VODAFONE GROUP PUBLIC LTD CO
Form 6-K
November 14, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

Report of Foreign Private Issuer

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

the Securities Exchange Act of 1934

Dated November 14, 2017

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

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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 Stock Exchange Announcement dated 14 November 2017 entitled Vodafone announces results for the six months ended 30 September 2017 .

14 November 2017

RNS: 3828W

Vodafone announces results for the six months ended 30 September 2017

14 November 2017

Highlights

- Group total revenue down 4.1% to 23.1 billion, primarily due to the deconsolidation of Vodafone Netherlands and FX movements; operating profit up 32.5% to 2.0 billion; profit for the financial period of 1.2 billion

- Organic service revenue up 1.7%*; Q2 up 1.3%* (Europe 0.8%*, AMAP 6.2%*)

- Organic adjusted EBITDA up 13.0%* to 7.4 billion (9.3%* ex roaming, UK handset financing and regulatory settlements[1])

- Free cash flow (pre-spectrum) improved to 1.3 billion vs. a 0.1 billion outflow in the prior year. Free cash flow was 0.4 billion vs. a 0.4 billion outflow in the prior year

- Raising full-year guidance for organic adjusted EBITDA growth to around 10% (previously 4-8%), implying a range of 14.75- 14.95 billion at guidance FX rates; FCF pre-spectrum to exceed 5 billion (previously around 5 billion)

- Vodafone India service revenues down 15.8%*, adjusted EBITDA down 39.2%*; merger with Idea Cellular progressing well

- Interim dividend per share of 4.84 eurocents, up 2.1%

		Six months ended 30 September			
			Restated[2]	Growth	
		2017	2016	Reported	Organic*
	Page	m	m	%	%
Group revenue[3]	24	23,075	24,051	(4.1)	
Operating profit[4]	24	2,008	1,515	+32.5	
Profit/(loss) for the financial period[4]	24	1,235	(5,003)	NM	
Basic earnings/(loss) per share[4]	24	4.03c	(18.38)c	NM	
Interim dividend per share	34	4.84c	4.74c	+2.1	
Net debt	20	(32,055)	(37,884)	(15.4)	

Alternative performance measures[5]

Group service revenue	7	20,592	21,811	(5.6)	+1.7
Adjusted EBITDA	7	7,385	7,090	+4.2	+13.0
Adjusted EBIT	7	2,457	2,050	+19.9	+51.9
Adjusted earnings per share	18	6.32c	4.08c	+54.9	
Free cash flow pre-spectrum (guidance basis)	19	1,289	(148)	NM	
Free cash flow2	19	415	(428)	NM	

Vittorio Colao, Group Chief Executive, commented:

In the first half of the year we have maintained good commercial momentum. Revenue grew organically in the majority of our markets driven by mobile data and our continued success as Europe s fastest growing broadband provider. Enterprise revenues continue to grow, led by our Internet of Things (IoT), Cloud and Fixed services, and for the second year running we achieved an absolute reduction in our operating costs. As a result, we are able to report a strong financial performance, with substantial EBITDA margin expansion and profit growth, and we are raising our financial outlook for the year.

In India competition remains intense. There are however signs of positive developments in the Indian market, with consolidation of smaller operators and recent price increases from the new entrant. We are making good progress in securing regulatory approvals for our merger with Idea Cellular and in monetising our tower assets.

In the second half of the year we will continue to implement our strategic initiatives, including fibre infrastructure expansion in Germany, Portugal and the UK; our entry into the consumer IoT market with the launch of V by Vodafone ; and the Digital Vodafone programme designed to enhance our customers experience, increasing revenues and cost efficiency.

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CHIEF EXECUTIVE S STATEMENT

Financial review of the half year

On 20 March 2017 we announced an agreement to merge Vodafone India with Idea Cellular (Idea) in India. As a result, Vodafone India is now excluded from Group figures, unless stated otherwise.

Financial results: Statutory performance measures

Group revenue for the first half of the year declined 4.1% to 23.1 billion, primarily due to the deconsolidation of Vodafone Netherlands following the creation of our joint-venture VodafoneZiggo , and foreign exchange movements. Operating profit rose to 2.0 billion compared to 1.5 billion in the prior year, reflecting operational leverage and the benefit of cost efficiency initiatives. Profit for the period was 1.2 billion, a substantial improvement compared to a loss of 5.0 billion in the prior half-year, which was impacted by a 5.0 billion net impairment of the Group s operations in India.

Financial results: Alternative performance measures

Group organic service revenue grew 1.7%* (Q1: 2.2%*, Q2: 1.3%*). The slowdown in Q2 was driven by Africa, Middle East and Asia Pacific (AMAP) (Q1: 7.9%*, Q2: 6.2%*) reflecting strong prior year comparatives, as well as by a lower contribution from carrier services. In Europe (Q1: 0.8%*, Q2: 0.8%*) the increased drag from roaming regulation in Q2 was offset by an improved underlying performance in mobile.

Group adjusted EBITDA was up 4.2% at 7.4 billion despite the drag from the deconsolidation of Vodafone Netherlands and adverse foreign exchange movements. Organic adjusted EBITDA grew 13.0%*, a significantly faster pace than service revenue. Excluding the negative impact of net roaming declines in Europe and the benefits in the UK from the introduction of handset financing and regulatory settlements in the period, organic adjusted EBITDA grew by 9.3%*1, with broad based EBITDA improvement in nine out of our ten largest markets. This growth reflected higher revenues and a decline in absolute operating costs on an organic basis as a result of the Fit for Growth programme. Consequently, the Group s adjusted EBITDA margin improved by 2.5 percentage points to 32.0%, or 2.8* percentage points on an organic basis (1.9* percentage points excluding roaming and UK handset financing/regulatory settlements).

Adjusted EBIT increased by 19.9% to 2.5 billion, with organic adjusted EBIT increasing by 51.9%*, driven by strong adjusted EBITDA growth and broadly stable depreciation and amortisation expenses.

The Group s adjusted effective tax rate for the first half was 22.2% compared to 25.0% for the same period last year. This lower rate is primarily due to a change in the country mix of the Group s profits and a reduction in the corporate tax rate in Italy.

Adjusted earnings per share from continued operations increased 54.9% to 6.32 eurocents, reflecting higher adjusted operating profit and lower net financing costs.

Losses continued in India as service revenue declined 15.8%* (Q1: -13.9%*, Q2: -17.8%*) as a result of intense price competition from the new entrant and aggressive competitor responses. Adjusted EBITDA declined 39.2%*, with an 8.3 percentage point deterioration in adjusted EBITDA margin to 21.3%. The impact of lower revenues was partially offset by significant actions to lower our operating cost base, which have delivered broadly stable EBITDA margins for the past three quarters.

Liquidity and capital resources

Free cash flow (pre-spectrum) was 1.3 billion, compared to a decline of 0.1 billion in the prior year. The improvement was driven by higher organic adjusted EBITDA, lower capital creditor outflows reflecting the final payments for Project Spring in the prior year, higher dividends received from associates and joint ventures (primarily from VodafoneZiggo) and lower dividends paid to minorities (primarily in Egypt). Capital expenditure declined by 7.5% to 3.3 billion, representing 14.1% of revenues.

Free cash flow post spectrum and restructuring payments was 0.4 billion, compared to an outflow of 0.4 billion in the prior year. Spectrum payments rose to 0.75 billion, mainly driven by 2G licence renewal fees in Italy. Cash restructuring costs of 0.1 billion were broadly unchanged compared to the prior year.

Net debt at 30 September 2017 rose to 32.1 billion compared to 31.2 billion as at 31 March 2017, as free cash flow generation in the period of 0.4 billion and the 1.0 billion net proceeds from the sale of 90 million shares in Vodacom were offset by the payment of last year s final dividend of 2.6 billion. Net debt in India was 8.0 billion at the end of the period, down from 8.7 billion at the end of the prior financial year due to the positive translation impact of closing foreign exchange rates on the debt balance of 0.9 billion and positive cash flow of 0.1 billion, partially offset by accrued interest expense of 0.3 billion.

In August the Group announced the commencement of an irrevocable and non-discretionary share buyback programme (the Programme). The sole purpose of the Programme is to reduce the issued share capital of Vodafone thereby avoiding any change in Vodafone s issued share capital following the maturing of a mandatory convertible bond (MCB) in August 2017. As of 30 September 2017, 262.4 million shares had been purchased out of the total of 729.1 million shares required at a cost of 0.5 billion. Through an accompanying option structure, the total share buyback amount will be broadly equivalent to the £1.44 billion (1.7 billion) raised on issuing the MCB. The buyback is now largely complete and will end in November 2017.

The Board is recommending an interim dividend per share of 4.84 eurocents, up 2.1% year-on-year, consistent with the Board s intention to grow the full year dividend per share annually.

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CHIEF EXECUTIVE S STATEMENT

Strategic review of the half year

Vodafone s progress as a data communications leader accelerated during the first half of the financial year. We announced significant new fixed investments and strategic partnerships in Germany, the UK and Portugal; we introduced the innovative new Vodafone Pass mobile proposition in 9 markets; we launched our new V by Vodafone consumer Internet of Things (IoT) solutions; and we repositioned the Vodafone brand with a new visual identity and strapline: The future is exciting. Ready? This positioning underlines our belief that new technologies and digital services will play a positive role in transforming society and enhancing individual quality of life over the years ahead.

We continued to invest in network quality post Project Spring and in our Customer eXperience eXcellence (CXX) programme. We are now the leader or co-leader for voice in 18 out of 21 markets, and in 14 out of 21 markets for data. Our Net Promoter Scores improved, and we now have a lead or co-leadership position in 19 out of 21 markets for consumer, while we are the leader or co-leader in 19 out of 20 markets for Enterprise.

