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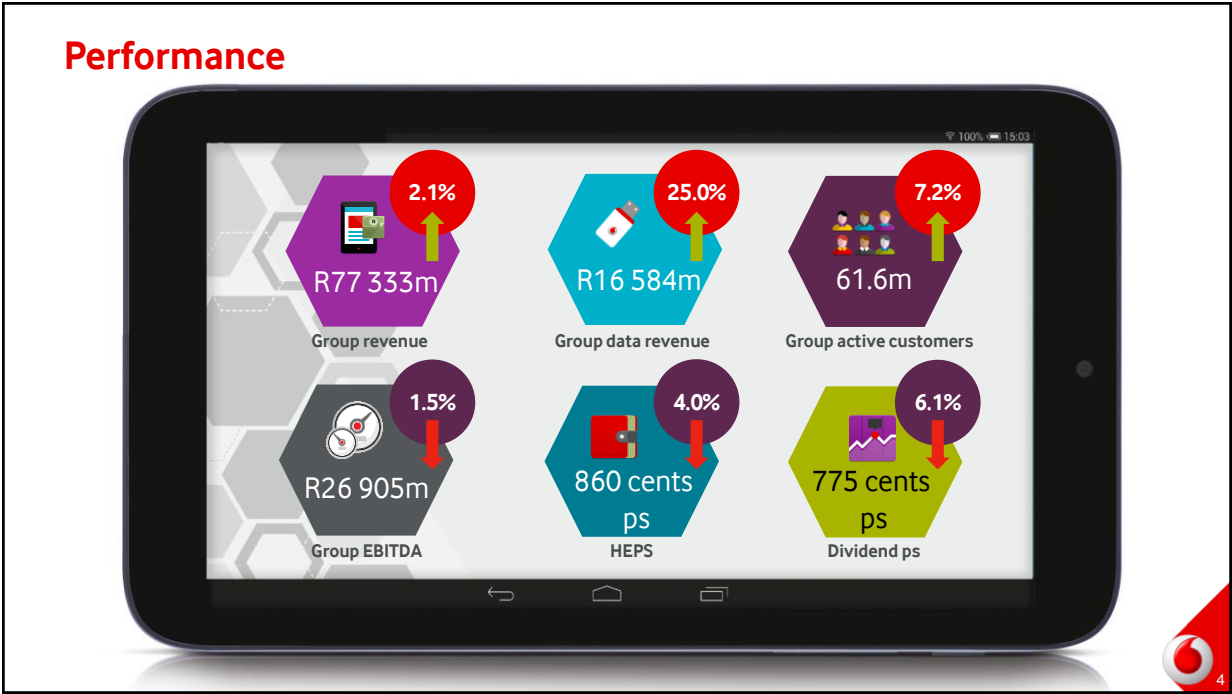
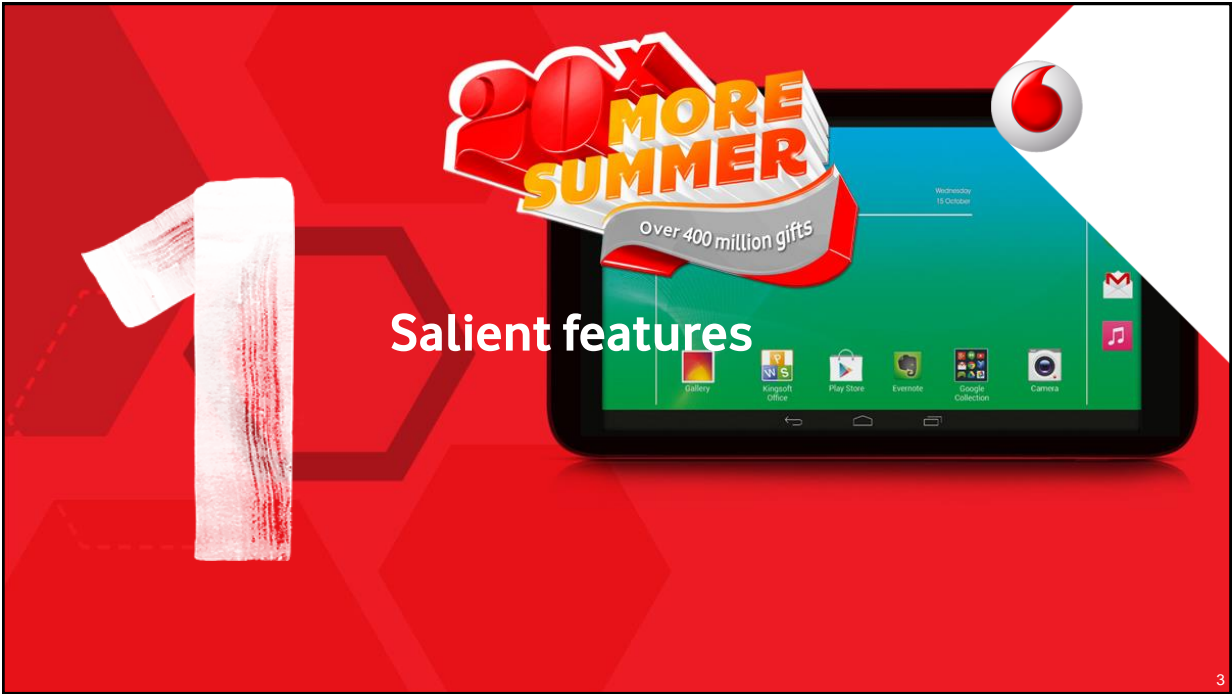
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Operating review

