VOD Vodafone Group PLC

Vodafone raises FY27 profit and cash guidance as Germany takes a €4.85bn write-down

Following the Vodafone Group H1 FY27 Results · 10 November 2026

ORGANIC SERVICE REVENUE GROWTH	FY27 ADJUSTED FCF GUIDANCE	H1 ADJUSTED FREE CASH FLOW	NET DEBT
5.8%	€2.8–3.0bn	€(440)m	€33.5bn
▲ Q2 6.4%, Q1 5.2%	▲ raised from €2.6–2.9bn in July	▲ against €(583)m in H1 FY26	▲ up from €25.4bn at 31 March 2026

Share price, past 12 months

Daily close; latest price as at 16:29 on 9 November 2026 · Ticker Data API



Vodafone's first-half results today raised full-year guidance for the second time in four months. FY27 Adjusted EBITDAaL (earnings before interest, tax, depreciation and amortisation, after leases) is now expected at €13.2–13.4 billion and Adjusted free cash flow at €2.8–3.0 billion, up from €13.0–13.3 billion and €2.6–2.9 billion in July. Organic service revenue grew 5.8% in the half and 6.4% in Q2. Africa grew 13.4% and Vodafone Business had its best quarter yet at 6.6%. Germany slipped back to a 0.5% decline in Q2, and a €4.85 billion goodwill impairment there pushed the group to a statutory loss of €3.6 billion.

The upgrade is not yet showing up in cash. Adjusted free cash flow was an outflow of €440 million in the half. Buying out CK Hutchison's 49% of VodafoneThree and adding 15% of Safaricom lifted net debt by €8.1 billion to €33.5 billion. To reach the new range, the second half has to produce €3.24–3.44 billion of adjusted free cash flow. That is a demanding but plausible figure against about €3.18 billion in the same half last year. Several deadlines fall within the next few months. A Düsseldorf court is due to give its decision on German price rises on 26 November. A date for the Kenyan appeal over Safaricom is expected before the end of December, and a German competition hearing is set for January 2027.

> **“Today, we are upgrading our guidance for both profit and cash flow for the year, and we now expect to deliver over 20% organic Adjusted Free Cash Flow growth in year one of our multi-year double-digit cash flow growth trajectory.”**
>
> **Margherita Della Valle**, Group Chief Executive · Vodafone Group H1 FY27 Results, 10 November 2026

Africa and Business carry the growth while Germany slips in Q2

Organic service revenue rose 5.8% in the six months to 30 September, and every segment grew. Organic figures strip out currency moves, acquisitions and Turkish hyperinflation accounting. Total revenue rose 11.4% to €21.9 billion on a reported basis, but much of that came from consolidating Safaricom, VodafoneThree and Telekom Romania.

Africa did most of the work. Organic service revenue grew 13.4% and organic Adjusted EBITDAaL 18.0%, with growth in every Vodacom market. Safaricom's M-Pesa revenue rose 13.7%, Egypt's Vodafone Cash revenue rose 74.3% to €113 million, and M-Pesa in Vodacom's international markets rose 23.4% to €285 million. Vodafone Business grew 5.8% for the half and 6.6% in Q2, its best quarter yet, led by double-digit growth in digital services in Europe. Türkiye's 32.8% organic growth mostly reflects inflation. Its euro service revenue, excluding hyperinflation adjustments, rose 12.7%.

Germany, which supplies 30% of group service revenue and 33% of Adjusted EBITDAaL, is weaker. Organic service revenue grew 0.4% for the half but fell 0.5% in Q2, and organic Adjusted EBITDAaL fell 3.2%. About 2.0 percentage points of that fall came from a legal provision on historical broadband price rises. After a court ruling, Vodafone has stopped recognising revenue from the €5 a month increase still charged to 2.5 million legacy broadband customers. The broadband base shrank by 198,000 and the mobile contract base by 75,000. The company puts the broadband losses down to its focus on raising average revenue per user. Separately, 2,300 more German role reductions were announced on 9 November.

