



Vodacom Group Limited

Interim results

30 September 2009

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Strong performance

41.6m



Customers

R28.7bn



Revenue

R9.3bn



EBITDA

R5.2bn



OpFCF

Interim dividend declared of 110 cents per share

Key highlights

Robust performance in South Africa

Improving international performance

Strong growth in mobile broadband

Earnings impacted by non-cash items

Strong cash flow



South Africa

International

Converged
services

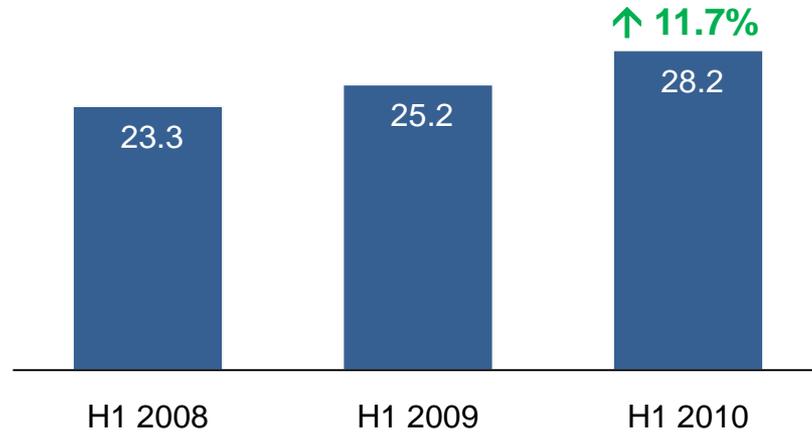
Financials

Outlook

South Africa delivered a robust performance

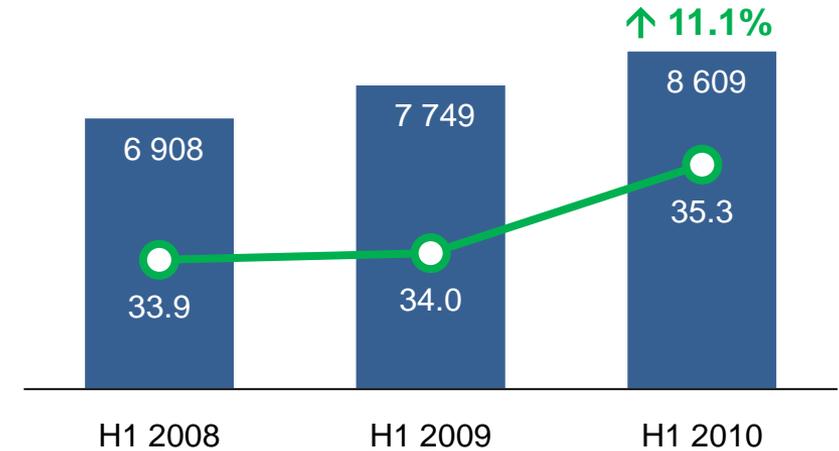
Customers

Million



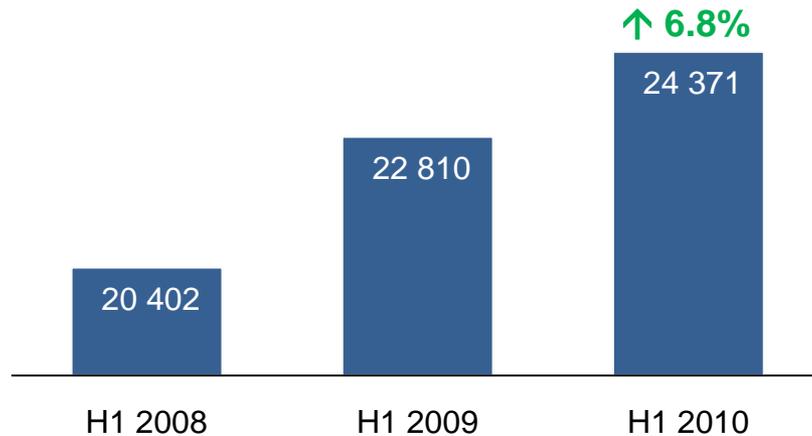
EBITDA/EBITDA margin

R million/%



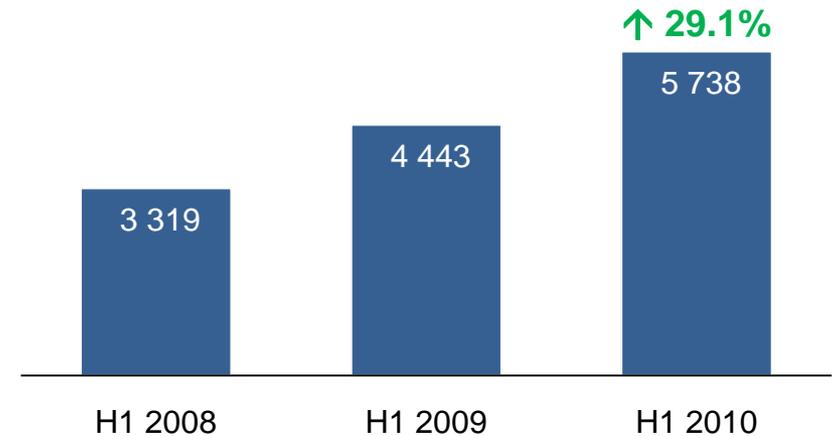
Revenue

R million



Operating free cash flow

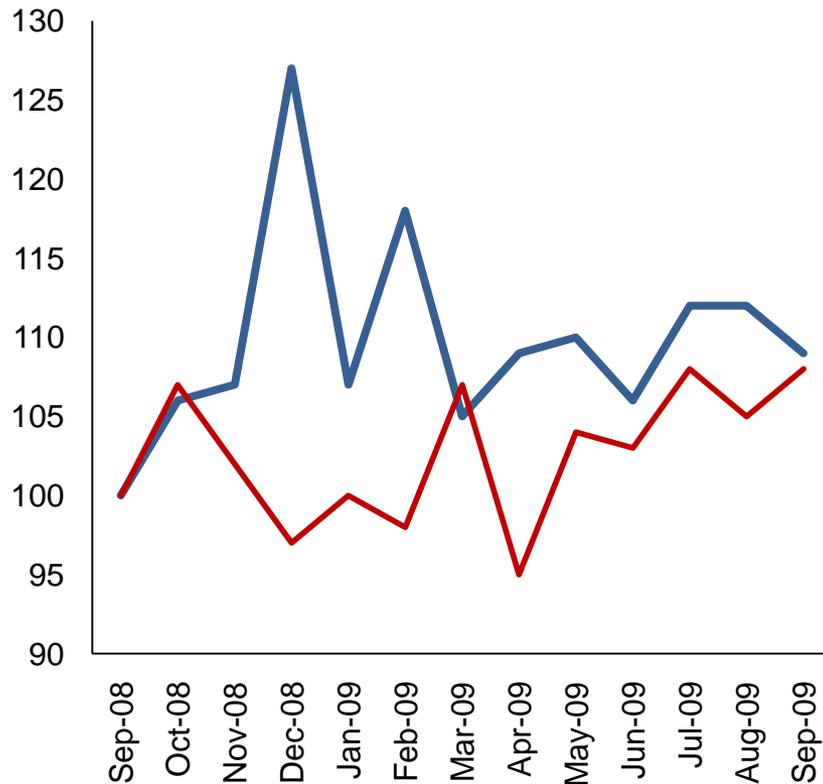
R million



Headwinds from the recession and RICA

Contract and prepaid revenue

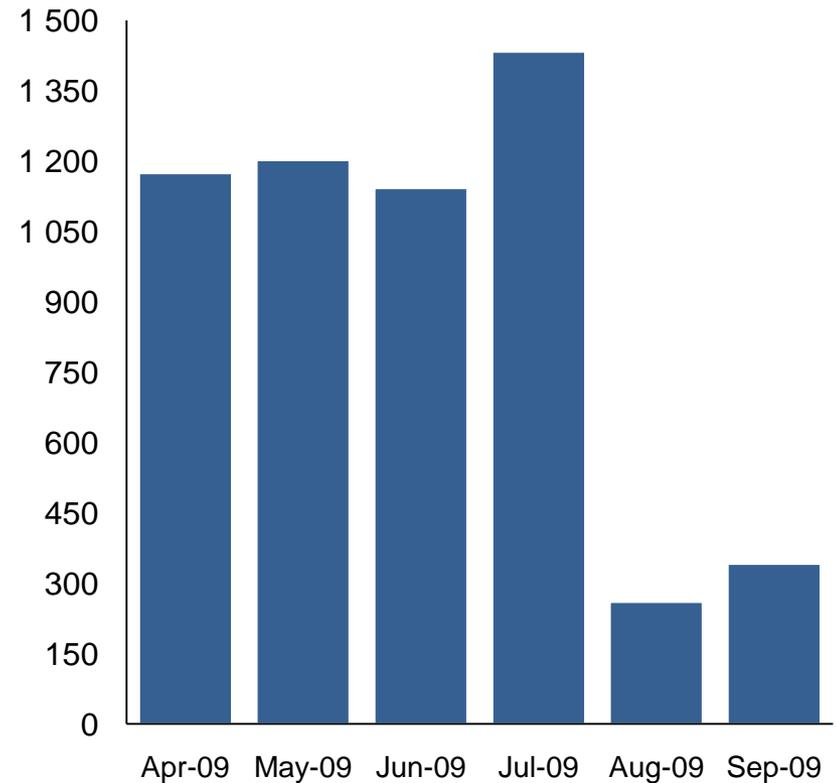
Indexed



— Prepaid — Contract

