



Vodafone Holdings K.K.

FY03 fiscal results
Period ended March 31, 2004

May 25, 2004

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Vodafone Holdings K.K.

- Section 1 -

Consolidated highlights

Consolidated highlights

- Impact of the sale of the fixed line business (Japan Telecom) on financial results:
 - Unfavorable year on year comparison for Vodafone Holdings, as Japan Telecom's results are excluded from 2H consolidated figures
 - Net loss from sale

- Consolidated Revenue in line with expectations
 - ¥1,656B, decline by ¥141B due to exclusion of Japan Telecom results (cf. Japan Telecom FY02 2H revenue: ¥166B)
 - Ordinary income: ¥181B, declined by ¥90.7B
 - Japan Telecom results exclusion (FY02 2H ordinary income: ¥16B)
 - Vodafone K.K. depreciation increase for FY2003: ¥35B
 - Other Vodafone K.K. operating expense increase
 - Net income: ¥-100B, declined by ¥180B
 - Extraordinary loss due to sale of Japan Telecom: ¥152B

Financial summary

- Revenue growth of +3.3% at Vodafone K.K.
- Operating, ordinary and net income impact due to increase in 3G depreciation costs, handset inventory provision, retention initiatives

(¥ billions)	FY 2002	FY 2003		FY03/ FY02	actual/ forecast
		forecast	actual		
Operating revenues	1,796.9	1,660.0	1,655.7	-7.9%	-0.3%
Vodafone K.K.	1,461.0	-	1,509.1	3.3%	-
Operating expense	1,521.3	-	1,470.6	-3.3%	-
Operating income	275.6	-	185.0	-32.9%	-
Ordinary income	271.9	187.0	181.2	-33.3%	-3.1%
Net income	79.5	-114.0	-100.0	nm	nm
EBITDA margin	30.3%	-	27.8%	-2.5 pp	-

Cash flow

■ Lower cash flow due to:

- Cash receipts of ¥181B from the leveraged disposal of Japan Telecom
- Tax payment of ¥ 161B in FY03 (vs. ¥ 40B in FY02)

(¥ billions)	FY 2002	FY 2003	% chg
CF from operations	496.3	262.1	-47.2%
CF from investment	-341.7	-44.8	nm
CF from financing	-162.3	-223.7	nm
Capital expenditures*	355.7	248.6	-30.1%
% Revenue	19.8%	15.0%	-4.8 pp
% EBITDA	65.4%	54.0%	-11.4 pp
Depreciation	252.4	258.0	2.2%
EBITDA	544.2	460.0	-15.5%
FCF**	140.6	13.5	-90.4%

Notes: Capital expenditures* = cash flow statement basis

FCF** = CF from Operations - Capex

Interest bearing debt

■ Interest bearing debt reduced by ¥ 245.8B in FY2003:

- Cash receipts of ¥181B from the leveraged disposal of Japan Telecom used to reduce debt

(¥ billions)	FY2002	FY2003	% chg
Interest bearing debt	878.7	632.9	-28.0%
Debt / equity ratio*	188.5%	175.1%	-13.4 pp

Notes: * Debt / equity ratio = Interest bearing debt / Shareholders' equity

Vodafone Holdings K.K.