2015

Carbon disclosure project: 96% score retaining lead in telecoms sector

6

## South Africa: Service revenue supported by strong data revenue

Key indicators	2015	% change
Revenue (Rm)	62 037	0.4
Service revenue (Rm)	47 032	(2.7)
EBITDA (Rm)	22 837	(1.1)
Active customers ('000)	32 115	1.9
Active data customers ('000) (excl M2M)	16 595	9.4
Active data customers ('000) (incl M2M)	18 267	9.9
Smart devices ('000)	11 588	29.7

- **+1.5%** service revenue (excl MTR) growth
- **+4.2%** EBITDA (excl MTR) growth
- **+0.4%** revenue boosted by **12.2%** increase in equipment sales
- **+23.4%** data revenue growth



## International: Delivering strong data growth

Key indicators	2015	% change
Revenue (Rm)	15 747	9.7 (4.0*)
Service revenue (Rm)	15 291	10.0 (4.5*)
EBITDA (Rm)	4 104	-3.6% (-7.6*)
Active customers ('000)	29 533	13.7
Active data customers ('000) (excl M2M)	9 878	28.7
Active data customers ('000) (incl M2M)	9 971	29.2
Active m-pesa customers ('000)	7 991	34.2

- **#1** in all markets on revenue and customer market share
- **+5.9%** EBITDA growth (excl one-off write down of current assets)
- **+32.9%** data revenue growth offset competition in voice growth
- **+27.5%** m-pesa revenue growth



\* Normalised growth adjusted for trading foreign exchange and at a constant currency (using current year as base)







SA customer: “Best Network” promise for our customers

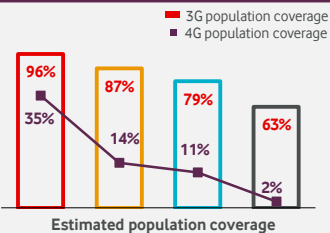
Delivering on our promise of....

Fastest and widest coverage



+1684 LTE  
+1554 3G  
sites added

Widest coverage 3G & 4G



■ Vodacom SA  
■ Operator A  
■ Operator B  
■ Operator C

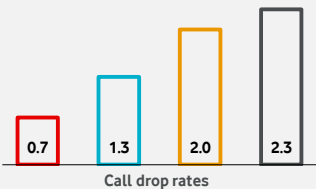
Network performance and quality



#1 in drive  
testing

Best call quality rates

Source: Atio (March 2015)



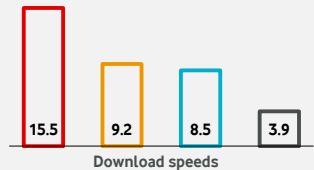
Best for video and smartphones



#1 in mobile  
network NPS

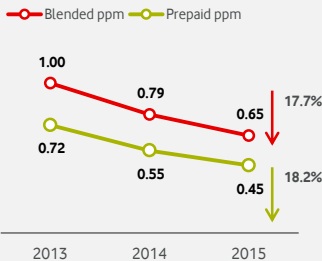
Fastest speeds

Source: Ookla results (March 2015)  
(Mbps)



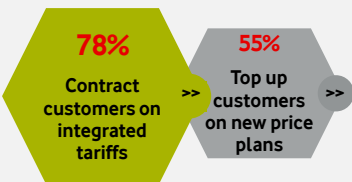
SA customer: Delivering “Best Value” to our customers

Reducing communication costs



- +12.5% in outgoing voice traffic
- -24.1% in data price per MB
- +63.1% in data traffic

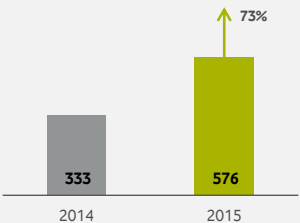
Driving pricing transformation



- CVM delivering deeper customer understanding
- Reduced contract churn from 11.8% to 9.2%

Stimulating bundle adoption

Number of voice bundles sold (m)



- Average of 53m prepaid voice bundles sold pm in Q4
- 69.3% contract revenue in bundle



## SA customer: “Best service” - rated #1 in NPS

### In store



- Perfect startup
- Launched Vodacom RED Box

### Online...



- +52% My Vodacom App users
- 2.4m App downloads
- Voice Biometrics launched in Q3

### Customer care



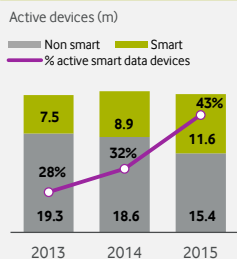
- 79% First call resolution
- 64% Touchpoint NPS
- 43% (IVR) self service
- 15% reduction in calls



## SA growth: Data strategy supporting the data boom

1

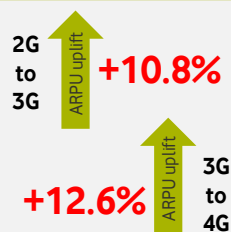
### Access to better devices



- +3 million entry smart devices sold
- Kikka <R550: 640k sold
- Timon <R1000: 450k sold