Our growth engines of mobile data, fixed/convergence and Enterprise contributed to profitable total communications revenue market share gains in a majority of our European markets during the period. As a result, our organic service revenues continued to grow despite increased regulatory headwinds.

This strategic and financial progress creates a strong platform for the next phase of the Group s strategic development as we pursue the multiple opportunities arising from the digitalisation of our industry. We have recently launched a new Digital Vodafone programme, which aims to deliver the most engaging digital experience to our customers. Using advanced digital technologies, our ambition is to generate incremental revenues while reducing net operating costs.

At the same time, our Fit for Growth programme delivered a net reduction in our operating costs on an organic basis for the second year in a row, supporting strong EBITDA margin expansion.

Mobile data

Including India and our joint ventures, data traffic grew 88% during the first half of the year (Europe +63%, AMAP +116%). Quarterly growth trends accelerated (Q1: 76%, Q2: 98%) led by India, where data traffic more than tripled following a sharp decline in data prices, and also in Europe as customers embraced our more-for-more propositions.

Roaming traffic also increased sharply following the introduction of Roam-like-at-home in June, with the number of active EU roaming customers up 24% in Q2 and average usage per roamer up 138% to 0.6GB/month. Visitor traffic from third-party customers increased at an even faster pace of 365% in Q2, supporting a 28% rise in European visitor revenues in H1. Given that

our customers had already widely adopted worry-free roaming propositions, the growth of our roaming costs (onto other third-party networks) was modest. This positive contribution from visitor revenues net of third party roaming costs provided a partial offset to the loss of out of bundle roaming revenues within the European Union.

Average smartphone usage continued to grow rapidly, with customers in both Europe and AMAP using 2.1GB on average each month. In our major European markets, customers are increasingly using mobile networks rather than WiFi given the improving quality of our 4G and 4G+ networks as well as more generous data allowances; mobile s share of data usage on smartphones increased by between three and eight percentage points compared to one year ago. We see further opportunity as 4G+ and over time 5G technologies will continue to improve mobile network performance, and mobile networks share of data usage on smartphones is still low at 15-28% of total usage (including WiFi), depending on the market.

In Europe we are monetising this growth in data usage through more-for-more propositions as well as personalised offers utilising advanced data analytics. Contract ARPU is stabilising in most of our markets despite regulatory pressures and the drag from the trend towards SIM-only contracts, which now represent around 25% of our contract customer base in Germany and the UK, up around five percentage points year-on-year. In AMAP data revenues are growing strongly, supported by the relative scarcity of fixed Internet access and low data penetration.

We see additional opportunities to monetise data through the Vodafone Pass , an innovative new proposition which allows customers to buy passes that give worry-free access to social, media and video applications without using their data allowance. These easy to understand offers, which are tailored to local market circumstances, are intended to stimulate data usage and, on average, are expected to increase ARPU. Vodafone Passes are now available in 9 markets, and take-up has been encouraging with 7.8 million active passes by the end of H1.

In November, we launched our new V by Vodafone consumer IoT business. Our new dedicated IoT V-Sim by Vodafone will enable consumers to connect both Vodafone branded and third party electronics products to Vodafone s leading international IoT network. These products can be easily managed using the V by Vodafone smartphone app, which provides customers with a single overview of all IoT-enabled products registered to their account. Customers will pay a low-cost fixed monthly subscription for each V-Sim ; initial products include the V-Auto, V-Camera, V-Pet and V-Bag connected devices.

CHIEF EXECUTIVE S STATEMENT

Fixed & Convergence

During the next five years around 50 million additional households are expected to adopt NGN broadband within Vodafone s European footprint. We view this shift to NGN as a window of opportunity to capture substantial profitable market share. Gaining scale in fixed allows us to drive convergence across our combined fixed and mobile customer base, lowering churn. We have created Europe s largest NGN footprint covering 99 million households, with 36 million households on-net (including VodafoneZiggo), using a flexible and capital efficient strategy which combines build/co-build, strategic partnering, wholesale and acquisition options. This approach allows us to continually improve our fixed access position, as highlighted by several strategically important new fixed line agreements:

- In September we announced our Gigabit Investment Plan for Germany. We intend to invest approximately 2 billion of incremental capital expenditure on ultrafast broadband services by the end of calendar 2021. We expect this success-based plan to drive incremental growth and attractive returns, with limited impact on near-term cash generation thanks to our partnering approach. We aim to deploy fibre to around 2,000 business parks across Germany, working with partners and independently; partner with local municipalities to reach around 1 million rural consumer homes with FTTH; and upgrade our existing cable infrastructure to deliver 1Gbps speeds to 12.6 million households.

- In October we announced a reciprocal FTTH network sharing agreement in Portugal with NOS, providing us with access to an additional 1.3 million homes and businesses on attractive commercial terms. This takes our total coverage to 4.0 million, representing 80% of households in the country.

- In November we announced a long-term strategic partnership with CityFibre in the UK. This framework agreement will provide us with the ability to market FTTH services to up to 5.0 million UK households by 2025 at attractive commercial terms. We have identified the first 1 million households to be built across 12 towns and cities, and have committed to an initial exclusivity period in exchange for a ten-year 20% minimum volume commitment on these households.

In H1 we maintained our good commercial momentum, and we were once again Europe s fastest growing broadband provider, adding 499,000 new broadband customers. Our NGN customer base grew by 826,000. This supported fixed service revenue growth of 4.5%* in H1.

In total, across the Group we now have 15.4 million broadband customers (18.6 million including VodafoneZiggo), of which 8.8 million take a high speed service over fibre and cable (12.0 million including VodafoneZiggo). We have 9.8 million TV customers (13.7 million including VodafoneZiggo). Our momentum in convergence also continued, with 310,000 customers added in H1, reaching a total base of 4.1 million (4.9 million including VodafoneZiggo). Overall, fixed now contributes 24.6% of Group service

revenues (28.1% in Europe), up from 20.4% three years ago.

Enterprise

Services to business comprise 29.0% of our Group service revenue, and 30.6% in Europe. Our relationships with business customers are expanding from traditional mobile voice and data services to embrace total communications, IoT, Cloud & Hosting and IP-VPN provision. These new areas offer both market growth and market share opportunities for us.

Our Enterprise business continued to outperform peers with service revenue growth of 1.0%* (Q1: 1.5%*, Q2: 0.5%*), supported by our unique global network and product set, the contribution from emerging market growth and our low exposure to legacy fixed line. Excluding the impact of regulation, we grew 2.5%* (Q1: 2.5%*, Q2: 2.5%*). In Europe, service revenue declined 0.2%*, while AMAP grew 6.8%*. Growth in IoT continued (H1: 12.7%*), primarily driven by the increase in SIM connections (+36% year-on year).

Digital Vodafone

The Digital Vodafone programme develops and strengthens our existing Customer eXperience eXcellence (CXX) initiative and enables us to build upon our Fit4Growth achievements. We aim to deliver the most engaging digital experience in the industry for our customers, blending the digital and physical assets of Vodafone to provide personal, instant and easy interactions. By using advanced data analytics to improve all commercial and technology investment decisions, while at the same time automating our operations, we also plan to generate incremental revenues and to continue to reduce net operating costs on an organic basis.

The programme builds on the introduction of a Digital eXperience Layer (DXL) for quicker and cheaper IT development, on the experience of our Data Analytics Units now rolled out across the Group and on the high penetration of the My Vodafone App (now at 58% in Europe). By year-end we will have established dedicated Digital Accelerator teams in our largest European markets, and intend to expand the programme to all markets in calendar 2018.

The cross-functional Digital Accelerator teams will utilise the so-called agile approach to evolve services and innovate rapidly with quick release cycles. Their objective is to transform our operations in three main areas:

CHIEF EXECUTIVE S STATEMENT

1. Digital customer management

We intend to increase the use of data analytics to provide predictive, proactive and personalised offers to our customers, optimising the efficiency of our marketing spend, enhancing ARPU and improving our direct channel mix. MyVodafone and our digital marketing channels will over time become our main customer acquisition and management platform. We will also be able to meet any customer request through automated, digital support for example, by using chatbots and digital agents that utilise rapidly developing artificial intelligence technologies, developed and shared on a Group-wide basis.

2. Digital technology management

We will rapidly install new middleware on top of our legacy IT systems. This Digital eXperience Layer will accelerate the deployment of new digital capabilities, de-coupling them from the longer and financially costly upgrade cycles for our legacy billing and other systems. In addition, real-time data analytics will enable even smarter network planning and deployment, as well as more precise ROI-based investment decisions. Together with the ongoing effort to migrate 65% of our IT applications to the cloud, we aim to achieve significant capex and opex efficiencies, allowing us to re-invest based on customers actual and predicted profitability.

3. Digital operations

We see substantial scope for digitalisation to accelerate the simplification and automation of standard processes, in both operational and support areas. These include IT and network operations, customer management back office functions and all other administrative activities. We have already established an automation unit in our shared service centres.

Fit for Growth

Fit for Growth is our comprehensive cost efficiency programme designed to drive operating leverage and margin expansion, enabling us to invest in enhancing customer experience. We have continued to make good progress in H1, delivering an absolute reduction in our operating cost base on an organic basis for the second year in succession. Areas of significant cost savings include procurement, shared service centres, improved sales channel efficiency, standardised network design as well as zero based budgeting initiatives. Fit4Growth has greatly contributed to improving our cost structure. Across the Group, 19 out of 26 markets grew adjusted EBITDA faster than service revenue in H1, driving a 2.5 percentage point improvement in the Group s adjusted EBITDA margin to 32.0%.

