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## Executive Summary

This report provides an in-depth analysis of Vodafone's financial performance and insights about the company's health, performance and financial analysis from the last five years 2018 – 2022. The report utilizes a variety of financial ratios, including current ratio, cash ratio and methods to analyse the company's investments, acquisitions, technology, internet of things, dividends, management etc.

Despite facing challenges such as the COVID-19 pandemic and increased competition, Vodafone has demonstrated resilience and made strategic investments, such as the acquisition of Kabel Deutschland in 2019 and the merger with Liberty Global's European businesses in 2020. These investments have strengthened Vodafone's market position and enhanced its financial performance.

Overall, Vodafone stands as a financially robust company with a proven track record of success. The company is well-positioned for future growth and remains committed to delivering value to its shareholders.

### Key Takeaways

- Vodafone's financial performance has witnessed significant improvement in recent years.
- The company's financial ratios have also exhibited positive trends over the past five years.
- Vodafone maintains a strong financial standing with a commendable track record of performance.
- The company is poised for future growth and dedicated to returning value to its shareholders.

## PART: A

### 1. Introduction

Vodafone Group PLC was founded in 1991 and is a multinational British telecommunications company with its headquarters located in London. In the 1990s, Vodafone experienced rapid expansion due to its acquisition of cellular operators in countries such as Germany, Italy, Spain, and the Netherlands. Vodafone operated in more than 25 countries at the beginning of the 2000s and was the biggest mobile telecommunications company in the world by revenue (Vodafone, 2023).

In the year 2000, Vodafone AirTouch PLC executed the acquisition of Mannesmann AG, a prominent German industrial conglomerate, marking the largest merger in recorded history with a valuation exceeding US\$190 billion. Playing a pivotal role in this cross-border transaction, Goldman Sachs served as the financial advisor to Vodafone, facilitating the establishment of the world's preeminent mobile telecommunications provider as a result of this strategic acquisition (Goldman Sachs, 2023).

In the past ten years, Vodafone continued to grow internationally, and in 2007 it has successfully concluded the acquisition of the Indian mobile company Hutch-Essar at a reduced valuation of \$10.9 billion (equivalent to Rs 46,870 crore) through a cash transaction. This strategic move aims to provide Vodafone with entry into the rapidly expanding Indian mobile market, strategically positioning the company to mitigate challenges arising from market saturation in European regions (Mint, 2023)

#### 1.1 Significant changes in financial performance and earnings

The pronounced changes in Vodafone PLC's financial performance and earnings over the past five years are attributable to the COVID-19 pandemic and the company's ongoing efforts to transform itself in response to the changing telecommunications landscape.

Over the past five years, Vodafone has experienced ups and downs. They made significant losses in the past but have recently returned to steady profit growth. Expanding into Europe and Africa helped to offset difficulties in Spain and India. Below there is a timeline of the company and highlights.

# VODAFONE TIMELINE

## 2019

REVENUE FELL BY 6.2% TO £38.5 BILLION DUE TO THE SALE OF SOME ASSETS AND CHANGES IN EXCHANGE RATES. THE COMPANY MADE A LOSS OF £6.6 BILLION, COMPARED TO A LOSS OF £6.7 BILLION IN THE PREVIOUS YEAR. THIS WAS MAINLY DUE TO CHALLENGES IN SPAIN AND ITALY, AS WELL AS LOSSES FROM THE WITHDRAWAL OF VODAFONE'S OPERATIONS IN INDIA (VODAFONE ANNUAL REPORT, 2019).

## 2021

REVENUE DECREASED BY 2.6% TO £38.5 BILLION. PROFIT FELL BY 79% TO £466 MILLION DUE TO COVID-19 AND A DECLINE IN MOBILE CONTRACT CUSTOMERS (VODAFONE ANNUAL REPORT, 2021).

## 2018

REVENUE DECREASED BY 3.2% TO £41 BILLION DUE TO CHANGES IN EXCHANGE RATES AND THE SALE OF SOME ASSETS. THE COMPANY MADE A PROFIT OF £3.6 BILLION IN THE PREVIOUS YEAR, BUT THIS YEAR IT LOST £6.6 BILLION, MAINLY DUE TO £5.9 BILLION IN IMPAIRMENT CHARGES IN INDIA AND SPAIN. THE INCREASED COMPETITION IN INDIA AND THE ECONOMIC DOWNTURN IN SPAIN LED TO THESE IMPAIRMENT CHARGES (VODAFONE ANNUAL REPORT, 2018).

## 2020

REVENUE DECREASED BY 2.6% TO £38.5 BILLION DUE TO THE COVID-19 PANDEMIC. THE COMPANY MADE A PROFIT OF £2.29 BILLION THIS YEAR, AFTER A LOSS OF £6.6 BILLION IN THE PREVIOUS YEAR. THIS WAS MAINLY DUE TO IMPROVED BUSINESS PERFORMANCE IN SPAIN AND ITALY (VODAFONE ANNUAL REPORT, 2020).