2

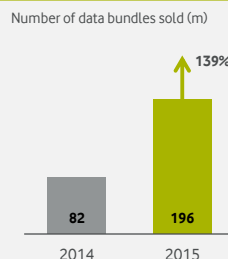
### Increased coverage



- R8.6bn capital spent
- 3G +21.4% to 8 802 sites
- 4G +183.8% to 2600 sites

3

### Bundle adoption



- 90% of data traffic in-bundle
- Average of 20 million data bundles sold pm in Q4

4

### Driving usage



- +63.1% in data traffic
- Deezer driving increased usage



## SA growth: Fuelling new services

### m-pesa: revamped

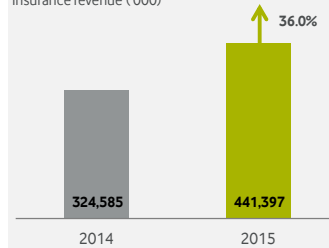


- >10k outlets
- Improved ecosystem
- Airtime incentives

\* Represents revenue growth normalised for XLink

### Insurance

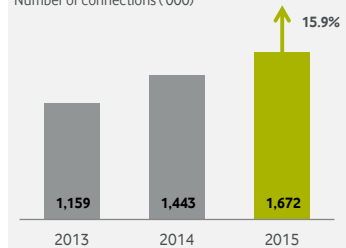
Insurance revenue ('000)



- Offering life, funeral, contract and other insurance cover

### Machine to Machine

Number of connections ('000)

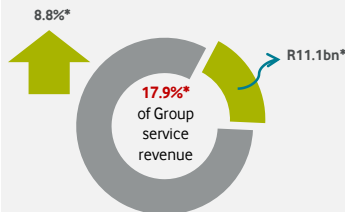


- +26.1%\* M2M revenue growth
- XLink providing platform to grow in verticals and capture internet of things



## Growth: Enterprise – maintained NPS lead

### Enterprise contribution

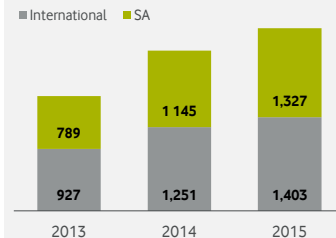


- +9.7%\* in customers
- Enterprise churn down 1.3ppt to 7.8%
- 11.1% growth in SME revenue

\* Excluding Nashua

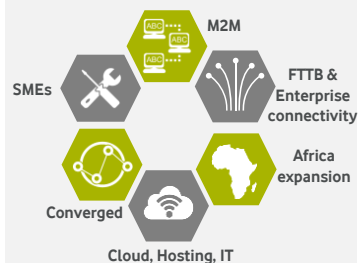
### Fixed & Managed services revenue

(R million)



- Fixed and managed services revenue up 14%
- Ability to sell throughout Africa

### Future growth areas



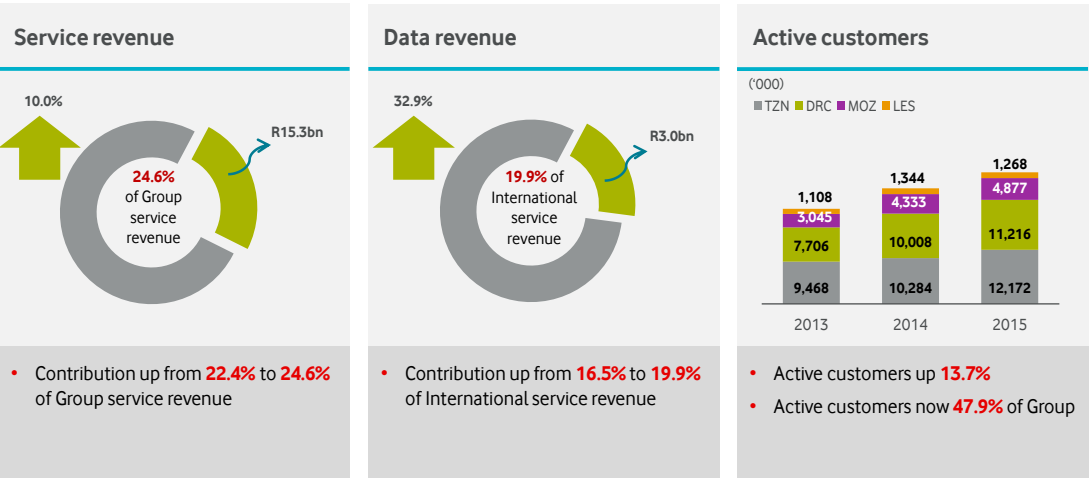
Underpinned by our:

- Extensive IP and 4G network, Brand, Customer experience, Innovation and Security Offering