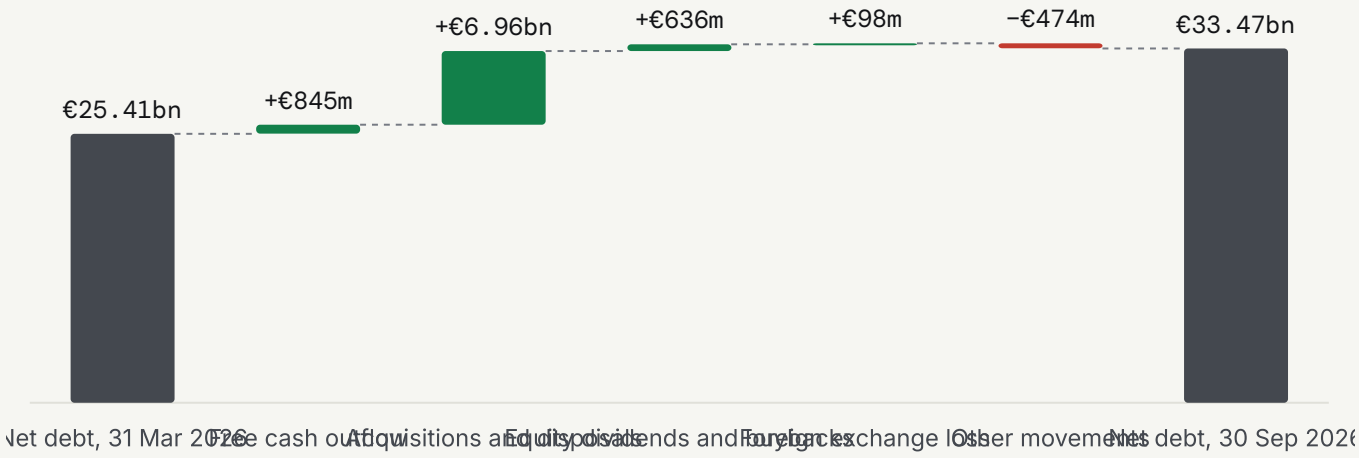
The UK is now wholly owned after the £4.3 billion (€5.0 billion) buyout of CK Hutchison's 49% stake in VodafoneThree, completed in July. Organic service revenue grew 0.9% and organic Adjusted EBITDAaL 5.9%, with more than €50 million of cost synergies already delivered. In October the synergy target rose to £0.8 billion a year by FY30 and £1 billion by FY32. Other Europe's organic Adjusted EBITDAaL fell 4.6%, which the company attributes to a legal one-off in Portugal in the prior period.

FIGURE	VALUE	CHANGE
Total revenue H1 FY27	€21.9bn	+11% on €19.6bn
Africa organic service revenue growth H1 FY27	13.4%	+13%
Africa organic Adjusted EBITDAaL growth H1 FY27	18.0%	+18%
Vodafone Business organic service revenue growth Q2 FY27	6.6%	5.8% for H1
Germany organic service revenue growth Q2 FY27	(0.5)%	Q1 1.2%, H1 0.4%
Germany organic Adjusted EBITDAaL growth H1 FY27	(3.2)%	

FIGURE	VALUE	CHANGE
Germany broadband customer base change H1 FY27	-198,000	
UK organic Adjusted EBITDAaL growth H1 FY27	5.9%	+5.9%

Sources: H1 FY27 Results RNS, 10 Nov 2026

How net debt rose €8.1bn in six months



Steps follow the company's net debt reconciliation, with increases in debt shown as positive; dividends (€544m) and buybacks (€92m) are combined.

A 6.4% profit rise sits under a €3.6bn statutory loss

BEFORE

~~income of €27m, which included a €782m bond buyback gain~~

→

NOW · ADJUSTED NET FINANCING COSTS

€(869)m

Germany goodwill impairment, H1 FY27

€4,850m

UK deferred tax asset derecognition, H1 FY27

€2,247m

Safaricom remeasurement gain, H1 FY27

€3,022m

Adjusted EBITDAaL rose 6.4% organically and 12.6% on a reported basis to €6.5 billion. The organic margin improved 0.5 percentage points to 29.5%. Operating leverage held up: Vodafone delivered €0.2 billion of gross savings and about 3,000 role reductions across Europe and shared operations in the half.

