The information is completely unedited other than change of the font, size of font, some of the formatting, and a few typos.

**Vodafone Group PLC, ADR, (VOD) info**

All information taken from Morningstar.com, Vodafone's website, fool.com, or Vodafone's most recent annual financial report.

Overview:

With 343 million proportional customers (total customers multiplied by its ownership interest), including its 45% stake in Verizon Wireless, Vodafone is the second-largest wireless phone company, in the world behind China Mobile. It is also the largest carrier in terms of the number of countries served. Vodafone has majority or joint control in 22 countries, and minority or partnership interests in more than 150 total countries. The firm's objective is to be the communications leader across a connected world.  They have four major markets, that they break their financials into: Europe, Africa Middle East and Asia Pacific or AMAP, India, and the United States through a partnership with Verizon.

Pros:

* Huge company operating in more than 150 countries, making them more diversified, and able to withstand drops in revenues and profits coming from a single region or country.
* Generates huge free cash flows of at least $8.25 Billion in each of the last 8 financial years.  Free cash flow or FCF is basically the money that’s left over after expenses, dividends, payments, etc. that the Vodafone can use as it pleases.  Generally VOD uses their FCF to increase their dividends, buyback their own stock, acquire other companies, or pay down debt.
* Current dividend yield of 6.97%, the average company in the S&P 500 has a yield of around 2%.  Pays a semiannual dividend in June, and November of each year.  Also receiving a special dividend from Verizon, $1 billion of which will go to paying down Vodafone debt, $3.5 Billion will go to pay a special dividend, to Vodafone shareholders in January or February of 2012.
* FCF/Sales ratio over 16% each year, since the 2002 financial year.  Anything over 5%, means they are generating huge amounts of cash.
* Interest coverage ratio of 23.4, anything over 1.5 is good. Interest coverage ratio, is how many times they can cover the payments of interest on their debt.
* Payout ratio of around 50%, for the dividend meaning the dividend should be safe for the foreseeable future.
* Raising their dividend an average of 7% per year, for the next 3 years.
* Lower debt/equity than their industry competitors.
* Growing a lot in Asia, Middle East, India, and parts of Africa.  Also still a lot of room to grow in those areas, as they are relatively new to them, especially India.
* Paying down debt with FCF.
* Gross margin, net margin, and EBT margin all over 17% which is very good.
* Still a lot of room to grow their revenue, through people upgrading to smart phones, and paying for data packages which they make more money off, of than regular phones.
* Executive pay, is linked to how well the company does, and they encourage their executives and directors to own company stock.

Cons:

1. Still a lot of debt, even though they are paying it down, around $40 Billion

2.  Most of Western Europe except Germany, is having huge economic problems, which have led to lower sales and profits in those areas.

3.  The fear or actuality of another global recession, would hurt their sales and profits.

4.  Problems at Verizon which VOD owns 45% of, would hurt future payments from Verizon to VOD.

5.  Most of their revenue, is generated in Europe, where as above, there are big financial problems.

6.  Since they are in so many countries, they have to deal with many regulations, and sometimes even lawsuits from other governments, or companies in those countries.

Final Thoughts:

Overall, I feel very good about Vodafone's prospects, to be a great investment for the long-term.  We are buying them, when they are valued, at a very good price, especially compared to their competitors. They have huge growth potential in India, a country that has over 1.3 billion people, as they have only penetrated that market, by around 10%.  They are paying down debt, upping their dividends and receiving a special dividend from Verizon.  Even if their share price doesn't go up, over the next few years, which I believe it will by quite a bit, then we are still covered by the near 7% dividend, that they are going to keep growing, at least 7% a year, for the next 3 years.  Also, with their huge FCF they can maybe pay down debt faster, acquire other companies to keep growing, pay more dividends, or buyback their stock.

As always, if there are any questions, let me know.  I believe we will all do well, with this stock in our portfolios over the long-term.

Jason Rivera