- Section 2 -

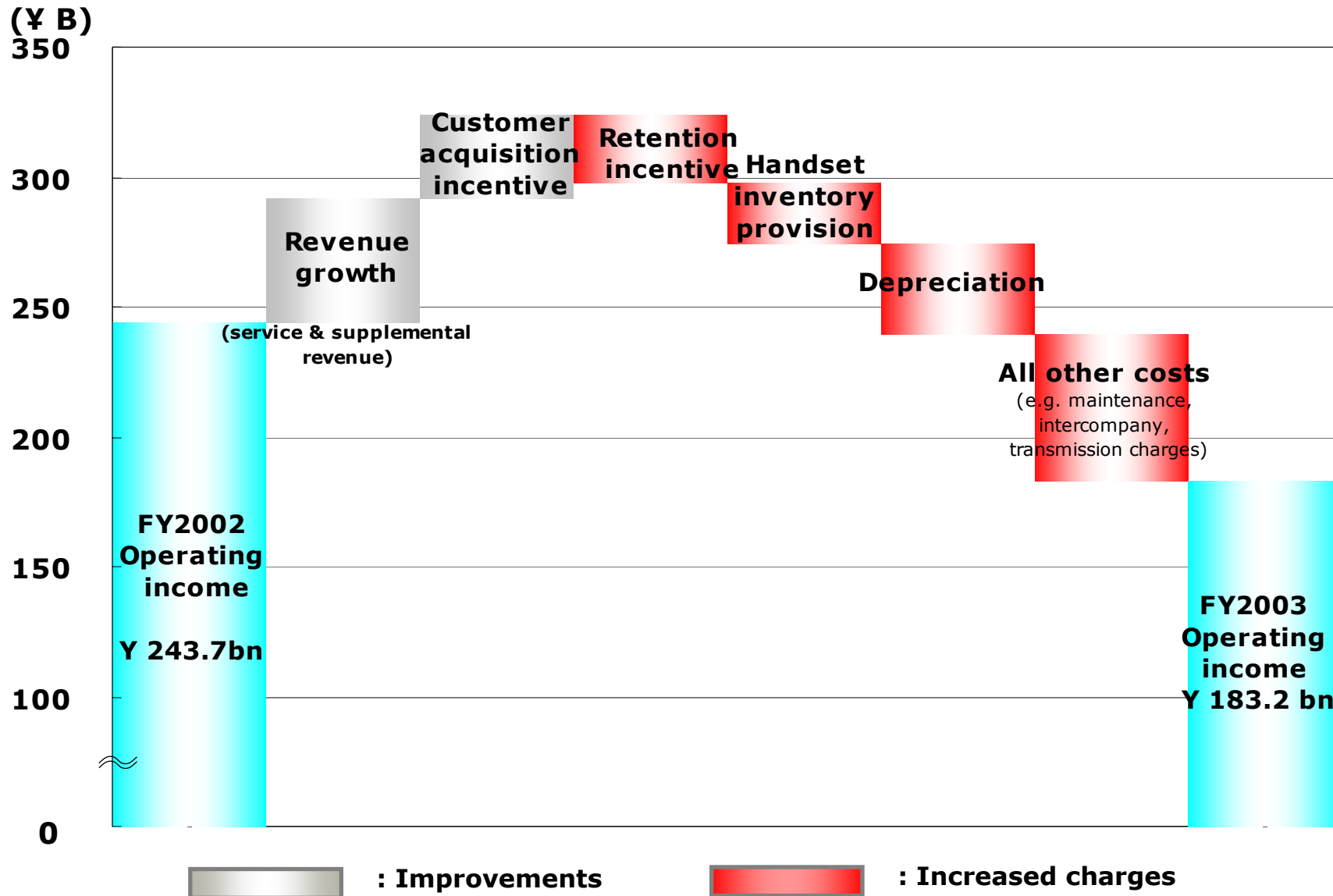
Vodafone K.K. overview

Vodafone K.K. financial highlights

- Service revenue growth of 4.3% (yoy)
 - Customer base growth: up 7.4%
 - Data revenue %: 22.0%, up from 20.3%
- Operating income decrease due to:
 - Depreciation cost increase
 - Handset inventory provision increase
 - Increased retention costs in 2H
- EBITDA margin at 27.7%

(¥ billions)	FY 2001	FY 2002	FY 2003	FY03/FY02 chg (%)
Operating revenues	1,351.0	1,461.0	1,509.1	3.3%
Service revenue	1,026.0	1,156.6	1,206.4	4.3%
Operating expense	1,243.8	1,217.3	1,325.9	8.9%
Operating income	107.2	243.7	183.2	-24.8%
Ordinary income	97.3	239.5	181.8	-24.1%
Net income	35.9	137.8	110.7	-19.7%
EBITDA margin	20.7%	30.0%	27.7%	-2.3 pp

Vodafone K.K. operating income



Operating highlights

- Domestic market share of 18.4% at March 31, 2004

- 3G network rollout on track
 - 99.5% domestic population coverage
 - In-building, underground rollout on track
 - Expansion of international roaming partner networks

