

Vodafone Analysis – Discounted Cash Flow Model



Brief Definition

Vodafone is a telecommunications company with headquarters in the UK. Operates across Europe and Africa. With over 300 million of customers, it focuses on **digital infrastructure, fintech, and IoT**.

Opportunities

- Africa represents strong growth opportunity. According to the United Nations¹, the population is expected to grow to 2.5Bn by 2050.
- Strong partnerships with Microsoft to accelerate AI deployment, aiming to deliver smarter services.
- Disposals of Vodafone Spain and Italy due to Europe's robust regulation present new opportunities to expand across Africa and other regions.

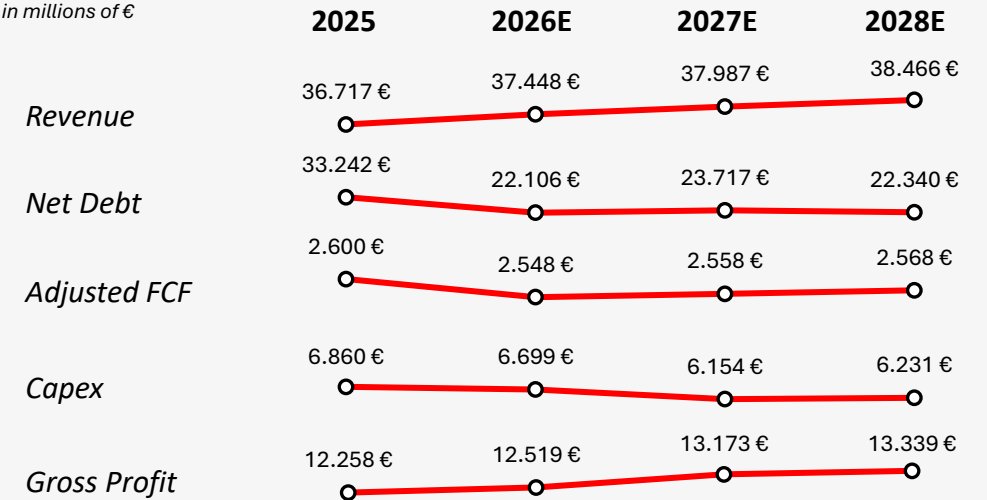
Risks

- Uncertainty around regulations and politics creates challenges in Vodafone's emerging markets.
- Currency volatility presents significant issues in frontier regions.
- Rising competition from regional providers and fintech startups increases market pressure.

DCF (WACC: 4,19%)	1,69€	Gain of 79%²
2025E EV/EBITDA Multiple: 6,24x · 10,9B = 68B-26B	42B/26B of shares= 1,61€	Gain of 71%³
Market Price (May, 2025)	0,94€	