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. Change at constant exchange rates presents performance on a comparable basis in terms of foreign exchange rates only. Organic growth and change at constant exchange rates are alternative performance measures. See Alternative performance measures on page 42 for further details and reconciliations to the respective closest equivalent GAAP measure.

1. The year-over-year change in organic adjusted EBITDA excluding the impact of European roaming (defined as the increase in visitor revenues less the increase in roaming costs and the decline in out-of-bundle roaming revenues), the effect of introduction of handset financing in the UK and the benefit of regulatory settlements in the UK.

2. The results for the half year ended 30 September 2016 have been restated to exclude the results of Vodafone India which has been classified as discontinued operations for Group reporting purposes following the agreement to combine with Idea Cellular. In addition, free cash flow has been redefined to include restructuring and licence and spectrum payments to ensure greater comparability with similarly titled measures and disclosures by other companies.

3. Group revenue and service revenue include the regional results of Europe, AMAP, Other (which includes the results of partner market activities) and eliminations.

4. Half year ended 30 September 2016 includes a gross impairment charge 6,375 million recorded in respect of the Group s investment in India, which together with the recognition of an associated 1,375 million deferred tax asset, led to an overall 5.0 billion reduction in the carrying value of Vodafone India.

5. Alternative performance measures are non-GAAP measures that are presented to provide readers with additional financial information that is regularly reviewed by management and should not be viewed in isolation or as an alternative to the equivalent GAAP measure. See Alternative performance measures on page 42 for reconciliations to the closest respective equivalent GAAP measure and Definition of terms on page 52 for further details.

GUIDANCE

Please see page 42 for Alternative performance measures , page 52 for Definition of terms and page 54 for Forward-looking statements .

2018 financial year guidance[1]

	Adjusted EBITDA bn	Free cash flow (pre-spectrum) bn
Original guidance (excluding Vodafone India)	Organic growth of 4-8% , (implying 14.0 14.5 billion at guidance exchange rates)[2]	Around 5 billion
Updated guidance	Organic growth of around 10%, (implying 14.75- 14.95 billion at guidance exchange rates)[2]	To exceed 5 billion

We now expect adjusted EBITDA to grow organically by around 10%; this implies a range of 14.75 billion to 14.95 billion at guidance exchange rates. We now expect free cash flow (pre-spectrum) to exceed 5 billion, before the impact of M&A, spectrum payments and restructuring costs.

The improvement to the outlook primarily reflects stronger than expected underlying European revenue growth and a later than anticipated commercial launch by the new entrant in Italy.

In addition, regulatory headwinds from roaming have been partially mitigated by the strong growth of visitor revenues; the benefit from the introduction of handset financing in the UK is likely to be larger than originally anticipated, reflecting an improved mix of high value contract customers; and in H1, the Group benefited from non-recurring regulatory settlements in the UK of 0.1 billion. In aggregate, these three factors are now expected to contribute approximately 0.3 billion to EBITDA in FY2018, compared to a net contribution of zero previously (as we originally expected the benefit from UK handset financing to be offset by the drag from roaming). We continue to expect the benefit from handset financing in the UK to largely reverse during the next financial year.

We expect our capital expenditure expressed as a percentage of our revenues to remain in the mid-teens , both in the current fiscal year and over the medium term, excluding capital expenditure associated with our recently announced Gigabit Investment Plan for Germany. The Plan is expected to ramp up from FY2018/19 and anticipates incremental capital expenditure of around 2 billion over a four-year period.

Assumptions

Please note that the Group s definition of free cash flow has been updated and now includes spectrum payments and restructuring payments. The Group will continue to provide annual guidance on the basis of free cash flow pre-spectrum and restructuring (free cash flow pre-spectrum), given that it is inappropriate to provide guidance ahead of spectrum auctions, and both spectrum and restructuring payments tend to be highly variable from year to year.

We have based guidance for the financial year ending 31 March 2018 on our current assessment of the global macroeconomic outlook and assume foreign exchange rates of 1:ZAR 14.6, 1:£0.85, 1:TRY 4.0 and 1:EGP 19.1. Guidance excludes the impact of licence and spectrum payments, material one-off tax-related payments, restructuring payments, 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.

Notes:

1. Adjusted EBITDA and free cash flow (pre-spectrum) are alternative performance measures. Alternative performance measures are non-GAAP measures that are presented to provide readers with additional financial information that is regularly reviewed by management and should not be viewed in isolation or as an alternative to the equivalent GAAP measure. The adjusted EBITDA and free cash flow (pre-spectrum) measures are forward-looking alternative performance measures which at this time cannot be quantitatively reconciled to comparative GAAP financial information. See Alternative performance measures on page 42 for more information and reconciliations to the guidance basis.

2. The baseline for 2017/18 adjusted EBITDA has been adjusted to exclude Vodafone Netherlands (463 million in the first nine months of 2016/17) and approximately 200 million of FX headwinds (based on guidance FX rates). Organic adjusted EBITDA growth excludes shareholder recharges received from Vodafone Netherlands, VodafoneZiggo and Vodafone India.

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FINANCIAL RESULTS

Group[1, 2]

					Six months ended 30 September		Growth	
						Restated		
	Europe	AMAP	Other[3]	Eliminations	2017	2016	Reported	Organic*
	m	m	m	m	m	m	%	%
Continuing operations								
Mobile customer revenue	9,635	3,757	19	(3)	13,408	14,390		
Mobile incoming revenue	697	342		(3)	1,036	1,238		
Other service revenue	714	209	180	(17)	1,086	1,155		
Mobile service revenue	11,046	4,308	199	(23)	15,530	16,783		
Fixed service revenue	4,327	495	291	(51)	5,062	5,028		
Service revenue	**15,373**	**4,803**	**490**	**(74)**	**20,592**	**21,811**	**(5.6)**	**1.7**
Other revenue	1,402	896	185		2,483	2,240		
Revenue	**16,775**	**5,699**	**675**	**(74)**	**23,075**	**24,051**	**(4.1)**	**3.1**
Direct costs	(3,570)	(1,298)	(486)	73	(5,281)	(5,796)		
Customer costs	(3,559)	(1,230)	17		(4,772)	(4,980)		
Operating expenses	(4,063)	(1,318)	(257)	1	(5,637)	(6,185)		
Adjusted EBITDA	**5,583**	**1,853**	**(51)**		**7,385**	**7,090**	**4.2**	**13.0**
Depreciation and amortisation:								
Acquired intangibles	(63)	(59)			(122)	(123)		
Purchased licences	(674)	(89)			(763)	(774)		
Other	(3,291)	(703)	(49)		(4,043)	(4,143)		
Adjusted EBIT	**1,555**	**1,002**	**(100)**		**2,457**	**2,050**	**19.9**	**51.9**
Share of adjusted results in associates and joint ventures	17	155	(1)		171	73		
Adjusted operating profit/(loss)	**1,572**	**1,157**	**(101)**		**2,628**	**2,123**	**23.8**	**54.7**
Restructuring costs					(33)	(37)		
Amortisation of acquired customer base and brand intangible assets					(543)	(515)		
Other income and expense					(44)	(56)		
Operating profit					**2,008**	**1,515**		
Non-operating income and expense					(1)			

Net investment income/(financing costs)	152	(123)
Income tax expense4	(579)	(1,114)
Profit for the financial period from continuing operations	**1,580**	**278**
Loss for the financial period from discontinuing operations	(345)	(5,281)
Profit/(loss) for the financial period	**1,235**	**(5,003)**
Attributable to:		
- Owners of the parent	1,131	(5,129)
- Non-controlling interests	104	126

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. Change at constant exchange rates presents performance on a comparable basis in terms of foreign exchange rates only. Organic growth and change at constant exchange rates are alternative performance measures. See Alternative performance measures on page 42 for further details and reconciliations to the respective closest equivalent GAAP measure.

1. The results for the half year ended 30 September 2016 have been restated to exclude the results of Vodafone India which has been classified as discontinued operations for Group reporting purposes following the agreement to combine with Idea Cellular. Group revenue and service revenue include the regional results of Europe, AMAP, Other (which includes the results of partner market activities) and eliminations. Current period reflects average foreign exchange rates of 1:£0.88, 1:INR 73.25, 1:ZAR 15.01, 1:TKL 4.03 and 1: EGP 20.38.

2. Service revenue, adjusted EBIT, adjusted EBITDA and adjusted operating profit are alternative performance measures. Alternative performance measures are non-GAAP measures that are presented to provide readers with additional financial information that is regularly reviewed by management and should not be viewed in isolation or as an alternative to the equivalent GAAP measure. See Alternative performance measures on page 42 for more information and reconciliations to the closest respective equivalent GAAP measure and Definition of terms on page 52 for further details.

3. The Other segment primarily represents the results of shareholder recharges received from VodafoneZiggo and Vodafone India, partner markets and the net result of unallocated central Group costs.