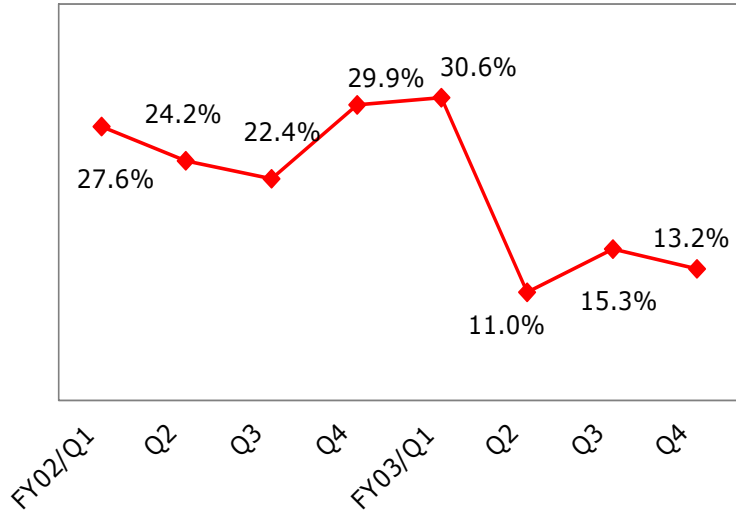
- Vodafone brand launch
 - Leverage global and dependable brand to penetrate corporate market
 - New retail concept introduced

Summary of FY2003

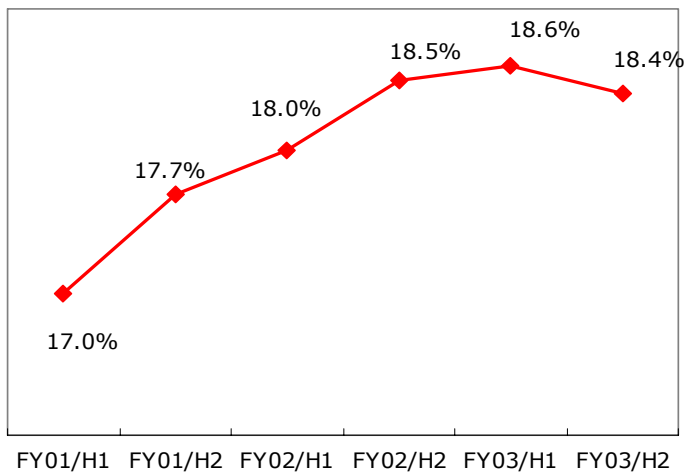
	<u>Target</u>	<u>Results</u>
Leverage & deliver customer focused innovation	<ul style="list-style-type: none"> ■ Introduce new 2.5G ■ 3G service offering ■ Prepaid ■ New data products ■ Retail revolution 	<ul style="list-style-type: none"> ➢ 2 Megapixel, TV tuner handsets introduced ➢ 3G network population coverage 99.5% ➢ Market leadership with 9% of total subscribers ➢ Wider range of on-line games ➢ 1,868 Vodafone shops, flagship shops opened
Exploit global scale & footprint	<ul style="list-style-type: none"> ■ Vodafone brand introduction ■ Roaming to 70+ countries ■ Leverage vendor relationships 	<ul style="list-style-type: none"> ➢ Achieved increased brand awareness ➢ 85 countries for voice, 81 countries for SMS, 36 countries for Vodafone live! roaming ➢ 3G network equipment procured at low cost, handset development ongoing
Drive top line growth	<ul style="list-style-type: none"> ■ Share gain ■ Optimised churn & retention ■ More corporate & small-medium enterprise business 	<ul style="list-style-type: none"> ➢ Lost 0.1% of cumulative market share ➢ Adjusted upgrade pricing to reduce churn ➢ Vodafone Biz Access introduced, corporate sales dept. realignment
Create value through efficient use of resources	<ul style="list-style-type: none"> ■ Control acquisition cost ■ Consolidation: billing, logistics, customer care, network operations ■ Capex control ■ Control average handset cost 	<ul style="list-style-type: none"> ➢ Stable market prices ➢ Projects ongoing, 4 CS centres consolidated ➢ 16.8% capex intensity ➢ In line with expectations
Organisational effectiveness	<ul style="list-style-type: none"> ■ Employee development ■ Risk management 	<ul style="list-style-type: none"> ➢ Comprehensive training programme offering to employees ➢ Adopted best practice corporate governance

