainty around both the availability of the losses in Germany and the future income streams in Luxembourg.

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.

We have excluded the deferred tax movement of the Luxembourg deferred tax asset from the adjusted effective tax rate to show clearer view of the Group s tax liabilities given the significant period over which the deferred tax assets in Luxembourg are expected to be used.

FINANCIAL RESULTS

Earnings per share

Adjusted earnings per share has been redefined to exclude amortisation of acquired customer base and brand related intangible assets, restructuring costs and one-off items in relation to both the disposal of our interest in Verizon Wireless and the acquisition of the remaining 23% of Vodafone Italy. Adjusted earnings per share for the year ended 31 March 2014 include the results of Verizon Wireless and related tax up to 2 September 2013. Comparative financial information has been restated consistently.

Adjusted earnings per share was 17.54 pence, a decrease of 12.8% year-on-year, reflecting the decline in adjusted operating profit from controlled and jointly controlled operations, partially offset by a reduction in shares arising from the Group s share buyback programme.

Basic earnings per share increased to 223.84 pence (2013: 1.54 pence) due to the impact of the disposal of Verizon Wireless in the current year, the recognition of a deferred tax asset in the current year, as described above, and impairment charges, all of which are excluded from adjusted earnings per share.

		Statutory basis
	2014 £m	Restated 2013 £m
Profit attributable to equity shareholders	**59,254**	**413**
Adjustments:		
Impairment loss(1)	6,600	7,700
Amortisation of acquired customer base and brand intangible assets	551	249
Restructuring costs	355	311
Other income and expense(2)	717	(468)
Discontinued and other items(3)	(46,520)	
Non-operating income and expense	149	(10)
Investment income and financing costs	78	51
	(38,070)	**7,833**
Taxation(4)	(17,511)	(150)
Removal of VZW trading results and tax after 2 September(5)	1,019	(2,669)
Non-controlling interests	(50)	(28)
Adjusted profit attributable to equity shareholders	**4,642**	**5,399**

		Million	**Million**
Weighted average number of shares outstanding	basic	26,472	26,831
Weighted average number of shares outstanding	diluted	26,682	26,831

Earnings per share	**Pence**	**Pence**

Basic earnings per share	223.84p	1.54p
Adjusted earnings per share	17.54p	20.12p

Notes:

(1) The impairment charge of £6,600 million for the year ended 31 March 2014 (2013: £7,700 million) did not result in any tax consequences.

(2) Other income and expense for the year ended 31 March 2014 includes a £712 million loss on the deemed disposal of Vodafone Italy. The year ended 31 March 2013 includes a £473 million gain on the acquisition of CWW.

(3) Discontinued items includes a £44,996 million gain on the disposal of Verizon Wireless and £1,703 million of dividends received subsequent to the disposal.

(4) Includes the recognition of a deferred tax asset in respect of tax losses in Germany (£1,916 million) and Luxembourg (£17,402 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 Verizon Wireless (£2,210 million) .

(5) The adjustment for the year ended 31 March 2014 primarily relates to the removal of tax in respect of our US group after 2 September 2013, whereas the adjustment for the year ended 31 March 2013 includes the removal of both profit contributions and tax for the period from 2 September 2012 to 31 March 2013.

FINANCIAL RESULTS

Europe(1)

	Germany £m	Italy £m	UK £m	Spain £m	Other Europe £m	Eliminations £m	Europe £m	% change £	% change Organic
31 March 2014									
Mobile in-bundle revenue	3,644	1,575	2,478	1,908	2,520		**12,125**		
Mobile out-of-bundle revenue	1,091	1,298	1,315	679	1,564		**5,947**		
Mobile incoming revenue	296	267	380	141	471		**1,555**		
Fixed line revenue	2,359	565	1,596	325	337	(1)	**5,181**		
Other service revenue	349	158	326	177	212	(53)	**1,169**		
Service revenue	**7,739**	**3,863**	**6,095**	**3,230**	**5,104**	**(54)**	**25,977**	**(2.0)**	**(9.1)**
Other revenue	533	449	332	288	421	(3)	**2,020**		
Revenue	**8,272**	**4,312**	**6,427**	**3,518**	**5,525**	**(57)**	**27,997**	**(2.1)**	**(9.3)**
Direct costs	(1,823)	(944)	(1,688)	(715)	(1,166)	53	**(6,283)**		
Customer costs	(1,961)	(863)	(1,642)	(1,197)	(1,192)	4	**(6,851)**		
Operating expenses	(1,790)	(969)	(1,679)	(819)	(1,431)		**(6,688)**		
EBITDA	**2,698**	**1,536**	**1,418**	**787**	**1,736**		**8,175**	**(10.2)**	**(18.3)**
Depreciation and amortisation:									
Acquired intangibles		(14)			(6)		**(20)**		
Purchased licences	(507)	(138)	(357)	(11)	(191)		**(1,204)**		
Other	(1,274)	(658)	(859)	(595)	(865)		**(4,251)**		
Share of result in associates and joint ventures	1		(15)		2		**(12)**		
Adjusted operating profit	**918**	**726**	**187**	**181**	**676**		**2,688**	**(35.6)**	**(39.2)**
EBITDA margin	**32.6%**	**35.6%**	**22.1%**	**22.4%**	**31.4%**		**29.2%**		
31 March 2013									
Mobile in-bundle revenue	3,432	1,280	2,463	1,853	2,399		**11,427**		
Mobile out-of-bundle revenue	1,353	2,007	1,417	981	1,834		**7,592**		
Mobile incoming revenue	387	371	518	272	603		**2,151**		
Fixed line revenue	1,712	546	48	315	1,537	(30)	**4,128**		
Other service revenue	391	176	336	208	237	(145)	**1,203**		
Service revenue	**7,275**	**4,380**	**4,782**	**3,629**	**6,610**	**(175**			