4. Refer to page 17 for further details.

FINANCIAL RESULTS

Europe

	Germany m	Italy m	UK m	Spain m	Other Europe m	Eliminations m	Europe m	Growth Reported %	Organic* %
30 September 2017									
Mobile customer revenue	2,683	1,889	2,070	1,369	1,624		9,635		
Mobile incoming revenue	106	172	152	83	197	(13)	697		
Other service revenue	257	127	155	106	138	(69)	714		
Mobile service revenue	3,046	2,188	2,377	1,558	1,959	(82)	11,046		
Fixed service revenue	2,016	485	697	768	365	(4)	4,327		
Service revenue	**5,062**	**2,673**	**3,074**	**2,326**	**2,324**	**(86)**	**15,373**	**(5.8)**	**0.8**
Other revenue	215	434	441	186	128	(2)	1,402		
Revenue	**5,277**	**3,107**	**3,515**	**2,512**	**2,452**	**(88)**	**16,775**	**(4.4)**	**2.5**
Direct costs	(969)	(607)	(736)	(683)	(663)	88	(3,570)		
Customer costs	(1,102)	(661)	(889)	(502)	(405)		(3,559)		
Operating expenses	(1,277)	(639)	(960)	(576)	(611)		(4,063)		
Adjusted EBITDA	**1,929**	**1,200**	**930**	**751**	**773**		**5,583**	**5.4**	**13.0**
Depreciation and amortisation:									
Acquired intangibles		(61)			(2)		(63)		
Purchased licences	(350)	(22)	(214)	(33)	(55)		(674)		
Other	(1,081)	(553)	(595)	(586)	(476)		(3,291)		
Adjusted EBIT	**498**	**564**	**121**	**132**	**240**		**1,555**	**27.8**	**66.5**
Share of adjusted results in associates and joint ventures	2				15		17		
Adjusted operating profit	**500**	**564**	**121**	**132**	**255**		**1,572**	**29.7**	**66.9**
Adjusted EBITDA margin	**36.6%**	**38.6%**	**26.5%**	**29.9%**	**31.5%**		**33.3%**		
30 September 2016 restated									
Mobile customer revenue	2,652	1,869	2,299	1,360	2,284		10,464		
Mobile incoming revenue	143	181	174	80	252	(14)	816		
Other service revenue	260	141	161	114	177	(81)	772		
Mobile service revenue	3,055	2,191	2,634	1,554	2,713	(95)	12,052		
Fixed service revenue	1,954	428	767	719	404	(5)	4,267		
Service revenue	**5,009**	**2,619**	**3,401**	**2,273**	**3,117**	**(100)**	**16,319**		
Other revenue	256	387	174	223	187	(3)	1,224		
Revenue	**5,265**	**3,006**	**3,575**	**2,496**	**3,304**	**(103)**	**17,543**		
Direct costs	(1,050)	(627)	(888)	(636)	(799)	102	(3,898)		
Customer costs	(1,132)	(598)	(912)	(563)	(599)	1	(3,803)		
Operating expenses	(1,295)	(677)	(1,101)	(605)	(866)		(4,544)		
Adjusted EBITDA	**1,788**	**1,104**	**674**	**692**	**1,040**		**5,298**		
Depreciation and amortisation:									
Acquired intangibles		(61)			(2)		(63)		
Purchased licences	(331)	(18)	(230)	(33)	(50)		(662)		
Other	(1,161)	(550)	(614)	(551)	(480)		(3,356)		
Adjusted EBIT	**296**	**475**	**(170)**	**108**	**508**		**1,217**		
Share of adjusted results in associates and joint ventures	2	(1)			(6)		(5)		
Adjusted operating profit/(loss)	**298**	**474**	**(170)**	**108**	**502**		**1,212**		
Adjusted EBITDA margin	**34.0%**	**36.7%**	**18.9%**	**27.7%**	**31.5%**		**30.2%**		
Change at constant exchange rates (%)									

Mobile customer revenue	1.2	1.0	(3.3)	0.7	(29.2)
Mobile incoming revenue	(25.5)	(4.6)	(6.3)	3.2	(22.5)
Other service revenue	(2.0)	(10.1)	2.8	(6.7)	(21.4)
Mobile service revenue	(0.3)	(0.1)	(3.1)	0.3	(28.0)
Fixed service revenue	3.2	13.4	(2.3)	6.8	(9.8)
Service revenue	**1.0**	**2.1**	**(2.9)**	**2.3**	**(25.7)**
Other revenue	(15.7)	12.2	171.0	(16.6)	(32.5)
Revenue	**0.2**	**3.4**	**5.6**	**0.6**	**(26.1)**
Direct costs	(7.7)	(3.0)	(11.1)	7.3	(17.5)
Customer costs	(2.7)	10.5	4.6	(10.7)	(32.6)
Operating expenses	(1.4)	(5.7)	(6.3)	(4.9)	(29.5)
Adjusted EBITDA	**7.9**	**8.7**	**48.2**	**8.6**	**(26.1)**
Depreciation and amortisation:					
Acquired intangibles					
Purchased licences	5.8	26.2		(0.7)	8.3
Other	(6.9)	0.5	4.0	6.5	(1.5)
Adjusted EBIT	**68.5**	**18.6**	**NM**	**22.2**	**(52.9)**
Share of adjusted results in associates and joint ventures	(12.7)	(86.6)			(357.1)
Adjusted operating profit/(loss)	**67.9**	**18.9**	**NM**	**22.2**	**(49.4)**
Adjusted EBITDA margin (pps)	**2.6**	**1.9**	**7.6**	**2.2**	**0.0**

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FINANCIAL RESULTS

Revenue decreased by 4.4%. Foreign exchange movements contributed a 1.3 percentage point negative impact, and the deconsolidation of Vodafone Netherlands contributed a 5.6 percentage point negative impact. On an organic basis, service revenue increased by 0.8%*, driven by customer growth in mobile and fixed and stabilising contract ARPU across all of our major markets despite increased regulatory headwinds following the implementation of the EU s Roam Like At Home policy in June. The drag from roaming was lower than originally anticipated given strong growth of visitor revenues in Q2. Excluding regulation (the impact of EU roaming and MTR cuts), service revenue growth was 1.9%* (Q1: 1.7%*, Q2: 2.1%*).

Adjusted EBITDA increased 5.4%, including a 6.8 percentage point negative impact from the deconsolidation of Vodafone Netherlands, and a 0.8 percentage point negative impact from foreign exchange movements. On an organic basis, adjusted EBITDA increased 13.0%*, supported by the introduction of handset financing in the UK and regulatory settlements in the UK. Excluding these items, as well as the net impact of roaming, EBITDA grew 8.2%* reflecting operating leverage and tight cost control through our Fit for Growth programme.

Adjusted EBIT increased by 66.5%*, reflecting strong adjusted EBITDA growth and stable depreciation and amortisation expenses.

	Reported change %	Other activity (including M&A) pps	Foreign exchange pps	Organic* change %
Europe revenue	**(4.4)**	**5.6**	**1.3**	**2.5**
Service revenue				
Germany	1.1	0.1	(0.1)	1.1
Italy	2.1	0.2		2.3
UK	(9.6)	0.1	6.7	(2.8)
Spain	2.3	0.5		2.8
Other Europe	(25.4)	28.4	(0.3)	2.7
Europe service revenue	**(5.8)**	**5.3**	**1.3**	**0.8**
Adjusted EBITDA				
Germany	7.9	(0.2)		7.7
Italy	8.7	0.1		8.8
UK	38.0	(1.6)	10.2	46.6
Spain	8.5	1.0	0.1	9.6
Other Europe	(25.7)	32.6	(0.4)	6.5
Europe adjusted EBITDA	**5.4**	**6.8**	**0.8**	**13.0**
Europe adjusted EBIT	**27.8**	**40.0**	**(1.3)**	**66.5**
Europe adjusted operating profit	**29.7**	**38.6**	**(1.4)**	**66.9**

Note:

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Germany

Service revenue grew 1.1%* (Q1: 0.6%*, Q2: 1.6%*), or 2.5%* (Q1: 2.0%*, Q2: 3.0%*) excluding the impact of regulation. The acceleration in Q2 reflects improved mobile contract customer base growth, which more than offset the drag from roaming.

Mobile service revenue declined 0.2%* (Q1: -1.1%*, Q2: 0.7%*) as a higher customer base was offset by regulatory headwinds and lower wholesale revenue. Excluding regulation, mobile service revenue grew 1.9%* (Q1: 1.0%*, Q2: 2.8%*) driven by a higher contract customer base. Contract customer additions grew 301,000 in the first half of the year (+273,000 year-on-year) driven by the seasonal success of our new GigaCube fixed-wireless proposition, higher activity in direct channels and lower consumer churn. In Enterprise the market remained competitive, however ARPU declines continued to moderate. We now have 4G population coverage of 91% with the ability to offer 500Mbps in 20 cities, and we are currently piloting 1Gbps services in 2 cities.

Fixed service revenue grew 3.2%* (Q1: 3.4%*, Q2: 3.0%*) driven by good customer growth, with 194,000 broadband customers added during H1, of which 136,000 were on cable with the rest on DSL. Our TV base remained stable at 7.7 million. Supported by our GigaKombi propositions, we added 110,000 converged customers to reach a total converged consumer customer base of 0.5 million.

In September we announced our Gigabit Investment Plan with approximately 2 billion of incremental capital expenditure on ultrafast broadband services by the end of calendar year 2021. We expect this success-based plan to drive incremental growth and attractive returns as we deploy fibre to Enterprises in up to 2,000 business parks across Germany, partner with local municipalities to reach around 1 million rural consumer homes with fibre, and upgrade our existing cable infrastructure to deliver 1Gbps speeds to 12.6 million households.

Adjusted EBITDA grew 7.7%*, driven by service revenue growth and strong cost control. As a result, our adjusted EBITDA margin improved by 2.6 percentage points to 36.6%.

FINANCIAL RESULTS

Italy

Service revenue grew by 2.3%* (Q1: 3.2%*, Q2: 1.5%*). This performance was supported by higher mobile and fixed ARPU and strong fixed customer base growth. In Q2, the impact of EU roaming declines was partially offset by increased visitor revenues.

Mobile service revenue grew 0.1%* (Q1: 0.9%*, Q2: -0.7%). The prepaid pricing environment remained highly competitive during the first half of the year, particularly in promotional below-the-line offers. As a result, total market mobile number portability (MNP) volumes grew 26% year-on-year. Despite these pressures, the decline in our prepaid customer base was mitigated by our advanced data analytics capability, which delivers personalised offers to customers, and by our market leading mobile network quality with 4G population coverage now at 98%.