Monthly gross connections

Thousand



Increased focus on mobile termination rates

- **MTR per minute**
 - Peak: R1.25
 - Off-peak: R0.77
 - Community services: R0.06

- **10% reduction in peak MTRs**
 - Estimated R200 million loss

Interconnection

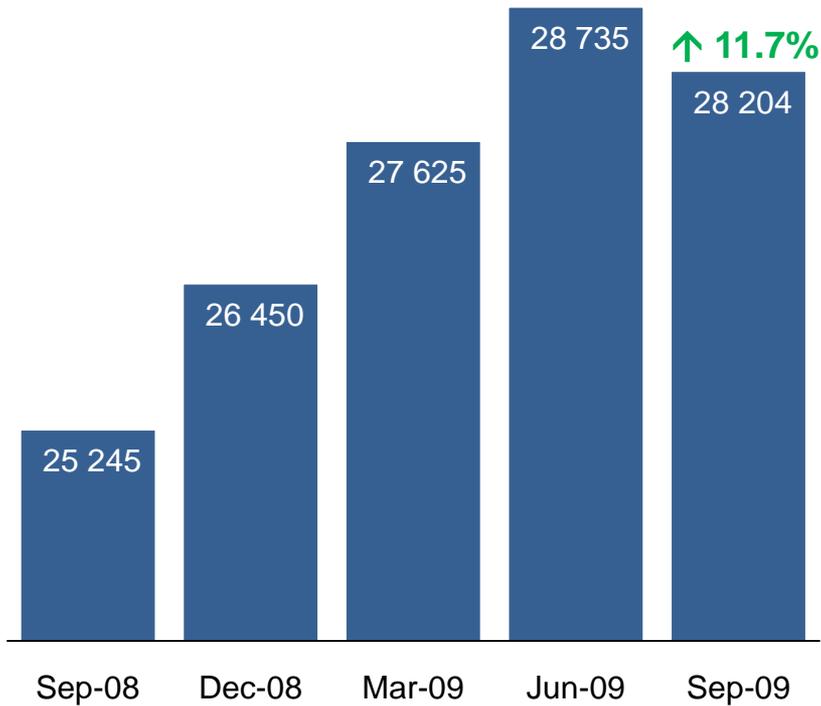
R million	H1 2010	H1 2009	% change
Interconnection revenue	4 075	3 914	4.1
% of service revenue	19.1	19.7	
Interconnection cost	(3 111)	(2 830)	9.9
Net interconnection revenue	964	1 084	(11.1)
% of EBITDA	11.2	14.0	

Minutes (million)	H1 2010	H1 2009	% change
Net mobile	(154)	(161)	(4.3)
Net fixed-line	512	638	(19.7)

Maintained market leading position

Customers

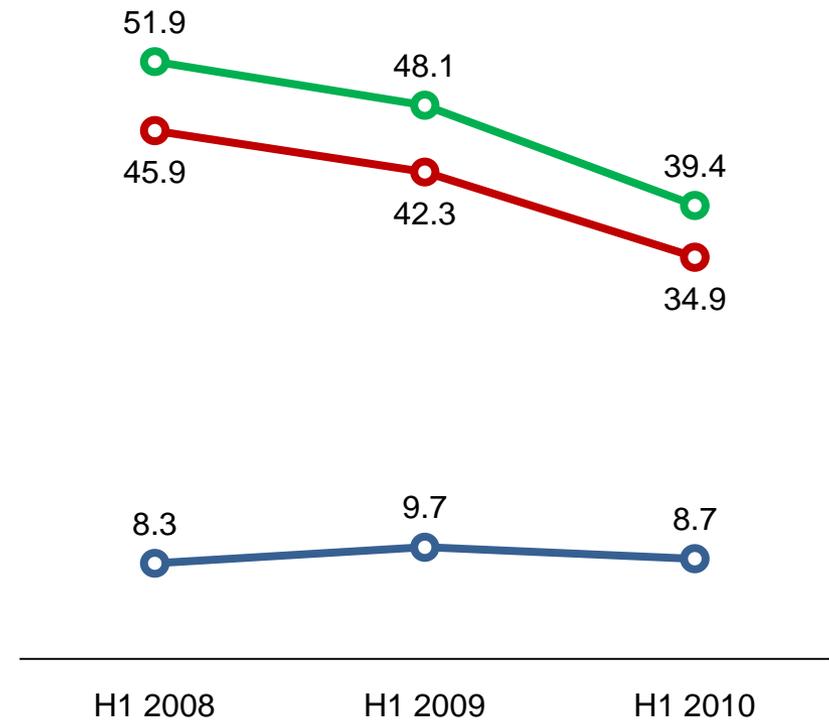
Thousand



■ Customers

Churn

%

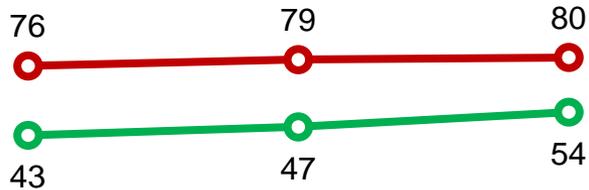


● Contract ● Prepaid ● Blended

Promotional activity resulting in increased usage

Minutes of use

Minutes per customer



H1 2008

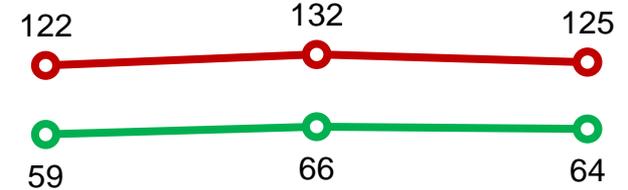
H1 2009

H1 2010

Contract Prepaid Blended

Average revenue per user (ARPU)