## 2022

REVENUE GREW BY 4% TO £39.9 BILLION. PROFIT INCREASED TO £2.27 BILLION DUE TO EXPANSION IN EUROPE AND AFRICA (VODAFONE ANNUAL REPORT, 2022).

## 2. Ratio Analysis and Findings

### 3. Liquidity Ratio

Liquidity ratios measure how well a company can pay its short-term debts. The three main liquidity ratios are the current ratio, quick ratio, and cash ratio. The current ratio is the most basic liquidity ratio and is calculated by dividing current assets by current liabilities. A higher current ratio means that the company has more assets to pay off its short-term debts. The quick ratio is a more conservative measure of liquidity because it excludes inventory from current assets. The cash ratio is the most conservative liquidity ratio and is calculated by dividing cash and marketable securities by current liabilities. A higher cash ratio means that the company has more cash on hand to pay off its short-term debts. Investors and analysts use liquidity ratios to assess a company's short-term financial health (Lalithchandraa and Rajendhiran, 2021)

There are three types of Liquidity Ratios

- 1) Current Ratio –  $\text{Current Assets} / \text{Current Liabilities}$
- 2) Cash Ratio –  $\text{Cash and equivalent} / \text{Current Liabilities}$
- 3) Quick Ratio –  $\text{Current Assets} - \text{Inventory} / \text{Current Liabilities}$

### 4. Current Ratio

The current ratio is a measure of a company's ability to pay off its short-term debts using its short-term assets. It is calculated by dividing current assets by current liabilities (Nuryani and Sunarsi, 2020). According to (Nuryani and Sunarsi, 2020), a higher current ratio indicates a stronger financial position and a greater ability to meet short-term obligations. A healthy current ratio typically falls between 1.5 and 3. However, a current ratio below 1 suggests that the company may face difficulties in paying its short-term debts, potentially leading to financial distress. While the current ratio is a valuable tool for evaluating liquidity risk, it has limitations. It does not consider the quality of assets or the company's long-term sustainability. (Nuryani and Sunarsi, 2020)

#### 4.1 Findings of the Current Ratio

The current ratio is a helpful tool to assess Vodafone PLC's short-term financial health. It quickly shows how well the company can pay off its short-term debts using its current assets. A current ratio much higher than 1 suggests that the company has strong working capital management and can easily meet its short-term obligations. However, it is important to use the current ratio along with other ratios and indicators to fully understand Vodafone's overall financial health and identify

potential risks related to cash flow timing and industry-specific issues.

Current Ratio Formula – (Current Assets / Current Liabilities)

*Table 1: Comparative Analysis of Vodafone PLC, British Telecommunication, and THREE in the Telecom Arena"*

| Company Name                                                                                |                     | 2022    | 2021    | 2020    | 2019    | 2018    |
|---------------------------------------------------------------------------------------------|---------------------|---------|---------|---------|---------|---------|
| <b>BT Group Limited</b><br><b>(Figures in Pounds Million)</b>                               | Current Assets      | 8,908   | 10,400  | 11,992  | 10,444  | 8,349   |
|                                                                                             | Current Liabilities | 9,046   | 9,006   | 10,986  | 9,602   | 10,185  |
|                                                                                             |                     |         |         |         |         |         |
| <b>Vodafone Limited</b><br><b>(Figures in Pounds Million)</b>                               | Current Liabilities | 9,046   | 9,006   | 10,986  | 9,602   | 10,185  |
|                                                                                             | Current Liabilities | 33,647  | 28,711  | 33,385  | 32,456  | 28,025  |
|                                                                                             |                     |         |         |         |         |         |
| <b>Three Limited</b><br><b>(Figures in Pounds Million)</b><br><b>Consolidated Statement</b> | Current Assets      | 429,693 | 355,550 | 287,782 | 286,067 | 339,213 |
|                                                                                             | Current Liabilities | 243,629 | 218,430 | 179,960 | 186,908 | 257,224 |

*Table 2: Current Ratios of all three competitors*

| <b>Current Ratio</b> |            |                  |               |
|----------------------|------------|------------------|---------------|
|                      | BT Limited | Vodafone Limited | Three Limited |
| <b>2022</b>          | 0.97       | 0.81             | 1.77          |
| <b>2021</b>          | 1.16       | 0.95             | 1.64          |
| <b>2020</b>          | 1.10       | 1.00             | 1.60          |
| <b>2019</b>          | 1.10       | 1.24             | 1.54          |
| <b>2018</b>          | 0.81       | 0.87             | 1.33          |

