

# VODAFONE ITALIA: RESULTS FOR THE YEAR ENDED 31 MARCH 2006

**ORGANIC GROWTH IN SERVICE REVENUE OF 5.2%  
UMTS: THREE MILLION HANDSETS AND CONNECT  
CARDS**

**DATA AND MULTIMEDIA REVENUE UP 16.5% (€1,332M)**

*Guindani: “Convergence goes mobile:  
cell phones for calls from home and for surfing the net”*

Milan, 30 May 2006 – ( \* ) - Vodafone Italia’s financial statements for the year ended 31 March 2006 report a total of **24,056,000 customers** (up 6.9% on 31 March 2005). During the year the Company earned **total revenue of €8,324 million** (up 2% on March 2005). **Organic growth in service revenue stands at 5.2%**, driven primarily by increased data and multimedia revenue. After taking account of the impact of termination rate cuts, which were 20.5% on average, service revenue is up 1.8% to €7,956 million.

At 31 March 2006 the number of **UMTS handsets and connect cards** registered on Vodafone’s network stood at **2,928,000**, compared with the 665,000 of 31 March 2005.

“Vodafone Italia has achieved another year of growth in a decidedly more competitive market environment,” commented Pietro Guindani, CEO of Vodafone Italia. “Revenue is up despite the impact of termination rate cuts, we have continued to drive customer growth, and the contribution from UMTS services is beginning to be felt. We are convinced that convergence will be based around mobile phones,” concluded Guindani. “This is the thinking behind our decision to offer people the chance to use their cell phone at home instead of their fixed-line network, and to navigate in internet using mobile broadband, thanks to the rollout of Super UMTS Broadband, which has raised transmission speeds to new heights”.

**Voice revenue** reports organic growth of 3.2% to €6,624 million (down 0.7% if the impact of termination rate cuts is included). **Data and multimedia revenue** performed well, growing 16.5% to €1,332 million. Messaging revenue was up 12.9% to €1,145 million. Non-messaging data revenue rose 45.2%, thanks to the success of UMTS services, growth in **Vodafone live! customers** to **5,330,000** (2,751,000 in March 2005), and greater use of the Vodafone Mobile Connect Card.

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\* The Vodafone Italia figures in this release have been taken from the financial statements for the year from 1 April 2005 to 31 March 2006. They have been calculated by converting the figures communicated by the Group prepared under IFRS into euros on a non-proportionate basis.

Strong promotional activities attracted over 10 million customers, boosting both voice and messaging usage. Voice usage is up 5.1% on 31 March 2005, with messaging up 41.7%, including **MMS, which grew by 261%**.

**Organic growth in EBITDA is 4.5%**. Taking account of the one-off impact of an increase in the charge for use of the Vodafone brand and of termination rate cuts, EBITDA was substantially unchanged at **€4,334 million** (down 0.5%). The EBITDA margin for the financial year is slightly down at 52.1%, compared with the 53.4% of the previous year. This was essentially due to the cost of using the brand name.

**EBIT** is down 1.3% to €3,197 million.

**ARPU** (average revenue per user) **is stable on an organic basis at €29.5** in the period ended 31 March 2006. After including the impact of termination rate cuts, the figure is €28.5. Customer management initiatives, focused above all on high value customers, restricted growth in the total churn rate, which at 31 March 2006 amounts to 18.7% (17.2% at 31 March 2005).

The Vodafone One loyalty programme again proved a success: between March 2005 and March of this year the number of subscribers has increased from 10.9 million to 13.6 million.