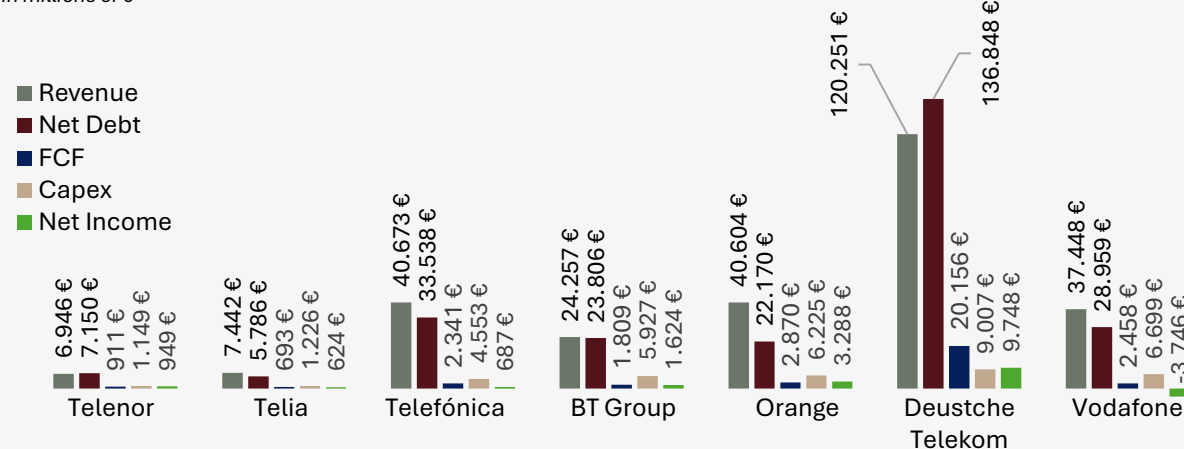
Financials

in millions of €



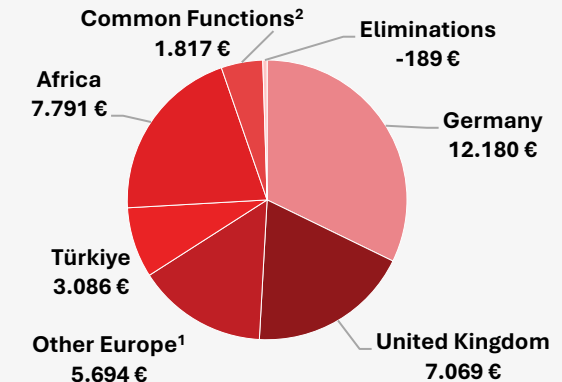
Peers Analysis

in millions of €



Revenue by Segment

in millions of €



¹ Portugal, Ireland, Greece, Romania, Czech Republic and Albania.

² Software arrangements managed centrally on behalf of the Group.

¹ Link to the publication: <https://www.imf.org/en/Publications/fandd/issues/2023/09/PT-african-century>.

^{2,3} Due potential margin of errors, I estimate Vodafone's upside to be between +28% to 35%.

Vodafone Analysis - DCF Model



	Historical Period			CAGR (22-24)	Projection Period						CAGR (25-30)
	2022	2023	2024		2025	2026E	2027E	2028E	2029E	2030E	
Sales	37.010,00	37.672,00	36.717,00	-0,40%	37.448,00	37.987,00	38.465,64	38.950,30	39.398,23	39.811,91	1,18%
% growth	-15,52%	1,79%	-2,54%		0,02	1,44%	1,26%	1,26%	1,15%	1,05%	
Cost of Goods Sold	(23.948,00)	(24.359,00)	(24.459,00)		(24.929,00)	24.813,56	25.126,21	25.442,81	25.735,40	26.005,62	
% sales	64,71%	64,66%	66,61%		65,32%	65,32%	65,32%	65,32%	65,32%	65,32%	
Gross Profit	13.062,00	13.313,00	12.258,00	-3,13%	12.519,00	13.173,44	13.339,42	13.507,50	13.662,83	13.806,29	1,18%
% margin	35,29%	35,34%	33,39%		33,4%	34,7%	34,7%	34,7%	34,7%	34,7%	
Selling, General & Administrative	(7.551,00)	(8.128,00)	(8.442,00)		(8.381,00)	(8.216,96)	(8.320,49)	(8.425,33)	(8.522,22)	(8.611,71)	
% sales	20,40%	21,58%	22,99%		21,63%	21,63%	21,63%	21,63%	21,63%	21,63%	
EBITDA	12.693,00	12.424,00	11.019,00	-6,83%	10.932,00	11.110,00	11.377,75	11.651,95	11.884,99	12.122,69	2,20%
% growth	-11,77%	-2,12%	-11,31%		-0,79%	1,63%	2,41%	2,41%	2,00%	2,00%	
% margin	34,30%	32,98%	30,01%		29,19%	29,25%	32,43%	32,43%	32,43%	32,43%	
Depreciation & Amortization	10.417,00	10.255,00	10.414,00		10.817,00	10.602,17	10.735,76	9.737,58	8.387,88	8.475,96	
% of sales	28,15%	27,22%	28,36%		28,89%	27,91%	27,91%	25,00%	21,29%	21,29%	
EBIT	5.740,00	14.451,00	3.665,00	-20,09%	(411,00)	4.355,00	950,10	1.168,51	1.575,93	1.990,60	-17,78%
% margin	16%	38%	10%		-1,10%	2,47%	2,47%	3,00%	4,00%	5,00%	
Taxes	(916,00)	(1.228,00)	(724,00)		(2.246,00)	(1.088,75)	(237,53)	(292,13)	(393,98)	(497,65)	
	-33%	-10%	-48%		60%	-25,00%	-25,00%	-25,00%	-25,00%	-25,00%	
Profit for the financial year	2.773,00	12.335,00	1.505,00	-26,33%	(3.746,00)						
% of sales	7,49%	32,74%	4,10%		-10,00%	8,45%	8,45%	6,00%	5,80%	5,80%	
EBIAT	3.843,92	13.012,34	1.901,90	-29,66%	(657,42)	3.266,25	712,58	876,38	1.181,95	1.492,95	-17,78%
Plus: D&A	10.417,00	10.255,00	10.414,00		10.817,00	10.602,17	10.735,76	9.737,58	8.387,88	8.475,96	
Less: CAPEX	(6.922,00)	(7.756,00)	(6.860,00)		(6.699,00)	(6.153,89)	(6.231,43)	(7.011,05)	(7.603,86)	(7.683,70)	
Less: Inc/(Dec) in Net Working Capital	4.371,00	(2.147,00)	(1.152,00)		(8.636,00)	1.903,01	(397,00)	(320,52)	(335,36)	(366,53)	
Unlevered Free Cash Flow						2.545,27	4.901,32	3.047,04	1.119,39	1.158,79	
WACC		4,19%									
Discount Period						0,50	1,50	2,50	3,50	4,50	
Discount Factor						0,98	0,94	0,90	0,87	0,83	
Present Value of Free Cash Flow						2.493,59	4.608,78	2.750,01	969,65	963,43	