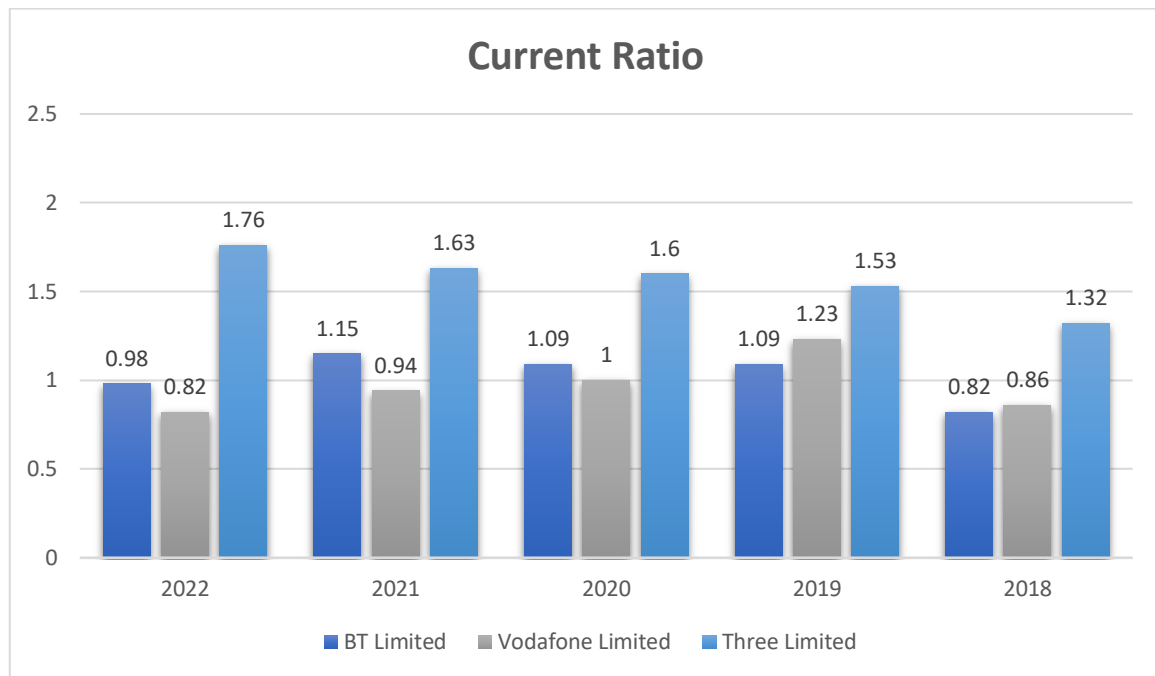


*Figure 1: Current Ratios in Bar Graph with explanation in detail*

## 4.2 Table Analysis

An analysis of the current ratios of BT, Vodafone, and Three from 2018 to 2022 reveals contrasting trends in their liquidity positions. BT's current ratio declined from 0.82 to 0.98, indicating a weakening liquidity profile. Vodafone's current ratio exhibited greater variability, ranging between 0.86 and 1.23, suggesting fluctuations in its ability to meet short-term obligations. In contrast, Three's current ratio experienced a steady upward trajectory, increasing from 1.32 to 1.76. This growth implies an enhanced liquidity position and a stronger capacity to fulfill short-term debt obligations. These trends underscore the divergent financial health and liquidity management strategies adopted by the three telecommunications companies during the analyzed period.

## 5. Cash Ratio

The cash ratio is a financial metric that assesses a company's ability to meet its short-term obligations using only its most liquid assets, namely cash and cash equivalents (Titman et al., 2014). Unlike the current ratio, which includes assets like inventory and accounts receivable, the cash ratio focuses exclusively on the most readily available resources. This makes it a more conservative measure of liquidity.

According to (Titman et al., 2014), a ratio of less than 0.2 is considered low, indicating potential difficulties in meeting short-term commitments. Conversely, a higher ratio suggests better liquidity and a stronger capacity to fulfill debt obligations. However, there is no universally ideal cash ratio,

as industry standards and market conditions may influence its interpretation.

One of the drawbacks of the cash ratio is that it doesn't account for the timing of receivables, which can impact a company's ability to convert them into cash quickly. Additionally, it doesn't consider how market conditions might affect the liquidity of assets.

In essence, the cash ratio serves as a simplified tool for evaluating a company's immediate liquidity position, focusing solely on cash and cash equivalents. It provides valuable insights into a company's ability to meet its short-term debts, but it should be interpreted within the context of industry norms and market conditions.

## 5.1 Why I choose Cash Ratio

The cash ratios is a simple way to measure a company's ability to pay its bills in the short term. It is calculated by dividing cash and cash equivalents by current liabilities. A higher cash ratio indicates that a company has more cash available to pay its bills, which is a good sign. However, lets look at the table below and get a complete picture.

