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Interim highlights

+6.4%

Group revenue 

R39 956 million

+33.5%

Group data revenue 

R10 132 million

+13.0%

Group EBITDA 

R14 681 million

+30.7%

Group operating FCF 


R5 831 million

+6.0%

HEPS 

440 cents per share

+5.3%

Dividend per share 

395 cents per share



South Africa | Strong demand for data underpins growth

Key indicators	H1 2016	% change
Revenue (Rm)	31 696	5.1
Service revenue (Rm)	24 110	2.9
EBITDA (Rm)	12 262	13.1
Active customers ('000)	33 745	3.5
Active data customers ('000) (excl M2M)	17 811	6.8
Active data customers ('000) (incl M2M)	19 665	7.7
Smart devices ('000)	12 607	30.9

+5.1%

Revenue growth

+13.1%

EBITDA growth

+33.4%

Data revenue growth

Interim results | 30 September 2015

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SA | "Best network" promise for our customers

1

Widest 3G & 4G coverage

2

Best call quality rates

3

Fastest speeds

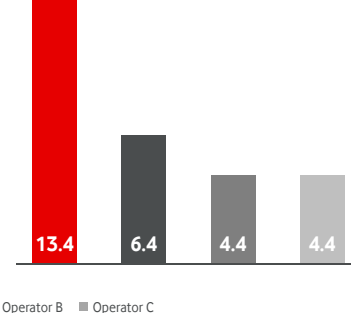
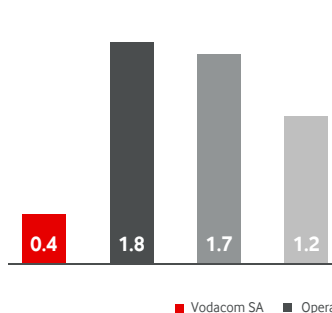
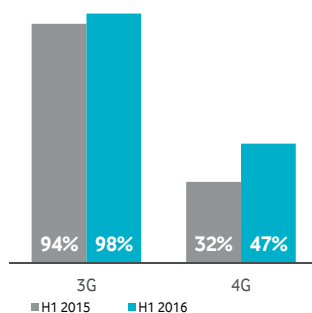
Source: Atio (September 2015)

Source: Atio (September 2015) (Mbps)

Estimated population coverage

Call drop rates (%)

Download speeds

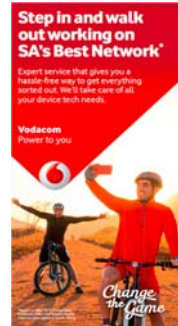


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SA | “Best service” confirmed by NPS leadership



57 NPS score

+17ppts lead on closest competitor

C	Connectivity	A	Always in control	R	Reward loyalty	E	Easy access
•	Notifications to customers when new 4G sites go live	•	24/7 toll free for roaming	•	Red customer welcome calls	•	24/7 customer care support
•	Ensuring guaranteed indoor coverage for top corporates	•	Travel Saver to be expanded from 27 countries to 180	•	Red prioritised call routing	•	24 million unique USSD users
•	Monitoring & fixing top 500k customers' network issues	•	Improved data usage notifications	•	“Just for You” personalised offers	•	800k Vodacom App users
•	Perfect start-up (back-up & transfer) live in all stores	•	Buy data bundles easily in App	•	Vouchercloud discounts for Vodacom customers	•	Vodacom App wins Best Mobile App for Africa, DIAA 2015

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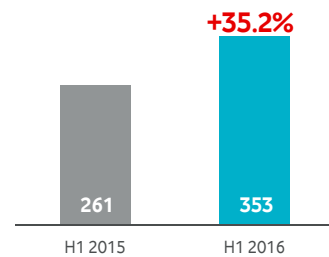
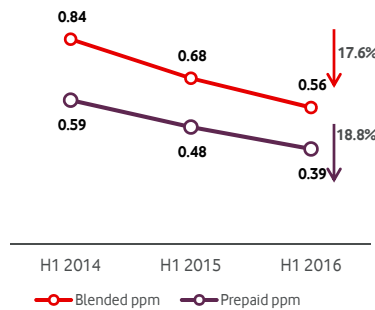


SA | “Best value” ensuring customer growth and improved ARPU

- 1** Reducing effective voice pricing
- 2** Migration to new price plans
- 3** Stimulating bundle adoption

R

Number of prepaid voice bundles sold (m)