Fixed service revenue was up 13.4%* (Q1: 14.4%*, Q2: 12.3%*) driven by continued strong customer base growth and higher ARPU. We added 112,000 broadband households in H1, and in total our broadband customer base is now 2.3 million. At the end of the period we reached 5.2 million marketable households through our owned NGN footprint and our strategic partnership with Open Fiber. In October, we launched our new converged proposition Vodafone One , providing customers with a single fibre and 4.5G offer that can be enriched with market-leading entertainment via Vodafone TV as well as exclusive advantages for family members. We have 583,000 converged consumer households.

Adjusted EBITDA grew 8.8%*, with a 1.9 percentage point improvement in adjusted EBITDA margin to 38.6%. This was driven by a strong revenue performance and continued tight cost control.

UK

Service revenue declined 2.8%* (Q1: -2.7%*, Q2: -3.0%*). Excluding the impact of regulation and handset financing, service revenue growth almost stabilised in H1 and returned to growth in Q2 (Q1: -1.2%*, Q2: 0.6%*), supported by higher ARPU in consumer mobile together with a lower decline in Enterprise fixed and carrier services. NPS has fully recovered from the billing system challenges experienced in the prior financial year, reflecting ongoing improvements in customer care and network quality, and we regained our market leading NPS position in Enterprise.

Mobile service revenue declined 3.0%* (Q1: -2.3%*, Q2: -3.7%*), but grew by 0.3%* (Q1: -0.4%*, Q2: 1.0%*) excluding the impact of regulation and handset financing. This underlying improvement in quarterly trends was supported by the launch of our new segment led propositions, RPI-linked consumer price increases and a better inflow mix of higher-value customers. Enterprise continued to decline in a competitive market environment. Total contract customers declined 5,000 in H1, impacted by our strategic decision to phase out our low-end mobile brand Talkmobile. Excluding this effect our contract base grew by 59,000. In August, we launched a new sub-brand VOXI , targeting the youth segment with a proposition focused on worry-free social media usage. Our network performance continued to improve and is at an all-time high with 4G population coverage of 97%, supported by our decision to deploy our own active radio network equipment in London.

Fixed service revenue declined 2.3%* (Q1: -3.9%*, Q2: -0.6%*), reflecting competitive pricing pressure and a lower customer base in Enterprise. The lower pace of decline in Q2 was supported by our best ever quarter of consumer broadband net adds (35,000 households). In total we now serve 278,000 customers.

In November, we announced a long-term strategic partnership agreement with CityFibre. This wholesale agreement will provide us with the ability to market FTTH services to up to 5.0 million UK households by 2025, at attractive commercial terms. We have identified the first 1.0 million households to be built across 12 towns and cities, and have committed to an initial exclusivity period in exchange for a ten-year 20% minimum volume commitment for these households.

Adjusted EBITDA grew by 46.6%*, and the adjusted EBITDA margin was 26.5%. Excluding the impact of handset financing and regulatory settlements in the period, and the reallocation of central costs, adjusted EBITDA declined by 1.9%* as out-of-bundle roaming declines offset the benefit of lower operating costs delivered through our Fit for Growth cost programme.

FINANCIAL RESULTS

Spain

Service revenue grew by 2.8%* (Q1: 1.6%*, Q2: 3.9%*). This growth was driven by our more-for-more tariff refresh in April and a higher customer base across both mobile and fixed. The acceleration in Q2 reflects the end of the drag from handset financing (excluding handset financing, Q1 grew 3.0%*), together with the benefit of a full quarter following our tariff changes, and strong visitor revenues over the summer.

We maintained our good commercial momentum, adding 94,000 mobile contract customers and 57,000 fixed broadband customers despite changes to our tariff plans and increased price competition in the value segment of the market. Our TV customer base grew at a slower pace, up 23,000, reflecting a delay during Q1 in our ability to offer TV to new households in our wholesale footprint following a new agreement with the incumbent, as well as a greater focus on premium packages.

Vodafone One, our fully integrated fixed, mobile and TV service, reached 2.5 million households at the end of the period, up 459,000 year-on-year. In May we launched a basic convergent proposition through our secondary brand Lowi, which is focused on the value segment. Consumer converged revenues grew by 17.0% in H1 and now represent 58% of total consumer revenue.

Our market leading 4G population coverage reached 94% at the end of the period. Following our commercial wholesale agreement with Telefonica in March to access its fibre network in both regulated and deregulated areas, our NGN footprint increased to 19.5 million households, of which 10.3 million are on-net.

Adjusted EBITDA growth was strong at 9.6%*, with a 2.2 percentage point improvement in adjusted EBITDA margin to 29.9%. This was driven by service revenue growth and lower commercial and operating costs; these more than offset higher content and wholesale fixed access costs.

Other Europe

Service revenue grew 2.7%* (Q1: 2.7%*, Q2: 2.8%*) with all of the larger markets growing in the first half of the year (after excluding the MTR impact in Ireland), supported by strong visitor revenue growth in southern Europe. Adjusted organic EBITDA grew 6.5%* and adjusted EBITDA margin remained stable at 31.5%, reflecting continued good cost control.

In Ireland service revenue declined 2.7%*, but grew 2.0%* excluding the impact of regulation, supported by fixed customer growth. Portugal service revenue grew 5.7%* driven by a return to growth in mobile, and continued strong customer growth in fixed. In October, we announced a reciprocal network sharing agreement with NOS, providing us with access to an additional 1.3 million homes and businesses on attractive commercial terms. This will take our total coverage to 4.0 million, representing 80% of households in the country. In Greece, service revenue grew by 3.9%*, driven by ARPU growth in consumer mobile following

more-for-more tariff changes made in the first half.

VodafoneZiggo Joint Venture

The joint venture between Vodafone Netherlands and Ziggo (VodafoneZiggo, in which Vodafone owns a 50% stake) was formed on 31 December 2016.

VodafoneZiggo, which reports quarterly for credit investors on a US GAAP basis, reported a decline in revenue of 4.3% (Q1: -3.4%, Q2: -5.2%), or a 2.7% decline (Q1: -2.8%, Q2: -2.7%) excluding the impact of regulation. This reflected continued intense price competition in mobile, particularly in the SoHo segment, partially offset by a return to growth in fixed in Q2 driven by improved RGU additions and ARPU. Mobile service revenue declined 11.7% (Q1: -9.3%, Q2: -14.0%), equivalent to a 7.6% decline (Q1: -7.7%, Q2: -7.6%) excluding the impact of regulation, and fixed grew 0.2% (Q1: -0.1%, Q2: 0.5%).

Our new converged offers are helping to drive higher consumer mobile sales, with net contract additions in H1 of 25,000 excluding the impact of discontinued non-revenue generating secondary SIMs as part of the migration of former Ziggo mobile subscribers to Vodafone. In fixed, we added 29,000 net broadband RGUs in H1 driven by our converged offers and the Ziggo Power Promise campaign. Our momentum in convergence continues. 780,000 households are now converged, with these households using a total of 1.2 million mobile SIMs. 24% of the VodafoneZiggo broadband base and 58% of Vodafone branded consumer customers are now enjoying the benefits of converged offers.

VodafoneZiggo reported an adjusted EBITDA decline of 2.4% in H1, as lower revenues were partly offset by lower equipment expenses, as a result of new consumer credit regulations which increased the proportion of SIM-only sales during the period.

Since the start of the calendar year, Vodafone has received 221 million in dividends from the joint venture and 42 million in interest payments on the 1 billion shareholder loan. During the current financial year, Vodafone has received 145 million in dividends and 28 million in interest payments. Following an upgrade to VodafoneZiggo s 2017 financial outlook, we now expect to receive total cash returns (including dividends, interest payments and shareholder loan repayments) of at least 375 million (previously at least 250 million) during the 2017 calendar year.

FINANCIAL RESULTS

Africa, Middle East and Asia Pacific

	Vodacom m	Other AMAP m	Eliminations m	AMAP m	Growth Reported %	Organic* %
30 September 2017						
Mobile customer revenue	1,996	1,761		3,757		
Mobile incoming revenue	80	262		342		
Other service revenue	121	88		209		
Mobile service revenue	2,197	2,111		4,308		
Fixed service revenue	113	382		495		
Service revenue	**2,310**	**2,493**		**4,803**	**(3.8)**	**7.0**
Other revenue	489	407		896		
Revenue	**2,799**	**2,900**		**5,699**	**(3.2)**	**7.1**
Direct costs	(361)	(937)		(1,298)		
Customer costs	(737)	(493)		(1,230)		
Operating expenses	(638)	(680)		(1,318)		
Adjusted EBITDA	**1,063**	**790**		**1,853**	**(2.1)**	**8.5**
Depreciation and amortisation:						
Acquired intangibles	(43)	(16)		(59)		
Purchased licences	(2)	(87)		(89)		
Other	(325)	(378)		(703)		
Adjusted EBIT	**693**	**309**		**1,002**	**2.0**	**11.1**
Share of adjusted results in associates and joint ventures	29	126		155		
Adjusted operating profit	**722**	**435**		**1,157**	**9.2**	**18.5**
Adjusted EBITDA margin	**38.0%**	**27.2%**		**32.5%**		
30 September 2016 restated						
Mobile customer revenue	1,805	2,117		3,922		
Mobile incoming revenue	100	322		422		
Other service revenue	99	79		178		
Mobile service revenue	2,004	2,518		4,522		
Fixed service revenue	80	389		469		
Service revenue	**2,084**	**2,907**		**4,991**		
Other revenue	380	515		895		
Revenue	**2,464**	**3,422**		**5,886**		
Direct costs	(321)	(1,084)		(1,405)		
Customer costs	(600)	(586)		(1,186)		
Operating expenses	(591)	(812)		(1,403)		
Adjusted EBITDA	**952**	**940**		**1,892**		
Depreciation and amortisation:						
Acquired intangibles	(39)	(21)		(60)		
Purchased licences	(3)	(109)		(112)		
Other	(268)	(470)		(738)		
Adjusted EBIT	**642**	**340**		**982**		
Share of adjusted results in associates and joint ventures		78		78		
Adjusted operating profit	**642**	**418**		**1,060**		
Adjusted EBITDA margin	**38.6%**	**27.5%**		**32.1%**		