Cash Ratio – Cash and equivalent / Current Liabilities

| Company Name                                                  |                     | 2022    | 2021    | 2020    | 2019    | 2018    |
|---------------------------------------------------------------|---------------------|---------|---------|---------|---------|---------|
| <b>BT Group Limited</b><br><b>(Figures in Pounds Million)</b> | Cash and equivalent | 777     | 1,000   | 1,549   | 1,666   | 528     |
|                                                               | Current Liabilities | 9,046   | 9,006   | 10,986  | 9,602   | 10,185  |
|                                                               |                     |         |         |         |         |         |
| <b>Vodafone Limited</b><br><b>(Figures in Pounds Million)</b> | Cash and equivalent | 7,469   | 5,821   | 13,284  | 13,637  | 4,674   |
|                                                               | Current Liabilities | 33,647  | 28,711  | 33,385  | 32,456  | 28,025  |
|                                                               |                     |         |         |         |         |         |
| <b>Three Limited</b><br><b>(Figures in Pounds Million)</b>    | Cash and equivalent | 65,809  | 57,526  | 50,363  | 15,093  | 50,844  |
|                                                               | Current Liabilities | 243,623 | 218,431 | 179,963 | 186,906 | 257,225 |

Table 3: "Comparing Telecom Giants: Vodafone vs. BT vs. THREE in Million Pounds."

| Cash Ratio |            |                  |               |
|------------|------------|------------------|---------------|
| Year       | BT Limited | Vodafone Limited | Three Limited |
| 2022       | 0.08       | 0.23             | 0.26          |
| 2021       | 0.10       | 0.21             | 0.27          |
| 2020       | 0.15       | 0.36             | 0.29          |
| 2019       | 0.17       | 0.54             | 0.09          |
| 2018       | 0.06       | 0.11             | 0.21          |

*Table 4: Cash Ratio Analysis*



*Figure 2: Cash Ratio Analysis*

## 5.2 Table Analysis of Cash Ratio

BT's cash ratio in 2018 was low, at 0.05, which means it had limited ability to pay its short-term bills with cash. Vodafone's cash ratio was higher, at 0.12, and Three's was even higher, at 0.20.

BT's cash ratio has been consistently low over time, ranging from 0.05 to 0.14. This means that BT has not had a lot of cash on hand to pay its bills. Vodafone's cash ratio has been more variable, ranging from 0.12 to 0.53. This means that Vodafone has sometimes had a lot of cash on hand and sometimes not very much. Three's cash ratio has been the most stable, ranging from 0.08 to 0.28. This means that Three has generally had a healthy amount of cash on hand to pay its bills.

Overall, BT has the weakest liquidity position of the three companies, while Three has the strongest. Vodafone's liquidity position is somewhere in between.

## 6. Leverage Ratio

The leverage ratio, a crucial financial metric, measures the extent to which a company utilizes debt financing relative to its equity base. This ratio holds significant importance for bankers as it gauges a company's capacity to meet its debt obligations by utilizing its own financial resources (WallStreetMojo, 2023)

Leverage Ratio Formula = Total Debt / Shareholder's Equity

Debt includes current debt + long – term debt.

### 6.1 Leverage ratio interpretation

1. A lower asset coverage ratio typically indicates a stronger financial position for a company, as it demonstrates a greater ability to cover its liabilities with its own capital. This implies a reduced reliance on external financing and a diminished risk of default.
2. Industries that require substantial upfront investments in fixed assets, such as machinery and equipment, typically exhibit higher leverage ratios compared to service-oriented industries. This disparity arises from the inherent asset-heavy nature of capital-intensive businesses, necessitating significant financing to establish operational capabilities.
3. An upward trend in the leverage ratio suggests an increasing reliance on external debt to fund operations, potentially indicating a company's inability to generate adequate cash flow from its primary business activities (WallStreetMojo, 2023).
4. The company's debt-to-equity ratio has exhibited a significant downward trend over the past three years, decreasing from 6.98x in 2018 to 33.6x in 2022. This substantial improvement can be primarily attributed to a steady increase in shareholder's equity over the same period. It is noteworthy that the company's debt ratio in 2020 stood at 3.69, indicating a relatively conservative financial structure.

## 7. Debt to Assets Ratio

The debt-to-asset ratio is a financial measure that assesses the extent to which a company's operations are financed through debt. It is one of several leverage ratios that can be employed to evaluate a company's capital structure.