The statutory result went the other way. The €3.6 billion loss, against a €1.1 billion profit a year earlier, comes from three non-cash items. The first is a €4.85 billion impairment of German goodwill. Vodafone attributes it to higher German bond yields, which lifted the pre-tax discount rate to 8.0% from 7.5%, and to an updated, lower operating plan for Germany. The second is a €2,247 million write-down of UK deferred tax assets after the VodafoneThree buyout. These were partly offset by a €3,022 million gain from revaluing the previously held Safaricom stake. The impairment is non-cash, but it also records that the German plan has been cut.

Adjusted basic earnings per share fell to 1.48 eurocents from 6.92 eurocents. Most of the fall comes from financing. Adjusted net financing moved from €27 million of income to an €869 million cost, but the prior half included a €782 million gain on bonds bought back early, and none recurred this time. Minority shareholders also take a larger share now that Safaricom is consolidated: €1,192 million of H1 profit was attributable to non-controlling interests, against €223 million a year ago. Adjusted profit attributable to Vodafone shareholders was €342 million.

Post-tax return on capital employed fell to 4.5% from 4.8%. More tax charges may follow. If Luxembourg enacts a planned one-point cut in its corporate tax rate in H2, the company says the recognised deferred tax asset would fall by about €630 million.

FIGURE	VALUE	CHANGE
Adjusted EBITDAaL H1 FY27	€6.5bn	+13% 6.4% organic
Loss for the financial period H1 FY27	€(3,597)m	against profit of €1,052m
Adjusted basic EPS H1 FY27	1.48c	−79% from 6.92c
Post-tax ROCE 12 months to 30 Sep 2026	4.5%	from 4.8%

Sources: H1 FY27 Results RNS, 10 Nov 2026

Two deals added €8.1bn to net debt in six months

BEFORE		NOW · FREE CASH FLOW
~~€(771)m~~	→	€(845)m

Net debt rose to €33.5 billion at 30 September from €25.4 billion at the end of March. Acquisitions and disposals account for €6,957 million of the rise. The main items are the €5,019 million VodafoneThree buyout, €1,379 million for the extra 15% of Safaricom and €537 million of net debt that came with Safaricom. The rest comes from the €845 million free cash outflow and €636 million of dividends and buybacks. On the company's €13.2–13.4 billion EBITDAaL guidance, that is about 2.5 times, inside its 2.25–2.75 times range but above the lower half it targets.

Cash generation is improving at the operating level. Operating cash inflow rose 24.8% to €6,354 million. The improvement was largely spent before it reached free cash flow. Capital additions rose to €3,320 million from €2,800 million, dividends paid to minority shareholders rose to €398 million from €141 million, and restructuring cash rose to €320 million. Adjusted free cash flow improved by €143 million to an outflow of €440 million, while free cash flow after restructuring, integration and spectrum worsened slightly to an outflow of €845 million.

Liquidity is ample. Cash and short-term investments total €8.4 billion and undrawn revolving facilities €7.6 billion, against €6.8 billion of current borrowings, and the pension schemes show a €184 million surplus. Two arrangements sit outside headline net debt. The first is €12.8 billion of lease liabilities. The second is the new OXG fibre joint venture in Germany: Itaparica, a Société Générale subsidiary, will provide up to €2,250 million of equity funding with a guaranteed minimum return, and Vodafone must buy its shares if they are not sold within five and a half years. That obligation is currently carried as a €58 million derivative liability.