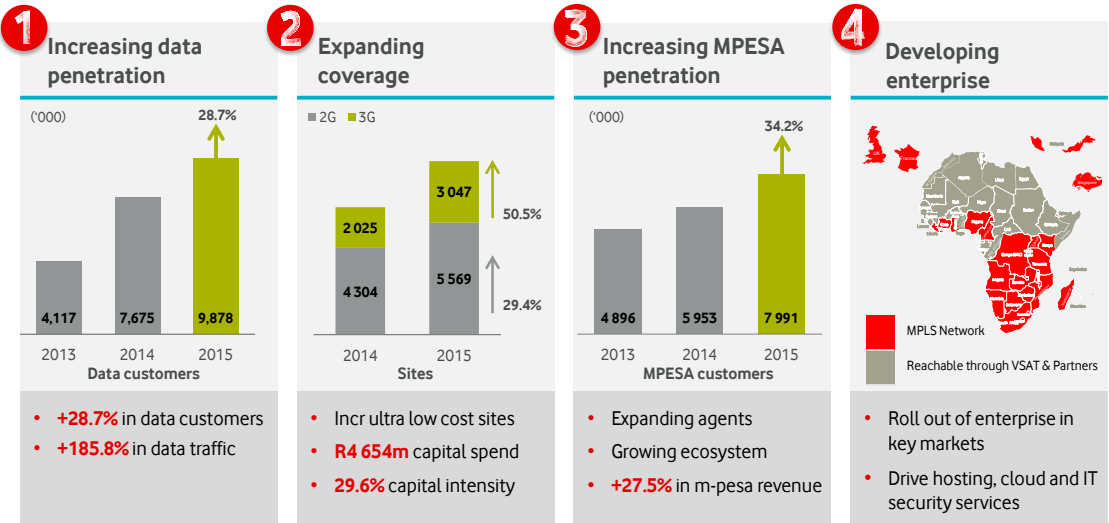




# International growth: Strong and increasing contribution



# International: Driving growth through...




# People: Attracting and retaining the best talent

Driving people transformation through

1

Diversity




Yolanda Cuba

Chief officer: Strategy and Business Development

- Increasing women representation
- Female leaders in waiting
- 74% black and 44% female staff
- 67% of exco black and 17% female

2

Acquiring new skills




Howard Lee

2014 Graduate permanently placed in HR

- R131m spent on skills development
- 77 grads in 2015 Graduate programme
- Import new skills from Vodafone

3

Growing talent



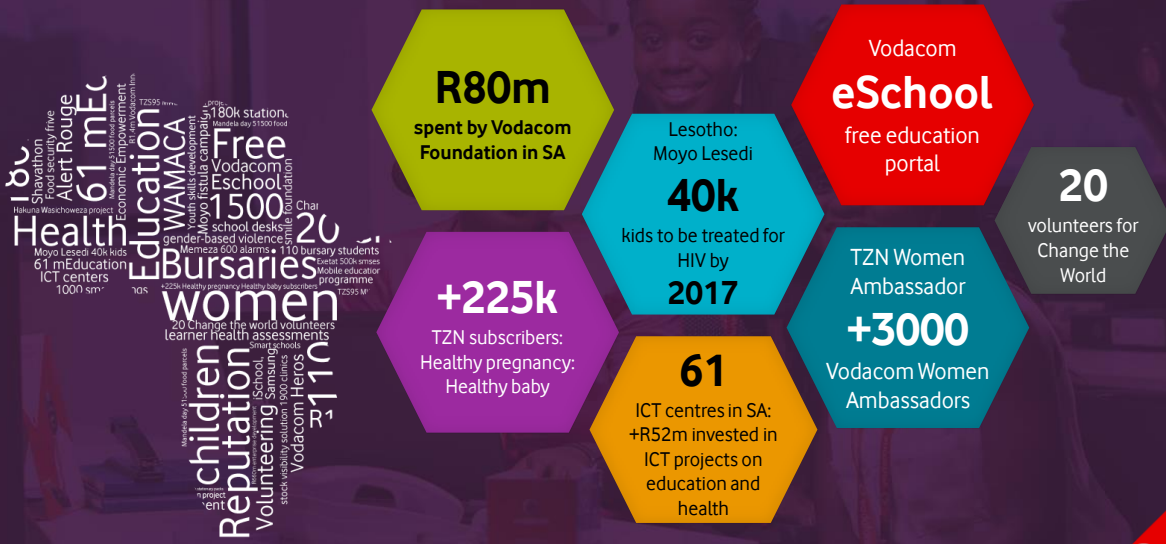
Godfrey Motsa

Chief Officer CBU  
Part of international assignee programme and succession programme

- International assignee programme
- Recognition initiatives
- Capability build and succession programmes



# Reputation: Mobiles for Good



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# Financial review

2015

Did you know?  
Vodacom e-school initiative  
won a Frost & Sullivan Award  
for  
SA e-Education Technology  
Innovation Leadership

abc

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## Group income statement

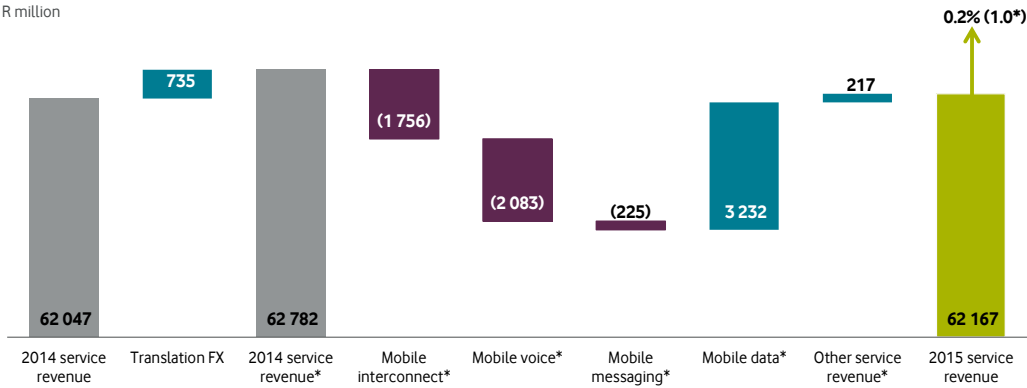
R million	2015	2014	% change	% change*
Revenue	77 333	75 711	2.1	1.1
Service revenue	62 167	62 047	0.2	(1.0)
EBITDA	26 905	27 314	(1.5)	(1.1)
Operating profit	19 235	20 394	(5.7)	(7.7)
Net finance charges	(1 384)	(809)	71.1	
Profit before tax	17 851	19 585	(8.9)	
Taxation	(5 341)	(5 918)	(9.7)	
Net profit	12 510	13 667	(8.5)	
Attributable to:				
Equity shareholders	12 672	13 243	(4.3)	
Non-controlling interests	(162)	424	(138.2)	
HEPS (cents)	860	896	(4.0)	
Weighted average shares in issue (million)	1 466	1 466		