Enterprise Value and Implied Equity Valuation



	Projection Period				
	2026E	2027E	2028E	2029E	2030E
Unlevered Free Cash Flow	2.545,27	4.901,32	3.047,04	1.119,39	1.158,79
WACC	4,19%				
Discount Period	0,50	1,50	2,50	3,50	4,50
Discount Factor	0,98	0,94	0,90	0,87	0,83
Present Value of Free Cash Flow	2.493,59	4.608,78	2.750,01	969,65	963,43

Enterprise Value

Cumulative Present Value of FCF	12.771,81 €
Terminal Value	
Terminal Year EBITDA (2030E)	12.122,69 €
Exit Multiple	6,24 €
Terminal Value	75.645,61 €
Discount Factor	0,8145
Present Value of Terminal Value	61.616,05 €
% of Enterprise Value	82,83%
Enterprise Value	74.387,85 €

Calculation of Terminal Value using EMM

Terminal Year EBITDA (2030E)	12.122,69 €
Exit Multiple	6,240125185
Terminal Value	75.647,13 €

Calculation of Terminal Value using PGM

Terminal Year Free Cash Flow	2.598,39 €
WACC	4,19%
Perpetuity Growth Rate	0,661%
Terminal Value	74.151,07 €

Implied Perpetuity Growth Rate

Terminal Year FCF (2030)	2.598,39 €
Discount Rate	4,19%
Terminal Value	75.647,13 €

Implied Perpetuity Growth Rate **0,661%**

Implied Exit Multiple

Terminal Value	75.647,13 €
Terminal Year EBITDA	12122,69
WACC	4,18807%
Implied Exit Multiple	6,37

Enterprise Value Sensitive Analysis

Implied Equity Value and Share Price

Enterprise Value	74.389,09 €
Less: Total Debt	39.960,00 €
Less: Noncontrolling Interest	1.171,00 €
Plus: Cash and Cash Equivalents	11.011,00 €
Implied Equity Value	44.269,09 €
Nº of Shares	26.149,00 €
Implied Price	1,69
Current Price	0,94
Security Margin	44,49%

WACC		Exit Multiple									
		4,50	5,00	5,50	6,00	6,24	7,00	7,50	8,00	8,50	
1,50%	1,50%	69.587 €	62.628 €	56.935 €	52.190 €	50.182 €	44.734 €	41.752 €	39.143 €	36.840 €	
	2,00%	43.732 €	39.359 €	35.781 €	32.799 €	31.537 €	28.113 €	26.239 €	24.599 €	23.152 €	
	2,50%	31.934 €	28.740 €	26.128 €	23.950 €	23.029 €	20.529 €	19.160 €	17.963 €	16.906 €	
	3,00%	25.179 €	22.661 €	20.601 €	18.884 €	18.158 €	16.187 €	15.108 €	14.163 €	13.330 €	
	4,19%	16.810 €	15.129 €	13.754 €	12.608 €	12.123 €	10.807 €	10.086 €	9.456 €	8.900 €	
	5,00%	13.727 €	12.355 €	11.231 €	10.295 €	9.899 €	8.825 €	8.236 €	7.722 €	7.267 €	
	5,50%	12.343 €	11.109 €	10.099 €	9.257 €	8.901 €	7.935 €	7.406 €	6.943 €	6.535 €	
	6,00%	11.219 €	10.097 €	9.179 €	8.414 €	8.090 €	7.212 €	6.731 €	6.310 €	5.939 €	
7,00%	9.501 €	8.551 €	7.774 €	7.126 €	6.852 €	6.108 €	5.701 €	5.344 €	5.030 €		

