



Vodacom Group Limited

Annual results

31 March 2010



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Strong Group performance

Customers



40m

Revenue



R58.5bn

Data revenue



R4.5bn

EBITDA



R19.8bn

OpFCF



R13.5bn

22.3% growth in headline earnings per share to 510 cents

Final dividend declared of 175 cents per share

Delivery against strategy

Grow core mobile businesses

- Brand leadership
- Increased value focus
- Service excellence

Leadership in broadband

- Network coverage advantage
- Compelling device propositions
- Exciting customer experience

Develop converged ICT solutions

- Leverage strong presence in corporate
- Substantial capital invested
- Vodafone Global Enterprise advantage

Selective expansion in sub-Saharan

- Consolidate Gateway
- Focus on stabilising current investments
- Evaluate expansion opportunities

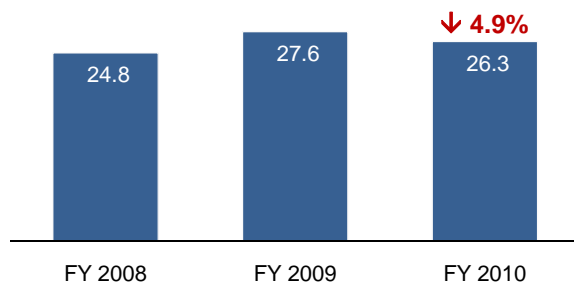
South Africa



South Africa delivered a robust performance

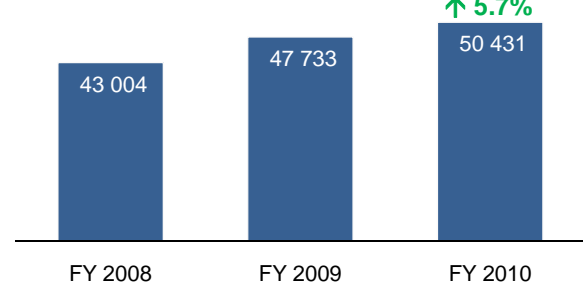
Customers

Million



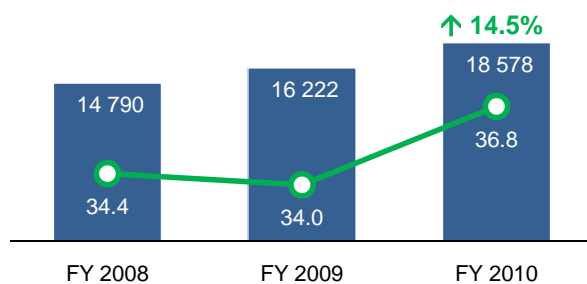
Revenue

R million



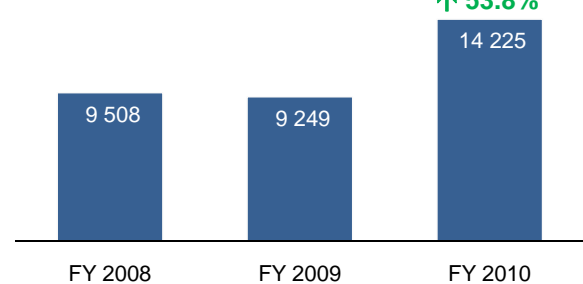
EBITDA

R million/% EBITDA margin



Operating free cash flow

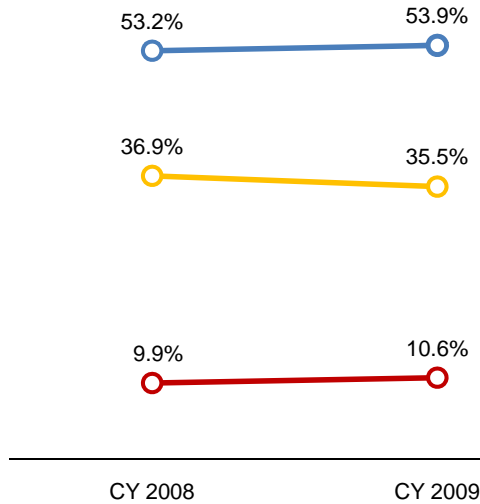
R million



Maintained solid growth and leadership position

Revenue market share

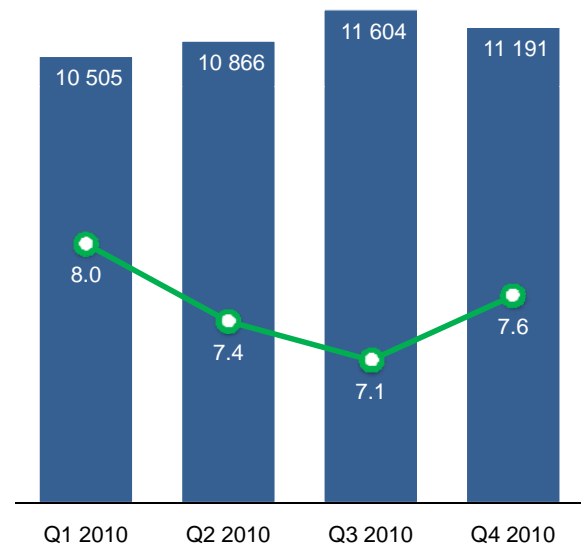
% (calendar year)



— Vodacom — MTN — Cell C

Service revenue

R million/% YoY growth

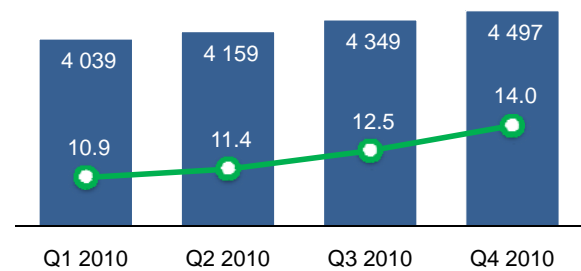


Contract service revenue up 5.7%

- **Contract customers up 14.0%**
- **Contract ARPU down 5.7% to R447**
 - High additions of lower end packages
 - Reduced out of bundle spend
- **Contract churn down from 9.9% to 8.8%**
- **New value offerings launched**