R



H1 2008

H1 2009

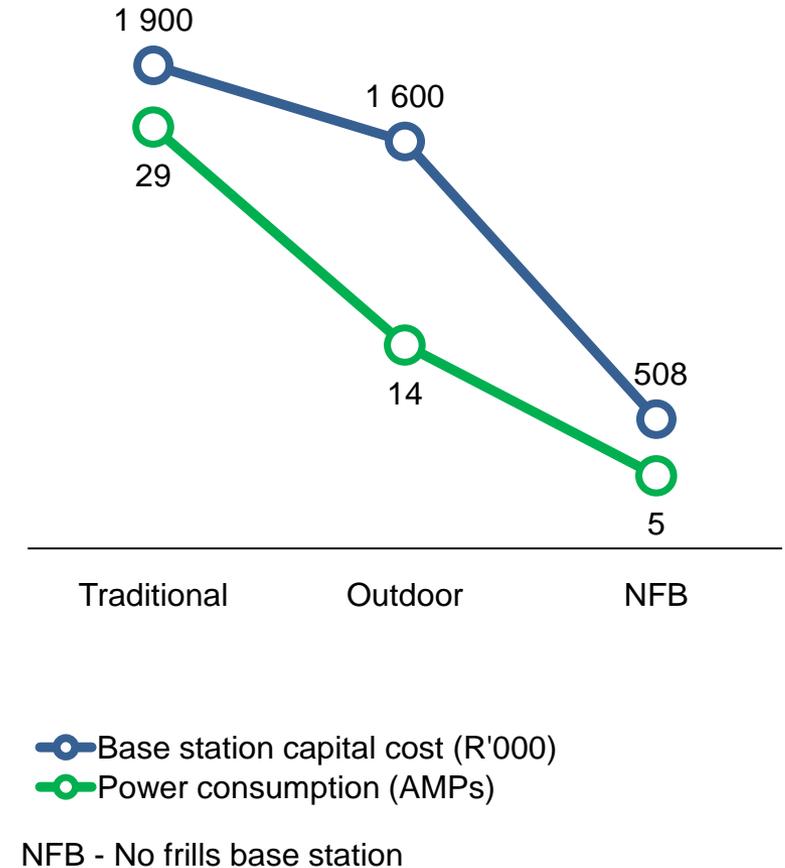
H1 2010

Contract Prepaid Blended

Investment to support data growth and improve efficiencies

- **Self provisioning transmission**
 - Improves radio network availability
 - Faster delivery
 - Improved quality
- **Radio Access Network (RAN) swap**
 - Lowering radio capex
 - LTE ready
 - Spectrum efficiencies
 - Energy efficiencies
- **Vodafone procurement benefits**

Base station evolution (example in Mpumalanga)