The debt-to-asset ratio is calculated using a company's funded debt, also known as interest-bearing liabilities. This refers to actual credit provided by direct lenders, carrying interest obligations (such as bonds, term loans from a commercial bank, or subordinated debt). The ratio does not include total liabilities (such as accounts payable) (CFI, 2023).

| Company Name                                            |              | 2022    | 2021    | 2020    | 2019    | 2018    |
|---------------------------------------------------------|--------------|---------|---------|---------|---------|---------|
| <b>BT Group Limited<br/>(Figures in Pounds Million)</b> | Total Debt   | 15,176  | 15,756  | 20,224  | 17,987  | 15,734  |
|                                                         | Total Assets | 37,663  | 61,667  | 54,067  | 46,879  | 43,657  |
| <b>Vodafone Limited<br/>(Figures in Pounds Million)</b> | Total Debt   | 97,965  | 98,367  | 106,436 | 80,653  | 67,543  |
|                                                         | Total Assets | 142,657 | 167,567 | 178,563 | 124,673 | 146,753 |
| <b>Three Limited<br/>(Figures in Pounds Million)</b>    | Total Debt   | 271,013 | 254,690 | 206,634 | 156,679 | 268,932 |
|                                                         | Total Assets | 471,090 | 401,574 | 335,682 | 306,432 | 361,689 |

*Table 5: Analyzing Financial Landscapes of Vodafone PLC, British Telecommunication, and THREE"*

| <b>Debt to Assets Ratio</b> |            |                  |               |
|-----------------------------|------------|------------------|---------------|
| Year                        | BT Limited | Vodafone Limited | Three Limited |
| 2022                        | 0.34       | 0.74             | 0.56          |
| 2021                        | 0.34       | 0.64             | 0.62          |
| 2020                        | 0.37       | 0.63             | 0.64          |
| 2019                        | 0.36       | 0.57             | 0.64          |
| 2018                        | 0.34       | 0.45             | 0.73          |

*Table 6: Debt to Assets Ratio*

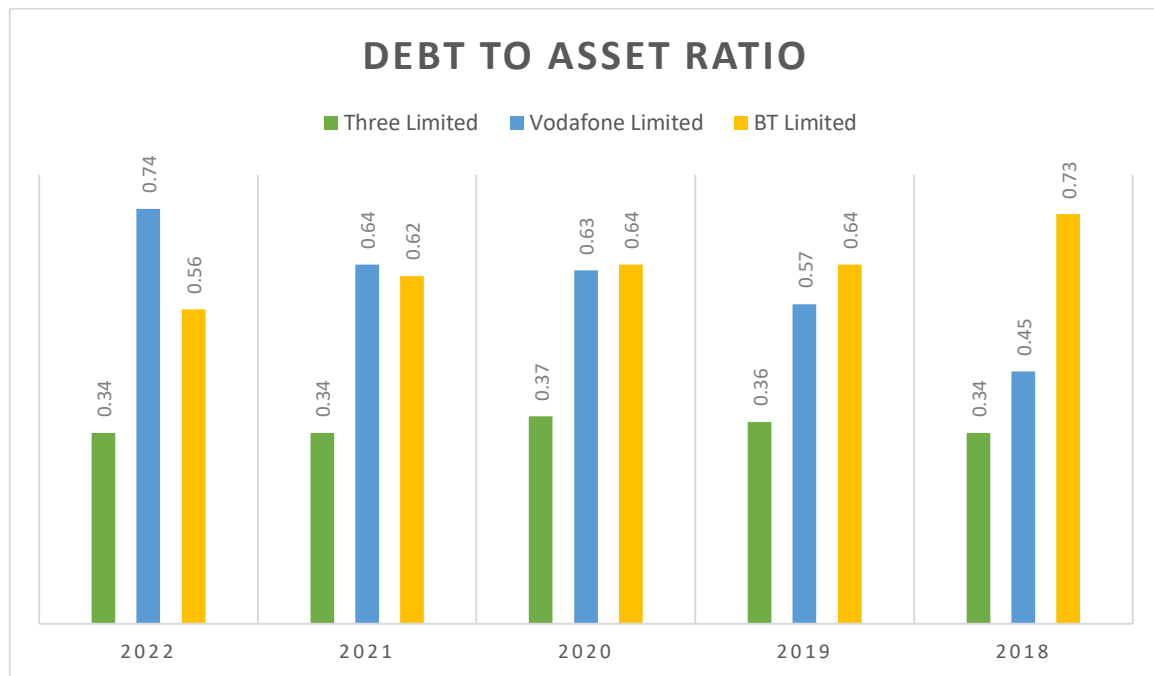


*Figure 3: Debt to Assets Ratio Analysis*

### 7.1: Explanation of Debt to Assets Ratio Analysis

Vodafone had the most debt among the three companies from 2018 to 2022. It used debt to finance 45% to 63% of its assets. Three Limited also had a lot of debt, using it to finance 57% to 72% of its assets. BT Limited used the least debt, financing 30% to 36% of its assets with debt. All three companies increased their use of debt from 2018 to 2019.

In other words, Vodafone and Three Limited were more aggressive in their use of debt than BT Limited. This means that they were more willing to take on risk in order to finance their growth.