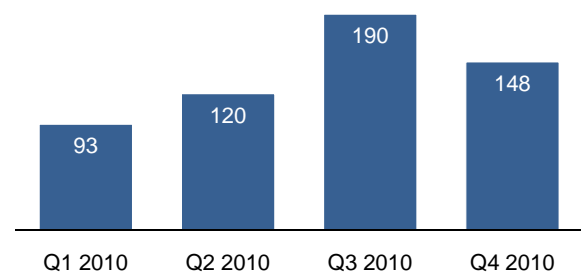
Contract customers

Thousand/% YoY growth



Contract net additions

Thousand

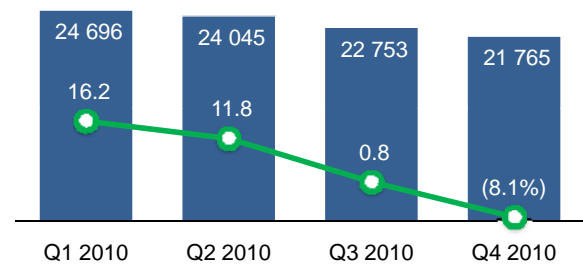


Prepaid service revenue up 8.3%

- Prepaid ARPU flat at R70
- Prepaid churn down from 45.2% to 43.7%
- New lower prepaid tariff plans launched
- RICA impact
 - Prepaid customer base declined 1.9 million
 - Gross connections slowly recovering
- Call-forward rule to change
 - 3 million numbers will be deleted

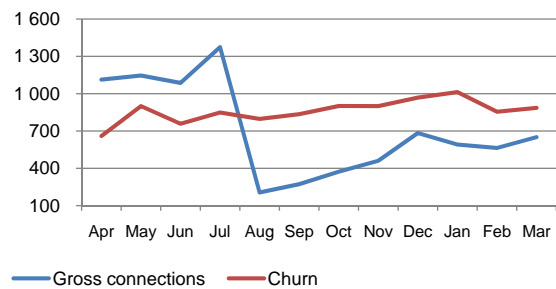
Prepaid customers

Thousand/% YoY growth



Prepaid gross connections and churn

Thousand

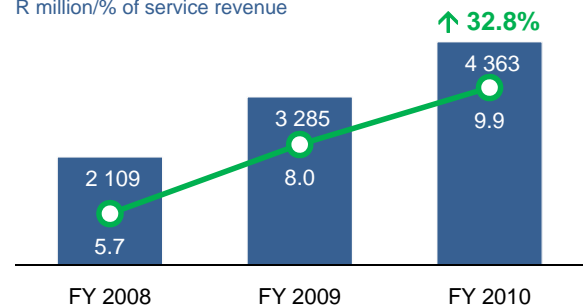


Clear South African broadband leadership

- Mobile data revenue market share of 58%
- Data revenue¹ growth of 32.8%
 - Active data² users up 29.1%
 - Data connect cards up 34.1% to 728k
- Data usage up strongly
 - Data traffic up 58.4%
- Increasing penetration of smartphones
 - Up 44.6% to 2.0 million

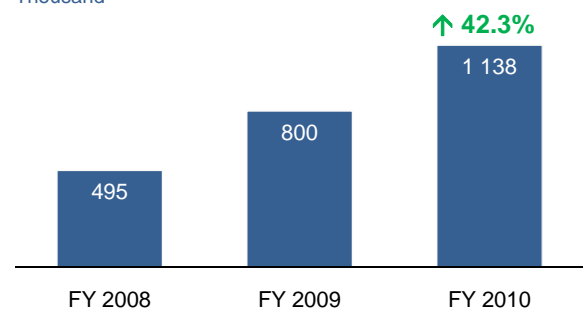
Data revenue¹

R million/% of service revenue



Data connectivity customers

Thousand



¹ Excludes messaging revenue

² Excludes SMS and MMS only users

Widest selection of data devices



Data card

- 728k active
- 34.1% YoY growth
- Cheapest data card at \$80
- Average usage 480MB/pm



PC/Netbook

- Cheapest netbook at \$310
- New Linkbook with embedded modem at R199pm



Smartphone

- 2.0m active
- 44.6% YoY growth in smartphones
- Average usage 23MB/pm
- iPhone 3GS average usage at 150MB/pm



Basic internet capable handset

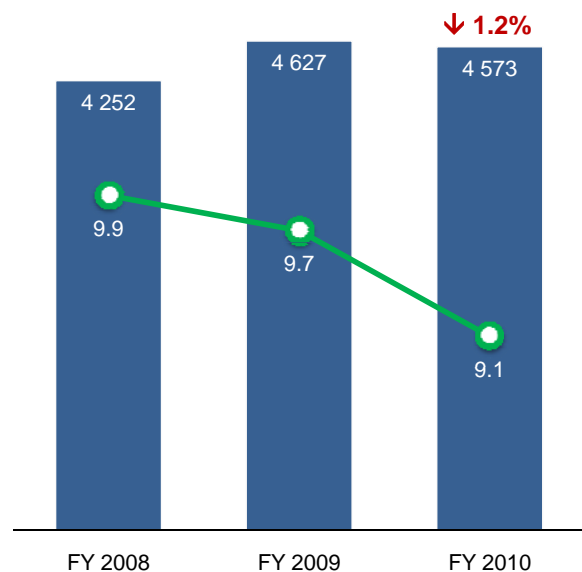
- 3.1m active
- Average usage 14MB/pm
- Cheapest 3G phone at \$135
- Opera Mini

Capital investment focused on data growth

- **Leading data network**
 - 3 342 3G sites
 - 14.4 Mbps across the network
 - Introduced HSPA+ (21.6 Mbps)
- **Prepared for higher capacity**
 - Radio access swap
 - Accelerating transmission build

