

Vodafone Italia: results for year ended 31 march 2008

**Customers rise 9.7% to over 30m,
+0.6% revenue, 38.8% growth in mobile broadband**

Milan, 27 May 2008 ⁽¹⁾ - Vodafone Italia has closed the financial year ended 31 March 2008 with 30,011,000 customers, representing an increase of 9.7% on 31 March 2007, thanks to net activations of 2,646,000. Average contract customers, both consumers and business, are up 23.2% over the same period. Thanks to the acquisition of Tele2, completed in December 2007, Vodafone reports 557,000 broadband customers and 834,000 unbundled customers at the end of March 2008, having chalked up rises of 9% and 14.6%, respectively, on December 2007.

Service revenue of €7,862 million is in line with the previous year, after rising 0.6%, whilst total revenue of €8,159 million is up 0.4%, partly due to the contribution from the acquisition of Tele2. After excluding this contribution, service revenue is down 2.0%, having picked up since the elimination of top-up charges at the end of February 2007, thanks to a significant increase in traffic and strong growth in mobile broadband.

Voice traffic is up 15.5%, thanks to new prices, offerings targeted at specific customer segments and our focus on high value customers. Despite strong traffic growth, which rose from 42.2 to 48.7 billion minutes, voice revenue of €5,844 million is down 7.9%. This reflects price cuts introduced in response to increased competition from other operators, the impact of the elimination of top-up charges on prepaid cards and reductions in termination rates and roaming charges.

The fall in voice revenue was almost entirely offset by strong growth in messaging and data revenue, which is up 22.6% to €1,770 million, thus accounting for 22.5% of service revenue, compared with 18.4% in March of last year, and reaching 23.1% in the final quarter to 31 March 2008. Messaging revenue is up 17.2% thanks to commercial offerings primarily targeting the youth market and designed to encourage customers to send more messages at lower prices. Multimedia and mobile broadband revenue rose significantly, with growth of 38.8%, rising to 41.4% in the second half of the year. This performance also benefited from increased use of UMTS/HSDPA handsets and connect cards, with 7,683,000 registered on Vodafone's network at 31 March 2008. This represents an increase of 57% compared with the previous year, partly thanks to the great success of the Vodafone Internet Key.

^[1] The Vodafone Italia figures in this release have been taken from the financial statements for the year ended 31 March 2008. They have been calculated by converting the IFRS figures communicated by the Group into euros on a non-proportionate basis

EBITDA of €3,980 million is down 3.4%, due essentially to price cuts, the impact of the elimination of top-up charges on prepaid cards and reductions in termination rates, to which the Company has responded by continuing to invest in service and innovation. EBITDA is also benefiting from the release of a provision following a revised agreement related to the use of Vodafone brand and related trademarks. The EBITDA margin for the year, based on total revenue, is 48.7%. Excluding the contribution from Tele2, the EBITDA margin is 50.1%. Adjusted operating Profit is down 3.8%.