

VODAFONE GROUP PUBLIC LTD CO
Form 6-K
July 21, 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 July 21, 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.

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Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):
☐

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ☐ No ☒

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 Vodafone Group Plc's (Vodafone) Trading update for the quarter ended 30 June 2017.

news release

Trading update for the quarter ended 30 June 2017

21 July 2017

Highlights

- Q1 organic service revenue grew 2.2%*; Europe 0.8%* (1.8%* ex regulation), AMAP 7.9%*
- Good momentum in Europe: robust growth in Italy and Spain, similar underlying trends in Germany, UK recovering
- Acceleration in AMAP: Vodacom 5.6%* (International 7.9%*), Turkey 13.9%*
- India (-13.9%*) stabilising quarter-on-quarter, as low-end share gains mitigate continued unitary price declines
- Sustained data growth of 63%; more-for-more propositions stabilising consumer ARPU in Europe
- Continued momentum in fixed: 300,000 broadband net adds
- Enterprise up 1.5%*, led by share gains in fixed and ongoing success in IoT (up 15.1%*)

	Quarter ended 30 June		Growth	Organic*
	2017 m	Restated ¹ 2016 m		
Group revenue ¹	11,474	11,865	(3.3)	
Regional revenue				
Europe	8,299	8,715	(4.8)	

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Africa, Middle East & Asia Pacific (AMAP)	2,881	2,848	1.2
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Non-GAAP information²

Group service revenue¹	10,282	10,774	(4.6)	2.2
Europe	7,624	8,129	(6.2)	0.8
AMAP	2,430	2,398	1.3	7.9

Vittorio Colao, Group Chief Executive, commented:

We have made a good start to the year in Europe, where our commercial momentum remains robust, and growth accelerated across AMAP. Although competition in India remains intense, service revenues stabilised compared with the prior quarter. Our substantial investments in network leadership, an excellent customer experience and even greater more-for-more propositions for customers are enabling us to monetise strong demand for mobile data. We are gaining profitable market share in broadband, and a growing proportion of our customers now take our fully converged offers. Our world-leading Internet of Things platform contributed to another quarter of solid growth in Enterprise. In addition, we are executing our Fit for Growth cost efficiency programme in line with our plans. Overall, this performance gives us confidence in reiterating our outlook for the year.

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. Organic growth is a non-GAAP performance measure. See Use of non-GAAP information on page 8 for further details and reconciliations to the respective closest equivalent GAAP measure

1. The results for the quarter ended 30 June 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.

2. Non-GAAP information comprises non-GAAP measures that are presented to provide readers with additional financial information that are regularly reviewed by management and should not be viewed in isolation or as an alternative to the equivalent GAAP measure. See Use of non-GAAP information on page 8 for more information and reconciliations to the closest respective equivalent GAAP measure and Definition of terms on page 11 for further details.

Vodafone Group Plc

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Registered Office: Vodafone House, The Connection, Newbury, Berkshire RG14 2FN, England. Registered in England
No. 1833679

OPERATING REVIEW

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

Strategic progress

We continued to make good progress during the quarter in our strategic growth areas: data, convergence and Enterprise.

Mobile data

Data traffic continued to grow rapidly in the quarter at 63% (Europe +59%, AMAP +70%); in absolute terms, the growth in traffic during the quarter was equivalent to our total quarterly data traffic just two years ago. We now have 83.5 million 4G customers, including India and our joint ventures, across the 22 countries where we offer 4G, having added 8.8 million customers in the quarter.

Our network investments have created a strong platform to capture this data demand, and we continue to have the leading or co-leading data network in 14 out of the 21 markets where independent tests are available. We are a leader in all 21 markets for voice services.

Increasing 4G adoption together with larger data allowances as a result of our more-for-more propositions led to a 39% increase in data usage per smartphone customer in Europe (including VodafoneZiggo), reaching 1.8GB per month, and consumer contract ARPU has stabilised in multiple European markets. 67% of the data traffic in Europe (including VodafoneZiggo) is now on 4G, which is substantially more cost efficient than 3G. Video, social and audio applications now account for 60% of all data used across our EU-4 markets.