Capital expenditure

R million/% capex intensity



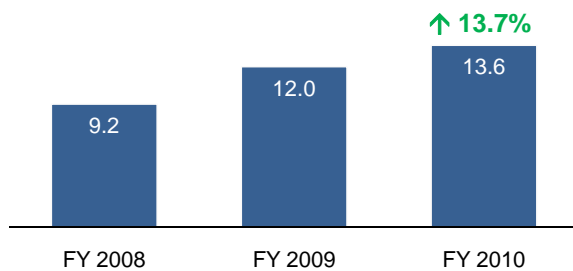
International



Managing through difficult trading conditions

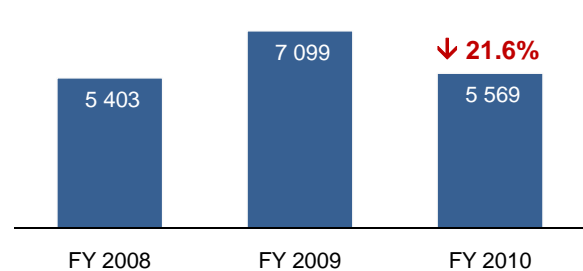
Customers

Million



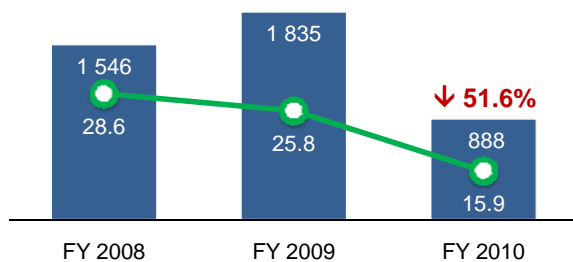
Revenue

R million



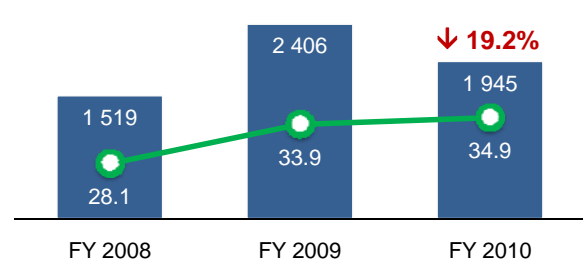
EBITDA

R million/% EBITDA margin



Capital expenditure

R million/% capex intensity



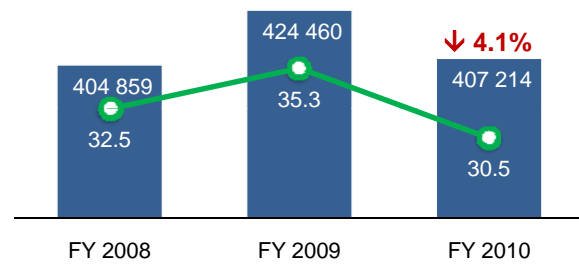
Decisive action taken to lower prices and tackle costs

- **Tanzania in transition**

- Reduced tariffs
- Customer growth of 28.3%
- MOU up from 34 in Q1 to 69 in Q4

Tanzania revenue

TZS million/% EBITDA margin

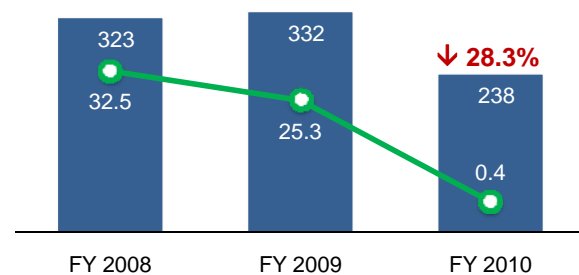


- **DRC challenging**

- Reduced tariffs
- Increased excise duties and taxes
- MOU up from 28 in Q1 to 44 in Q4

DRC revenue

US\$ million/% EBITDA margin



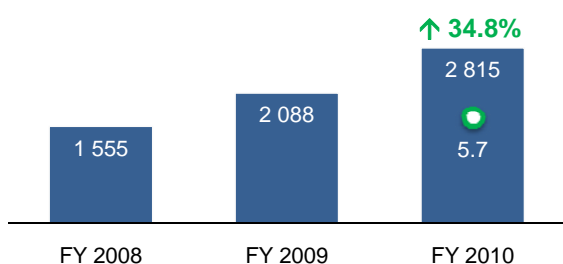
Continued growth in Mozambique and Lesotho

- **Mozambique performance improving**

- Customers up 42.5%
- Revenue up 34.8%
- EBITDA positive for the first time
- 3G launched

Mozambique revenue

MZN million/% EBITDA margin

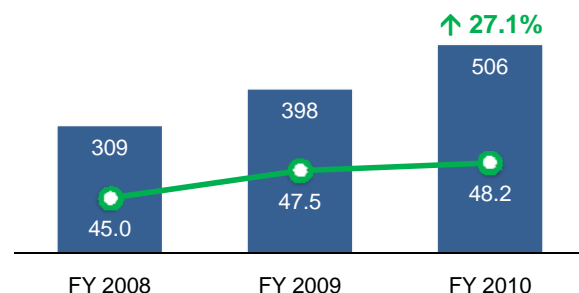


- **Lesotho performance strong**

- Customers up 30.9%
- Revenue up 27.1%
- Margin expansion

Lesotho revenue

R million/% EBITDA margin



Converged services

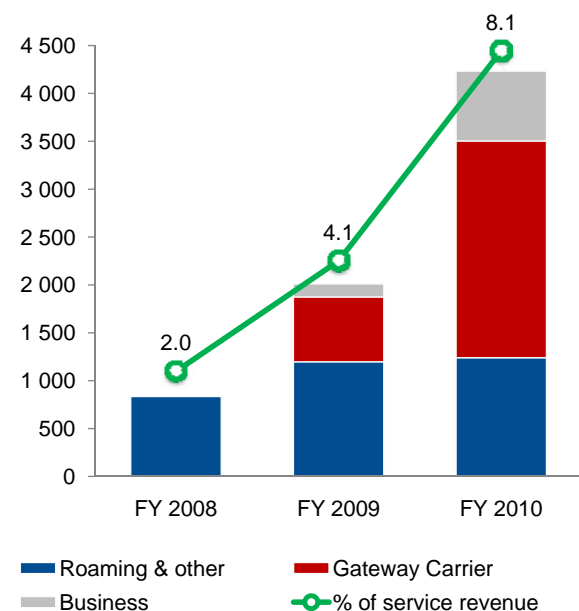


Increasing contribution to Group from converged services

- Strong sales momentum in South Africa
- Global corporate wins with Vodafone
- Investing in broadband network in Nigeria
- Vodacom Business service revenue of R729 million
 - Incorporated Gateway Business in South Africa
- Gateway Business revenue YoY¹ growth of 19.6%
- Gateway Carrier revenue YoY¹ growth 2.7%