Change at constant exchange rates (%)		
Mobile customer revenue	4.2	8.9
Mobile incoming revenue	(23.1)	11.7
Other service revenue	13.4	41.4
Mobile service revenue	3.3	10.3
Other service revenue	36.1	5.1
Service revenue	**4.5**	**9.4**
Other revenue	19.3	(4.2)
Revenue	**6.8**	**7.3**
Direct costs	8.7	8.1
Customer costs	13.2	1.1
Operating expenses	3.1	3.4
Adjusted EBITDA	**4.4**	**14.4**
Depreciation and amortisation:		
Acquired intangibles	0.4	
Purchased licences	(10.8)	(6.0)
Other	14.4	2.6
Adjusted EBIT	**0.6**	**44.9**
Share of adjusted results in associates and joint ventures	NM	69.5
Adjusted operating profit	**4.7**	**51.2**
Adjusted EBITDA margin (pps)	**(0.9)**	**1.7**

FINANCIAL RESULTS

Revenue decreased 3.2%, with strong organic growth offset by a 10.3 percentage point adverse impact from foreign exchange movements, particularly with regards to the Turkish lira and Egyptian pound. On an organic basis service revenue was up 7.0%* driven by strong commercial momentum in South Africa, Turkey and Egypt.

Adjusted EBITDA decreased 2.1%, including a 10.6 percentage point adverse impact from foreign exchange movements. On an organic basis, adjusted EBITDA grew 8.5%*, driven by service revenue growth and a continued focus on cost control and efficiencies to offset inflationary pressures. Adjusted EBIT increased 11.1%*.

	Reported change %	Other activity (including M&A) pps	Foreign exchange pps	Organic* change %
AMAP revenue	**(3.2)**		**10.3**	**7.1**
Service revenue				
Vodacom	10.8		(6.3)	4.5
Other AMAP	(14.2)	0.1	23.6	9.5
AMAP service revenue	**(3.8)**		**10.8**	**7.0**
Adjusted EBITDA				
Vodacom	11.7		(7.3)	4.4
Other AMAP	(16.0)	0.1	30.4	14.5
AMAP adjusted EBITDA	**(2.1)**		**10.6**	**8.5**
AMAP adjusted EBIT	**2.0**	**0.1**	**9.0**	**11.1**
AMAP adjusted operating profit	**9.2**	**0.1**	**9.2**	**18.5**

Note:

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Vodacom

Vodacom Group service revenue grew 4.5%* (Q1: 5.6%*, Q2: 3.4%*), supported by strong customer additions and growth in data and enterprise services in South Africa, and improved growth in Vodacom s International operations as we lapped the impact from the change in customer registration requirements in the prior year. The slowdown in Q2 reflects a stronger comparator from the prior year in South Africa and the impact of larger data bundles, combined with a decline in DRC revenues.

In South Africa, service revenue grew 4.8%* (Q1: 5.6%*, Q2: 3.9%*). This was supported by continued strong customer growth resulting from our effective segmentation and bundle strategy. We added 4.1 million prepaid customers in the first half to 45.7 million, up 13.7% year-on-year. Data revenue growth remained strong at 15.0%*. This growth was supported by an increased number of data users (up 9.6% to 19.9 million), greater average usage per customer (smart device usage up 19.5% to 776Mb per month), and higher data bundle sales (up 56% year-on-year to 347 million). In Q2 data revenue growth slowed, reflecting a strong comparative quarter and the impact of promotional initiatives to drive data take-up, including larger data bundles. Effective from 1 October, out-of-bundle data rates were reduced in order to further improve customer experience. We expect this to stimulate higher data take-up and usage over time. Voice revenue declined 4.8%*, broadly in line with prior quarters, reflecting the success of our personalised voice bundle strategy through our Just 4 You platform. Our market leading network has now reached 77% 4G population coverage.

Vodacom s International operations outside of South Africa, which represent 22.3% of Vodacom Group service revenue, grew 6.0%* (Q1: 7.9%*, Q2: 4.1%*). This growth was supported by a better performance in Tanzania, and sustained growth in Mozambique and Lesotho. In the DRC, economic weakness and the devaluation of the Congolese Franc has impacted consumer spending, resulting in a weaker performance.

Vodacom Group adjusted EBITDA grew by 4.4%*, and adjusted EBITDA margin declined by 0.6 points to 38.0%. This reflected a greater contribution from low margin equipment sales, a new roaming agreement with WBS in South Africa, and earlier phasing of publicity costs for our global brand refresh. This was partially offset by continued cost discipline.

In May 2017, we announced that Vodafone Group would exchange a 35% indirect interest in Safaricom for 233.5 million new ordinary Vodacom shares, enabling us to streamline and simplify the management of our sub-Saharan African holdings. The transaction completed in August. Following a placing of Vodacom ordinary shares by Vodafone Group in September, in which 5.2% of Vodacom s share capital was sold for 955 million, Vodafone Group now indirectly owns a 64.5% stake in Vodacom. Safaricom achieved local currency service revenue growth of 12.0% during H1, driven by the expansion of their customer base and strong growth in data and M-Pesa revenue. Local currency adjusted EBITDA at Safaricom grew by 6.9%, impacted by a one-off adjustment in the prior year.

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FINANCIAL RESULTS

Other AMAP

Service revenue grew by 9.5%* (Q1: 10.0%*, Q2: 8.9%*), with strong local currency growth in Turkey and Egypt. The slowdown in quarterly trends reflects tougher prior year comparisons and the impact of a network outage in Qatar during Q2. Organic adjusted EBITDA grew 14.5%* and adjusted EBITDA margin improved by 0.3 percentage points to 27.2%, driven by good cost control.

In Turkey, service revenue grew 14.3%* (Q1: 13.9%*, Q2: 14.7%*) supported by good growth in consumer contract and strong visitor revenue in Q2. Organic adjusted EBITDA grew 20.4%* and adjusted EBITDA margin improved by 2.0 percentage points to 22.8%, driven by revenue growth and improved cost control.

Egypt service revenue grew by 22.8%* (Q1: 24.6%*, Q2: 21.0%*), as rising data penetration drove higher ARPU and we maintained good customer base growth. Organic adjusted EBITDA grew 23.0%* and adjusted EBITDA margin improved by 0.4 percentage points to 45.1% as revenue growth and cost discipline more than offset high inflationary pressures.

In New Zealand, service revenue grew 0.3%* (Q1: -0.3%*, Q2: 0.9%*), with growth in mobile partially offset by pressure in fixed. We intend to explore a potential IPO of Vodafone New Zealand during calendar 2018.

Associates and joint ventures

Vodafone Hutchison Australia (VHA) continued to perform solidly in a competitive environment, with local currency service revenue growth of 2.5% during the first half of the year. This was driven by growth in our mobile contract customer base. Local currency adjusted EBITDA excluding changes in pricing structure for new mobile phone plans grew 8.4%, supported by revenue growth and strong commercial cost discipline.

Our stake in Indus Towers, the Indian towers company in which Vodafone has a 42% interest, is excluded from the perimeter of the merger of Vodafone India and Idea. Indus Towers achieved local currency revenue growth of 11.5% and adjusted EBITDA growth of 11.6% during the first half of the year. Indus owned 123,075 towers as at 30 September 2017, with a tenancy ratio of 2.45. During the period, Indus Towers paid dividends of 141 million to the Group. We continue to explore potential monetisation options for our own and Idea s interests in this asset.

FINANCIAL RESULTS

India[1]

On 20 March 2017, Vodafone announced an agreement to combine its subsidiary, Vodafone India (excluding its 42% stake in Indus Towers), with Idea Cellular. The combined company will be jointly controlled by Vodafone and the Aditya Birla Group. Vodafone India has been classified as discontinued operations for Group reporting purposes. From an operational perspective, the Group remains highly focused on the management of the business and committed to its success, both prior to the completion of the merger and thereafter. The results of Vodafone India are detailed below.

	Six months ended 30 September		**Growth**	
	2017	**2016**	**Reported**	**Organic***
	m	**m**	**%**	**%**
Mobile customer revenue	1,914	2,433		
Mobile incoming revenue	435	328		
Other service revenue	88	105		
Mobile service revenue	2,437	2,866		
Fixed service revenue	164	139		
Service revenue	**2,601**	**3,005**	**(13.4)**	**(15.8)**
Other revenue	9	10		
Revenue	**2,610**	**3,015**	**(13.4)**	**(15.8)**
Direct costs	(758)	(836)		
Customer costs	(142)	(148)		
Operating expenses	(1,153)	(1,139)		
Adjusted EBITDA	**557**	**892**	**(37.6)**	**(39.2)**
Depreciation and amortisation:				
Acquired intangibles		(37)		
Purchased licences		(210)		
Other	(13)	(422)		
Adjusted EBIT and operating profit	**544**	**223**	**143.9**	**136.5**
Impairment loss[2]		(6,375)		
Other	(54)	(65)		
Operating profit/(loss)	**490**	**(6,217)**		
Adjusted EBITDA margin	**21.3%**	**29.6%**		
Capital additions	394	447		
Closing net debt[3]	(8,022)	(4,736)		

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. Change at constant exchange rates presents performance on a comparable basis in terms of foreign exchange rates only. Organic growth and change at constant exchange rates are alternative performance measures. See Alternative performance measures on page 42 for further details and reconciliations to the respective closest equivalent GAAP measure.