South Africa

International

Converged
services

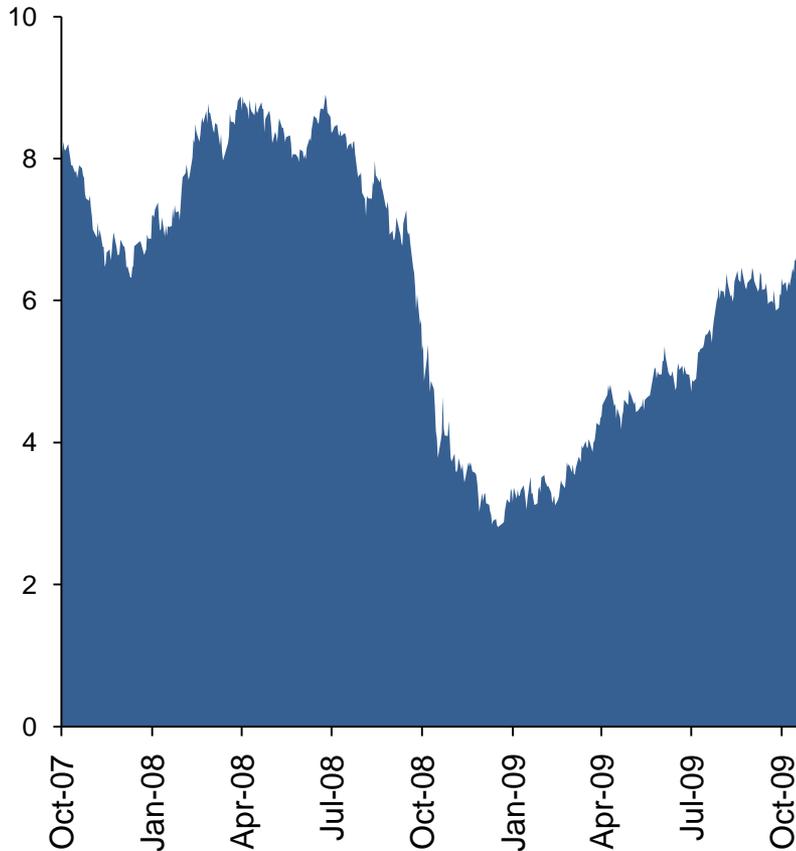
Financials

Outlook

International business impacted by weakening demand

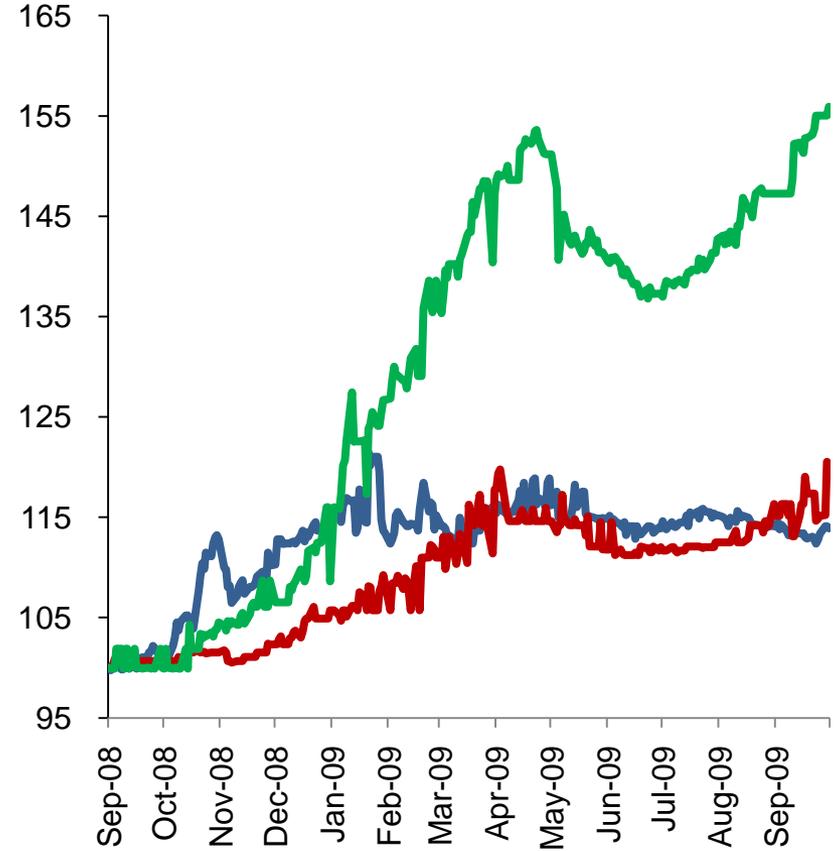
Copper price

USD thousand/ton



Local currencies against the dollar

Indexed

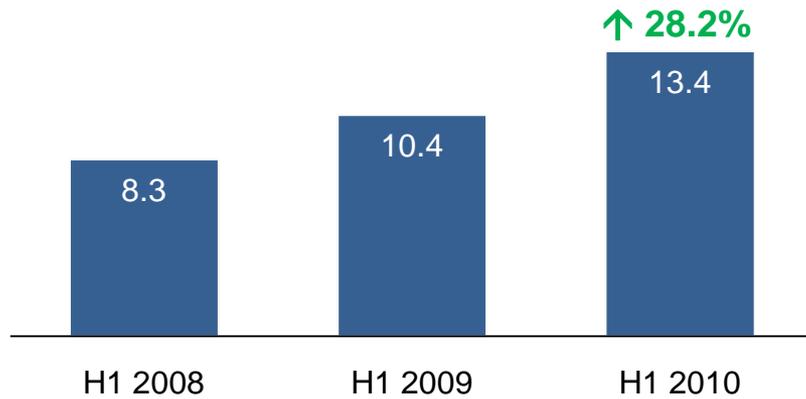


— TZS — MZN — CDF

Continued growth in international customers

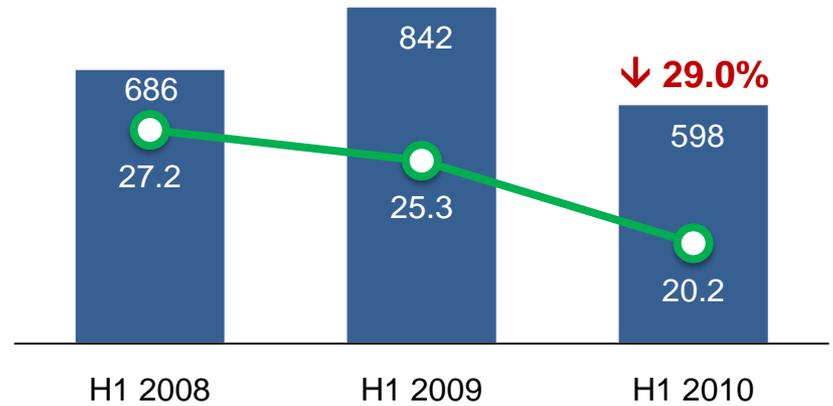
Customers

Million



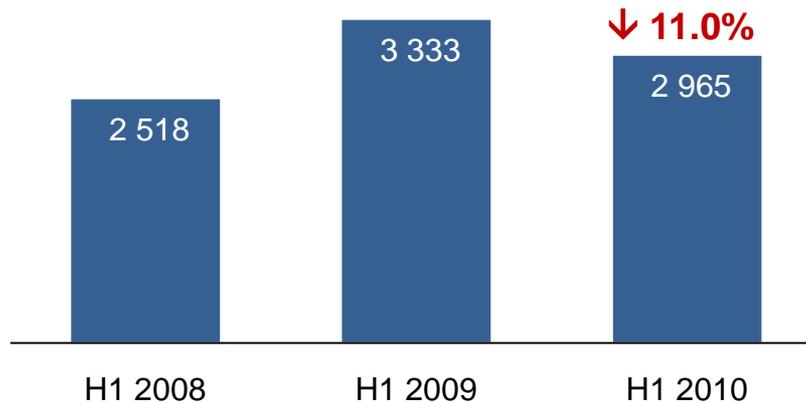
EBITDA/EBITDA margin

R million/%



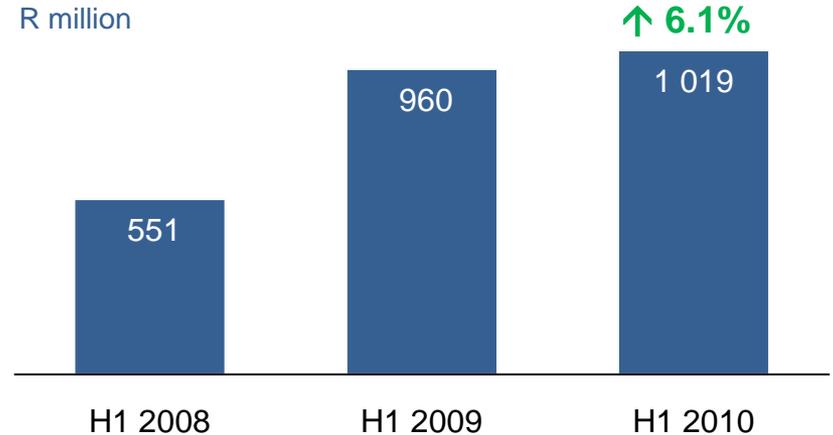
Revenue

R million



Capital expenditure

R million

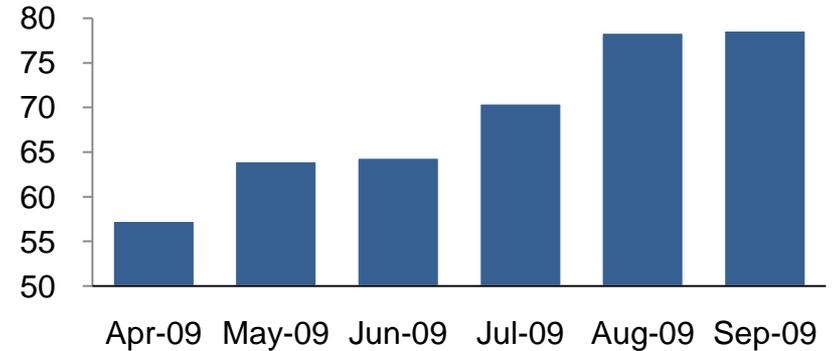


Effectively managing difficult trading conditions

- Competitive offerings in markets
- Market share and on-net traffic increasing
- Strong cost focus

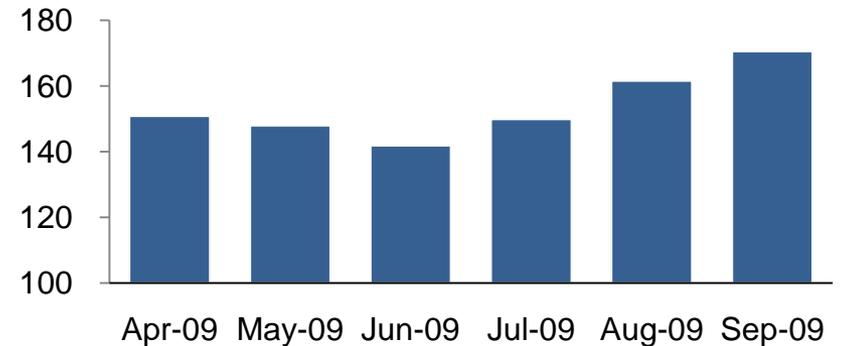
DRC on-net minutes

Million



Tanzania on-net minutes

Million





South Africa

International

**Converged
services**

Financials

Outlook

Advancing total communications strategy

Performance

Consumer services

- 5 million mobile internet users
- Vodafone live! customers increased 62.1%
- 1 million Grid users
- Launch of Vodafone MyWeb
- Lowering device costs

Connectivity services

- Gateway carrier services contributed R1.3bn
- Negatively impacted by pricing pressure
- Vodacom's international traffic increasingly moving to Gateway
- Consolidate internet transmission

Business services

- Vodacom Business group revenue of almost R400m
- Gateway Business USD revenue grew 27.4%
- Tanzania launched Vodacom Business