Customer and ARPU trends

Share of net additions

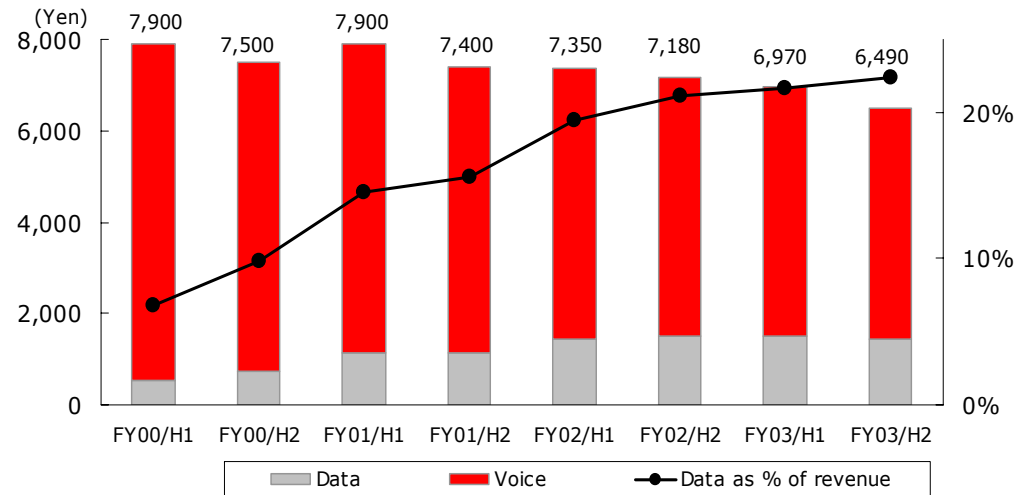


Cumulative market share

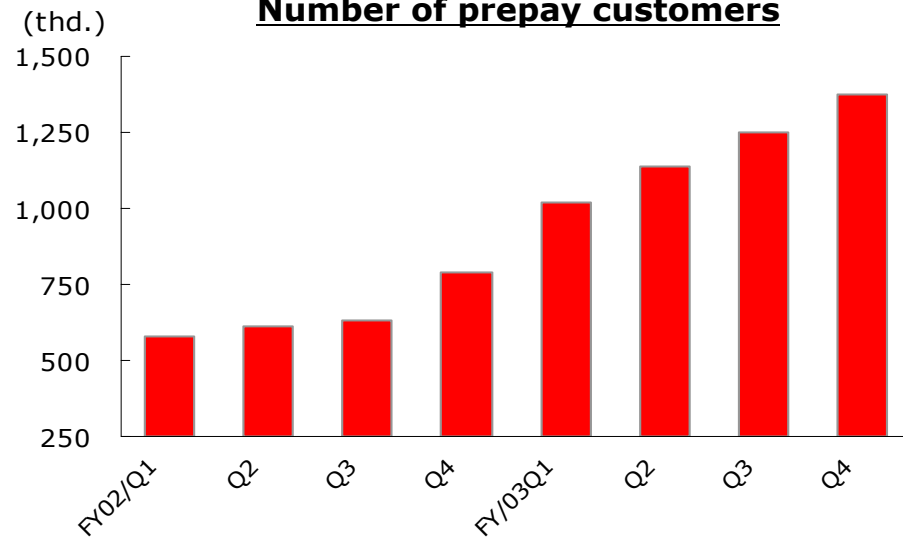


ARPU

Expected lower voice ARPU partially offset by stable data ARPU

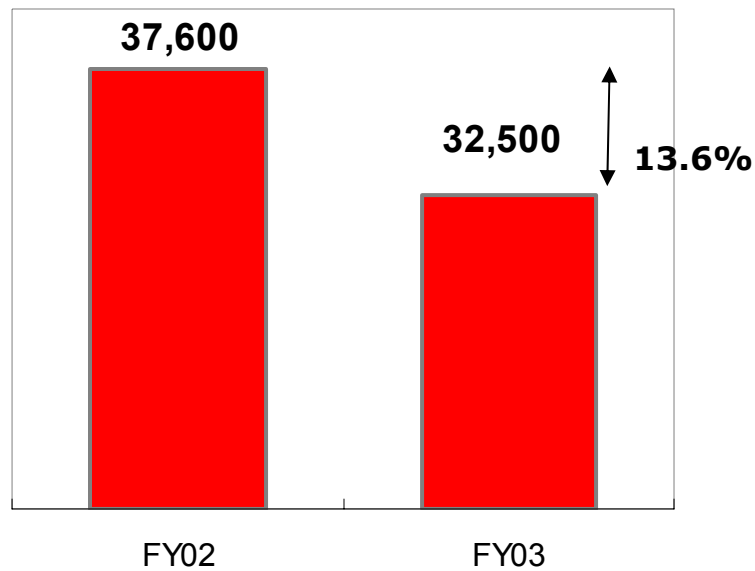


Number of prepaid customers

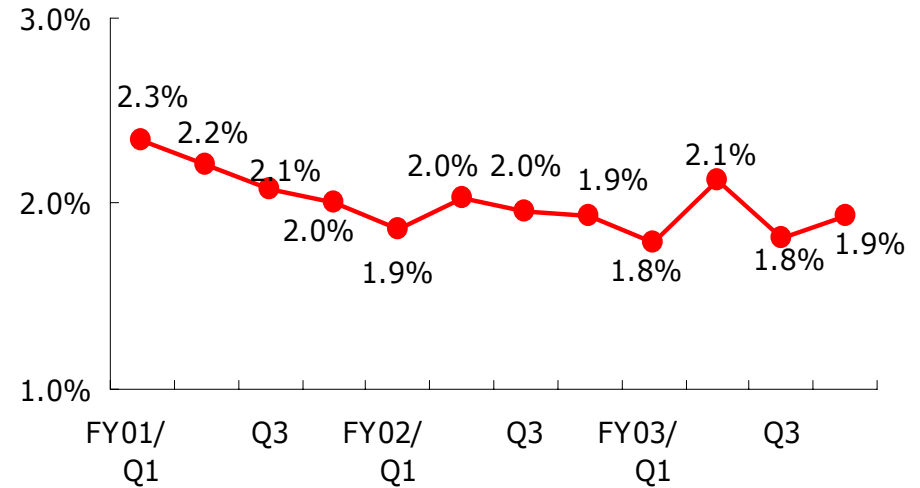


Churn, acquisition and retention

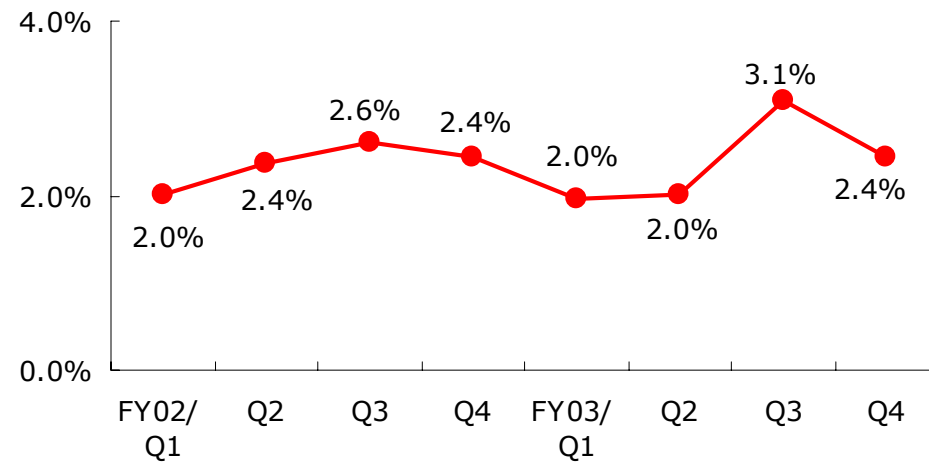
Acquisition incentive per gross add