Group other service revenue

R million/% of service revenue



¹ Normalised to reflect full year ownership for the 2009 financial year

Financials



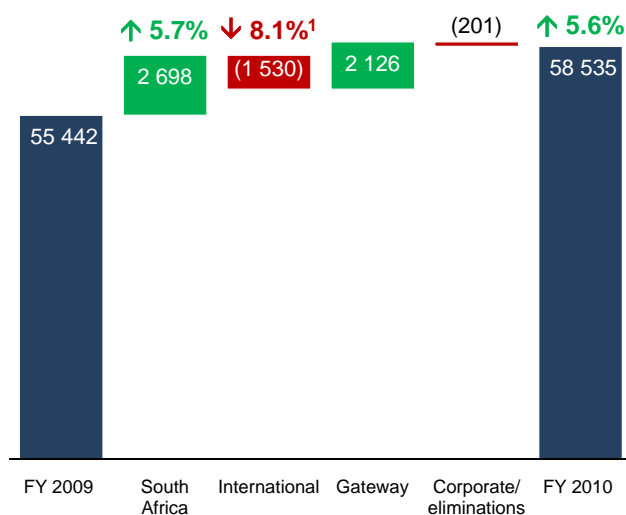
Group income statement

R million	FY 2010	FY 2009	% change
Revenue	58 535	55 442	5.6
EBITDA	19 782	18 196	8.7
Operating profit before impairment/BBBEE charge	14 608	13 432	8.8
BBBEE charge	-	(1 315)	n/a
Impairment losses	(3 370)	(112)	> 200.0
Operating profit after impairment/BBBEE charge	11 238	12 005	(6.4)
Net finance charges	(2 272)	(1 749)	29.9
Loss from associate	(21)	(19)	10.5
Profit before tax	8 945	10 237	(12.6)
Taxation	(4 745)	(4 045)	17.3
Net profit	4 200	6 192	(32.2)
Attributable to:			
Equity shareholders	4 196	6 089	(31.1)
Non-controlling interests	4	103	(96.1)
Headline earnings	7 579	6 211	22.0
HEPS (cents)	510	417	22.3
Weighted average shares in issue ('000)	1 486 284	1 487 954	(0.1)

Group revenue growth of 5.6%

Group revenue growth

R million



¹ Normalised at a constant currency (reported down 21.6%)

² Excluding Gateway

20

Group revenue by category

R million	FY 2010	%	%²
Mobile voice	31 338	1.0	1.0
Mobile interconnect	8 742	(3.9)	(3.9)
Mobile messaging	3 215	6.3	6.3
Mobile data	4 498	31.9	31.9
Other service revenue	4 233	110.5	11.8
Service revenue	52 026	7.1	2.9
Equipment revenue	5 591	5.5	4.6
Non-service revenue	918	(41.6)	(41.6)
Revenue	58 535	5.6	1.8

Impact of mobile termination rates

- **Profit impact of interconnect reducing**
 - Fixed-mobile traffic declining
- **MTR rates changed from 1 March 2010**
 - Peak dropped from R1.25 to R0.89
- **For every 10% reduction in peak MTRs**
 - Estimated R200 million loss

Interconnect

R million	FY 2010	FY 2009	% change
Interconnect revenue	8 075	7 985	1.1
% of service revenue	18.3	19.4	
Interconnect cost	(6 324)	(5 933)	6.6
Net interconnect revenue	1 751	2 052	(14.7)
% of EBITDA	9.4	12.6	

Incoming interconnect minutes

Million	FY 2010	FY 2009	% change
Mobile	5 571	5 270	5.7
Fixed-line	2 312	2 531	(8.7)

21

Group operating costs¹ decreased 1.4% excluding Gateway

Group operating costs¹ by segment

R million	FY 2010	% change
South Africa	31 850	0.8
International	4 680	(11.1)
Corporate/eliminations	(416)	(78.5)
Total (pre Gateway)	36 114	(1.4)
Gateway	2 732	n/a
Corporate/eliminations	(76)	n/a
Operating costs¹	38 770	3.9

Group operating costs¹ by category

R million	FY 2010	%	% ²
Direct costs ³	26 774	2.1	(3.4)
Staff expenses	4 291	16.4	12.0
Marketing and advertising expenses	1 728	(3.6)	(4.0)
Other operating expenses	5 977	6.3	0.3
Operating costs¹	38 770	3.9	(1.4)

¹ Excluding depreciation, amortisation, impairment losses and BBBEE charge

² Excluding Gateway

³ Includes interconnect cost of R6 929 million (2009: R6 954 million)

Group EBITDA increased 8.7%

- **South Africa EBITDA margin up 2.8ppt to 36.8%**

- Benefit from lower direct costs
- Trading forex gain of R240 million (previously recognised in finance charges)
- Cost savings realised

- **International EBITDA margin declined from 25.8% to 15.9%**

- Weaker performance in Tanzania and DRC
- New excise duties and taxes
- Offset by Mozambique and Lesotho margin expansion