1. In accordance with IFRS, the results of Vodafone India were classified as discontinued operations with effect from 20 March 2017, after which depreciation and amortisation of assets ceased.

2. Half year ended 30 September 2016 includes a gross impairment charge 6,375 million recorded in respect of the Group s investment in India, which together with the recognition of an associated 1,375 million deferred tax asset, led to an overall 5.0 billion reduction in the carrying value of Vodafone India.

3. Closing net debt at 30 September 2016 comprised 2,784 million of external net debt and 1,952 million of internal financing.

Service revenue declined 15.8%* (Q1: -13.9%*, Q2: -17.8%*) as a result of intense price competition from the new entrant and aggressive incumbent responses. Competitive intensity in the market continued to rise throughout the period, with the extension of data validity periods on prepaid top-ups as well as price reductions in the postpaid segment. As a result, ARPU fell sharply, while our customer base declined in Q2 as customers consolidated their usage with a single operator. However, we continued to retain our mid and high value customers, while our focused investment strategy ensured that our revenue market share continued to rise in our leadership circles during Q1. The sequential deterioration in Q2 revenue trends following a period of stability in Q1 reflects intensified price competition, seasonal weakness as a result of the monsoon, and the impact of the new Goods and Services Tax (GST), which increased the tax burden on our gross revenues to 18% (previously 15%).

Starting from 1 October 2017, the regulator lowered mobile termination rates from 14 paise to 6 paise per minute; this is expected to weigh on our revenues in H2. There are however signs of positive developments in the Indian market, with consolidation of smaller operators and recent price increases from the new entrant.

Our active data customer base remained stable at 68 million, with strong growth in 4G customers (up 11.9 million to 14.1 million at the end of the period) offsetting the decline in 2G. Our total customer base as at the end of H1 was 207 million. Prepaid ARPU declined by 23% in H1, as the benefit of customers consolidating their spend on a single-SIM post the introduction of unlimited calling plans was offset by the trend in the market towards longer validity periods of up to three months in promotional offers. Postpaid ARPU declined by 16%, dragged lower by the significant price declines in the prepaid segment.

FINANCIAL RESULTS

Adjusted EBITDA declined 39.2%*, with an 8.3 percentage point deterioration in adjusted EBITDA margin to 21.3%. This reflected lower revenues, partially offset by significant cost actions. These cost initiatives included active network site sharing, the renegotiation of tower maintenance contracts and the closure of sites with low utilisation. Adjusted EBITDA margins have remained broadly stable for the past three quarters, despite significant revenue pressures.

Net debt in India was 8.0 billion at the end of the period (including 6.7 billion of spectrum-related debt), down from 8.7 billion at the end of the prior financial year due to the positive translation impact of closing foreign exchange rates on the debt balance of 0.9 billion and positive cash flow of 0.1 billion, partially offset by accrued interest expense of 0.3 billion.

The merger of Vodafone India and Idea Cellular has received clearance from the Competition Commission and the Securities and Exchange Board of India (SEBI); further approvals are required from the National Company Law Tribunal and the Department of Telecommunications.

On 13 November 2017, the Group announced the sale of Vodafone India s and Idea s standalone towers to American Tower for INR78.5 billion (1.0 billion), with the proceeds intended to reduce debt at the combined company. This transaction is subject to regulatory approvals and is expected to close in the first half of calendar 2018.

The Group continues to explore potential monetisation options for our own and Idea s interests in Indus Towers.

Group results

Revenue

Group revenue decreased 4.1% to 23.1 billion and service revenue decreased 5.6% to 20.6 billion.

Operating profit

The Group s operating profit rose to 2.0 billion, compared to an operating profit of 1.5 billion in the prior period, primarily reflecting higher adjusted EBIT.

Group adjusted EBITDA increased 4.2% to 7.4 billion, with organic growth in Europe and AMAP partly offset by foreign exchange movements and the deconsolidation of Vodafone Netherlands. The Group s adjusted EBITDA margin improved by 2.5 percentage points to 32.0%. On an organic basis, adjusted EBITDA rose 13.0%* and the Group s adjusted EBITDA margin increased by 2.8* percentage points driven by organic margin improvements in both Europe and AMAP.

Adjusted EBIT increased by 19.9% to 2.5 billion as a result of strong adjusted EBITDA growth and broadly stable organic depreciation and amortisation expenses. On an organic basis, adjusted EBIT increased by 51.9%* for the period.

The Group s share of associates and joint ventures was 0.2 billion, up from 0.1 billion in the prior period due to higher contributions from Indus Towers and Australia. Amortisation charges for acquired customer bases and brand intangible assets were 0.5 billion, largely unchanged compared to the prior period. Restructuring costs and other income and expense were minimal during the period.

Net investment income/(net financing costs)

	Six months ended 30 September	
		Restated
	2017	**2016**
	m	**m**
Investment income	333	552
Financing costs	(181)	(675)
Net investment income/(net financing costs)	**152**	**(123)**
Analysed as:		
Net financing costs before interest on settlement of tax issues	(312)	(355)
Interest expense arising on settlement of outstanding tax issues	(33)	(31)
	(345)	**(386)**
Mark to market gains	195	24
Foreign exchange[1]	302	239
	152	**(123)**

Note:

1. Primarily comprises foreign exchange rate differences reflected in the income statement in relation to certain sterling and US dollar balances.

Net financing costs decreased by 275 million primarily driven by an increase in mark to market gains (including economic hedges of the mandatory convertible bond) and favourable foreign exchange rate movements. Net financing costs before interest on settlement of tax issues remained stable, reflecting consistent average net debt balances and weighted average borrowing costs for both periods.

FINANCIAL RESULTS

Taxation

	Six months ended 30 September	
		Restated1
	2017	2016
	m	m
Income tax expense:	**(579)**	**(1,114)**
Tax on adjustments to derive adjusted profit before tax	(29)	(104)
Deferred tax following revaluation of investments in Luxembourg		588
Additional deferred tax asset recognised in the period	(159)	
Deferred tax on use of Luxembourg losses in the period	168	230
Tax on the Safaricom transaction	110	
Adjusted income tax expense for calculating adjusted tax rate	**(489)**	**(400)**
Profit before tax	**2,159**	**1,392**
Adjustments to derive adjusted profit before tax2	214	280
Adjusted profit before tax3	**2,373**	**1,672**
Share of adjusted results in associates and joint ventures	(171)	(73)
Adjusted profit before tax for calculating adjusted effective tax rate	**2,202**	**1,599**
Adjusted effective tax rate3	**22.2%**	**25.0%**

Notes:

1. The Group s has changed the basis of calculation of the adjusted effective tax rate to focus on the Group s controlled businesses, more closely aligning the adjusted effective rate to the cash taxes reported by the Group.

2. See Earnings per share on page 18.

3. Adjusted profit before tax and adjusted effective tax are alternative performance measures. Alternative performance measures are non-GAAP measures that are presented to provide readers with additional financial information that is regularly reviewed by management and should not be viewed in isolation or as an alternative to the equivalent GAAP measure. See Alternative performance measures on page 42 for further details.

The Group s adjusted effective tax rate for its controlled businesses for the six months ended 30 September 2017 was 22.2% compared to 25.0% for the same period during the last financial year. The lower rate in the current year is primarily due to a change in the country mix of the Group s profits, and a reduction in the corporate tax rate in Italy. We expect the adjusted effective tax rate to remain in the mid-twenties over the medium term.

The Group s adjusted effective tax rate for both periods does not include the following items: deferred tax on the use of Luxembourg losses of 168 million (2016: 230 million); additional deferred tax recognition in Luxembourg of 159 million (2016: nil), reflecting additional losses expected to be utilised, and a tax charge in respect of capital gains on the transfer of shares in Vodafone Kenya

Limited to the Vodacom Group of 110m (2016: nil). The prior year also included a decrease in the deferred tax asset of 588 million arising from a revaluation of investments based upon the local GAAP financial statements and tax returns, partially offset by a reduction in the deferred tax asset as a result of lower interest rates. These items change the total losses we have available for future use against our profits in Luxembourg and do not affect the amount of tax we pay in other countries.

FINANCIAL RESULTS

Adjusted earnings per share

Adjusted earnings per share, which excludes the results of Vodafone India which are now included in discontinued operations, were 6.32 eurocents, an increase of 54.9% year-on-year, as higher adjusted operating profit and lower net financing costs more than offset the increase in income tax expense.

Basic earnings per share were 4.03 eurocents, compared to a loss per share of 18.38 eurocents for the period ended 30 September 2016, with the increase largely due to the prior period including a non-cash impairment charge of 5.0 billion, net of tax, recognised in discontinued operations in respect of the Group s investment in India.