Churn rate



Upgrade rate



New retail experience

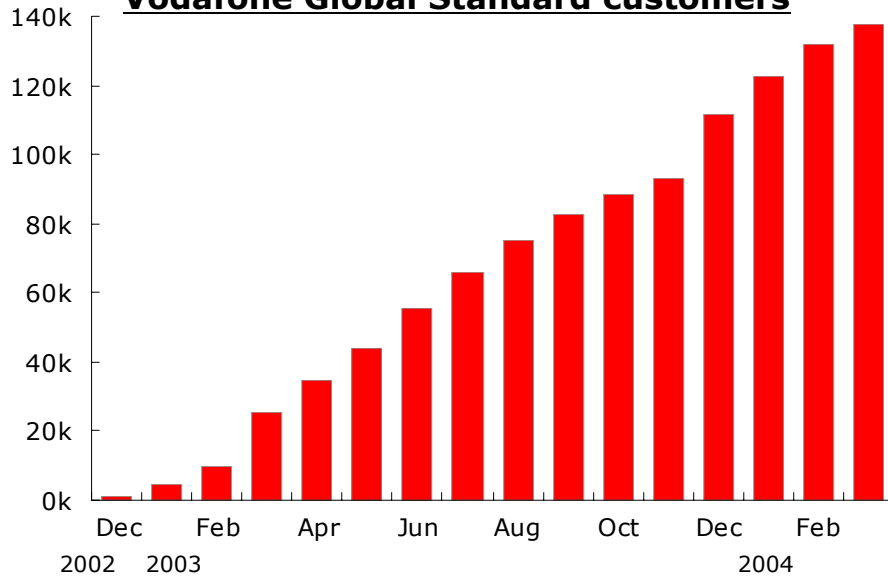
■ New mobile retail concept

- Refurbishment of Vodafone shops with Vodafone brand launch in October 2003
- Customer-centred layout
- Flagship shops opened
 - Customer-centric: Quick counter for speedier services
 - Deliver brand experience: mobile games, Touch & Try
 - Introduces Vodafone Group's world-wide network:
 - Handsets of Vodafone sister opcos on display