- **Gateway EBITDA margin at 6.9%**

- Price pressure in Carrier Services

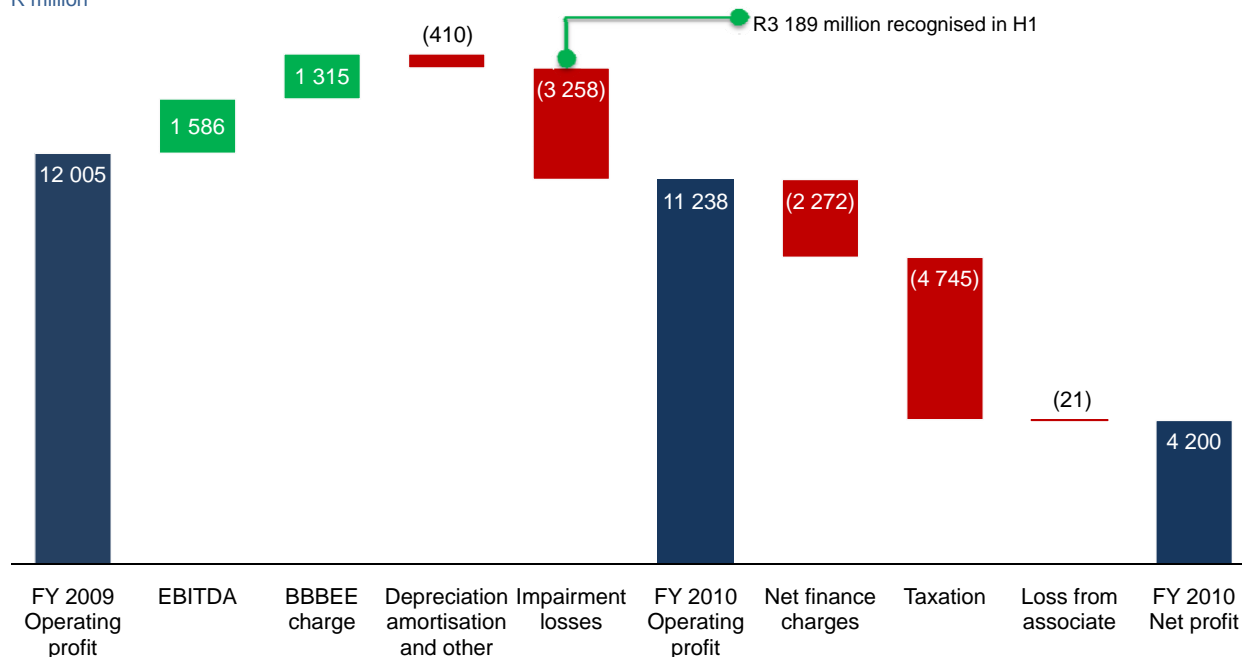
Group EBITDA

R million	FY 2010	% change
South Africa	18 578	14.5
International	888	(51.6)
Corporate/eliminations	170	> 200.0
EBITDA (pre Gateway)	19 636	8.5
Gateway	202	n/a
Corporate/eliminations	(56)	n/a
EBITDA	19 782	8.7

Group net profit impacted by impairments and higher effective tax

Net profit analysis

R million



Group finance charges up due to higher average debt

Group net debt¹

R million	FY 2010	FY 2009
Cash and cash equivalents	(1 061)	(1 104)
Bank borrowings	1 376	2 203
Debt	11 846	14 008
Net debt before dividends and STC	12 161	15 107
Dividends and STC	-	2 430
Net debt including dividends and STC	12 161	17 537
Net debt/EBITDA (times)	0.6	1.0
Average debt	15 200	10 980

Group net finance charges

R million	FY 2010	% change
Net finance costs	(1 478)	9.4
Remeasurement of loans	(375)	n/a
Loss on translation of foreign assets and liabilities ²	(23)	159.0
Loss on derivatives	(396)	(9.4)
Net finance charges	(2 272)	29.9
Average cost of debt (%)	9.0	

¹ From 31 March 2010 dividends and STC will no longer form part of net debt

² From 31 March 2010 foreign exchange gains/losses on foreign denominated trading items are included in operating expenses

Group taxation

- STC on interim dividend paid in November 2009
- DRC benefited from higher allowances due to the devaluation of the Congolese Franc
- The unrecognised tax asset is mainly due to the DRC
- The impairments are primarily due to Gateway

Group taxation

R million	FY 2010	Rate (%)
Normal tax	2 505	28.0
Unproductive interest	191	2.1
BBBEE charge	30	0.3
STC charge	171	1.9
DRC foreign currency translation and tax base asset revaluation	(561)	(6.3)
Other	113	1.4
Effective tax rate (pre impairments and unrecognised tax assets)	2 449	27.4
Unrecognised tax asset	1 313	14.7
Impairments	983	10.9
Effective tax rate	4 745	53.0

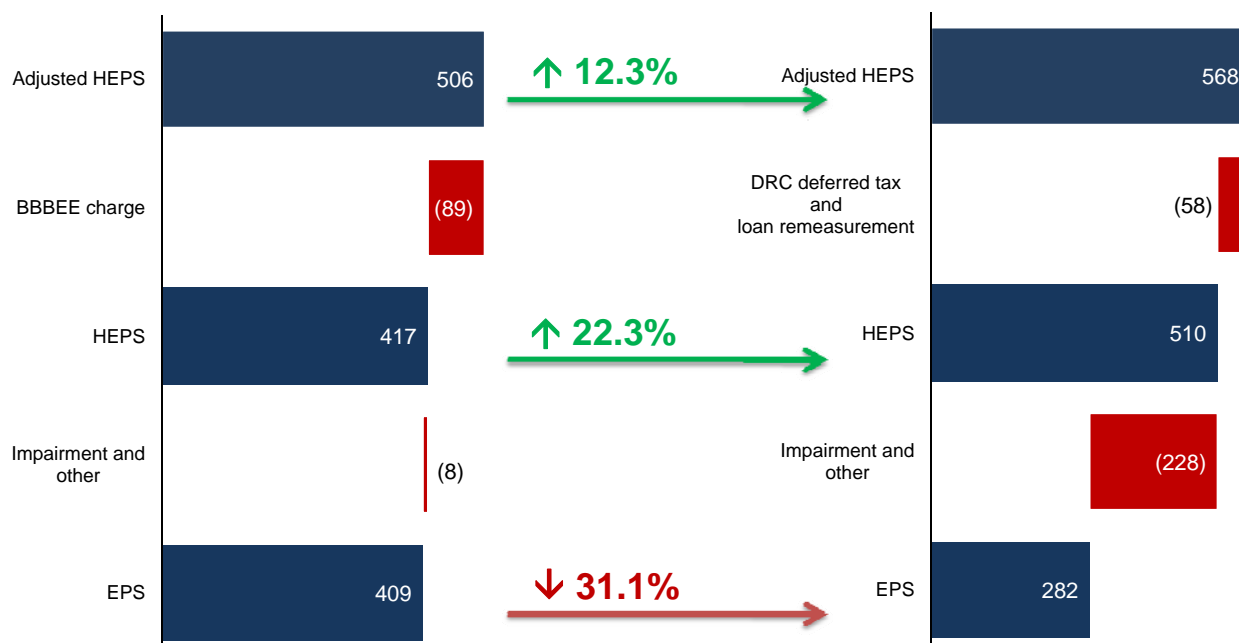
Adjusted headline earnings per share increased 12.3%