\* Normalised growth adjusted for trading foreign exchange and at a constant currency (using current year as base)



# Group service revenue

Group service revenue normalised growth by category

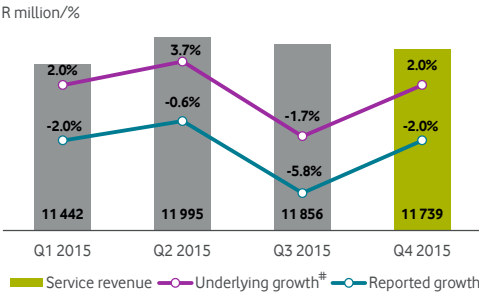


\* Adjusted for trading foreign exchange and at a constant currency (using current year as base)



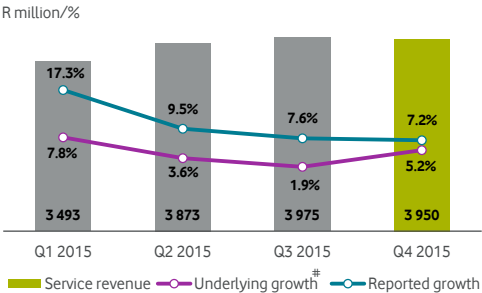
# Positive underlying growth in a tough environment

SA service revenue R47 032m



- Trends improved during Q4
- Strong data growth maintained
- **1.5%** FY2015 growth excluding MTR cuts

International service revenue R15 291m



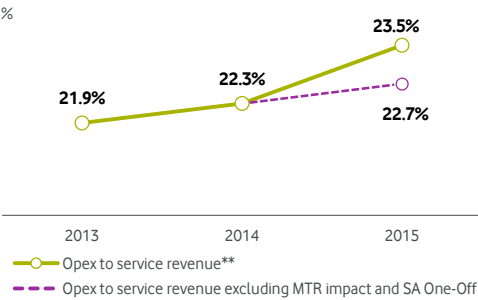
- Accelerated network roll out
- Strong data growth maintained

\* Underlying growth adjusted for MTR impact (only in SA) and at constant currency (only in International)



## Cost management in a tough environment

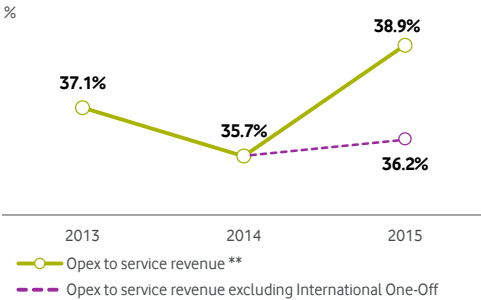
### SA opex as % of service revenue



- Excluding the impact of foreign exchange, total expenses increased by 1.0%
- Tight cost management continued with a structured cost savings programme

\* Adjusted for trading foreign exchange and at a constant currency (using current year as base)  
\*\* Represents opex excluding trading foreign exchange from ongoing operations

### International opex as % of service revenue



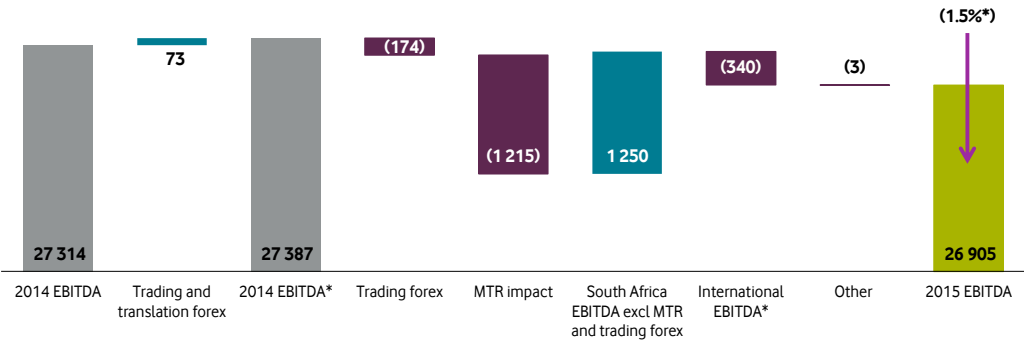
- Excluding the International One-Off total expenses increased 4.1%\* below service revenue growth of 4.5%\*
- Increased network costs as network expands



## Group EBITDA impacted by MTRs

### Group EBITDA

R million



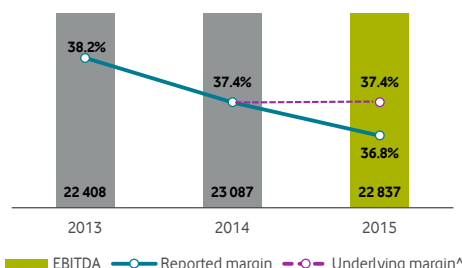
\* Adjusted for trading foreign exchange and at a constant currency (using current year as base)