WACC Estimation



Vodafone Capitalization

Cash and Cash Equivalents	11.001,00 €
Bonds	36.402,00 €
Bank loans	1.213,00 €
Other Financial Liabilities	2.345,00 €
Gross Debt	39.960,00 €

Shareholders' Equity	53.916,00 €
Market Cap	23.050,00 €
Net Debt	28.959,00 €

Debt/Equity	53,71%
Debt/Total Capitalization	63,42%
Equity/Total Capitalization	36,58%

Cost of debt	4,00%
After tax cost of debt	3,00%

Risk-Free Rate	4,30%
Equity Risk Premium	5,50%

Cost of Equity

Risk-free Rate	4,30%
Market Risk Premium	5,50%
Levered Beta	0,354746557
Cost of Equity	6,25%

WACC Calculation

Target Capital Structure	
Debt-to-Total Capitalization	63,42%
Equity-to-Total Capitalization	36,58%

Cost of Debt

Cost-of-Debt	4,00%
Tax Rate	0,2503
After-tax Cost of Debt	3,00%

Cost of Equity

Risk-free Rate	4,30%
Market Risk Premium	5,50%
Levered Beta	0,354746557
Cost of Equity	6,25%

WACC 4,19%

WACC Sensitive Analysis

		Pretax Cost of Debt					
		2,00%	3,00%	4,00%	5,00%	6,00%	7,00%
Debt-to-Total Capitalization	54%	3,685%	4,090%	4,495%	4,900%	5,305%	5,71%
	57%	3,543%	3,970%	4,397%	4,825%	5,252%	5,68%
	60%	3,400%	3,850%	4,300%	4,750%	5,199%	5,65%
	63%	3,258%	3,730%	4,202%	4,674%	5,147%	5,62%
	66%	3,115%	3,610%	4,105%	4,599%	5,094%	5,59%
	67%	3,067%	3,570%	4,072%	4,574%	5,077%	5,58%
	70%	2,925%	3,450%	3,974%	4,499%	5,024%	5,55%

Balance Sheet Forecast



<i>in millions of €</i>	2022	2023	2024		2025	2026	2027	2028	2029	2030
				3-Year Average						
Current Assets										
Accounts Receivables	5.648,00	5.027,00	4.348,00		6.274,91	5.287,22	5.353,84	5.421,30	5.483,64	5.541,22
DSO	54,41	51,71	46,60	50,80	50,80	50,80	50,80	50,80	50,80	50,80
Inventory	836,00	956,00	568,00		617,00	820,66	831,00	841,47	851,14	860,08
Inventory Turnover	28,65	25,48	43,06	31,56	31,56	31,56	31,56	31,56	31,56	31,56
DIH	11,52	13,43	11,37	12,07	8,68	12,07	12,07	12,07	12,07	12,07
Prepaid Expenses and Other	1.103,00	1.131,00	839,00		1.023,99	1.038,72	1.051,81	1.065,06	1.077,31	1.088,62
% sales	2,98%	3,00%	2,29%	2,73%	2,73%	2,73%	2,73%	2,73%	2,73%	2,73%
Current Liabilities										
Accounts Payable	7.327,00	7.599,00	5.613,00		6.732,88	6.701,70	6.786,14	6.871,65	6.950,67	7.023,65
DPO	107,19	111,83	98,58	105,72	98,58	98,58	98,58	98,58	98,58	98,58
Accrued Liabilities	6.991,00	4.814,00	4.037,00		4.115,54	4.174,77	4.227,37	4.280,64	4.329,87	4.375,33
% sales	18,89%	12,78%	10,99%	13,85%	10,99%	10,99%	10,99%	10,99%	10,99%	10,99%
Other Current Liabilities	5.343,00	5.834,00	3.748,00		3.823,44	3.878,47	3.927,34	3.976,83	4.022,56	4.064,80
% sales	14,44%	15,49%	10,21%	13,17%	10,21%	10,21%	10,21%	10,21%	10,21%	10,21%
Average Acc. Receivable	5.517,00	5.337,50	4.687,50	5.168,06	5.311,45	5.781,06	5.320,53	5.387,57	5.452,47	5.512,43
Average Inventories	756,00	896,00	762,00	802,16	592,50	718,83	825,83	836,23	846,31	855,61
Average Acc. Payable	7.033,00	7.463,00	6.606,00	7.025,29	6.172,94	6.701,70	6.759,51	6.786,68	6.868,41	6.947,65
Total Current Assets	27.578,00	30.662,00	20.513,00		28.620,00	28.950,46	29.982,42	31.043,14	32.123,57	33.223,53
Total Current Liabilities	33.647,00	34.584,00	23.283,00		22.754,00	24.987,47	25.622,44	26.362,63	27.107,70	27.841,14
Net Working Capital	(6.069,00)	(3.922,00)	(2.770,00)		5.866,00	3.962,99	4.359,99	4.680,51	5.015,87	5.382,40
% of sales	-16,40%	-10,41%	-7,54%		15,66%	10,43%	11,33%	12,02%	12,73%	13,52%
(Increase)/Decrease in NWC	4.371,00	(2.147,00)	(1.152,00)		(8.636,00)	1.903,01	(397,00)	(320,52)	(335,36)	(366,53)