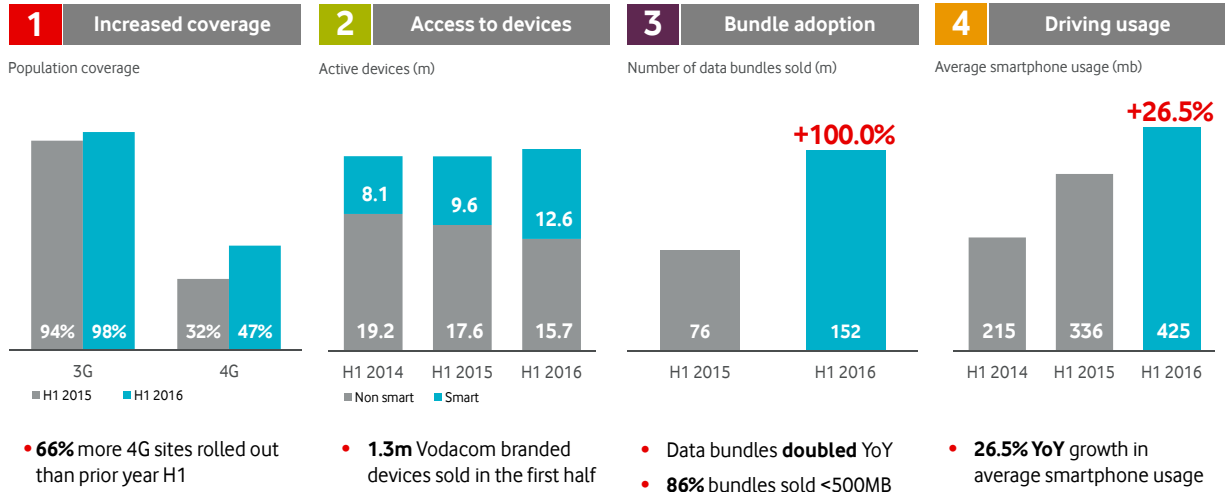
- Outgoing voice traffic up **8.2%**
- MOU up **3.3%** to **127**
- Total **ARPU R112** in Q2 v R110 in Q1
- **70.8%** of contract revenue in bundle
- Contract customers up **2.4%**
- Contract **ARPU R393** in Q2 v R381 in Q1
- “Just for You” stimulating bundle sales
- Prepaid **net adds of 1.6m** in H1
- Prepaid **ARPU R63** in Q2 v R62 in Q1

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SA | Device and bundle affordability increasing data demand



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International | Double digit growth led by strong customer adds

Key indicators	H1 2016	% change
Revenue (Rm)	8 530	12.6
Service revenue (Rm)	8 279	12.4
EBITDA (Rm)	2 405	10.0
Active customers ('000)	31 373	10.6
Active data customers ('000) (excl M2M)	10 496	14.2
Active data customers ('000) (incl M2M)	10 613	14.4
Active M-Pesa customers	9 168	30.3