2009 headline earnings per share

Cents per share

2010 headline earnings per share

Cents per share



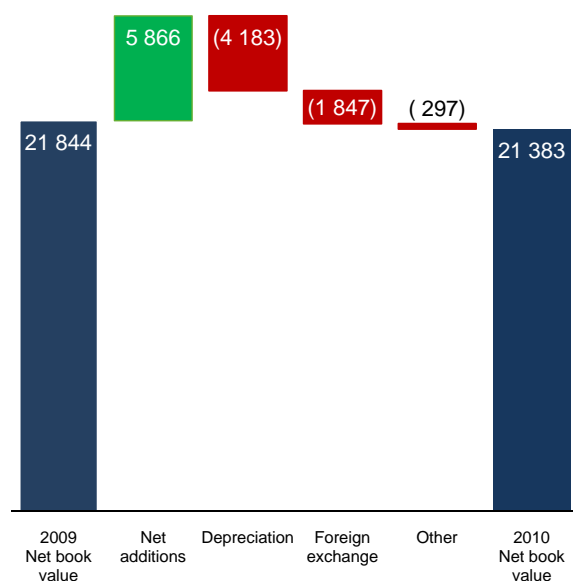
Group balance sheet

R million	FY 2010	FY 2009	Movement
Assets			
Property, plant and equipment	21 383	21 844	(461)
Intangible assets	6 673	11 794	(5 121)
Other non-current assets	1 075	1 586	(511)
Current assets	12 560	12 135	425
Total assets	41 691	47 359	(5 668)
Equity and liabilities			
Total equity	14 636	15 098	(462)
Borrowings	13 025	16 191	(3 166)
Other liabilities	14 030	16 070	(2 040)
Total equity and liabilities	41 691	47 359	(5 668)
Net asset value per share (cents)	985	1 015	(30)