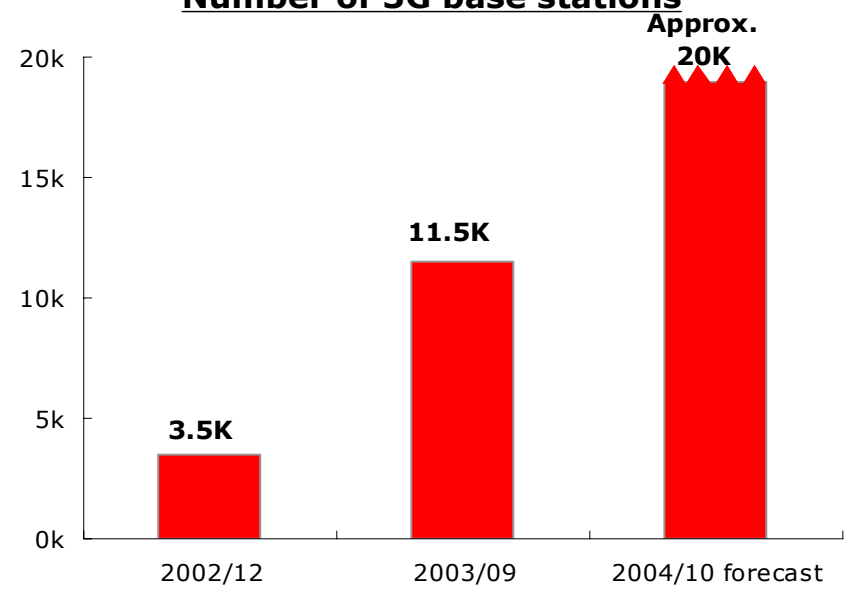


3G update

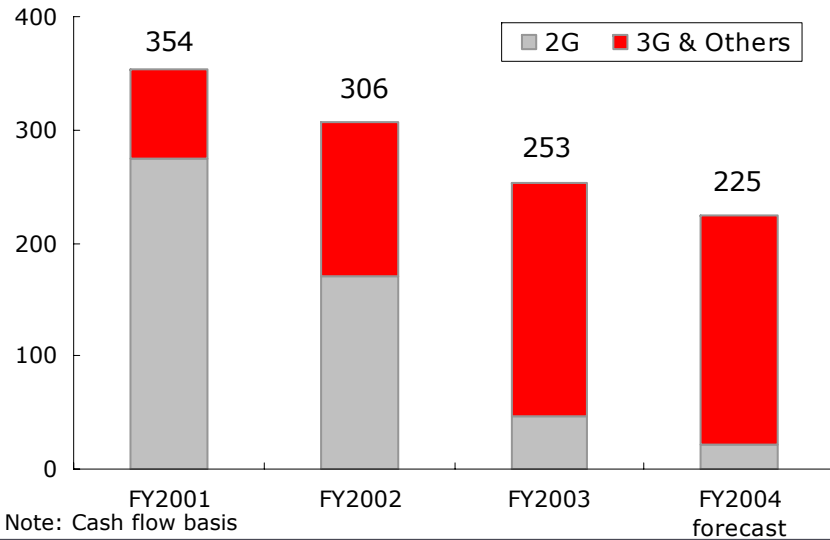
Vodafone Global Standard customers



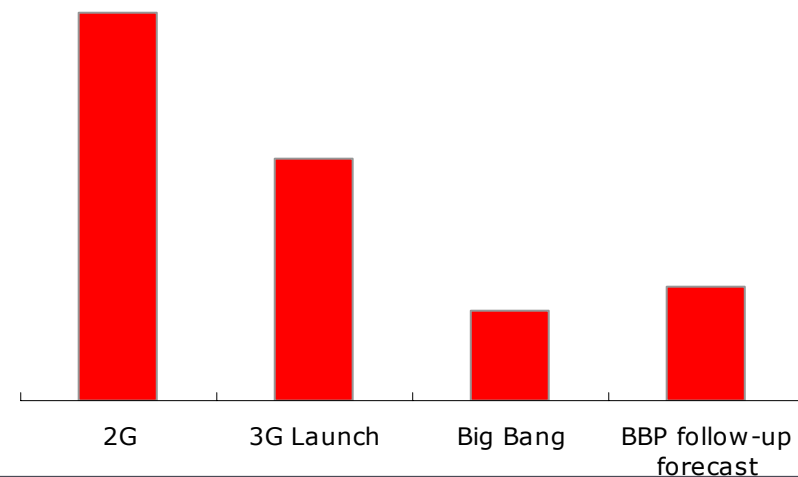
Number of 3G base stations



Capital expenditure



Cost per base station



■ Network

- Domestic population coverage: 99.5% (as of end-March 2004)

- Indoor/underground coverage built-out ongoing
 - CBD office buildings
 - Subway
 - Underground shopping centres/malls

- Superior international roaming coverage
 - Approximately 98% of travel destinations from Japan
 - Voice roaming in 85 countries and regions
 - Vodafone live! access in 36 countries and regions (as of March 31, 2004)

■ Terminals

- V801SA(03/12), V801SH(04/4), VC701SI Datacard(04/04)
- Convergence project handsets in market before the end of 2004

■ 3G handsets under global convergence

- Economies of scale enable lower procurement costs
 - Contributes to decline in incentive costs
- Variety in design and specifications
 - Improved target marketing
 - Music-oriented functions (music player embedded)
- Vendors include Japanese and non-Japanese suppliers