During the quarter we launched Vodafone Pass, an innovative new proposition which allows customers to buy passes that give worry-free access to social, music and video applications without using up their data allowance. These easy to understand offers, which are tailored to local market circumstances, are intended to stimulate data usage and increase ARPU. Vodafone Passes are now available in 5 markets.

Across our emerging markets, data adoption continues at a rapid pace. In South Africa, the number of active data users increased by 6.2% to 19.2 million, and average usage per 4G device rose to 1.4GB per month. This reflects rising 4G adoption and our advanced data analytics capabilities, which enable daily personalised offers; on average, ARPUs increase by 19% when moving from 2G to 3G, and by 25% when moving from 3G to 4G. In India, we added 3.4

million 3G/4G customers during the quarter and average data usage has more than doubled year-on-year to 1.1GB per month, as an intense competitive environment led to a very substantial increase in data allowances.

Convergence

Our flexible strategy for fixed line infrastructure is designed to optimise capital returns and economic potential. We are now able to market high speed broadband services to 98 million households across Europe, an increase of 24 million households year-on-year. 36 million of these households (including VodafoneZiggo) are on-net, serviced by our own fibre or cable infrastructure. In addition, 5.1 million households are reached through strategic wholesale partnerships, in which we enjoy both materially lower costs and better access conditions compared to regulated incumbent wholesale terms.

We continued to achieve strong customer growth across our fixed footprint. Across the Group we now have 15.0 million broadband households (18.5 million including VodafoneZiggo and India), adding 300,000 in the quarter and 1.5 million over the past year. 8.3 million of these households take a high speed service over fibre or cable, of which 6.5 million are on-net. As a result of this continued growth, 28.3% of our European service revenue now comes from fixed, up 2.0 percentage points year-on-year.

A key strategic objective is to drive convergence across our fixed and mobile customer bases. Within Europe, 3.8 million of our broadband households are now converged (4.4 million including VodafoneZiggo), having added 0.7 million year-on-year, led by Germany, Italy, Spain and the UK. Our average revenue per account (ARPA) has grown steadily and churn rates are roughly half the level of households who take a single product. We have 9.6 million TV households in Europe (13.5 million including VodafoneZiggo), which is broadly stable year-on-year.

Enterprise

Our Enterprise business continued to outperform peers with service revenue growth of 1.5%* (Q4: 2.0%*). In Europe, service revenue remained stable, while growth in AMAP remained robust despite slowing compared to prior quarters. Mobile service revenue grew by 0.6%* (Q4: 1.0%*) with good customer base growth offsetting continued ARPU pressure. In fixed, we grew service revenue by 3.6%* (Q4: 4.5%*), as we continued to gain customer market share. Fixed now represents 30% of total Enterprise revenue. Our IoT business continued to grow strongly (Q1: 15.1%*), supported by the growth in SIM connections (+43% year-on-year).

Summary and outlook2

Trading during the first quarter was consistent with management's expectations underlying the outlook statement for the 2018 financial year. The Group therefore confirms its outlook for the 2018 financial year.

Group total revenue was 11.5 billion and Group service revenue was 10.3 billion. Total revenue declined 3.3%, including a 4.2 percentage point negative impact from the deconsolidation of Vodafone Netherlands (which was contributed to the VodafoneZiggo JV), and a 2.6 percentage point negative impact from foreign exchange rate movements. On an organic basis, service revenue increased 2.2%* (Q4: 1.5%*).