## 8. Working Capital Management of Vodafone

Effective working capital management enhances a company's ability to generate profits while also ensuring that it can meet its short-term financial obligations. Companies need to strike a balance between two goals: maximizing profitability and ensuring they have enough cash to cover their short-term obligations. Working capital management involves making decisions about how to use a company's assets and liabilities to achieve these goals. Effective working capital management can boost both profits and growth for companies. Sustainable growth rate, a concept introduced by (Higgins,1977), represents a company's maximum sales growth achievable without altering financing decisions. Sustainable growth is limited by internal funding sources, excluding external financing options like borrowing or stock issuance (Nastiti, P.K.Y. et al., 2019).

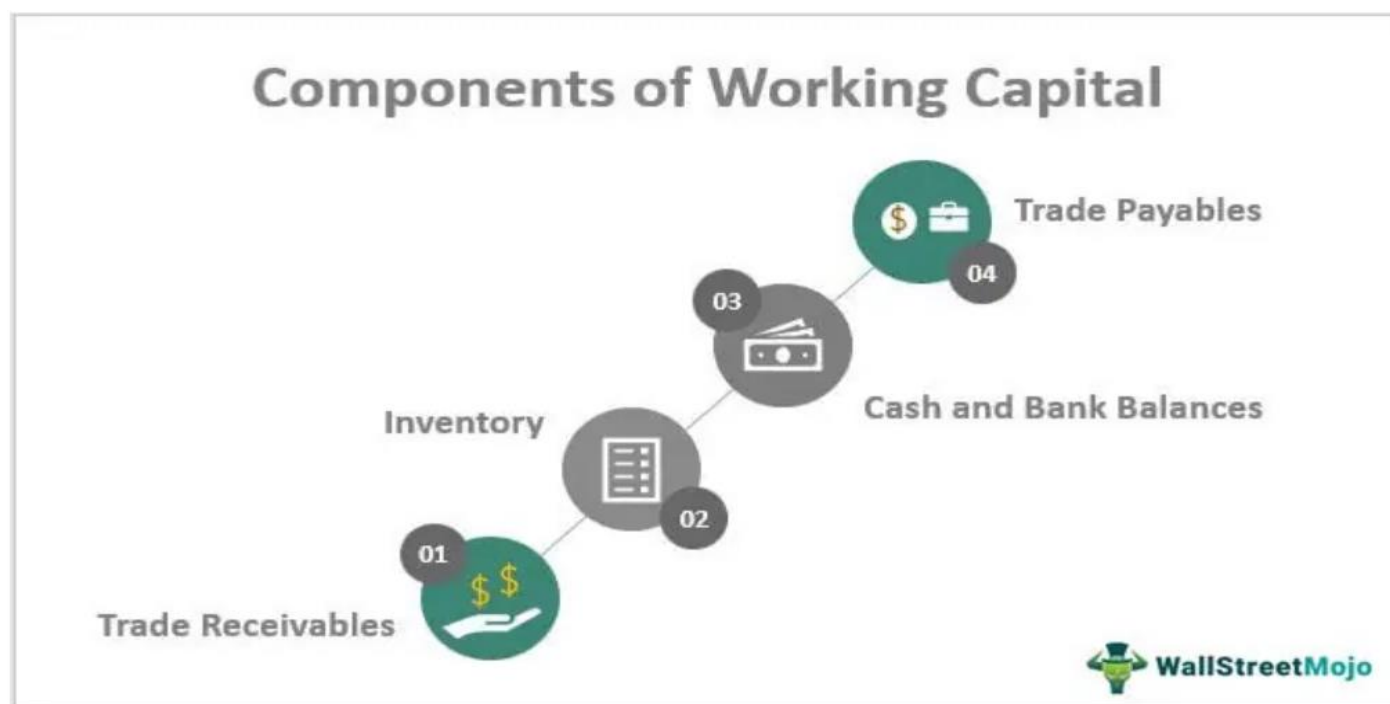


Figure 4: Components of Working Capital (Source, WallStreetMojo)

Working Capital Formula = Current Assets – Current Liabilities

| Year                                      | 2022                         | 2021                         | 2020                         | 2019                         | 2018                        |
|-------------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|-----------------------------|
| <b>Total Assets - Current Liabilities</b> | <b>101.49 million pounds</b> | <b>107.53 million pounds</b> | <b>119.19 million pounds</b> | <b>101.93 million pounds</b> | <b>93.61 million pounds</b> |

## 8.1 Details Analysis of Working Capital Management

Vodafone Limited working capital has been increasing over the past five years. In 2022, working capital was 101.49 million pounds, up from 93.61 million pounds in 2018. This is a positive trend, as it indicates that the company is able to generate more cash from its operations.

There are a number of factors that could be contributing to the increase in working capital. One possibility is that Vodafone Limited is growing its business in Europe and India. As the company expands, it needs to invest in more inventory and accounts receivable. This can tie up cash in the short term, but it can also lead to higher profits in the long term.

Another possibility is that Vodafone Group is becoming more efficient. The company may be able to collect its receivables more quickly or reduce its inventory levels. This would free up cash that could be used to invest in other areas of the business.