	Six months ended 30 September	
		Restated
	2017	2016
	m	m
Profit/(loss) attributable to owners of the parent	**1,131**	**(5,129)**
Adjustments:		
Amortisation of acquired customer base and brand intangible assets	543	515
Restructuring costs	33	37
Other income and expense	44	56
Non-operating income and expense	1	
Investment income and financing costs	(407)	(328)
	214	**280**
Taxation[1]	90	714
India[2]	345	5,281
Non-controlling interests	(7)	(8)
Adjusted profit attributable to owners of the parent[3]	**1,773**	**1,138**

	Million	Million
Weighted average number of shares outstanding basic[4]	28,067	27,912

Earnings per share

	eurocents	eurocents
Basic earnings/(loss) per share	4.03c	(18.38)c
Adjusted earnings per share[3]	6.32c	4.08c

Notes:

1. Half year ended 30 September 2017 includes a tax charge of 110m relating to a tax charge in respect of capital gains on the transfer of shares in Vodafone Kenya Limited to the Vodacom Group. Half year ended 30 September 2016 includes a reduction in the deferred tax asset of 588 million arising from the tax treatment of the revaluation of investments based upon the local GAAP financial statements and tax returns, partially offset by a reduction in the deferred tax asset as a result of lower interest rates.
2. India is classified as discontinued operations and includes the operating results, financing, tax and other gains and losses of Vodafone India recognised during the period.
3. Adjusted profit attributable to owners of the parent and adjusted earnings per share are alternative performance measures. Alternative performance measures are non-GAAP measures that are presented to provide readers with additional financial information that is regularly reviewed by management and should not be viewed in isolation or as an alternative to the equivalent GAAP measure. See Alternative performance measures on page 42 for further details.
4. Weighted average number of shares outstanding includes a dilution of 1,292 million shares (2016: 1,325 million shares) following the issue of £2.9 billion of mandatory convertible bonds in February 2016 which are classified as equity after taking into account the cost of future coupon payments.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows and funding

	Six months ended 30 September	
		Restated[1]
	2017	2016
	m	m
Adjusted EBITDA	7,385	7,090
Capital additions[2]	(3,263)	(3,526)
Working capital	(2,294)	(2,925)
Disposal of property, plant and equipment	9	7
Other	65	50
Operating free cash flow[3]	**1,902**	**696**
Taxation	(400)	(468)
Dividends received from associates and investments	284	129
Dividends paid to non-controlling shareholders in subsidiaries	(154)	(274)
Interest received and paid	(343)	(231)
Free cash flow (pre-spectrum)[3]	**1,289**	**(148)**
Licence and spectrum payments	(747)	(138)
Restructuring payments	(127)	(142)
Free cash flow[3]	**415**	**(428)**
Acquisitions and disposals	1,079	(61)
Equity dividends paid	(2,637)	(2,449)
Share buybacks	(549)	
Foreign exchange	693	(413)
Other[4]	113	(5,732)
Net debt increase	**(886)**	**(9,083)**
Opening net debt	(31,169)	(28,801)
Closing net debt	**(32,055)**	**(37,884)**

Notes:

1. Cash flows and funding for the half year ended 30 September 2016 excludes the cash flows, funding and net debt of Vodafone India.
2. Capital additions include the purchase of property, plant and equipment and intangible assets, other than licence and spectrum, during the period.
3. Operating free cash flow, free cash flow (pre-spectrum) and free cash flow are alternative performance measures which are non-GAAP measures that are presented to provide readers with additional financial information that is regularly reviewed by management and should not be viewed in isolation or as an alternative to the equivalent GAAP measure. See Alternative performance measures on page 42 for more information and reconciliations to the closest respective equivalent GAAP measure and Definition of terms on page 52 for further details.
4. Other cash flows for the period ended 30 September 2017 includes nil (2016: 5,416 million) capital injection into Vodafone India.

Operating free cash flow increased 1.2 billion mainly due to higher organic EBITDA and lower working capital cash outflows, predominately relating to the final payments for Project Spring in the prior year.

Free cash flow (pre-spectrum) was   1.3 billion, an increase of   1.4 billion, largely driven by the   1.2 billion increase in operating free cash flow (see above) and   0.2 billion higher dividends, primarily from VodafoneZiggo.

Licence and spectrum payments include amounts relating to the purchase of spectrum in Italy of   0.6 billion and Germany of   0.1 billion (2016:   0.1 billion).

Acquisitions and disposals include   1.0 billion of proceeds from the placing of Vodacom shares following the transfer of the Group s interests in Safaricom to Vodacom and   0.2 billion from the Tanzanian initial public offering.

A foreign exchange gain of   0.7 billion was recognised on net debt as a result of the translation impact of closing foreign exchange rates, mainly due to movements in the US Dollar and Sterling against the euro.

Closing net debt at 30 September 2017 was   32.1 billion (31 March 2017:   31.2 billion) and excludes   8.0 billion of net debt for Vodafone India, which is instead included in assets and liabilities held for sale on the consolidated statement of financial position; the remaining £1.4 billion mandatory convertible bond issued in February 2016, which will be settled in equity shares; £1.0 billion of accruals for the new irrevocable and non-discretionary share buyback programme; US$2.5 billion of loan notes receivable from Verizon Communications Inc.; and   1.0 billion of shareholder loans receivable from VodafoneZiggo.

Closing net debt also continues to include liabilities of   1.9 billion (31 March 2017:   1.8 billion) relating to minority holdings in KDG and certain bonds which are reported at an amount   1.8 billion (31 March 2017:   2.0 billion) higher than their euro-equivalent cash redemption value as a result of hedge accounting under IFRS. In addition, where bonds are issued in currencies other than euros, the Group has entered into foreign currency swaps to fix the euro cash outflows on redemption. The impact of these swaps are not reflected in gross debt and would increase the euro equivalent redemption value of the bonds by   0.2 billion (31 March 2017: reduction   0.9 billion).

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LIQUIDITY AND CAPITAL RESOURCES

Analysis of net debt:

	30 September 2017 m	**31 March 2017 m**
Bonds	(33,056)	(34,381)
Commercial paper[1]	(3,859)	(3,648)
Put options over non-controlling interests[2]	(1,876)	(1,837)
Bank loans	(3,010)	(3,608)
Cash collateral liabilities	(2,004)	(2,654)
Other borrowings[3]	(376)	(444)
Gross borrowings	**(44,181)**	**(46,572)**
Derivative financial instruments[4]	(2,312)	(2,077)
Gross debts	**(46,493)**	**(48,649)**
Cash and cash equivalents[5]	5,365	8,835
Other financial instruments:		
Mark to market derivative financial instruments[6]	3,730	4,282
Short term investments[7]	4,867	3,979
Cash collateral[8]	476	384
Total cash and cash equivalents and other financial instruments	**14,438**	**17,480**
Net debt	**(32,055)**	**(31,169)**

Notes:

1. At 30 September 2017 US$406 million (31 March 2017: US$1,484 million) was drawn under the US commercial paper programme and 3,515 million (31 March 2017: 2,262 million) was drawn under the euro commercial paper programme.
2. Includes a 1.9 billion (31 March 2017: 1.8 billion) liability for payments due to holders of the equity shares in Kabel Deutschland AG under the terms of a domination and profit and loss transfer agreement.
3. At 30 September 2017 the amount includes 46 million (31 March 2017: 80 million) in relation to the debt component of the mandatory convertible bonds.
4. Comprises mark-to-market adjustments on derivative financial instruments which are included as a component of trade and other payables (30 September 2017: 2,312 million, 31 March 2017: 2,077 million).
5. Includes cash and cash equivalents of 7 million (31 March 2017: nil) in respect of assets held for sale.
6. Comprises mark-to-market adjustments on derivative financial instruments which are included as a component of trade and other receivables (30 September 2017: 3,730 million; 31 March 2017: 4,282 million).
7. At 30 September 2017 the amount primarily includes 2,495 million (31 March 2017: 2,039 million) in managed investment funds, 1,130 million (31 March 2017: 1,172 million) of gilts used as collateral primarily passed in relation to put options issued with regards to the mandatory convertible bonds with maturities 2017 and 2019, 452 million (31 March 2017: 466 million) in index-linked government bonds and 670 million (31 March 2017: 182 million) short-term investments in a fund where the underlying assets are supply chain receivables.
8. At 30 September 2017 the amount includes 476 million (31 March 2017: 384 million) in relation to cash paid under collateral support agreements.

The following table sets out the Group s undrawn committed bank facilities:

30 September

	Maturity	2017 m
US$4.1 billion committed revolving credit facility[1]	February 2022	3,465
4.0 billion committed revolving credit facility[1]	March 2021	4,010
Other committed credit facilities	Various	193
Undrawn committed facilities		**7,668**

Note:

1. Both facilities support US and euro commercial paper programmes of up to US$15 billion and 8 billion respectively. US$155 million and 150 million of the US$and facilities mature in February 2020 and March 2020 respectively.

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LIQUIDITY AND CAPITAL RESOURCES

Share buyback programme

On 25 August 2017, Vodafone announced the commencement of a new irrevocable and non-discretionary share buyback programme (the Programme). The sole purpose of the Programme is to reduce the issued share capital of Vodafone and thereby avoid any change in Vodafone s issued share capital as a result of the maturing of the first tranche of the mandatory convertible bond (MCB) in August 2017. In order to satisfy the first tranche of the MCB, 729.1 million shares were reissued from treasury shares on 25 August 2017 at a conversion price of £1.9751. This reflected the conversion price at issue (£2.1730) adjusted for the pound sterling equivalent of aggregate dividends paid in August 2016, February 2017 and August 2017.

Details of the shares purchased under the Programme, including those purchased under irrevocable instructions, are shown below:

Date of share purchase	Number of shares purchased[1] 000	Average price paid per share inclusive of transaction costs Pence	Total number of shares purchased under publicly announced share buyback programme[2] 000	Maximum number of shares that may yet be purchased under the programme[3] 000
August 2017	9,562	221.77	9,562	719,515
September 2017	252,851	212.07	262,413	466,664
October 2017	320,849	215.15	583,262	145,815
November 2017 (to date)	119,303	219.75	702,565	26,512
Total[4]	702,565	214.91	702,565	**26,512**

Notes:

1. The nominal value of shares purchased is 2020/21 US cents each.
2. No shares were purchased outside the publicly announced share buyback progr