Highlights

South Africa

International

Financials

Outlook

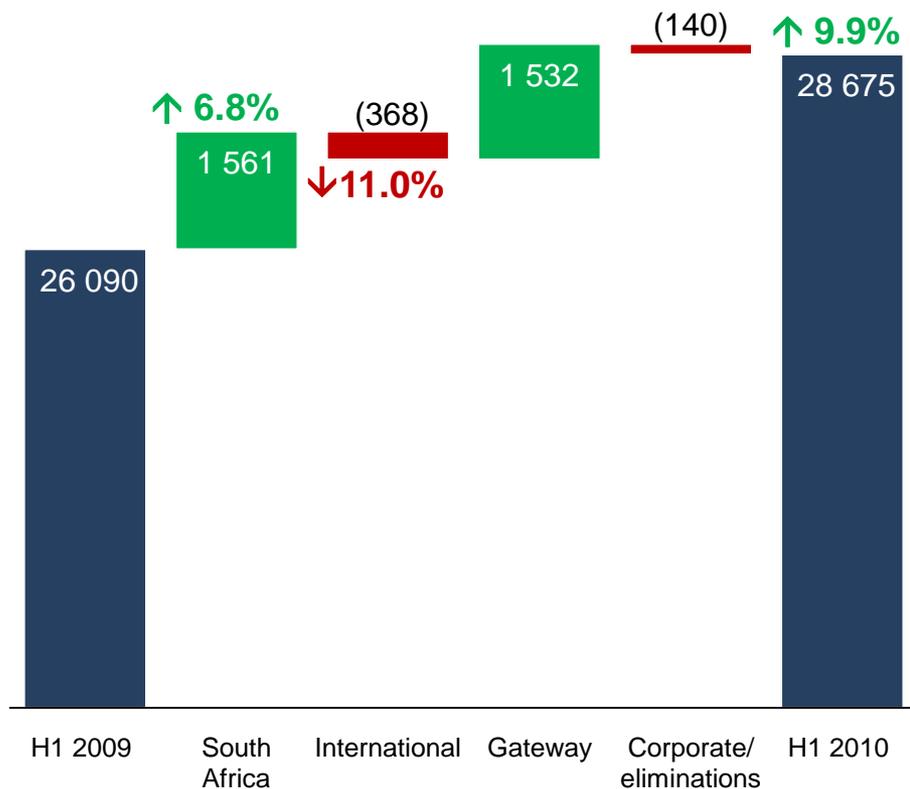
Group income statement

R million	H1 2010	H1 2009	% change
Revenue	28 675	26 090	9.9
EBITDA	9 347	8 654	8.0
Operating profit before impairment	6 724	6 451	4.2
Impairment	(3 189)	(21)	> 200.0
Operating profit after impairment	3 535	6 430	(45.0)
Net finance charges	(1 111)	(659)	68.6
Loss from associate	(14)	-	n/a
Profit before taxation	2 410	5 771	(58.2)
Taxation	(2 351)	(1 995)	17.8
Net profit	59	3 776	(98.4)
Headline earnings	3 255	3 720	(12.4)

Normalised revenue growth of 4.7%

Group revenue growth

R million



Group revenue by category

R million	H1 2010	% change
Mobile voice	15 477	2.6
Mobile interconnect	4 457	0.4
Mobile messaging	1 548	7.3
Mobile data	2 031	30.1
Other service revenue	2 018	> 200.0
Service revenue	25 531	10.9
Equipment revenue	2 589	3.9
Non-service revenue	555	(2.8)
Revenue	28 675	9.9

Group operating costs increased 3.2% excluding Gateway

Group operating costs¹ per segment

R million	H1 2010	% change
South Africa	15 820	5.0
International	2 367	(5.0)
Corporate/eliminations	(189)	(64.3)
Total (pre Gateway)	17 998	3.2
Gateway	1 389	n/a
Operating costs¹	19 387	11.1

Group operating costs¹ per category

R million	H1 2010	%	% ²
Direct network operating costs	12 135	11.9	0.8
Interconnect expenditure	3 453	3.8	3.8
Staff expenses	2 143	25.5	19.0
Marketing and advertising expenses	757	(1.8)	(2.6)
Other operating expenses	899	12.7	4.6
Operating costs¹	19 387	11.1	3.2

¹ Excluding depreciation, amortisation and net impairment charges

² Excluding Gateway

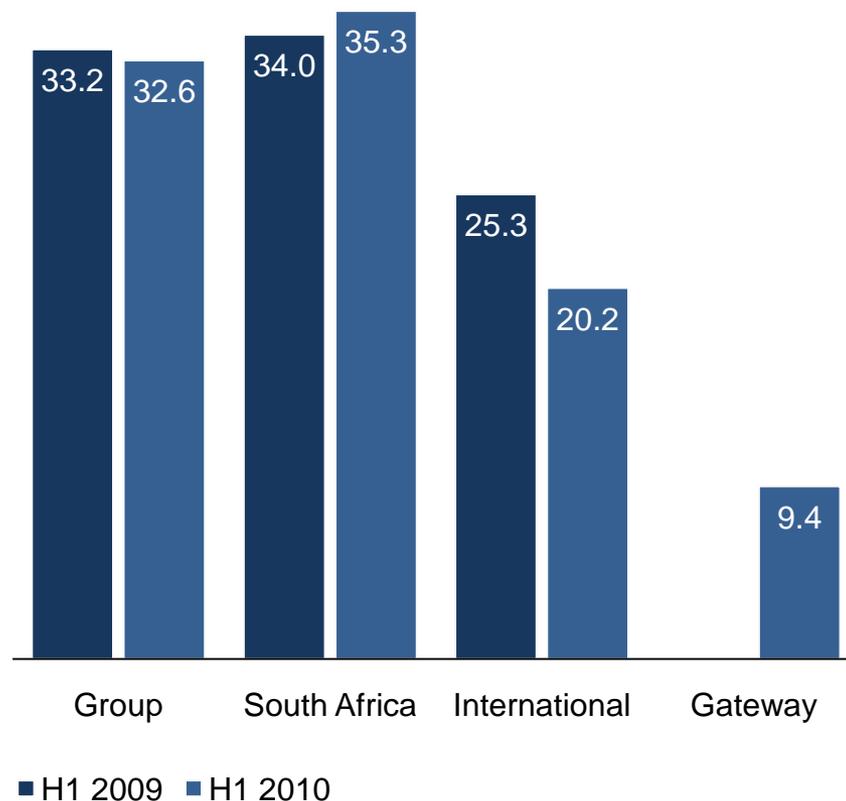
Group EBITDA increased 8%

Group EBITDA

R million	H1 2010	% change
South Africa	8 609	11.1
International	598	(29.0)
Corporate/eliminations	(4)	(106.3)
EBITDA (pre Gateway)	9 203	6.3
Gateway	144	n/a
EBITDA	9 347	8.0