## Underlying EBITDA margins flat in a tough environment

### SA EBITDA

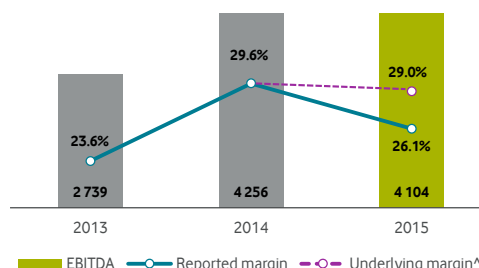
R million/%



- Margins impacted by MTRs
- Underlying margin flat yoy

### International EBITDA

R million/%



- Margins impacted by write down of current assets
- Underlying margins largely flat yoy

^ Underlying EBITDA margin adjusted for MTRs, SA One-Off (South Africa only) and trading foreign exchange and International One-Off (International only)



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## Adequate debt capacity

### Group net finance charges

R million	2015	2014
Net finance costs	(1 391)	(718)
Remeasurement of loans	(18)	169
(Loss)/gain on remeasurement	(15)	29
Gain/(loss) on derivatives <sup>¥</sup>	40	(289)
<b>Net finance charges</b>	<b>(1 384)</b>	<b>(809)</b>
<b>Average cost of debt (%)</b>	<b>7.1</b>	<b>6.7</b>

### Group net debt

R million	2015	2014
Bank and cash balances	9 250	6 127
Bank overdrafts	(380)	(335)
Borrowings and net derivative financial instruments	(25 630)	(13 844)
<b>Net debt</b>	<b>(16 760)</b>	<b>(8 052)</b>
<b>Net debt/EBITDA (times)</b>	<b>0.6</b>	<b>0.3</b>
<b>Average debt</b>	<b>(20 837)</b>	<b>(14 313)</b>

¥ Mainly revaluation of foreign currency exchange contracts



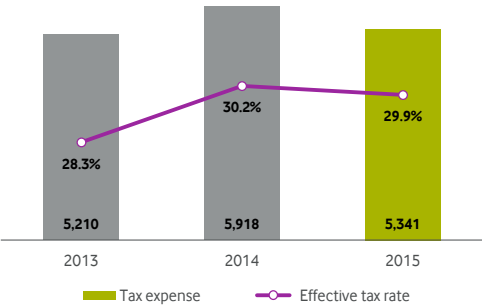
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Group effective tax rate remains stable

Group tax

R million



Group tax reconciliation

R million	2015	Rate (%)
Profit before tax	17 851	
Normal tax	4 998	28.0
Non-deductible interest expenditure	165	0.9
Withholding tax	141	0.8
Other	37	0.2
Total tax expense/effective tax rate	5 341	29.9

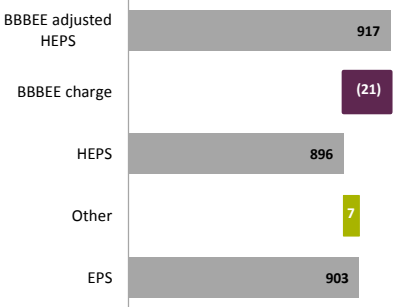


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Headline earnings per share

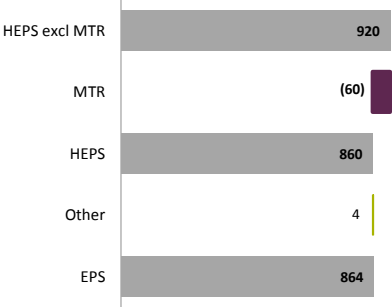
2014 headline earnings per share

Cents per share



2015 headline earnings per share

Cents per share



30

## Group statement of financial position

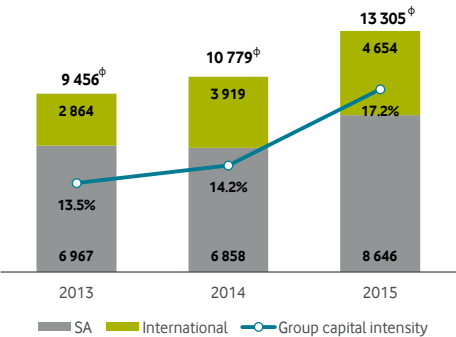
R million	2015	2014	Movement
<strong>Assets</strong>			
Property, plant and equipment	35 959	30 802	5 157
Intangible assets	7 603	5 369	2 234
Other non-current assets	2 392	1 783	609
Current assets	25 353	22 787	2 566
<strong>Total assets</strong>	<strong>71 307</strong>	<strong>60 741</strong>	<strong>10 566</strong>
<strong>Equity and liabilities</strong>			
Total equity	21 643	23 743	(2 100)
Borrowings	25 659	13 750	11 909
Other liabilities	24 005	23 248	757
<strong>Total equity and liabilities</strong>	<strong>71 307</strong>	<strong>60 741</strong>	<strong>10 566</strong>
<strong>Net asset value</strong>	<strong>21 643</strong>	<strong>23 743</strong>	<strong>(2 100)</strong>