Source: Vodafone Annual Reports and personal estimations

Trading Comps - Telenor, Telia & Deutsche Telekom



	Telenor				Telia Company				Deutsche Telekom			
<i>in millions of €</i>	2025E	2026E	2027E	CAGR	2025E	2026E	2027E	CAGR	2025E	2026E	2027E	CAGR
1. PnL												
Revenue	6.946,74	7.041,85	7.112,54	1,19%	7.442,98	7.516,58	7.631,86	1,26%	120.251	123.286	127.734	3,06%
COGS	1.598,87	1.620,76	1.637,03		2.808,28	2.836,05	2.879,55		54.762	56.144	58.170	
EBITDA AL (adjusted)	3.045,60	3.146,57	3.228,10	2,95%	2.945,29	3.003,43	3.066,73	2,04%	45.177	47.667	50.372	5,59%
Depreciation & Amortisation, and impairment losses	1.479,34	1.499,60	1.514,65		1.655,08	1.664,92	1.660,60		23.628	23.897	24.191	
EBIT	1.590,91	1.721,20	1.812,19	6,73%	1.261,87	1.296,46	1.369,24	4,17%	27.313	29.825	32.158	8,51%
Net Income	949,96	1.131,42	1.241,75	14,33%	624,04	805,46	847,41	16,53%	9.748	10.768	12.088	11,36%
2. Capex & Cash Flow												
Capex excl licens. And spectrum	1.149,97	1.165,72	1.177,42		1.226,18	1.236,11	1.236,57		16.543	16.800	17.073	
FCF (before M&A Activities)	911,05	941,25	965,64		692,67	823,95	853,85		20.156	20.734	21.708	
FCF Yield (FCF/EV)	3,90%	3,90%	3,90%		3,75%	4,37%	4,44%		5,73%	5,59%	5,53%	
3. Balance Sheet												
Net debt (Net interest-bearing debt excluding licence obligations)	7.150,55	6.850,48	6.563,00		5.786,34	5.645,67	5.514,76		136.848	134.596	132.349	
Enterprise Value	23.355	24.129	24.754		18.478	18.843	19.240		351.771	371.160	392.222	
EV/EBITDA (Forward & Trailing)	7,67	7,67	7,67		6,27	6,27	6,27		7,79	7,79	7,79	
Leverage (Net Debt/EBITDA)	2,35	2,18	2,03		1,96	1,88	1,80		3,03	2,82	2,63	
ROE	40,11%	40,11%	40,11%		4,54%	4,54%	4,54%		17,62%	17,62%	17,62%	
4. Working Capital												
Current Assets				3-Year Average				3-Year Average				3-Year Average
Accounts Receivable	1.172,42	1.188,47	1.200,40		755,89	763,37	775,07		17.158,61	17.591,67	18.226,36	
DSO	61,60	61,60	61,60	61,60	37,07	37,07	37,07	37,07	52,08	52,08	52,08	52,08
Inventory	109,84	111,34	112,46		203,31	205,32	208,47		2.864	2.936	3.042	
Inventory Turnover	6,29%	6,29%	6,29%	6,29%	7,17%	7,17%	7,17%	7,17%	5,23%	5,23%	5,23%	5,23%
DIH	25,07	25,07	25,07	25,07	26,43	26,43	26,43	26,43	19,09	19,09	19,09	19,09
Current Liabilities												
Accounts Payable	625,36	633,92	640,29		1.509,38	1.524,31	1.547,68		12.247	12.556	13.009	
DPO	142,76	142,76	142,76	142,76	196,18	196,18	196,18	196,18	81,63	81,63	81,63	81,63
Accrued Liabilities	827,07	838,39	846,81		455,84	460,34	467,40		4.146	4.251	4.404	
% sales	11,91%	11,91%	11,91%	11,91%	6,12%	6,12%	6,12%	6,12%	3,45%	3,45%	3,45%	3,45%
Other Current Liabilities	700,24	709,83	716,96		854,36	862,80	876,04		5.785	5.931	6.145	
% sales	10,08%	10,08%	10,08%	10,08%	11,48%	11,48%	11,48%	11,48%	4,81%	4,81%	4,81%	4,81%