Group EBITDA margin

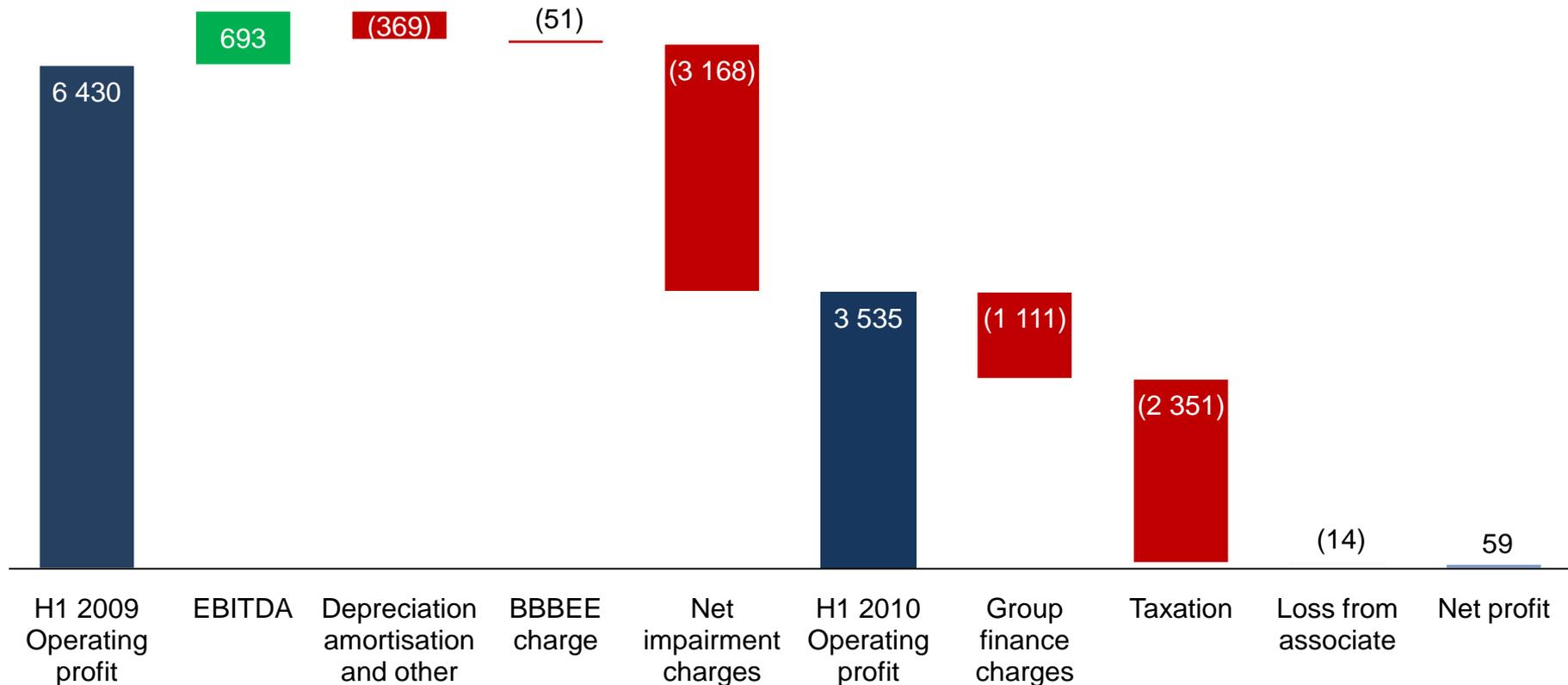
%



Group net profit impacted by impairments and higher taxation

Net profit analysis

R million



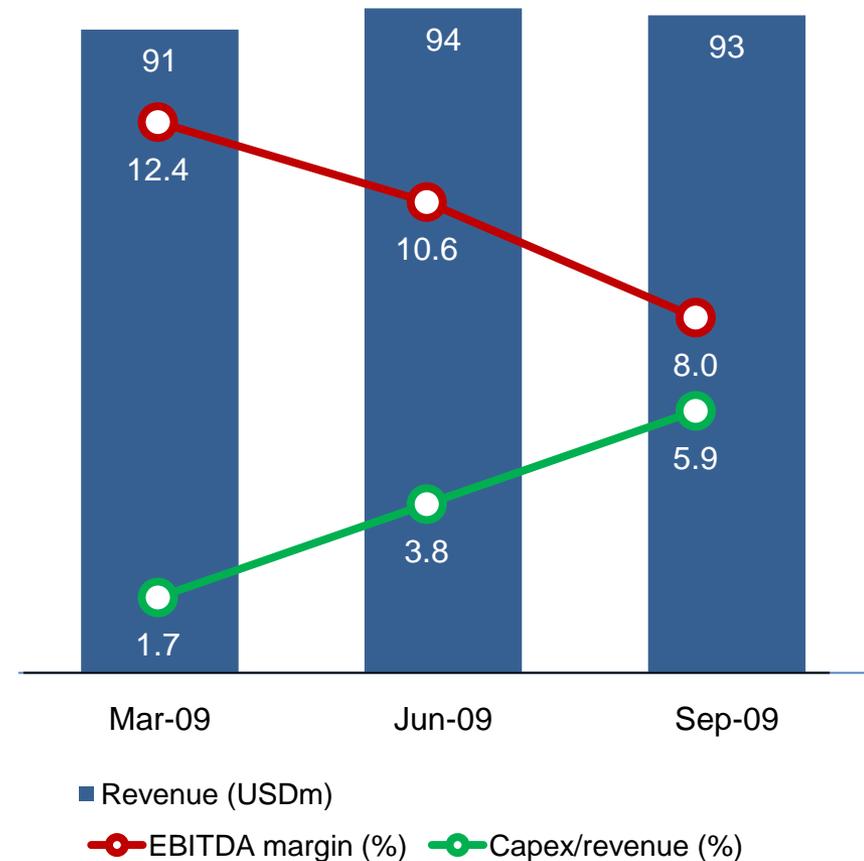
Impairment of Gateway

Gateway impairment

USD million	H1 2010
Acquisition price (enterprise value)	700
Carrying value (pre impairment)	719
Less: New valuation (enterprise value)	308
Impairment charge	411

- Adverse macroeconomic environment
- Poor trading performance
- Change in business plan assumptions

Gateway quarterly financial information



Group finance charges impacted by higher debt

Group net debt

R million	H1 2010	H1 2009
Cash and cash equivalents	(729)	(822)
Bank borrowings	747	3 364
Debt	14 822	3 520
Net debt before dividends and STC	14 840	6 062
Dividends and STC	-	3 300
Net debt including dividends and STC	14 840	9 362
Net debt/EBITDA (x)	0.8	0.5

Group finance charges

R million	H1 2010	% change
Net finance expense	(762)	8.9
Remeasurement of loans	(232)	-
Gain on translation of foreign assets and liabilities	142	(37.2)
Loss on derivatives	(259)	40.0
Net finance charges	(1 111)	68.6
Average cost of debt (%)	9.3	(3.0pp)

Unproductive interest on debt amounts to approximately R198 million.

Group taxation expense impacted by non-cash items

- The derecognised taxation asset is mainly due to the DRC deferred tax asset
- The revaluation adjustment and impairments is primarily due to the Gateway impairment
- No STC was paid for the period, dividend declaration is now post interim