+12.6%

Revenue growth

+34.3%

Data revenue growth

+12.5%

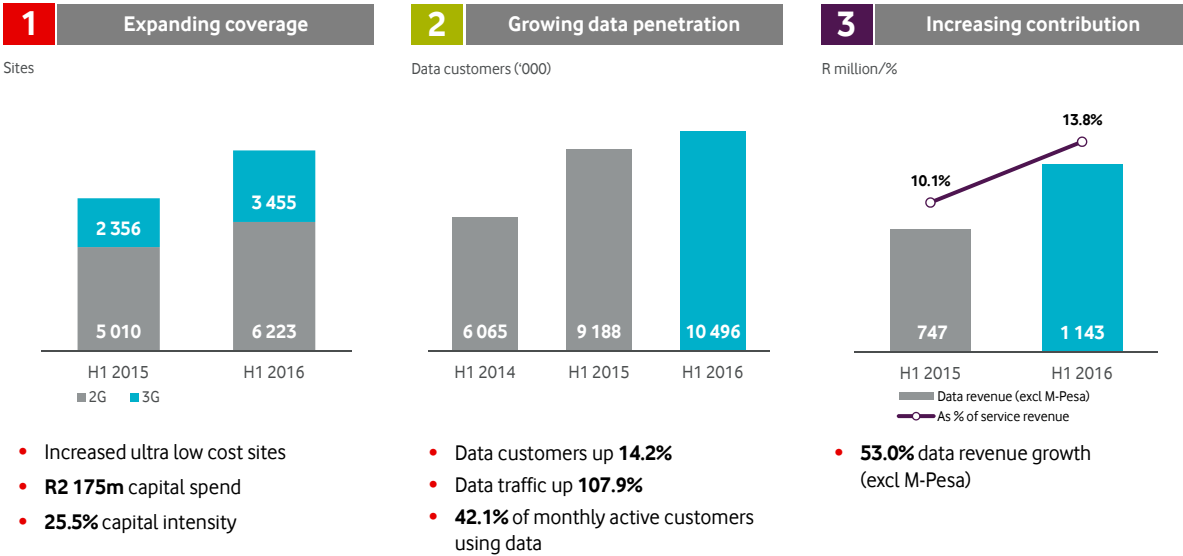
M-Pesa revenue growth

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International | Increased data penetration

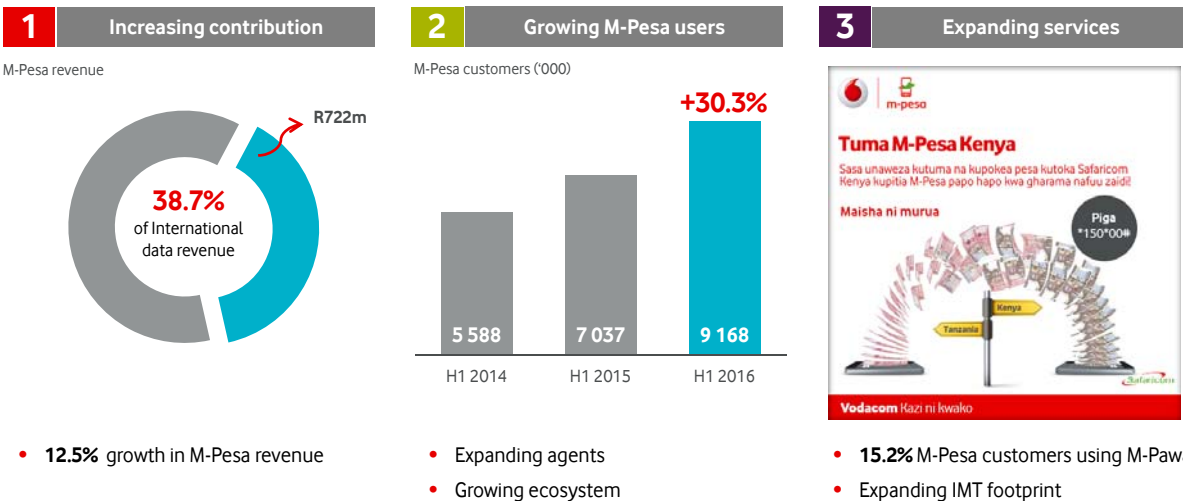


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International | M-Pesa take-up remains strong



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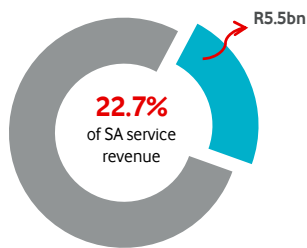
Growth engines



Vodacom Business | Leveraging our network quality and brand

1 Increasing contribution

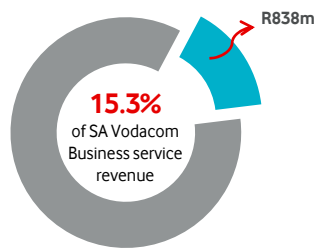
SA Vodacom Business service revenue contribution



- **12.8%¹** growth in Vodacom Business service revenue in SA

2 Growing fixed-line

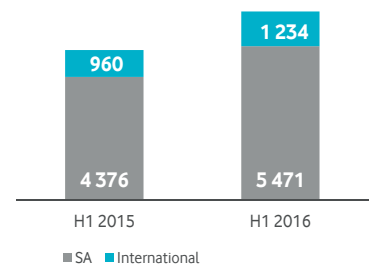
SA fixed and business managed services revenue



- Cloud & Hosting gaining traction
- Leveraging network reliability and leading mobile brand to increase revenue

