

Vodafone Group PLC

Vodafone reported slightly weaker than expected results for H1 2022/23 and slightly lowered its full-year guidance. Management remains committed to the minimum dividend of EURO.09 and medium-term growth target. However, a return to moderate EBITDA growth will depend on a normalised energy cost environment. The company has a slightly lower energy cost hedging compared to its peers for 2024. Service revenues grew 2.5% y/y org. [2] (reported: +1.0% y/y to EUR19.2bn), marginally above cons. Adj. EBITDA fell 2.6% y/y org. (a 3% miss). The key negative factors were energy costs, higher adverse financial impact from previous fixed-line subscriber losses in Germany, and higher subscriber acquisition costs after the pandemic. On the positive side, German underlying subscriber trends have improved, mainly in fixed line. For FY 2023, management revised its guidance for adj. EBITDA to EUR15.0bn-EUR15.2bn (vs EUR15.0bn-EUR15.5bn earlier) and adj. FCF to ca EUR5.1bn (vs ca EUR5.3bn earlier), both in line with cons. For FY 2024, Vodafone has hedged 50% of energy costs, slightly lower than expected. This could negatively impact 2024 estimates if high energy prices persist.

Corporate Ratings		Periodicity	Fiscal Semi-Annual	Currency	Default	Parent/Consolidated				C	Data	Adjusted (If Available)	
S&P	BBB												
Outlook	Stable												
Moody's	Baa2												
Outlook	Stable												
Fitch	BBB												
Outlook	Stable												
CDS Data													
5 YR CDS	85.80												
% 3 Months	10.34												
% 6 Months	7.47												
% 1 Year	40.05												
52 Week Low	59.80												
52 Week High	115.01												
Profitability													
EBIT	6,231												
Operating Margin	13.54												
Pretax Margin	10.34												
Return on Assets	3.01												
Return on Common Equity	8.43												
Return on Capital	5.40												
Asset turnover	0.30												
Structure													
Current Ratio	0.88												
Quick Ratio	0.53												
Total Debt to Total Assets	48.01												
Total Debt to Com Equity	136.30												
Acct Receivable Turnover	12.52												
Inventory Turnover	36.43												
Gross Margin	32.52												
EBIT / Total Inter	2.58												
Growth Potential													
Sales 1yr Growth	4.04												
Asset 1yr Growth	-0.72												
Capital 1yr Growth	1.19												

Income Statement Summary	09/23 E	03/23 E	LTM	09/22 S	03/22 S	09/21 S	03/21 S	09/20 S	03/20 S	09/19 S	03/19 S
Revenue	22,932.0	22,962.0	46,021.0	22,930.0	23,091.0	22,489.0	22,382.0	21,427.0	23,035.0	21,939.0	21,870.0
Operating Income	199.0	3,254.0	6,231.0	3,088.0	3,143.0	2,818.0	1,567.0	3,193.0	3,351.0	4,213.0	2,063.0
Pretax Income	--	2,528.4	4,758.0	1,840.0	2,918.0	1,077.0	1,314.0	1,658.0	4,888.0	503.0	984.0
Income bef XO Items	1,739.0	1,443.3	2,590.0	1,243.0	1,347.0	1,277.0	-932.0	1,468.0	1,436.0	-1,891.0	189.0
Net Income	1,275.0	1,578.8	4,694.1	1,076.7	3,617.4	834.8	1,475.2	1,051.1	3,694.6	-104.7	420.9
Basic EPS Before XO Items	--	--	0.16	0.04	0.13	0.03	0.05	0.04	0.13	0.00	0.02
Basic EPS	--	0.06	0.12	0.06	0.06	0.05	0.07	0.04	0.05	0.01	0.02
Diluted EPS Before XO Items	--	--	0.16	0.04	0.13	0.03	0.05	0.04	0.13	0.00	0.02
Diluted EPS	--	--	0.07	0.04	0.04	0.03	-0.04	0.04	0.04	-0.07	0.00
Dividends per Share	--	0.05	0.1	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.04
EBITDA	7,561.5	7,586.0	14,887.0	7,244.0	7,643.0	7,565.0	7,363.0	7,023.0	7,776.0	7,105.0	7,061.0
Return on Common Equity	--	--	3.7	3.7	3.8	-0.3	0.2	4.3	-1.5	-3.7	-12.4