30 Sep 2026 against the prior period

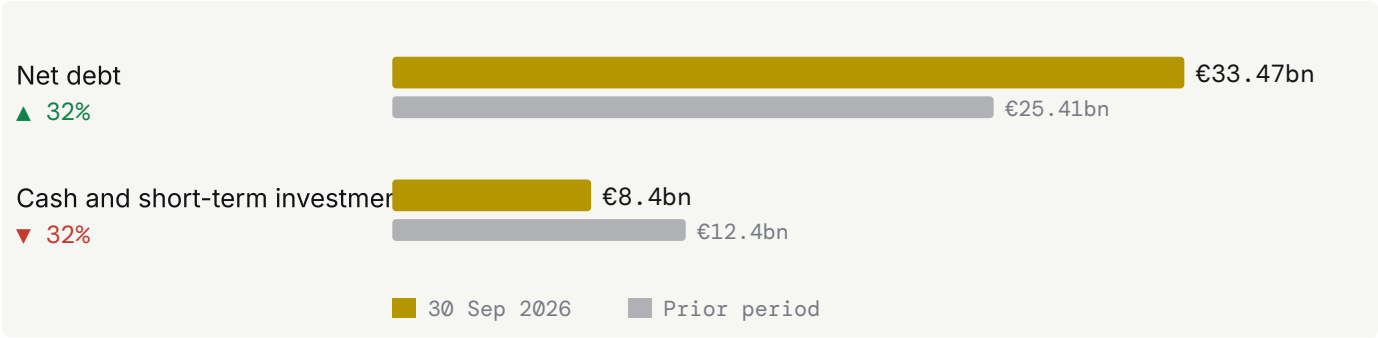


FIGURE	VALUE	CHANGE
Net debt 30 Sep 2026	€33.47bn	**+32%** up €8,062m from €25,411m at 31 Mar 2026
Inflow from operating activities H1 FY27	€6.35bn	**+25%**
Capital additions H1 FY27	€3.32bn	**+19%** from €2,800m
Cash and short-term investments 30 Sep 2026	€8.4bn	**−32%** from €12.4bn at 31 Mar 2026
Undrawn revolving credit facilities 30 Sep 2026	€7.6bn	
Lease liabilities 30 Sep 2026	€12.78bn	
Dividends paid to non-controlling shareholders H1 FY27	€398m	**+182%** from €141m

Sources: H1 FY27 Results RNS, 10 Nov 2026

> **“I am very happy about our overall Group performance, but Germany is not yet where it needs to be. We have a clear action plan in progress, which is structurally simplifying our German operations and improving customer satisfaction across all of our services.”**
>
> **Margherita Della Valle**, Group Chief Executive · Vodafone Group H1 FY27 Results, 10 November 2026

The second half must produce at least €3.24bn of cash

BEFORE		NOW · FY27 ADJUSTED EBITDAAL GUIDANCE
~~€13.0–13.3bn in July~~	→	€13.2–13.4bn

The upgraded guidance implies organic growth of about 6–8% in Adjusted EBITDAaL and 17–25% in Adjusted free cash flow, or 7% and 21% at the mid-points. Two parts of the bridge matter. The €1.1 billion of EBITDAaL from nine months of Safaricom was already added in July, and it carries no adjusted free

cash flow uplift. Today's €0.2 billion rise in both ranges is organic. The European EBITDAaL outlook of €7.6–7.9 billion is unchanged.

The cash range is the harder test. After a €440 million outflow in the first half, the second half needs €3.24–3.44 billion of adjusted free cash flow. On FY26's €2.6 billion total and the €583 million first-half outflow, the comparable figure last year works out at €3.18 billion. Vodafone's cash is usually heavier in the second half, and FY26 finished at the top of its guidance range, so the target looks achievable. Restructuring and integration costs are expected to peak at about €0.7 billion this year, including about €0.4 billion for VodafoneThree, and sit below the adjusted line.

The guidance assumes no material change to the group's structure. That makes the Safaricom appeal relevant. The Kenyan High Court declared the purchase of the government's 15% null and void on 15 September. On 13 October the Court of Appeal ordered the status quo kept until it rules, so Vodacom remains the registered holder and Kenya holds the purchase money. Vodafone expects an appeal date to be set before the end of December 2026.

The interim dividend rises 2.5% to 2.306 eurocents. The shares go ex-dividend on 19 November and the dividend is paid on 3 February 2027. At the unchanged progressive policy the full-year ordinary dividend costs about €1.07 billion, which the guided cash range would cover even after restructuring cash.