3 Growing African presence

Vodacom Business revenue R million



- Ability to sell throughout Africa

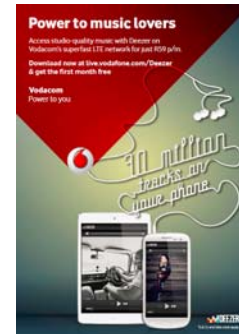
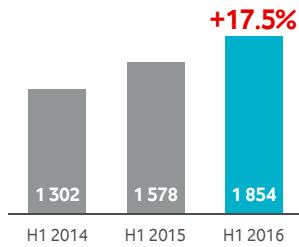
1. Adjusted for X-Link and Nashua
Interim results | 30 September 2015



New services | Investment in new areas of growth

- 1 M2M - Internet of things
- 2 Insurance
- 3 Fibre
- 4 Content

Number of connections ('000)



- **20.0%** M2M revenue growth (excl X-Link)
 - X-Link providing platform to grow in verticals and capture internet of things
- H1 insurance revenue up **21.7%**
 - Life, funeral & device insurance cover offered
 - Launched screen cover in Q2
- FTTH commercially launched
 - Live in 6 estates
- Content revenue up **16.7%**
 - Deezer gaining traction

Interim results | 30 September 2015

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Financial review



Group income statement

R million	H1 2016	H1 2015	% change	% adjusted**
Revenue	39 956	37 546	6.4	6.8
Service revenue	32 244	30 725	4.9	5.6
EBITDA	14 681	12 993	13.0	14.1
Operating profit	10 169	9 430	7.8	
Net finance charges	(909)	(397)	129.0	
Profit before tax	9 260	9 033	2.5	
Taxation	(2 814)	(2 731)	3.0	
Net profit	6 446	6 302	2.3	
Attributable to:				
Equity shareholders	6 464	6 190	4.4	
Non-controlling interests	(18)	112	(116.1)	
HEPS (cents)	440	415	6.0	
Weighted average shares in issue (million)	1 467	1 466		

** Growth adjusted for foreign exchange and the change in accounting estimate relating to revenue recognition of un-recharged vouchers in September 2014 in South Africa.
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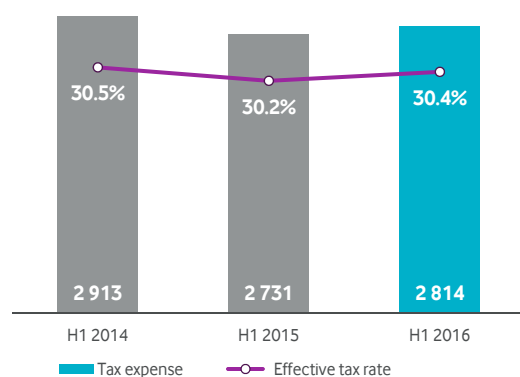
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Group effective tax rate remains stable

Group tax

R million/%



Group tax reconciliation

R million	H1 2016	Rate (%)
Profit before tax	9 260	
Normal tax	2 593	28.0
Share of associate loss	33	0.4
Non-deductible interest	30	0.3
Non-deductible expenditure	72	0.8
Withholding tax	78	0.8
Other	8	0.1
Total tax expense/effective tax rate	2 814	30.4

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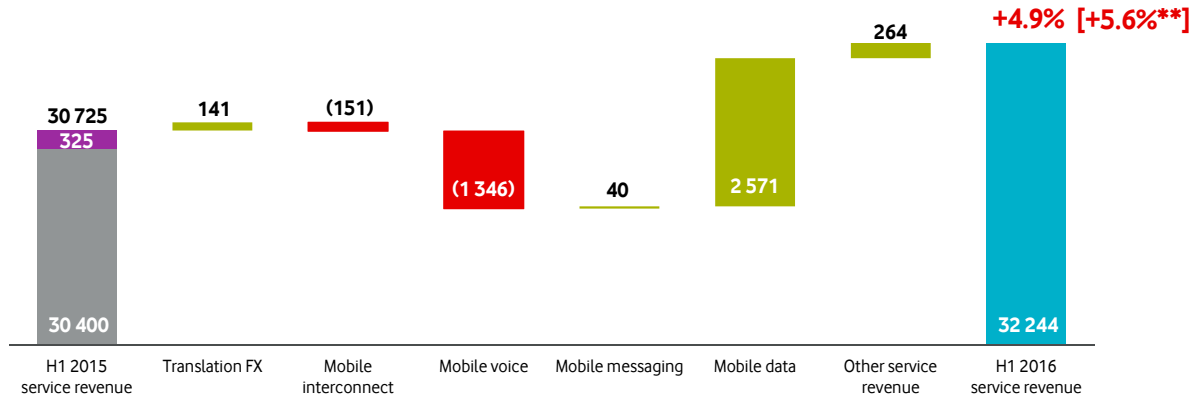
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Group service revenue growth of 4.9% underpinned by data

Group service revenue by category

R million



Categories at a constant currency (using current year as base)

** Growth adjusted for foreign exchange and the change in accounting estimate relating to revenue recognition of un-recharged vouchers in September 2014 in South Africa.

