

Non-GAAP information

In the discussion of our reported financial position, operating results and cash flows, information is presented to provide readers with additional financial information that is regularly reviewed by management. However, this additional information presented is not uniformly defined by all companies including those in the Group's industry. Accordingly, it may not be comparable with similarly titled measures and disclosures by other companies. Additionally, certain information presented is derived from amounts calculated in accordance with IFRS but is not itself an expressly permitted GAAP measure. Such non-GAAP measures should not be viewed in isolation or as an alternative to the equivalent GAAP measure.

EBITDA

EBITDA is operating profit excluding share in results of associates, depreciation and amortisation, gains/losses on the disposal of fixed assets, impairment losses and other operating income and expense. We use EBITDA, in conjunction with other GAAP and non-GAAP financial measures such as adjusted operating profit, operating profit and net profit, to assess our operating performance. We believe that EBITDA is an operating performance measure, not a liquidity measure, as it includes non-cash changes in working capital and is reviewed by the Chief Executive to assess internal performance in conjunction with EBITDA margin, which is an alternative sales margin figure. We believe it is both useful and necessary to report EBITDA as a performance measure as it enhances the comparability of profit across segments.

Because EBITDA does not take into account certain items that affect operations and performance, EBITDA has inherent limitations as a performance measure. To compensate for these limitations, we analyse EBITDA in conjunction with other GAAP and non-GAAP operating performance measures. EBITDA should not be considered in isolation or as a substitute for a GAAP measure of operating performance.

A reconciliation of EBITDA to the closest equivalent GAAP measure, operating profit, is provided in note 3 to the consolidated financial statements on page 107.

Group adjusted operating profit and adjusted earnings per share

Group adjusted operating profit excludes non-operating income of associates, impairment losses and other income and expense. Adjusted earnings per share also excludes amounts in relation to equity put rights and similar arrangements and certain foreign exchange rate differences, together with related tax effects. We believe that it is both useful and necessary to report these measures for the following reasons:

- these measures are used for internal performance reporting;
- these measures are used in setting director and management remuneration; and
- they are useful in connection with discussion with the investment analyst community and debt rating agencies.

Reconciliations of adjusted operating profit and adjusted earnings per share to the respective closest equivalent GAAP measures, operating profit and basic earnings per share, are provided in "Operating results" beginning on page 40.

Cash flow measures

In presenting and discussing our reported results, free cash flow and operating free cash flow are calculated and presented even though these measures are not recognised within IFRS. We believe that it is both useful and necessary to communicate free cash flow to investors and other interested parties, for the following reasons:

- free cash flow allows us and external parties to evaluate our liquidity and the cash generated by our operations. Free cash flow does not include payments for licences and spectrum included within intangible assets, items determined independently of the ongoing business, such as the level of dividends, and items which are deemed discretionary, such as cash flows relating to acquisitions and disposals or financing activities. In addition, it does not necessarily reflect the amounts which we have an obligation to incur. However, it does reflect the cash available for such discretionary activities, to strengthen the consolidated statement of financial position or to provide returns to shareholders in the form of dividends or share purchases;
- free cash flow facilitates comparability of results with other companies although our measure of free cash flow may not be directly comparable to similarly titled measures used by other companies;
- these measures are used by management for planning, reporting and incentive purposes; and
- these measures are useful in connection with discussion with the investment analyst community and debt rating agencies.

A reconciliation of cash generated by operations, the closest equivalent GAAP measure, to operating free cash flow and free cash flow, is provided in "Financial position and resources" on page 55.

Other

Certain of the statements within the section titled "Chief Executive's review" on pages 14 to 17 contain forward-looking non-GAAP financial information for which at this time there is no comparable GAAP measure and which at this time cannot be quantitatively reconciled to comparable GAAP financial information.

Certain of the statements within the section titled "Guidance" on page 50 contain forward-looking non-GAAP financial information which at this time cannot be quantitatively reconciled to comparable GAAP financial information.

Organic growth

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 foreign exchange rates. We believe that "organic growth", which is not intended to be a substitute for or superior to reported growth, provides useful and necessary information to investors and other interested parties for the following reasons:

- it provides additional information on underlying growth of the business without the effect of certain factors unrelated to the operating performance of the business;
- it is used for internal performance analysis; and
- it facilitates comparability of underlying growth with other companies, although the term "organic" is not a defined term under IFRS and may not, therefore, be comparable with similarly titled measures reported by other companies.

Reconciliation of organic growth to reported growth is shown where used, or in the table below:

	Organic change %	Other activity ¹ pps	Foreign exchange pps	Reported change %
31 March 2012				
Group				
Service revenue	1.5	(0.4)	(0.8)	0.3
Revenue	2.2	(0.3)	(0.7)	1.2
Service revenue for the quarter ended 31 March 2012	2.3	(0.9)	(3.0)	(1.6)
Voice revenue	(4.0)	(0.4)	(1.2)	(5.6)
Messaging revenue	4.4	(0.8)	0.2	3.8
Data revenue	22.2	(0.3)	(0.2)	21.7
Fixed line revenue	5.4	–	0.9	6.3
Emerging markets service revenue	13.2	–	(8.4)	4.8
Enterprise revenue	2.2	5.1	0.8	8.1
Enterprise data revenue	18.2	6.7	1.2	26.1
Vodafone Global Enterprise revenue	11	(1)	(1)	9
EBITDA	(0.6)	(0.3)	(0.4)	(1.3)
Adjusted operating profit	2.5	(4.4)	(0.5)	(2.4)
Europe				
Service revenue excluding the impact of termination rate cuts	1.4	–	0.5	1.9
Data revenue	20.2	–	1.0	21.2
Vodafone Global Enterprise revenue	12	(1)	(4)	7
Germany – data revenue	21.3	–	1.6	22.9
Germany – enterprise revenue	5.6	–	1.6	7.2
Italy – data revenue	16.8	–	1.6	18.4
Italy – enterprise revenue	5.1	–	1.6	6.7
Spain – data revenue	18.4	–	1.9	20.3
Spain – fixed line revenue	7.3	–	1.6	8.9
UK – data revenue	14.5	–	–	14.5
Netherlands – service revenue	2.1	(0.1)	1.6	3.6
Turkey – service revenue	25.1	(1.1)	(17.8)	6.2
Percentage point reduction in EBITDA margin	(1.5)	–	0.2	(1.3)
Italy – percentage point reduction in EBITDA margin	(1.9)	0.1	–	(1.8)
Spain – percentage point reduction in EBITDA margin	(5.5)	–	0.1	(5.4)
UK – percentage point reduction in EBITDA margin	0.6	–	–	0.6
Africa, Middle East and Asia Pacific				
Vodafone Global Enterprise revenue	8	–	9	17
India – data revenue	51.3	–	(10.8)	40.5
South Africa – service revenue	4.4	–	(6.1)	(1.7)
South Africa – data revenue	24.3	–	(7.9)	16.4
Vodacom's international operations excluding Gateway and Vodacom Business Africa	31.9	–	(3.5)	28.4
Australia – service revenue	(8.8)	–	7.2	(1.6)
Egypt – service revenue	1.4	–	(6.8)	(5.4)
Ghana – service revenue	29.2	–	(14.1)	15.1
Qatar – service revenue	27.1	–	(2.8)	24.3
Safaricom – service revenue	13.6	–	(13.2)	0.4
Percentage point reduction in EBITDA margin	(0.1)	(0.1)	(0.2)	(0.4)
India – percentage point reduction in EBITDA margin	0.8	(0.1)	–	0.7
Other Africa, Middle East and Asia Pacific – percentage point reduction in EBITDA margin	(2.2)	(0.1)	(0.4)	(2.7)
Verizon Wireless²				
Service revenue	7.3	(0.1)	(2.6)	4.6
Revenue	10.6	–	(2.7)	7.9
EBITDA	7.9	(0.1)	(2.7)	5.1
Group's share of result of Verizon Wireless	9.3	(0.1)	(2.7)	6.5

Non-GAAP information (continued)

	Organic change %	M&A activity pps	Foreign exchange pps	Reported change %
31 March 2011				
Group				
Service revenue				
H2 2011	2.5	0.2	(1.5)	1.2
H1 2011	1.7	1.5	0.5	3.7
Change	0.8	(1.3)	(2.0)	(2.5)
Revenue	2.8	0.8	(0.4)	3.2
Service revenue	2.1	0.9	(0.6)	2.4
Data revenue	26.4	1.2	(1.2)	26.4
Emerging markets service revenue	11.8	3.4	6.8	22.0
EBITDA	(0.7)	1.4	(1.1)	(0.4)
Adjusted operating profit	1.8	2.5	(1.2)	3.1
Europe				
Service revenue for the six months ended 31 March 2011	(0.3)	0.2	(3.5)	(3.6)
Enterprise revenue	0.5	0.2	(3.2)	(2.5)
Germany – data revenue	27.9	–	(5.1)	22.8
Germany – enterprise revenue	3.6	–	(4.2)	(0.6)
Italy – data revenue	21.5	–	(4.8)	16.7
Spain – data revenue	14.8	–	(4.8)	10.0
Greece – service revenue	(19.4)	–	(3.2)	(22.6)
Turkey – service revenue	28.9	3.6	2.7	35.2
Africa, Middle East and Asia Pacific				
South Africa – data revenue ³	41.8	9.5	15.6	66.9
Egypt – service revenue	(0.8)	–	(1.0)	(1.8)
Ghana – service revenue	21.0	–	1.6	22.6
Indus Towers – contribution to India service revenue growth	1.7	–	0.1	1.8
Percentage point reduction in EBITDA margin	(0.6)	1.0	(0.2)	0.2
Verizon Wireless²				
Revenue	6.0	–	2.6	8.6
Service revenue	5.8	–	2.6	8.4
EBITDA	6.7	(0.1)	2.7	9.3
Group's share of result of Verizon Wireless	8.5	(0.1)	2.7	11.1
31 March 2010				
Group				
Data revenue	19.3	6.9	6.8	33.0
Emerging markets service revenue	7.9	31.3	7.9	47.1

Notes:

1 "Other activity" includes the impact of M&A activity and the revision to intra-group roaming recharges from 1 October 2012.

2 Organic growth rates include the impact of a non-cash revenue adjustment which was recorded to properly defer previously recognised data revenue that will be earned and recognised in future periods. Excluding this the equivalent growth rates for service revenue, revenue, adjusted EBITDA and the Group's share of result in Verizon Wireless would have been 6.8%*, 10.1%*, 6.7%* and 7.5%* (2011: 6.4%*, 6.6%*, 8.2%* and 10.8%*) respectively.

3 Data revenue in South Africa grew by 41.8%*. Excluding the impact of reclassifications between messaging and data revenue during the year, data revenue grew by 35.9%*.