VC701SI

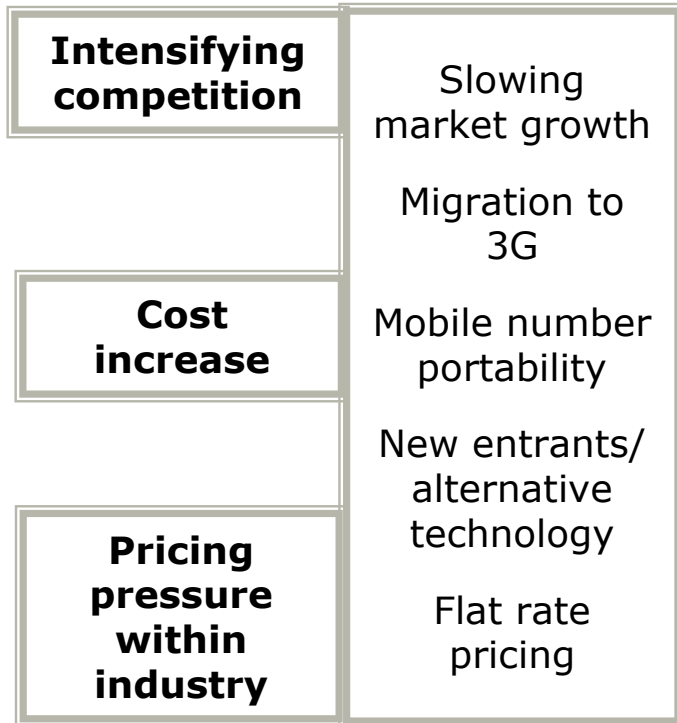


V801SH

V801SA

FY2004 – Leverage potential to overcome challenges

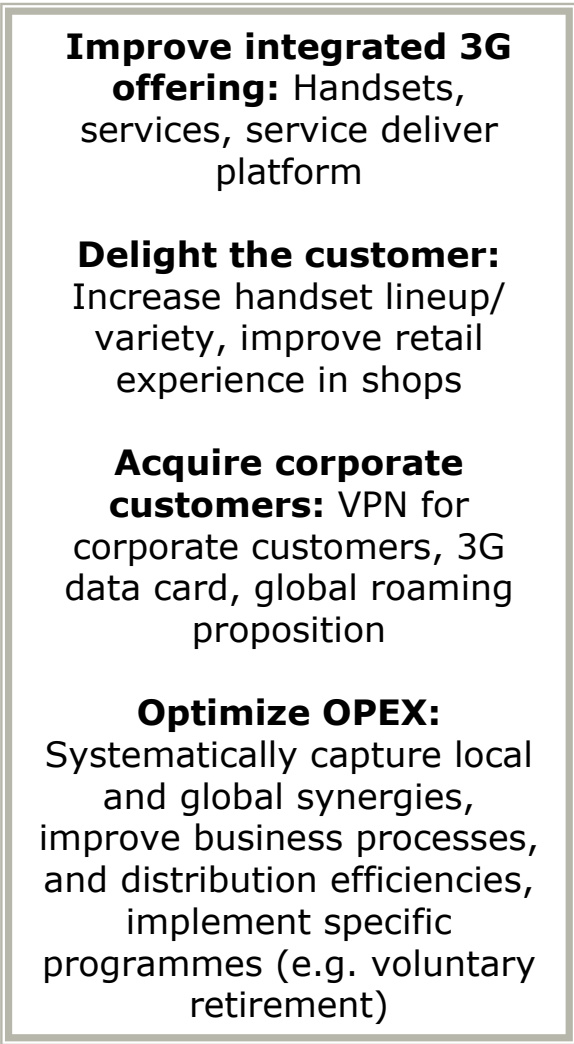
Market challenges:



Urgent need for proactive measures



Execute:



Next handsets to come

■ Improve competitiveness

➤ 2004 Summer models



V602SH



V601T



V401SA



V401D



V402SH

➤ New mobile life style concept



Vodafone Holdings K.K.

- Section 4 -

Forecast for FY2004

Consolidated financial forecast

(¥ billions)	FY2003 actual	FY2004 forecast	% chg
Operating revenue	1,655.7	1,531	-7.5%
proforma*	1,508.8		1.5%
Ordinary income	181.2	127	-29.9%
proforma*	187.2		-32.2%
Net income	-100.0	110	n.m.

*proforma: excluded Japan Telecom FY03 1H

■ Revenue

- Slight growth in mobile business on pro forma basis

■ Ordinary income

- Incremental costs associated with increased migration to 3G and costs of maintaining two networks

■ Net income

- Impact of fixed line sale eliminated

Thank You

Vodafone Holdings K.K.

A member of the Vodafone Group

Forward-looking Statements

This presentation contains certain forward-looking statements concerning the operations and strategy of Vodafone Holdings K.K., Vodafone K.K. and their subsidiaries (collectively, "Vodafone Japan Group") and its expectations concerning its financial and operating results, in particular its fiscal 2004 performance forecasts (including consolidated operating revenue, ordinary income and net income), as well as expectations for trends in the Japanese wireless telecommunications markets and capital expenditure. By their nature, forward-looking statements are inherently predictive, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future.

There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to: changes in economic conditions that would adversely affect demand for Vodafone Japan Group's services; greater than anticipated competitive activity; slower customer growth or reduced customer retention; the impact on capital spending from investment in network capacity and the deployment of new technologies, including 3G technology; the possibility that technologies will not perform according to expectations or that vendors' performances will not meet Vodafone Japan Group's requirements; changes in projected growth rates in the wireless telecommunications industry; the accuracy of and any changes in Vodafone Japan Group's projected revenue models; future revenue contributions of data services offered by Vodafone Japan Group; Vodafone Japan Group's ability to successfully introduce new services, in particular 3G services, and the delivery and performance of key products; changes in the regulatory framework in which Vodafone Japan Group operates; and the impact of legal or other proceedings involving Vodafone Japan Group or other companies in the telecommunications industry.

All written or verbal forward-looking statements attributable to Vodafone Japan Group or persons acting on its behalf made in this presentation or subsequent hereto are expressly qualified in their entirety by the factors referred to above.