## Good progress with accelerated capex program

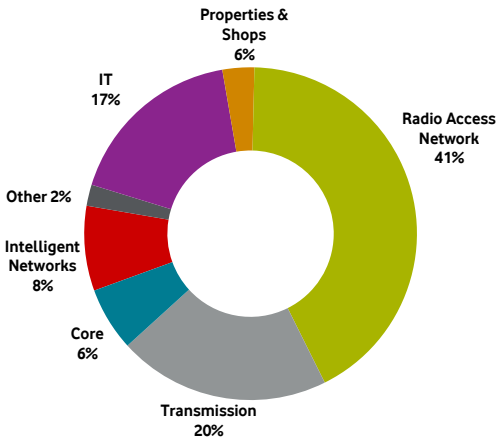
### Group capital expenditure

R million



Φ Total includes corporate and eliminations

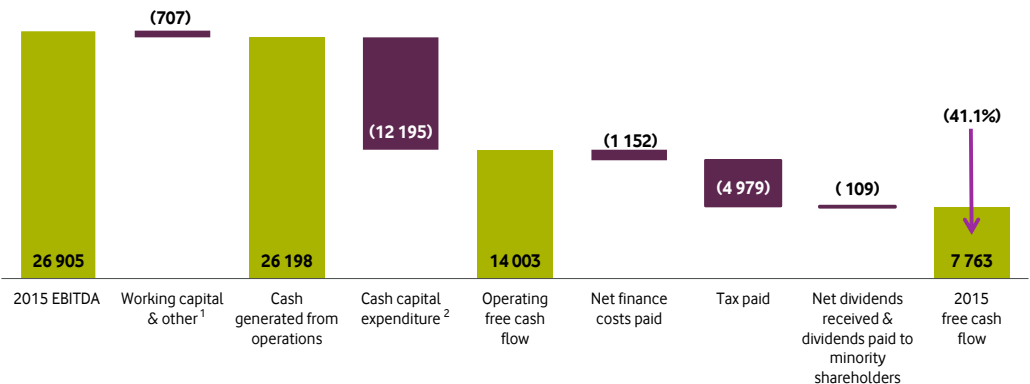
### SA capex breakdown



## Group free cash flow impacted by MTRs and increased capex

### Group free cash flow

R million



1. Working capital Includes R511m favourable cashflow movement due to an increase in amounts due to m-pesa account holders
2. Cash capital expenditure comprises the purchase of property, plant and equipment and intangible assets, other than license and spectrum payments, net of cash flow from disposals

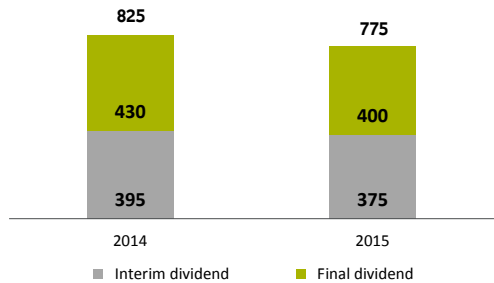


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## Dividend policy unchanged

### Dividend per share

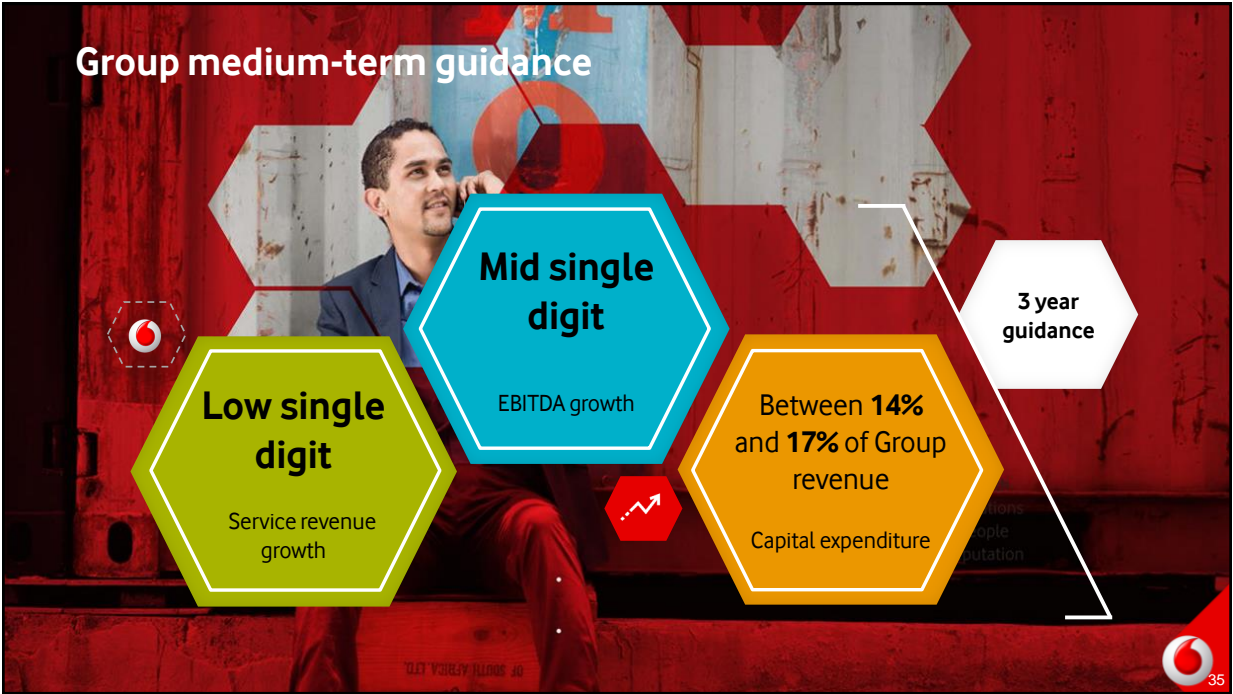
Cents per share



- Final dividend declared of **400** cents per share
- Pay-out ratio of at least **90%** of HEPS maintained