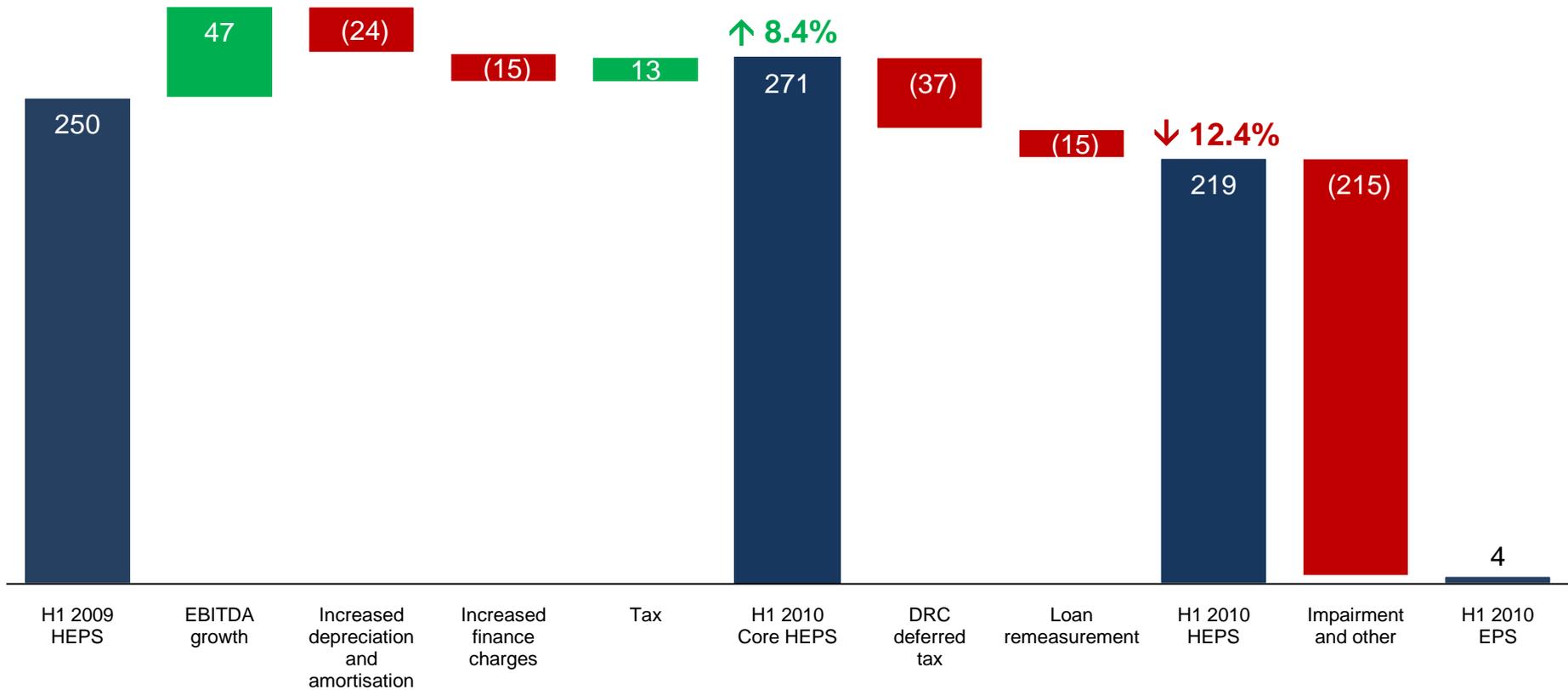
Group tax expense

R million	H1 2010	Rate (%)
Normal tax	675	28.0
Unproductive interest	56	2.3
BBBEE charge	14	0.6
Other	26	1.1
Effective taxation rate (pre impairment and unrecognised taxation assets)	771	32.0
Derecognised taxation asset	622	25.8
Revaluation adjustment and impairments	958	39.8
Effective tax rate	2 351	97.6

Core headline earnings per share increased 8.4%

Earnings per share

Cents per share

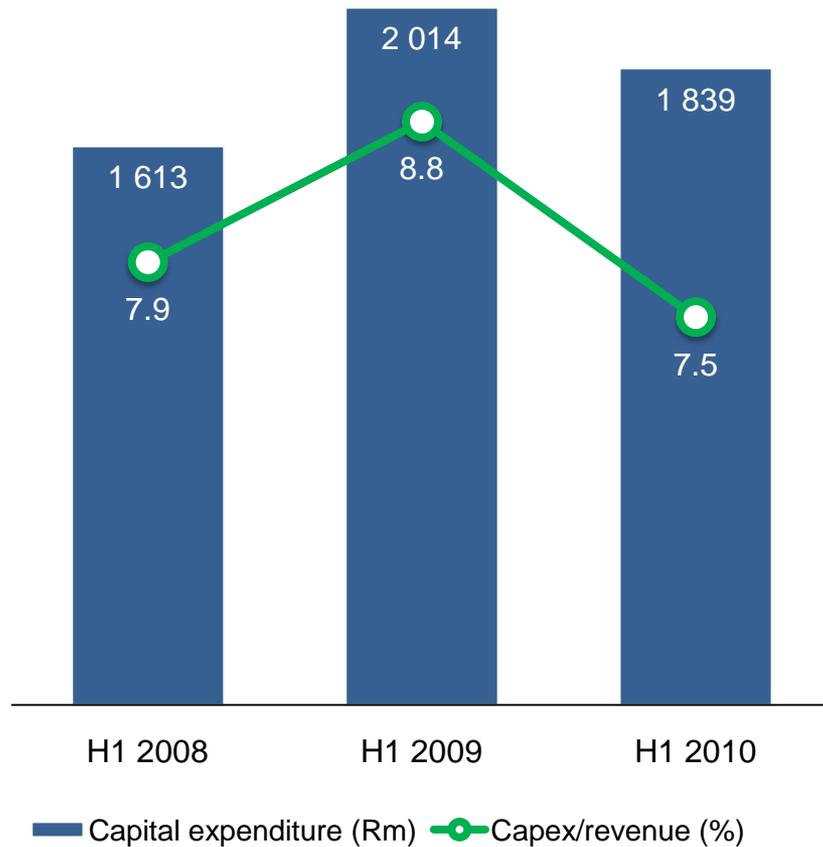


Net asset value impacted by currency translation losses

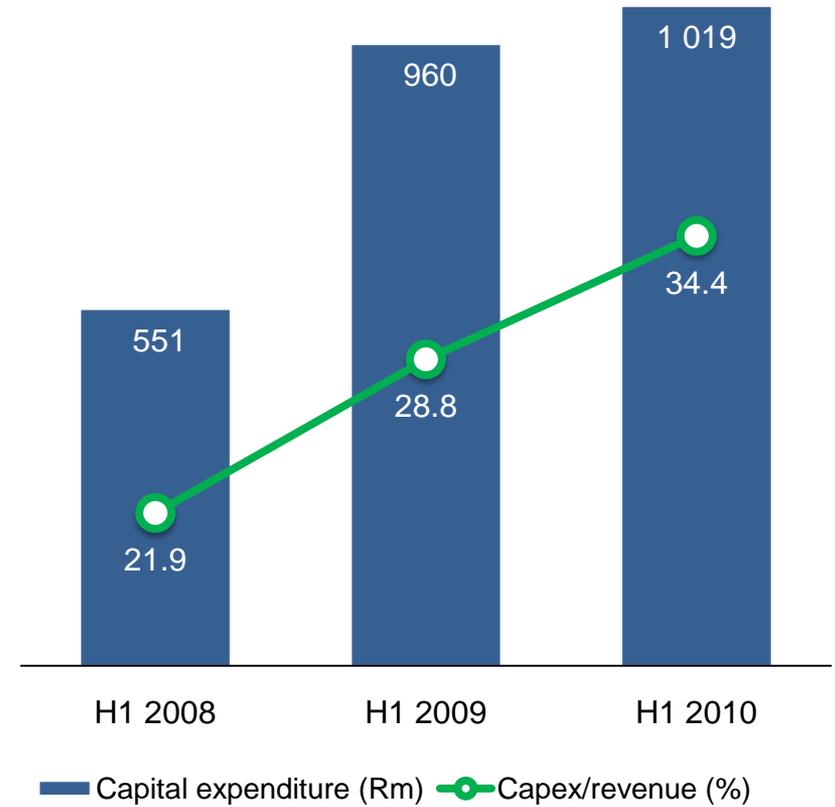
R million	H1 2010	FY 2009	Movement
Assets			
Property, plant and equipment	20 686	21 844	(1 158)
Intangible assets	6 749	11 794	(5 045)
Other non-current assets	1 112	1 586	(474)
Current assets	12 146	12 135	11
Total assets	40 693	47 359	(6 666)
Equity and liabilities			
Total equity	12 629	15 098	(2 469)
Interest bearing liabilities	15 564	16 205	(641)
Dividends payable	-	2 211	(2 211)
Other liabilities	12 500	13 845	(1 345)
Total equity and liabilities	40 693	47 359	(6 666)
Net asset value per share (cents)	849	1 015	(166)