PPE and intangible assets impacted by currency translation

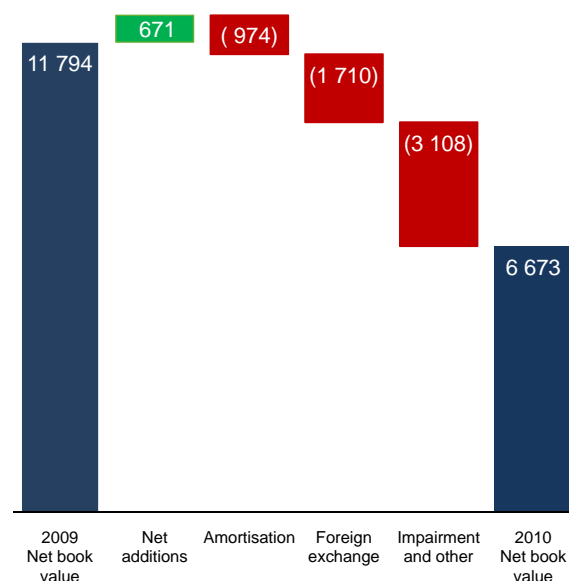
Property, plant and equipment

R million



Intangible assets

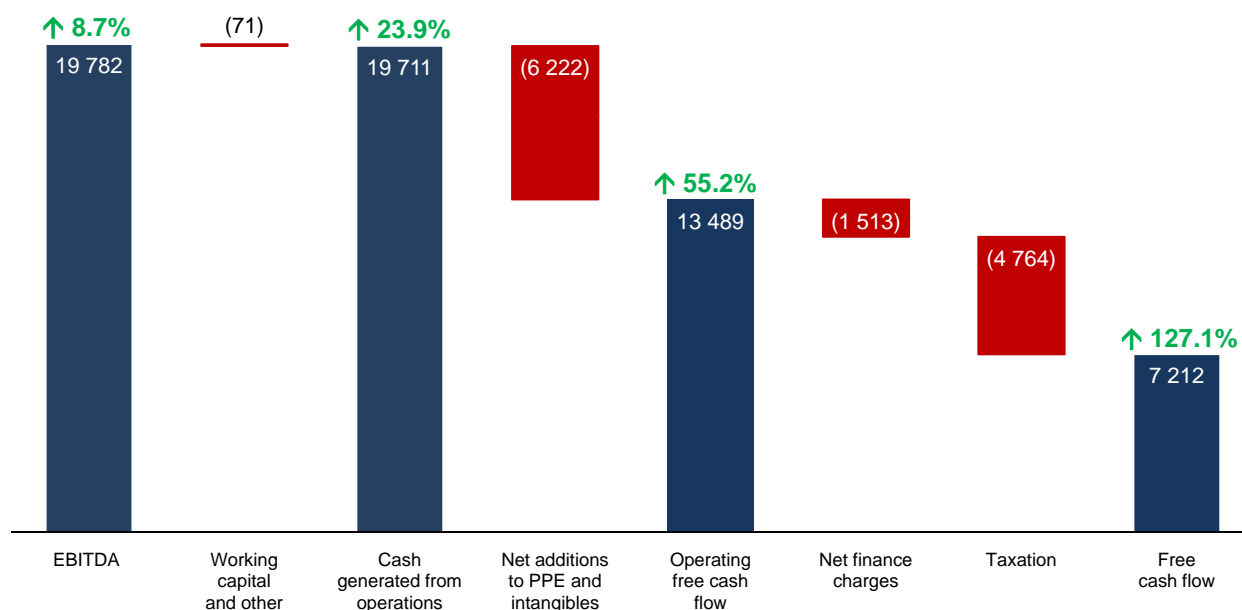
R million



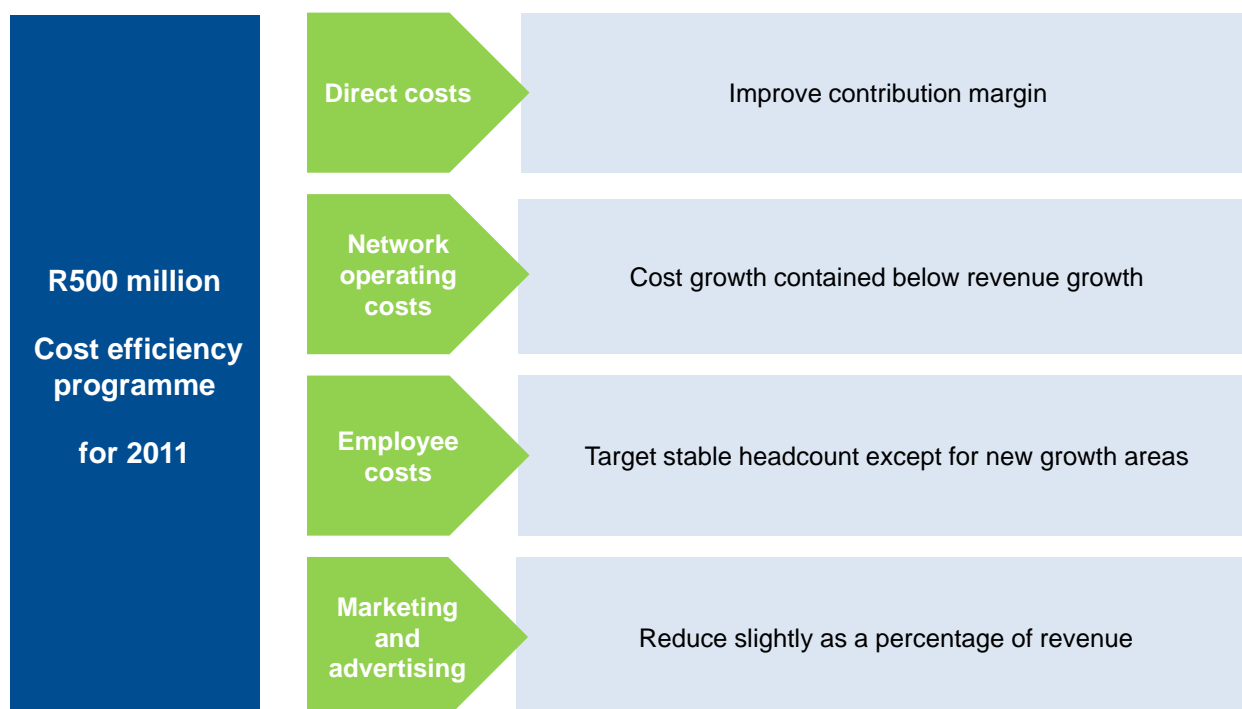
Group free cash flow increased 127.1%

Cash flow generation

R million



Cost efficiency programme



Final dividend declared of 175 cents per share

- Dividend payable on 5 July 2010
- Dividend payout of approximately 60% for March 2011
 - Flexibility for potential acquisitions and investment opportunities
 - Short term objective to optimise debt

Dividend

R million	Interim	Final	Total
Adjusted ¹ headline earnings	4 039	4 404	8 443
Adjusted ¹ HEPS (cents)	271	297	568
HEPS (cents)	219	291	510
Dividend	1 637	2 599	4 236
DPS (cents)	110	175	285
Payout ratio ² (%)	50	60	56

¹ Adjusted earnings excludes material non-cash items of R864 million (Interim: R784 million)

² Payout ratio based on headline earnings per share

Outlook

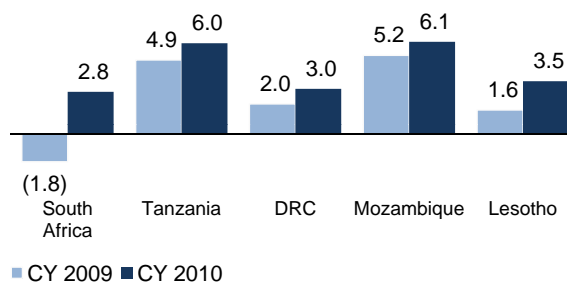
Looking forward

Economic

- GDP growth recovers
- Positive indicators in South Africa
- Strong rand dampens growth

GDP growth forecast

% YoY growth



Competition

- Expect price pressure in all markets
- Telkom Mobile to launch in H2 2010
- Third operator in Mozambique

Regulatory

- Further MTR cuts in South Africa
- Tax risk in DRC
- Spectrum challenges

Strategic priorities

Grow core mobile businesses

- Market leadership through commercial excellence
- Increase usage through new value offerings
- Enhance customer value management

Leadership in broadband

- Rapid broadband infrastructure deployment
- Introduce low cost devices
- Drive further adoption of Smartphones

Develop converged ICT solutions

- Execute on Vodacom Business contract wins
- Launch Vodacom M-PESA in South Africa
- Develop local applications and strong on-line presence