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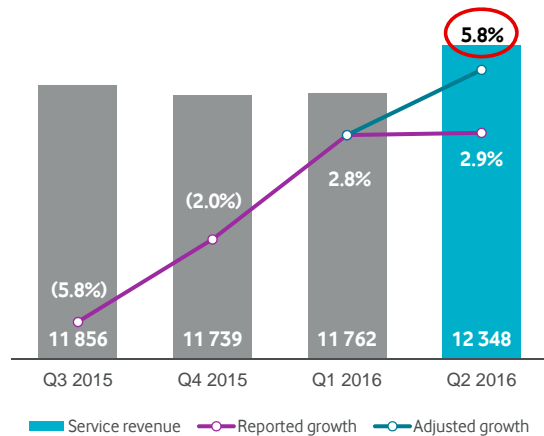
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Accelerated growth in South Africa

SA service revenue

R million/%



- Prior year Q2 positively impacted by R325 million change in accounting estimate
- Adjusted service revenue increased 5.8% in Q2 compared to 2.8% in Q1
- Key factors contributing to the improved trend
 - Increased contribution of data revenue from 33.8% of service revenue in Q1 to 34.8% in Q2
 - Easing of the voice revenue decline
 - Accelerated growth in Vodacom Business revenue from stronger take-up of fixed-line services

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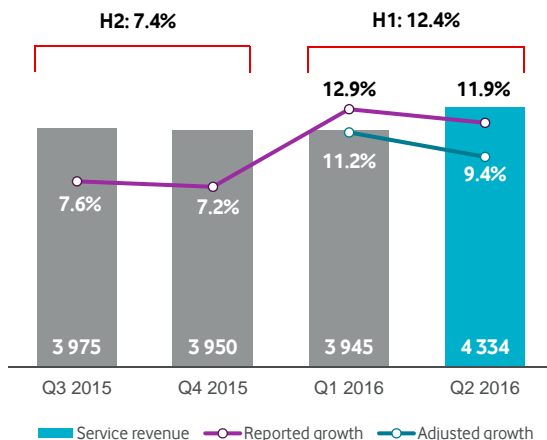
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Achieved double digit growth in International for H1

International service revenue

R million/%



- Service revenue growth up 12.4% in H1 2016 versus 7.4% in H2 2015
- Reported growth positively impacted by translation of mainly dollar revenue to rand
- All markets performing well, Tanzania Q2 performance impacted by increased competition

Interim results | 30 September 2015

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Group expenses grew 3.9%, below revenue growth of 6.4%

Group total expenses¹ by category

R million	H1 2016	% change
Direct expenses	16 586	3.0
Staff expenses	2 575	5.4
Publicity expenses	963	(7.0)
Other operating expenses	5 270	8.6
Total expenses¹	25 394	3.9

South Africa

- 1.3% cost growth, excluding device cost of sales and the positive impact of trading FX, total costs decreased 0.9%
- Launched multi-year structured programme, Fit for growth

International

- 15.3% cost growth, excluding foreign exchange impact, total expenses increased 10.8%
- Cost growth impacted by network roll-out and higher costs for foreign based expenses as local currencies weakened