Balance Sheet Summary	09/23 E	03/23 E	LTM	09/22 S	03/22 S	09/21 S	03/21 S	09/20 S	03/20 S	09/19 S	03/19 S
Total Current Assets			30,332.0	30,332.0	28,537.0	27,417.0	28,270.0	29,467.0	32,834.0	27,667.0	39,586.0
Total Long-Term Assets			127,108.0	127,108.0	125,416.0	126,680.0	126,793.0	127,395.0	135,334.0	132,301.0	103,276.0
Total Assets			157,440.0	157,440.0	153,953.0	154,097.0	155,063.0	156,862.0	168,168.0	159,968.0	142,862.0
Total Current Liabilities			34,463.0	34,463.0	33,647.0	30,143.0	28,711.0	26,293.0	33,385.0	27,971.0	25,523.0
Total Long-Term Liabilities			65,240.0	65,240.0	63,329.0	65,907.0	68,536.0	70,989.0	72,158.0	72,712.0	53,894.0
Total Liabilities			99,703.0	99,703.0	96,976.0	96,050.0	97,247.0	97,282.0	105,543.0	100,683.0	79,417.0
Total Shareholders' Equity			57,737.0	57,737.0	56,977.0	58,047.0	57,816.0	59,580.0	62,625.0	59,285.0	63,445.0
Shares Outstanding			27,490.7	27,490.7	28,370.1	27,529.6	28,224.2	26,832.1	26,772.2	26,768.7	27,230.4
Book Value per Share	--	--	2.0	2.0	1.9	2.0	2.0	2.2	2.3	2.2	2.3
Tangible Book Value / Sh			0.1	0.1	0.1	0.1	0.1	0.2	0.3	0.0	0.8
Shareholder Equity/Total Liab			36.7	36.7	37.0	37.7	37.3	38.0	37.2	37.1	44.4

Cash Flow Summary	09/23 E	03/23 E	LTM	09/22 S	03/22 S	09/21 S	03/21 S	09/20 S	03/20 S	09/19 S	03/19 S
Net Income	1,739.0	1,443.3	2,078.0	986.0	1,092.0	996.0	-1,157.0	1,269.0	1,208.0	-2,128.0	-55.0
Depreciation and Amortization	--	--	9,808.0	4,915.0	4,893.0	4,908.0	4,921.0	4,759.0	--	--	1,300.0
Change in Working Capital			-1,405.0	979.0	-2,384.0	-2,285.0	-3,615.0	3,725.0	-247.0	-14,367.0	6,643.0
Cash - Operating Activities			17,274.0	6,072.0	11,202.0	6,385.0	11,165.0	5,829.0	14,150.0	6,581.0	7,954.0
Capital Expenditures	-3,868.0	-4,650.7	-6,136.0	-3,456.0	-2,680.0	-3,118.0	-2,642.0	-2,771.0	-2,413.0	-2,769.0	-2,156.0
Cash - Investing Activities			-9,043.0	-4,691.0	-4,352.0	-3,401.0	-4,670.0	-5,521.0	-1,364.0	-7,512.0	-5,264.0
Cash - Financing Activities			-6,612.0	-1,759.0	-4,853.0	-2,975.0	-6,658.0	-6,641.0	-1,703.0	-5,621.0	3,884.0
Net Changes in Cash			1,619.0	-378.0	1,997.0	9.0	-163.0	-6,333.0	11,083.0	-6,552.0	6,574.0
Free Cash Flow	2,353.7	2,757.6	11,138.0	2,616.0	8,522.0	3,267.0	8,523.0	3,058.0	11,737.0	3,812.0	5,798.0

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