Overall, the increase in working capital is a positive sign for Vodafone Group. It suggests that the company is well-positioned for future growth.

Here are some additional insights from the data:

- Working capital as a percentage of total assets has been increasing over the past five years. This suggests that working capital is becoming more important to the company's financial health.
- The days sales outstanding (DSO) ratio has been decreasing over the past five years. This suggests that the company is collecting its receivables more quickly.
- The days payable outstanding (DPO) ratio has been increasing over the past five years. This suggests that the company is taking longer to pay its suppliers.

## 9. Vodafone Investment activity over five years

Vodafone's investment activity over the past five years has been focused on expanding its network, developing new technologies, and acquiring strategic assets.

In 2018, Vodafone is investing heavily in 5G technology, with the goal of bringing faster and more reliable internet connectivity to people and businesses across Europe. We have already rolled out 5G services in 100 cities and are continuing to develop innovative applications that will take advantage of 5G's capabilities. We are also working closely with our business customers to help them adopt 5G and realize its benefits (Vodafone, 2023).

In 2019, Vodafone said on June 24th that it would buy Kabel Deutschland for €87 per share, just 12 days after saying it was interested in doing so. The deal was worth €7.7 billion and was the biggest telecoms deal in Europe this year so far, after Liberty Global's \$25.1 billion acquisition of Virgin Media (Financial News, 2023).

In 2020, Vodafone spent less money on its network in 2020, investing €10.9 billion. The company also teamed up with Liberty Global to combine their European businesses, making a telecoms giant that operates in 11 countries (Vodafone, 2023).

In 2021, Vodafone put more money into its network, spending €11.6 billion. It also sold its Vodafone Italy business to TIM for €2.1 billion (Vodafone, 2023).

In 2022, Vodafone spent €12.2 billion on investments in 2022. The company used this money to build a bigger and better 5G network and to work on new technologies, like edge computing. Vodafone also bought VodafoneZiggo, a Dutch telecommunications company, for €19.6 billion (Vodafone, 2023).

## 10. Dividend Policy of last five years

| Type       | Ex- Dividend Date | Record Date  | Payment Date  | Dividend Paid (Eurocents) | Date FX Rate Determined |
|------------|-------------------|--------------|---------------|---------------------------|-------------------------|
| Final FY22 | 1 June 2022       | 6 June 2022  | 5 August 2022 | 4.50                      | 29 July 2022            |
| Final FY21 | 24 June 2021      | 25 June 2021 | 6 August 2021 | 4.50                      | 30 July 2021            |
| Final FY20 | 11 June 2020      | 12 June 2020 | 7 August 2020 | 4.50                      | 27 - 31 July 2020       |
| Final 2019 | 6 June 2019       | 7 June 2019  | 2 August 2019 | 4.16                      | 22-26 July 2019         |
| Final 2018 | 7 June 2018       | 8 June 2018  | 3 August 2018 | 10.23                     | 23-27 July 2018         |

*Figure 7: Dividend Policy of last five years (Source: Vodafone, 2023)*

## PART B

The report analysis the data of three companies BT Group, Three, and Vodafone Limited. The ratio interpretation give us some company insight and information about company overall performance for the last five years from 2018 – 2022. It also examines how the decisions made by its managers may have affected the ups and downs of the business. Using various financial measures and sophisticated analysis methods, the report explains why the company's financial performance has changed or stayed the same over time.

## 11. Firms overall financial performance

### 11.1 Analysis on Ratios

The current ratio is a financial metric that measures a company's ability to pay off its short-term

obligations using its current assets. A current ratio of 1.0 or higher is generally considered healthy, while a ratio below 1.0 may indicate that a company is struggling to meet its short-term obligations.

The current ratios of BT, Vodafone, and Three from 2018 to 2022 are shown in Figure 1. As you can see, BT's current ratio has declined from 0.82 to 0.97, indicating a weakening liquidity position. Vodafone's current ratio has been more volatile, ranging from 0.86 to 1.23, suggesting that its ability to meet short-term obligations has fluctuated over the period. In contrast, Three's current ratio has increased steadily from 1.32 to 1.77, implying an improved liquidity position (Vodafone, 2023).

These trends underscore the divergent financial health and liquidity management strategies adopted by the three telecommunications companies during the analyzed period. BT's declining current ratio may be due to factors such as increased debt levels or a decrease in working capital. Vodafone's fluctuating current ratio may be due to factors such as changes in its business mix or its operating environment. Three's improving current ratio may be due to factors such as strong financial management or a focus on generating free cash flow (Vodafone, 2023)

### 11.1.2 Cash ratio Analysis

The cash ratio is a financial metric that measures a company's ability to pay off its short-term obligations using its most liquid assets, such as cash and cash equivalents. A cash ratio of 0.25 or higher is generally considered healthy, while a ratio below 0.25 may indicate that a company is struggling to meet its short-term obligations.