Selective expansion in sub-Saharan

- Deploy broadband network in Nigeria
- Deliver on African leg of Vodafone Global account wins
- Cautious consideration of new opportunities

Efficient and lean operations

Company medium term targets

Market position	<ul style="list-style-type: none">• Maintain or improve market position in all geographies
Service revenue	<ul style="list-style-type: none">• Growth despite reduction in interconnect revenue (low single digit)
EBITDA	<ul style="list-style-type: none">• Improve EBITDA margin through operational efficiencies
Capital expenditure	<ul style="list-style-type: none">• Manage capital expenditure between 11-13% of Group revenue

Medium term financial targets are indicated over a three year period ending March 2013 assuming constant currencies

Key take-aways

Robust performance in South Africa

High growth in mobile broadband

Challenging international operations

Growth in HEPS

Strong cash flow and balance sheet

Appendix

Exchange rates

Average year to date	FY 2010	FY 2009	FY 2008	% change 09/10	% change 08/09
USD/ZAR	7.83	8.84	7.11	(11.4)	24.3
ZAR/MZN	3.68	2.83	3.57	30.0	(20.7)
ZAR/TZS	171.29	142.67	171.95	20.1	(17.0)
EUR/ZAR	11.05	12.46	10.08	(11.3)	23.6

Closing rate	FY 2010	FY 2009	FY 2008	% change 09/10	% change 08/09
USD/ZAR	7.38	9.64	8.13	(23.4)	18.6
ZAR/MZN	4.35	2.84	2.99	53.2	(5.0)
ZAR/TZS	184.29	139.52	151.99	32.1	(8.2)
EUR/ZAR	9.89	12.75	12.83	(22.4)	(0.6)

Country data

	South Africa	Tanzania	DRC	Mozambique	Lesotho
Population (million)	49	44	66	23	2
GDP per capita (US\$)	5 790	495	190	434	960
GDP growth est. 2009 (%)	(1.8)	4.9	2.0	5.2	1.6
Estimated mobile penetration (%)	100	34	13	23	41
Number of operators	3	7	4	2	2
Market position	1	1	1	2	1
Estimated market share (%)	53	50	38	45	81
Ownership (%)	93.75	65	51	85	88.3
License expiry period	2024	2031	2018	2019	2016
Customers (thousand)	26 262	7 270	3 353	2 329	678
ARPU (R)	132	29	37	30	67
ARPU (local currency)	132	5 044	4.7	109	67
Minutes of use	80	54	35	34	37
Revenue (R million)	50 431	2 377	1 862	765	506
Operating profit (R million)	14 763	281	(647)	(104)	210
EBITDA (R million)	18 578	724	9	43	244
EBITDA margin (%)	36.8	30.5	0.5	5.6	48.2
Capital expenditure (R million)	4 573	1 223	262	371	89
Employees	5 059	678	651	205	96

Definitions

Prepaid	Prepaid includes both prepaid and community services.
ARPU	Total ARPU is calculated by dividing the average monthly recurring revenue by the average monthly total reported customers during the period. Total ARPU excludes revenues from equipment sales and non-service revenue. Prepaid and contract ARPU only includes recurring revenue generated from Vodacom customers.
Churn	Churn is calculated by dividing the annualised number of disconnections during the period by the average monthly total reported customer base during the period.
Traffic	Traffic comprises total traffic registered on Vodacom's network, including bundled minutes, promotional minutes and outgoing international roaming calls, but excluding national roaming calls, incoming international roaming calls and calls to free services.
MOU	Minutes of use per month is calculated by dividing the average monthly minutes (traffic) during the period by the average monthly total of reported customers during the period. Previously, minutes of use were based on billable minutes.
EBITDA	Earnings before interest, taxation, depreciation, amortisation, impairment losses, BBBEE charges, profit/loss on disposal of investments and on disposal of property, plant and equipment, investment properties and intangible assets.
Normalised	Normalised to exclude Gateway, trading foreign exchange, the BBBEE charge and at a constant currency.
HEPS	Headline earnings per share.
Operating free cash flow ('OpFCF')	Cash generated from operations less additions to property, plant and equipment and intangible assets and proceeds on disposal of property, plant and equipment and intangible assets.
Free cash flow	Operating free cash flow (as defined above) less net finance charges and taxation.
BBBEE	Broad-based black economic empowerment as contemplated in the Broad-Based Black Economic Empowerment Act (No. 53 of 2003), as amended.
Gateway	100% of the shares in each of Gateway Telecommunications Plc, Gateway Communications (Proprietary) Limited, Gateway Communications Mozambique LDA, Gateway Communications (Tanzania) Limited and GS Telecom (Proprietary) Limited and their respective subsidiaries.
South Africa	Vodacom (Pty) Limited (registration number 1993/003367/07), a private limited liability company duly incorporated in accordance with the laws of South Africa and its subsidiaries, joint ventures and SPV's.

Forward-looking statements

This presentation which sets out the year end results for Vodacom Group Limited for the year ended 31 March 2010 contains 'forward-looking statements' with respect to the Group's financial condition, results of operations and businesses and certain of the Group's plans and objectives. In particular, such forward-looking statements include statements relating to: the Group's future performance; future capital expenditures, acquisitions, divestitures, expenses, revenues, financial conditions, dividend policy, and future prospects; business and management strategies relating to the expansion and growth of the Group; the effects of regulation of the Group's businesses by governments in the countries in which it operates; the Group's expectations as to the launch and roll out dates for products, services or technologies; expectations regarding the operating environment and market conditions; growth in customers and usage; and the rate of dividend growth by the Group.

Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as 'will', 'anticipates', 'aims', 'could', 'may', 'should', 'expects', 'believes', 'intends', 'plans' or 'targets'. 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, involve known and unknown risks, uncertainties and other facts or factors which may cause the actual results, performance or achievements of the Group, or its industry to be materially different from any results, performance or achievement expressed or implied by such forward-looking statements. Forward-looking statements are not guarantees of future performance and are based on assumptions regarding the Group's present and future business strategies and the environments in which it operates now and in the future.