



London, May 25, 2004 – The Vodafone Group's annual results for the **period April 1, 2003 to March 31, 2004** were announced today. The Vodafone Italia data in this release have been calculated in accordance with UK GAAP and in particular, the figures for revenues and EBITDA (Earnings before tax, depreciation and amortisation) have been calculated by converting the Parent Company's proportionate figures into euros and adjusting them to bring them up to 100%.

Vodafone Italia's results for the year ended March 31, 2004 are proof of the Company's excellent performance, with improvements across all key economic and financial indicators, despite the high degree of penetration of the Italian mobile market and growing competition.

Vodafone Italia reports **total revenues of €7,596m (up 12% on March 2003)** thanks to a **13% increase in service revenues** to €7,218m. This was achieved thanks to growth in the customer base and in traffic volumes, above all in data services, and despite the impact of regulatory intervention regarding interconnection charges. Revenues from the sale of mobile phones and other income amount to €378m.

Data and multimedia (SMS and MMS) revenues rose 34% overall to **€962m**, representing **13.3% of service revenues** (compared with 11.3% as of March 31, 2003). This was due to the success of text messages and a positive contribution from GPRS traffic, thanks to Vodafone Live! and the Mobile Connect Card. **Voice revenues** are up **10%** to €6,256m.

Further evidence of the Company's positive performance is provided by **EBITDA before exceptional items, which is up 19.7% to €4,025m**.

The overall EBITDA margin before exceptional items is therefore up from **49% to 53%**.

The EBITDA margin was benefitted by 1.6 percentage points due to the judgment issued by the European Court of Justice regarding the illegality of the regulations introducing the contribution to be paid from telecommunications revenues pursuant to art. 20 of Law 448/98. The performance further benefited from a proportionate reduction in customer acquisition and retention costs, which fell over the period from 3.4% of revenues to 2.8%, and greater operating efficiency, which compensated for the increase in interconnection charges resulting from the growth in volumes and international roaming traffic.

Vodafone Italia now has **21,137,000 customers (up 9% on March 31, 2003)**. 92% of the customer base is represented by prepaid customers. The total churn rate (the rate at which subscribers abandon an operator) is slightly down at 16.7% from the 17.3% of last year.

Vodafone Live! users exceed 1 million.

Vodafone Italia has responded to growing competition in the Italian market by boosting investment in its store chain and Vodafone One loyalty programme, which has once again proved to be a success with [9.6 million subscribers](#). The Company has also continued to focus on higher value and business customers. These actions have allowed the Company to reduce the churn rate and achieve an accompanying increase in ARPU.

ARPU (average revenues per user) is up 4% from €347 to €361 per year for the twelve months to March 31. This is due to growth in both subscriber ARPU, which increased from €818 to €900, and prepaid ARPU, which rose from €298 to €309.