1. Excluding depreciation, amortisation, BEE charge and loss from associate and joint venture
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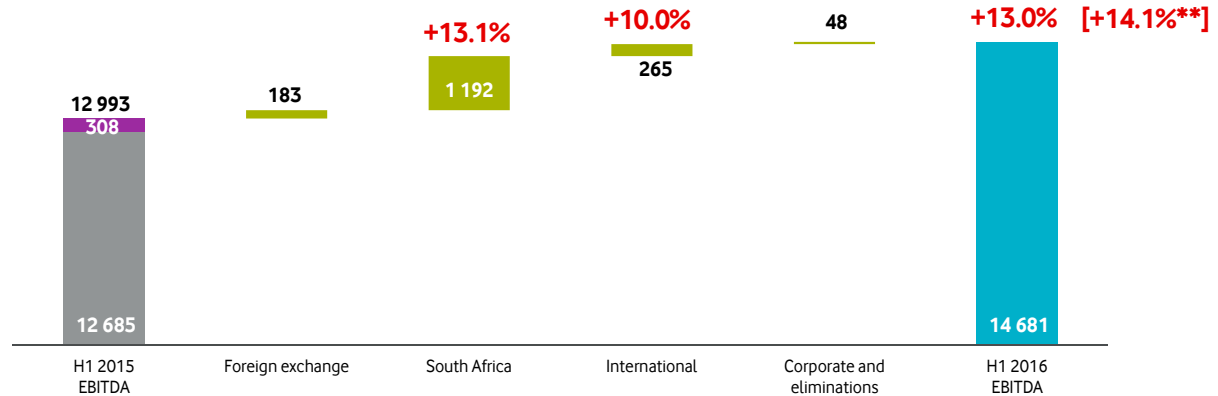
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Group EBITDA grew strongly by 13.0%

Group EBITDA

R million



Segments adjusted for trading foreign exchange and at a constant currency (using current year as base)

** Growth adjusted for foreign exchange and the change in accounting estimate relating to revenue recognition of un-recharged vouchers in September 2014 in South Africa.

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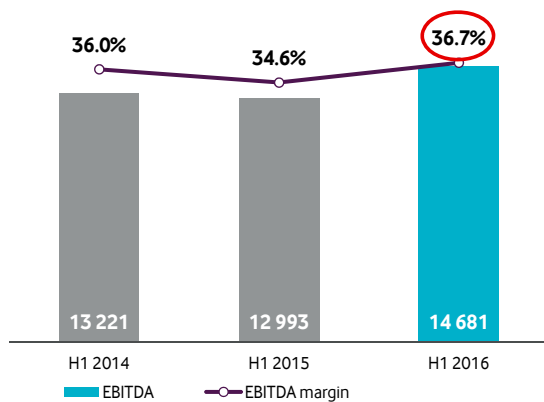
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EBITDA margin expanded 2.1ppts

Group EBITDA

R million/%



South Africa

- EBITDA margin expanded 2.8ppts to 38.7%

International

- EBITDA margin contracted 0.7ppts to 28.2%
- Excluding foreign exchange, EBITDA margin expanded 0.5ppts to 29.1%

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Maintained a healthy balance sheet position

R million	H1 2016	FY 2015	Movement
Assets			
Property, plant and equipment	38 005	35 959	2 046
Intangible assets	7 877	7 603	274
Other non-current assets	2 676	2 392	284
Current assets	26 660	25 353	1 307
Total assets	75 218	71 307	3 911
Equity and liabilities			
Total equity	22 439	21 643	796
Borrowings	28 015	25 659	2 356
Other liabilities	24 764	24 005	759
Total equity and liabilities	75 218	71 307	3 911
Net asset value	22 439	21 643	796

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Increased financing cost due to higher debt for accelerated capex

Group net debt

R million	H1 2016	H1 2015
Bank and cash balances	6 952	2 858
Bank overdrafts	(427)	(1 802)
Current borrowings	(4 516)	(5 794)
Non-current borrowings	(23 499)	(11 260)
Other financial instruments	152	(8)
Net debt	(21 338)	(16 006)
Net debt/EBITDA (times)	0.7	0.6

Group net finance charges

R million	H1 2016	H1 2015
Net finance costs	(703)	(486)
Net (loss)/gain on remeasurement and disposal of financial instruments	(206)	89
Net finance charges	(909)	(397)
Average cost of debt (%)	7.2	7.1