FIGURE	VALUE	CHANGE
FY27 Adjusted FCF guidance FY27	€2.8–3.0bn	from €2.6–2.9bn in July
Safaricom consolidation impact on EBITDAaL guidance 9 months FY27	€1.1bn	no Adjusted FCF impact
Restructuring and integration costs FY27	€700m	
Interim dividend per share H1 FY27	2.306 eurocents	+2.5% on 2.25 eurocents
FY26 Adjusted free cash flow FY26	€2.6bn	

Sources: H1 FY27 Results RNS, 10 Nov 2026; FY26 Preliminary Results, 12 May 2026

The dividend yields less than gilts, so cash growth has to carry the case

BEFORE
~~4.5 eurocents~~

→

NOW · FY26 TOTAL DIVIDEND PER SHARE
4.6125 eurocents

At 116.95p, the 9 November close before the results, Vodafone was valued at £27.10 billion. Against that sits net debt of €33.5 billion and a full-year adjusted free cash flow range of €2.8–3.0 billion. A sizeable part of that cash belongs in practice to minority shareholders in Vodacom and Safaricom, and to the coming restructuring bill.

The income argument is modest. Converting the FY26 dividend of 4.6125 eurocents at the guidance exchange rate of €1: GBP 0.87 gives roughly 4.0p a share, a yield of about 3.4% at 116.95p. The ten-year gilt yielded 5.45% on 4 November and Bank Rate was 4.00%. Any case for the shares therefore rests on cash flow growth and the long-dated targets. These include double-digit organic growth in adjusted free cash flow over the medium term and UK operating free cash flow more than tripling by FY32 against FY25.

Ownership points to differing views among large holders. Vega SAS holds 19.87%, and Société Générale, now OXG's partner, has hovered around 9% through October. Ten disclosed short positions together total 15.58% of the shares. Insider dealing has been mixed. The Chief Executive sold 2,658,846 shares on 28 July, and other executives sold after that, while several directors made small purchases on 4 August.

FIGURE	VALUE	CHANGE
Share price Close, 9 Nov 2026	116.95p	
Market capitalisation Close, 9 Nov 2026	£27.1bn	
10-year gilt yield 4 Nov 2026	5.45%	
Largest shareholder, Vega SAS Disclosed 16 Jul 2026	19.87%	
Disclosed short positions Latest 23 Oct 2026	15.58%	

Sources: Ticker market data; UK economy and markets data; Major shareholder disclosures; Disclosed short positions

The shares came into results squeezed between 114p and 121p

Pre-results close, 9 Nov 2026	52-week range, To 9 Nov 2026	Day range, 9 Nov 2026
116.95p	86.80p–132.07p	115.60p–117.51p

Going into the results the shares were 11.4% below the 132.07p high of 17 September and up about 32% over a year. They had corrected, but they were not at a low. At the 9 November close of 116.95p they sat below their 20-day and 50-day averages but above the 200-day average of about 115.4p. There was no trend in force, with the ADX measure of trend strength at 18.4.

Volume through the pullback showed selling. Turnover was heavy on the way down in early October, and on-balance volume made a lower low alongside price at the 12 October low. Good news has been sold since. The shares fell from 127.45p to 124.4p on the day of the 8 October VodafoneThree briefing that raised the synergy target, and fell to 118.35p the next day. A push to 122.65p on 5 November reversed to 116.5p by the following session.

Volatility had compressed sharply. Bollinger bandwidth, a measure of how far prices are spread around their average, was narrower than on 95% of the previous 126 sessions. Tight compression of this kind usually comes before a larger move, without saying which way. The levels that matter are support at 113.86p, tested nine times since October, and resistance at 121.47p. A close below support on heavy volume would leave little support before 104.66p and the July gap between 97.98p and 107.45p. A close above 121.47p on volume larger than the 5 November spike would be the first sign in six weeks of buyers willing to pay up.