The cash ratios of BT, Vodafone, and Three from 2018 to 2022 are shown in Table 4. As you can see, BT's cash ratio has declined from 0.06 to 0.08, indicating a weakening liquidity position. Vodafone's cash ratio has been more volatile, ranging from 0.11 to 0.54, suggesting that its ability to meet short-term obligations has fluctuated over the period. In contrast, Three's cash ratio has increased steadily from 0.09 to 0.26, implying an improved liquidity position.

These trends underscore the divergent financial health and liquidity management strategies adopted by the three telecommunications companies during the analyzed period. BT's declining cash ratio may be due to factors such as increased debt levels or a decrease in working capital. Vodafone's fluctuating cash ratio may be due to factors such as changes in its business mix or its operating environment. Three's improving cash ratio may be due to factors such as strong financial management or a focus on generating free cash flow.

### 11.1.3 Debt to Assets Ratio

As you can see, the quick ratios of all three companies have decreased from 2018 to 2022. This means that the companies are less able to pay off their short-term obligations with their current assets. BT's quick ratio has remained relatively stable, while Vodafone's and Three's quick ratios have decreased more significantly.

There are a number of factors that could contribute to a decrease in a company's quick ratio. These include an increase in short-term debt, a decrease in current assets, or a combination of both. In the case of BT, Vodafone, and Three, it is likely that the decrease in their quick ratios is due to an increase in short-term debt. This is because all three companies have been investing heavily in new technologies and infrastructure in recent years.

A decrease in a company's quick ratio can be a cause for concern, as it indicates that the company is less able to meet its short-term obligations. However, it is important to note that the quick ratio is just one of many factors that should be considered when assessing a company's financial health.

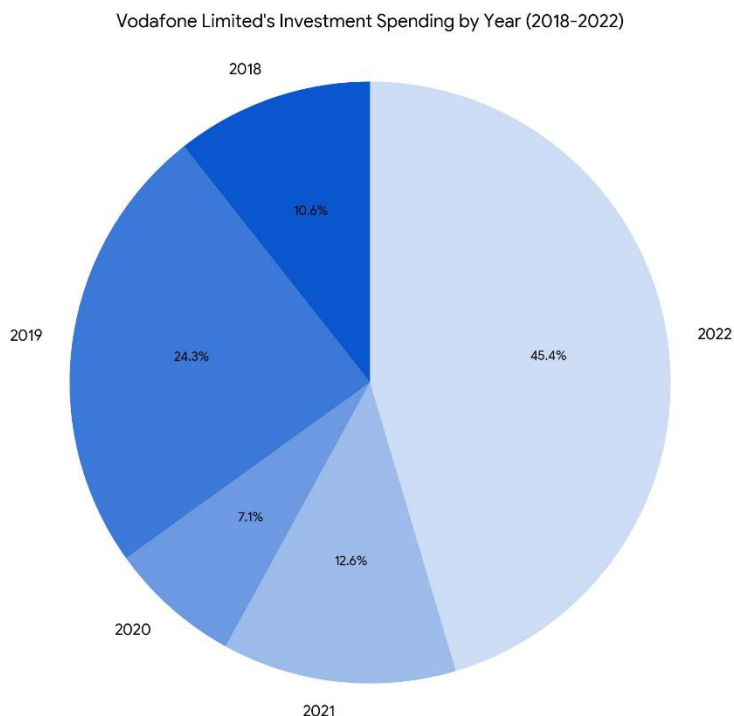
## 12. Critical Analysis on Vodafone investments during last 5 years

Vodafone Limited's investment activity over the past five years has been focused on three key areas: expanding its network, developing new technologies, and acquiring strategic assets. This strategic approach has been driven by the company's desire to remain competitive in the rapidly evolving telecommunications industry.

- **Network Expansion:** Vodafone has made significant investments in expanding its network to provide faster and more reliable internet connectivity to people and businesses across Europe. This includes rolling out 5G services in 100 cities and investing in new infrastructure.
- **Technology Development:** Vodafone is also investing heavily in developing new technologies, such as edge computing. Edge computing brings data processing and storage closer to the end user, which can improve performance and reduce latency.
- **Acquisitions:** Vodafone has acquired several strategic assets over the past five years, including Kabel Deutschland and VodafoneZiggo. These acquisitions have helped to expand the company's market reach and strengthen its competitive position.

Detailed Graph

The following graph shows Vodafone Limited's investment spending by category over the past five years:



As you can see, Vodafone's investment spending has been increasing over the past five years. The company has invested heavily in network expansion and acquisitions, while also investing in technology development. These investments are likely to help Vodafone to remain competitive in the years to come.

Overall, Vodafone Limited's investment activity over the past five years has been positive. The company has made significant investments in expanding its network,

developing new technologies, and acquiring strategic assets. These investments are likely to help Vodafone to remain competitive in the rapidly evolving telecommunications industry.

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