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## Country data

	South Africa	Tanzania	DRC	Mozambique	Lesotho
Population (million)	54	52	71	27	2
GDP per capita* (USD)	7 030	752	494	677	1 190
GDP growth estimate* 2014 (%)	2.2	7	8.3	7.2	5.2
Estimated mobile penetration (%)	153	64	41	41	75
Ownership (%)	100*	82.2	51	85	80
License expiry period	2029	2031	2018/2032 <sup>¶</sup>	2018/2026 <sup>¶</sup>	2016
Active customers (thousand)	32 115	12 172	11 216	4 877	1 268
ARPU (rand per month)	113	42	32	52	53
ARPU (local currency per month)	R113	TZS6 530	USD2.9	MZN149	LSL53
Minutes of use per month	126	149	41	113	59

± The Economist Intelligence Unit

<sup>¶</sup> 2018 relates to the 2G license and 2026 / 2032 relates to the 3G license

\* 6.25% held indirectly through special purpose entities which are consolidated in terms of SIC 12: Consolidation – Special Purpose Entities as part of the broad-based black economic empowerment transaction



## Impact of foreign exchange

### Revenue

YoY % growth

2015	Reported	Normalised*
South Africa	0.4	0.4
International	9.7	4.0
Group	2.1	1.1

### EBITDA

YoY % growth

2015	Reported	Normalised*
South Africa	(1.1)	0.2
International	(3.6)	(7.6)
Group	(1.5)	(1.1)

### Average exchange rates

	2015	2014	% change
USD/ZAR	11.07	10.13	9.3
ZAR/MZN	2.89	3.01	(4.0)
ZAR/TZS	154.72	160.44	(3.6)
EUR/ZAR	13.99	13.59	2.9

### Operating profit

YoY % growth

2015	Reported	Normalised*
South Africa	(3.0)	(1.4)
International	(27.7)	(45.3)
Group	(5.7)	(7.7)

\* Adjusted for trading foreign exchange and at a constant currency (using current year as base)





## Definitions

<b>Active customers</b>	Active customers are based on the total number of mobile customers using any service during the last three months. This includes customers paying a monthly fee that entitles them to use the service even if they do not actually use the service and those customers who are active whilst roaming.
<b>Active data customers</b>	Number of unique customers who have generated revenue related to any data activities in relation to mobile data revenue (this excludes SMS and MMS messaging users) in the reported month. A user is defined as being active if they are paying for a contractual monthly fee for this service or have used the service during the reported period.
<b>ARPU</b>	Total ARPU is calculated by dividing the average monthly service revenue by the average monthly active customers during the period.
<b>Contribution margin</b>	Revenue less direct expenses as a percentage of revenue.
<b>EBITDA</b>	Earnings before interest, taxation, depreciation and amortisation, impairment losses, profit/loss on disposal of investments, property, plant and equipment, and intangible assets, profit/loss from associate and joint venture, restructuring cost and BBEE income/charge.
<b>Free cash flow</b>	Cash generated from operations less additions to property, plant and equipment and intangible assets, proceeds on disposal of property, plant and equipment and intangible assets, tax paid, net finance charges paid and net dividends received/paid to minority shareholders.
<b>HEPS</b>	Headline earnings per share.
<b>International</b>	International comprises the segment information relating to the non-South African-based cellular networks in Tanzania, the Democratic Republic of Congo, Mozambique and Lesotho as well as the operations of Vodacom International Limited, Vodacom Business Africa and Gateway Carrier Services.
<b>MOU</b>	Minutes of use per month is calculated by dividing the average monthly minutes (traffic) during the period by the average monthly active customers during the period.
<b>Normalised (*)</b>	Adjusted for trading foreign exchange and at a constant currency (using current year as base) from ongoing operations.
<b>Operating free cash flow</b>	Cash generated from operations less additions to property, plant and equipment and intangible assets other than licence and spectrum payments and purchases of customer bases, net of proceeds on disposal of property, plant and equipment and intangible assets, other than license and spectrum payments and disposals of customer bases.
<b>RAN</b>	Radio access network.
<b>South Africa</b>	Vodacom (Pty) Limited, a private limited liability company duly incorporated in accordance with the laws of South Africa and its subsidiaries, joint ventures and SPV's.
<b>TSR</b>	Total shareholder returns consist of the aggregate share price appreciation and dividend yield.
<b>Traffic</b>	Traffic comprises total traffic registered on Vodacom's mobile 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.








## Forward-looking statements

This presentation which sets out the annual results for Vodacom Group Limited for the year ended 31 March 2015 contains 'forward-looking statements', which have not been reviewed or reported on by the Group's auditors, 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.

All subsequent oral or written forward-looking statements attributable to the Group or any member thereof or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statements above and below. Vodacom expressly disclaims any liability in respect of the content of any forward looking statement and also expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein or to reflect any change in their expectations with regard thereto or any change in events, conditions or circumstances on which any such forward-looking statement is based.



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Results for the year ended 31 March 2015