Sources: Ticker market data

The case for and against

FOR

The case for starts with delivery. FY26 finished at the top of its guidance, July's range was steered to its upper end, and today's upgrade is organic, adding €0.2 billion to both profit and cash ranges. Growth is spread more widely than in earlier years. Africa grows in the teens, Business digital services grow at double digits in Europe, and the UK is now wholly owned with a £1 billion synergy target by FY32. Liquidity of €8.4 billion plus €7.6 billion of facilities leaves room to absorb setbacks. The financing swing that hit adjusted earnings per share is mostly the absence of a €782 million one-off gain. The second-half cash requirement of €3.24–3.44 billion is only modestly above the €3.18 billion produced in the same half last year. If the shares break out of their narrow range, it will happen just as these figures start to come through.

AGAINST

The case against is that none of this has yet reached shareholders as cash. Free cash flow was negative €845 million in the half. Net debt rose €8.1 billion, and adjusted earnings attributable to Vodafone shareholders were just €342 million while minorities took €1,192 million. Germany is a third of group EBITDAaL, and its service revenue turned negative in Q2. Its impairment rests on a reduced plan, and the company warns that higher bond yields would, in isolation, mean a further charge: a 0.5-point rise in the discount rate takes the shortfall to €6.8 billion from €4.9 billion. Legal risks cluster in the same market: the price-rise injunction, a class action with about 118,500 registrants, a €239 million teleshopping claim and a competition investigation that could include disgorgement of the alleged economic advantage. Return on capital of 4.5% after tax and a yield below gilts leave the shares reliant on targets that run to FY32.

WHAT TO WATCH

The next few months bring a run of tests. On 26 November the Düsseldorf court gives its decision on the German price-rise injunction. A Kenyan appeal date should be set before the end of December. The Bundeskartellamt challenge is heard in January 2027, and Q3 trading is expected around 8 February 2027. Three measures will show which case holds. The first is second-half adjusted free cash flow against €3.24 billion, together with how much of it survives restructuring, interest and minority dividends. The second is whether German quarterly service revenue returns to growth. The third is whether net debt stops rising. In the market, the 113.86p and 121.47p levels will show which way the share price breaks.

Risks

- The Kenyan Court of Appeal could uphold the High Court ruling that the purchase of the government's 15% of Safaricom was null and void. That would remove €1.1 billion of guided EBITDAaL and force the accounting to be reassessed.
- Second-half adjusted free cash flow could fall short of the €3.24–3.44 billion the upgraded range requires, given rising capital additions, the expected €0.7 billion of restructuring cash for the year and higher minority dividends.
- German trading could weaken further. Q2 organic service revenue fell 0.5%, the broadband base lost 198,000 customers in the half, and a further rise in German bond yields would, in isolation, trigger another impairment.

- German litigation is accumulating: the 26 November injunction decision on price rises, the class action and its 118,500 registrants, a €239 million teleshopping claim and a Bundeskartellamt case that could include disgorgement.
- Net debt rose €8.1 billion to €33.5 billion, 2.5 times guided EBITDAaL. With leases of €12.8 billion and the OXG guaranteed-return commitment on top, deleveraging depends on cash delivery.
- More earnings now belong to minorities. €1,192 million of H1 profit went to non-controlling interests, so group EBITDAaL growth overstates what reaches Vodafone shareholders.
- If Luxembourg enacts its planned tax rate cut, the recognised deferred tax asset would fall by the €630 million the company has flagged, adding further non-cash charges.

THE OTHER VIEW

A more sceptical reading holds that the upgrade measures the wrong thing. Group EBITDAaL is rising, but what reaches Vodafone shareholders per share is shrinking. Adjusted profit attributable to them was €342 million in the half, while minorities took €1,192 million. Post-tax return on capital fell to 4.5% even before the cost of the new debt is fully felt. Net debt grew €8.1 billion to fund two minority buyouts whose returns are promised for FY32 and FY34. The German impairment is not a clean reset either. It removes the benefit of uncommitted restructuring and leans on an EBITDAaL growth rate of 1.7% a year in Germany, and a two-point shortfall in that growth widens the gap to €7.5 billion. On this view, the guidance raise is real but marginal, worth €0.2 billion, against a balance sheet that has become materially more stretched. The burden of proof sits with the second-half cash figure, and an in-line result would not lighten it.

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