Source: Annual Reports and Consensus Estimates

Trading Comps - Orange, Telefónica and BT Group



	Orange				Telefónica				BT Group			
<i>in millions of €</i>	2025E	2026E	2027E	CAGR	2025E	2026E	2027E	CAGR	2025E	2026E	2027E	CAGR
1. PnL												
Revenue	40.604	41.151	41.613	1,23%	40.673	41.087	41.556	1,08%	24.257	24.114	24.125	-0,27%
COGS	21.317	21.604	21.847		13.211	13.345	13.497		21.254	21.129	21.138	
EBITDA AL (adjusted)	12.422	12.765	12.990	2,26%	10.273	10.306	10.498	1,09%	9.789	9.815	9.891	0,52%
Depreciation & Amortisation, and impairment losses	7.845	7.950	8.040		8.802	8.891	8.993		5.796	5.837	5.827	
EBIT	4.990	5.057	5.114	1,23%	3.026	3.057	3.092	1,08%	3.992	3.978	4.064	0,89%
Net Income	3.288	3.608	3.849	8,20%	687	694	702	1,08%	1.624	1.752	1.806	5,46%
2. Capex & Cash Flow												
Capex excl licens. And spectrum	6.225	6.218	6.216		4.553	4.526	4.558		5.927	5.827	5.442	
FCF (before M&A Activities)	2.870	3.241	3.480		2.341	2.523	2.519		1.809	1.837	2.273	
FCF Yield (FCF/EV)	5,21%	5,73%	6,04%		3,32%	3,57%	3,50%		4,18%	4,23%	5,19%	
3. Balance Sheet												
Net debt (Net interest-bearing debt excluding licence obligations)	22.170	21.584	20.945		33.538	33.192	32.614		23.806	24.213	24.128	
Enterprise Value	55.062	56.582	57.580		70.420	70.646	71.962		43.312	43.428	43.765	
EV/EBITDA (Forward & Trailing)	4,43	4,43	4,43		6,85	6,85	6,85		4,42	4,42	4,42	
Leverage (Net Debt/EBITDA)	1,78	1,69	1,61		3,26	3,22	3,11		2,43	2,47	2,44	
ROE	8,82%	8,82%	8,82%		2,12%	2,12%	2,12%		9,42%	9,42%	9,42%	
4. Working Capital												
Current Assets				3-Year Average				3-Year Average				3-Year Average
Accounts Receivable	6.226,22	6.310,10	6.380,94		6.709	6.778	6.855		3.592	3.571	3.572	
DSO	55,97	55,97	55,97	55,97	60,21	60,21	60,21	60,21	54,04	54,04	54,04	54,04
Inventory	1.047	1.061	1.073		1.280	1.293	1.308		389	387	387	
Inventory Turnover	4,78%	4,78%	4,78%	4,78%	8,69%	8,69%	8,69%	8,69%	1,93%	1,93%	1,93%	1,93%
DIH	17,93	17,93	17,93	17,93	35,37	35,37	35,37	35,37	6,69	6,69	6,69	6,69
Current Liabilities												
Accounts Payable	7.061	7.156	7.237		10.334	10.439	10.559		4.751	4.723	4.725	
DPO	120,90	120,90	120,90	120,90	285,53	285,53	285,53	285,53	81,59	81,59	81,59	81,59
Accrued Liabilities	2.634	2.670	2.700		-	-	-		1.264	1.257	1.257	
% sales	6,49%	6,49%	6,49%	6,49%					5,21%	5,21%	5,21%	5,21%
Other Current Liabilities	3.074	3.115	3.150		1.733	1.750	1.770		1.296	1.288	1.288	
% sales	7,57%	7,57%	7,57%	7,57%	4,26%	4,26%	4,26%	4,26%	5,34%	5,34%	5,34%	5,34%

Source: Annual Reports and Consensus Estimates