

## Revenue

On an IFRS 15 basis, revenue decreased by €2.9 billion during the year to €43.7 billion. This reflects a €1.4 billion decrease due to the adoption of IFRS 15.

On an IAS 18 basis, reported revenue decreased by 3.2%, reflecting adverse foreign exchange movements and the disposal of Vodafone Qatar in the prior period. On an organic basis, revenue declined by 0.1%\*. Service revenue decreased by 0.9%\* as increases in South Africa, Turkey and Egypt were offset by declines in Italy, Spain and the UK

## Adjusted EBITDA

On an IFRS 15 basis, adjusted EBITDA decreased by €0.8 billion to €13.9 billion, primarily reflecting the decline in reported revenue.

On an IAS 18 basis, adjusted EBITDA decreased by €0.6 billion, a decline of 4.1%, or 0.5%\* on an organic basis. This reflected a 4.7%\* decline in Europe, offset by a 6.3%\* improvement in Rest of the World. Excluding the impact of handset financing and settlements, adjusted EBITDA increased by 3.1%\* on an organic basis.

The adjusted EBITDA margin decreased from 31.6% to 31.4% on a reported basis. Excluding the impact of handset financing and settlements, the adjusted EBITDA margin increased by 0.5 percentage points to 31.1%.

## Adjusted EBIT

On an IFRS 15 basis, adjusted EBIT decreased by €0.5 billion to €4.3 billion.

On an IAS 18 basis, adjusted EBIT decreased by €0.3 billion, a decline of 7.3%, or 2.5%\* on an organic basis. The decline was driven by the lower adjusted EBITDA partially offset by lower depreciation and amortisation expenses.

## Operating loss

Adjusted EBIT excludes certain income and expenses that we have separately identified to allow their effect on the results of the Group to be assessed. The items that are included in statutory operating (loss)/profit but are excluded from adjusted EBIT are discussed below.

The Group reported an operating loss of €1.0 billion compared to an operating profit of €4.3 billion in the prior year. This reflects the lower adjusted EBIT, but is primarily driven by impairment charges of €3.5 billion (Spain: €2.9 billion, Romania: €0.3 billion and Vodafone Idea: €0.3 billion). In addition, there has been an increase in restructuring costs of €0.3 billion and an increase in other income and expense due to a non-recurring prior year gain on the disposal of Vodafone Qatar. These factors are partially offset by a decrease in the amortisation of intangible assets by €0.4 billion.

## Net financing costs

	2019 €m	2018 €m
Investment income	433	685
Financing costs	(2,088)	(1,074)
<b>Net financing costs</b>	<b>(1,655)</b>	<b>(389)</b>
Analysed as:		
Net financing costs before interest on settlement of tax issues	(1,043)	(749)
Interest income arising on settlement of outstanding tax issues	1	11
	<b>(1,042)</b>	<b>(738)</b>
Mark to market (losses)/gains	(423)	27
Foreign exchange (losses)/gains <sup>1</sup>	(190)	322
<b>Net financing costs</b>	<b>(1,655)</b>	<b>(389)</b>

Note:

1 Primarily comprises foreign exchange differences reflected in the income statement in relation to sterling and US dollar balances.

Net financing costs increased by €1.3 billion, primarily driven by mark-to-market losses (including hedges of the mandatory convertible bond) and adverse foreign exchange rate movements. Net financing costs before interest on settlement of tax issues includes increased interest costs as part of the financing for the Liberty Global transaction as well as adverse interest rate movements on borrowings in foreign operations. Excluding these, underlying financing costs remained stable, reflecting consistent average net debt balances and weighted average borrowing costs for both periods.