Europe

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	Senior Subordinated Notes, 11.500% due 10/15/15	
3,257,000	CCH I LLC/CCH I Capital Corp., Senior Secured Notes, 11.000% due 10/1/15 (d)	293,130
849,000	CCH II LLC/CCH II Capital Corp., Senior Notes, 10.250% due 10/1/13 (d)	679,200
1,570,000	Cengage Learning Acquisitions Inc., Senior Notes, 10.500% due 1/15/15 (a)	745,750
125,000	Charter Communications Holdings LLC, Senior Discount Notes, 12.125% due 1/15/12 (d)(f)	3,438
215,000	Charter Communications Holdings LLC/Charter Communications Holdings Capital Corp., Senior Discount Notes, 11.750% due 5/15/11 (d)	3,225
1,150,000	Charter Communications Inc., Senior Secured Notes, 10.875% due 9/15/14 (a)(d)	1,069,500
575,000	CMP Susquehanna Corp., 9.875% due 5/15/14 (d)	20,125
1,120,000	Comcast Corp., 5.700% due 5/15/18	1,036,791
425,000	CSC Holdings Inc.: Senior Debentures, 8.125% due 8/15/09	432,437
550,000	Senior Notes: 8.125% due 7/15/09	559,625
250,000	7.625% due 4/1/11	248,750
575,000	6.750% due 4/15/12	554,875
1,367,000	Dex Media West LLC/Dex Media Finance Co., Senior Subordinated Notes, 9.875% due 8/15/13	211,885
3,060,000	DISH DBS Corp., Senior Notes, 7.750% due 5/31/15	2,838,150
3,715,000	Idearc Inc., Senior Notes, 8.000% due 11/15/16	74,300
	R.H. Donnelley Corp., Senior Notes: 8.875% due 1/15/16	32,500
650,000	8.875% due 10/15/17	5,000
100,000	Rogers Cable Inc., Senior Secured Notes, 7.875% due 5/1/12	1,150,026
1,100,000	Sun Media Corp., 7.625% due 2/15/13	163,350
270,000		213,846
200,000		

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	Time Warner Cable Inc., Senior Notes, 8.750% due 2/14/19	
260,000	Time Warner Inc., 6.500% due 11/15/36	223,131
	Total Media	12,526,034
Multiline Retail	0.6%	
	Dollar General Corp.: Senior Notes, 10.625% due 7/15/15	977,275
970,000		
650,000	Senior Subordinated Notes, 11.875% due 7/15/17 (b)	630,500
	Neiman Marcus Group Inc.:	
1,090,000	Senior Notes, 9.000% due 10/15/15 (b)	436,000
1,400,000	Senior Secured Notes, 7.125% due 6/1/28	637,000
	Total Multiline Retail	2,680,775

See Notes to Schedule of Investments.

Western Asset Global High Income Fund Inc.

Schedule of Investments (unaudited) (continued)

February 28, 2009

Face Amount	Security	Value
Specialty Retail 0.2%		
335,000	AutoNation Inc., Senior Notes:	
85,000	3.094% due 4/15/13 (e)	\$ 267,163
1,070,000	7.000% due 4/15/14	73,525
	Blockbuster Inc., Senior Subordinated Notes, 9.000% due 9/1/12	572,450
	Total Specialty Retail	913,138
	TOTAL CONSUMER DISCRETIONARY	31,943,109
CONSUMER STAPLES 1.4%		
Beverages 0.7%		
2,330,000	Constellation Brands Inc., Senior Notes, 8.375% due 12/15/14	2,359,125
340,000	Dr. Pepper Snapple Group Inc., Senior Notes, 6.820% due 5/1/18	317,065
390,000	PepsiCo Inc., Senior Notes, 7.900% due 11/1/18	469,493
	Total Beverages	3,145,683
Food & Staples Retailing 0.1%		
174,404	CVS Caremark Corp., Pass-Through Certificates, 5.298% due 1/11/27 (a)	123,984
101,833	CVS Lease Pass-Through Trust: 5.880% due 1/10/28 (a)	77,806
626,691	6.036% due 12/10/28 (a)(d)	479,564
	Total Food & Staples Retailing	681,354
Food Products 0.2%		
610,000	Dole Food Co. Inc., Senior Notes: 7.250% due 6/15/10	549,000