Group capital expenditure of R2.9bn, 10.2% of revenue

South African capital expenditure



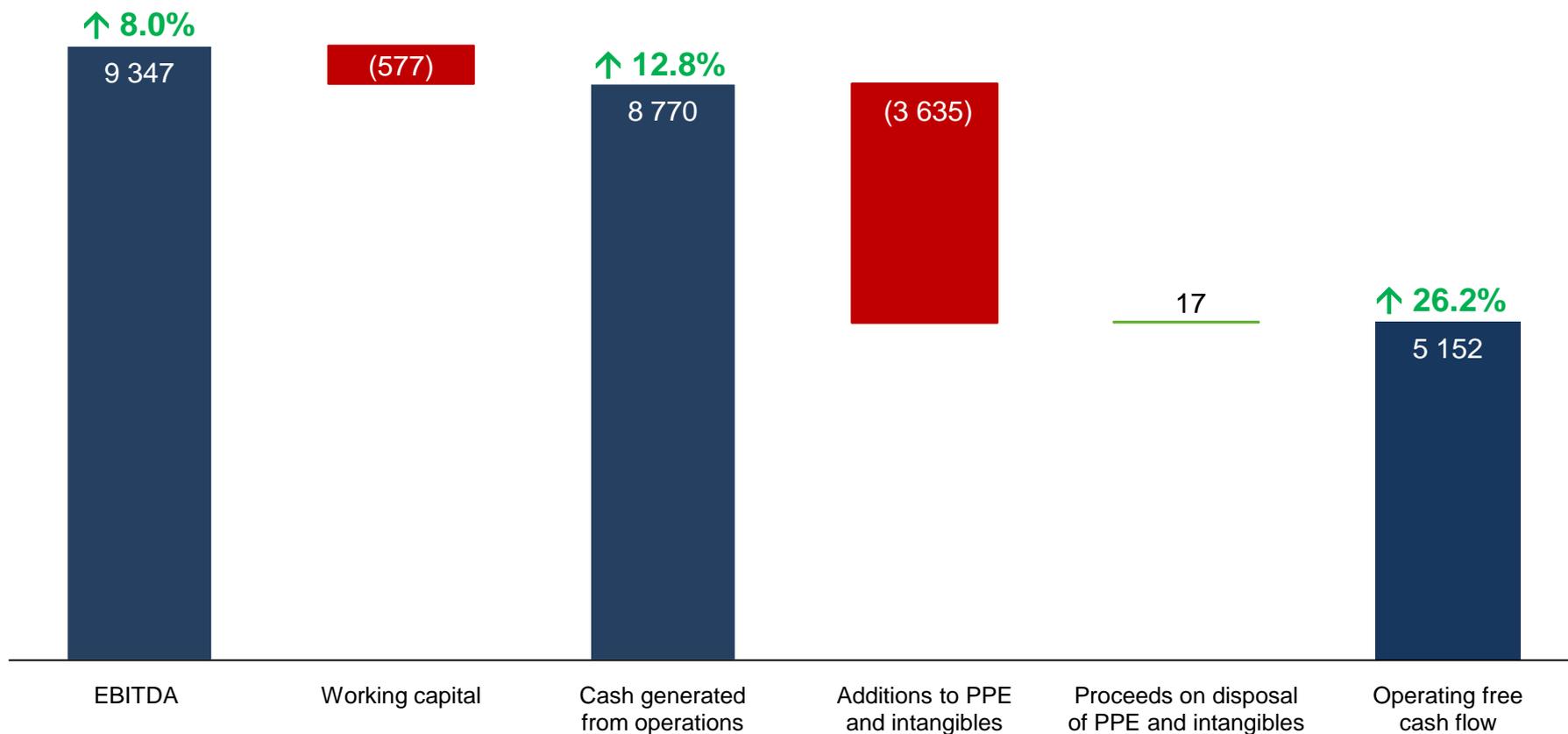
International capital expenditure



Group operating free cash flow increased 26.2%

Cash flow generation

R million



Interim dividend declared of 110 cents per share

- Dividend per share set at approximately 40% of headline earnings¹ per share
- Dividend payable on 7 December 2009
- Consideration of potential acquisitions and investment opportunities
- Short-term objective to optimise debt

Dividend

	H1 2010	H1 2009
Headline earnings (Rm)	3 255	3 720
HEPS (cents)	219	250
Dividend (Rm)	1 637	3 000
DPS (cents)	110	202
Payout ratio ¹ (%)	40	81

¹Excluding material non-cash items



Highlights

South Africa

International

Financials

Outlook

Outlook

Revenue

- Continued impact of RICA in SA
- Risk of lower MTRs in SA
- Pricing pressure in all markets

Profitability

- Accelerate cost reduction programmes
- Pressure on Gateway profitability

Capex

- SA capex of R5bn for March 2010
- International capex of R2bn for March 2010, down from R3bn

Strategic priorities remain unchanged

Grow core mobile
businesses

Leadership in
broadband and
connectivity

Develop
converged
ICT solutions

Expansion
in sub-Saharan
Africa

Efficient and lean operations

Key take-aways

Robust performance in South Africa

Improving international performance

Strong growth in mobile broadband

Earnings impacted by non-cash items

Strong cash flow



Thank you

Q & A



Highlights

South Africa

International

Financials

Outlook

Exchange rates

	Average year to date				
	H1 2010	H1 2009	% change	FY 2009	% change
USD/ZAR	8.15	7.78	4.8	8.84	(7.8)
ZAR/MZN	3.35	3.09	8.4	2.83	18.4
ZAR/TZS	163.29	152.79	6.9	142.67	14.5
EUR/ZAR	11.36	11.92	(4.7)	12.46	(8.8)

	Closing rate				
	H1 2010	H1 2009	% change	FY 2009	% change
USD/ZAR	7.39	8.34	(11.4)	9.64	(23.3)
ZAR/MZN	3.83	2.89	32.5	2.84	34.9
ZAR/TZS	178.59	140.37	27.2	139.52	28.0
EUR/ZAR	10.81	11.97	(9.7)	12.75	(15.2)

Country data

	South Africa	Tanzania	DRC	Mozambique	Lesotho
Population (million)	49.3	41.0	68.7	21.8	2.1
Estimated mobile penetration (%)	104	33	18	22	34
Number of operators	3	6	4	2	2
Market position	1	1	2	2	1
Estimated market share (%)	55	47	36	45	80
Ownership (%)	93.75	65	51	85	88.3
License expiry period	2024	2031	2018	2019	2016
Customers (thousand)	28 204	6 260	4 404	2 134	586
ARPU (R)	125	33	39	35	66
ARPU (local currency)	125	5 375	4.8	117	66
Revenue (R million)	24 371	1 227	1 048	413	233
EBIT (R million)	6 669	170	(164)	(54)	96
EBITDA (R million)	8 609	393	95	11	112
EBITDA margin (%)	35.3	32.0	9.1	2.7	48.1
Capital expenditure (R million)	1 839	635	166	180	38
Employees	5 002	683	665	197	91

Definitions

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, contract and community services 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.
EBITDA	Earnings before interest, taxation, depreciation, amortisation, net impairment charges, BBBEE charges, profit/loss on disposal of investments and on disposal of property, plant and equipment, investment properties and intangible assets.
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.
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.
Vodacom SA	Vodacom (Proprietary) Limited (registration number 1993/003367/07), a private limited liability company duly incorporated in accordance with the laws of South Africa and its subsidiaries and joint ventures.

Forward-looking statements

This presentation 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 (including in particular the outlook contained in slide 38); 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.

INVESTOR RELATIONS

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