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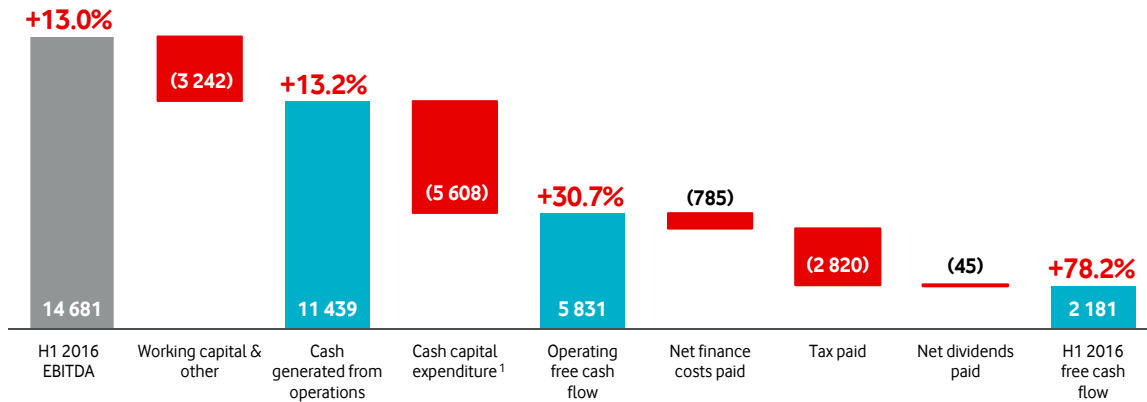
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Continued investment, strong cash flow

Group free cash flow

R million



1. Cash capital expenditure comprises the purchase of PPE and intangible assets, other than license and spectrum payments, net of cash flow from disposals
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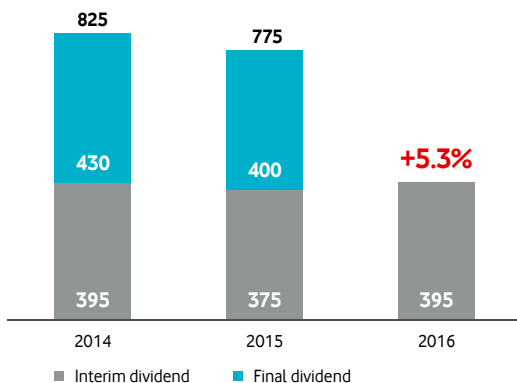
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Dividend per share up 5.3%

Dividend per share

Cents per share



- Interim dividend declared of **395** cents per share
- Pay-out ratio of at least **90%** of HEPS maintained

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Key priorities for the year

1

Ensure returns from accelerated capital investment

2

Improve how we monetise data

3

Optimise cost



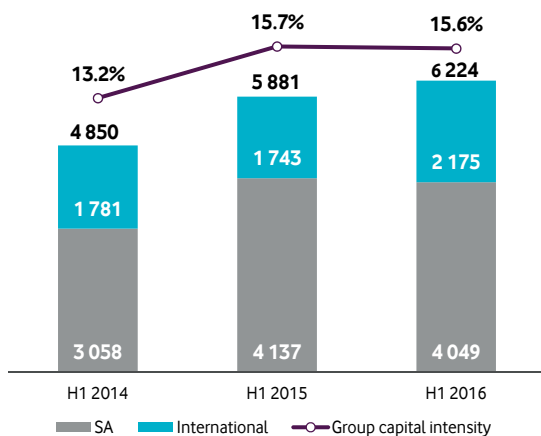
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Accelerated capital investment secures network lead

Group capital expenditure

R million/%



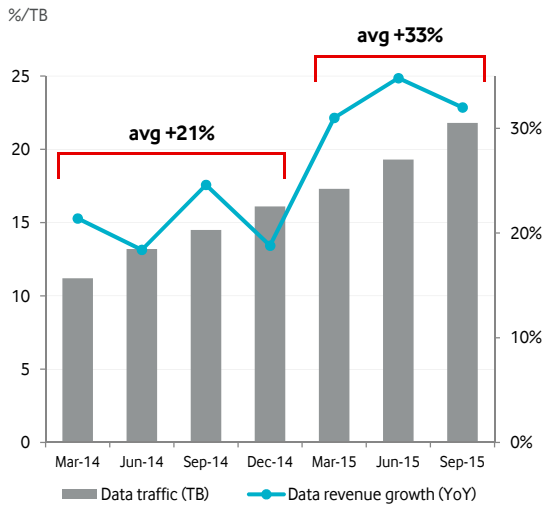
- In line with guidance
- Ahead of our mobile plan
 - South Africa: 4G coverage at 46.8%, up from 32.2% a year ago
 - International: increased sites by 24.1% during the last year and doubled 4G sites in Lesotho
- Fixed-line slightly behind plan as capex prioritised for site acceleration, but starting to gain traction
- Group data traffic growing 62.3% evidencing strong demand for data

Total capital expenditure includes corporate and eliminations
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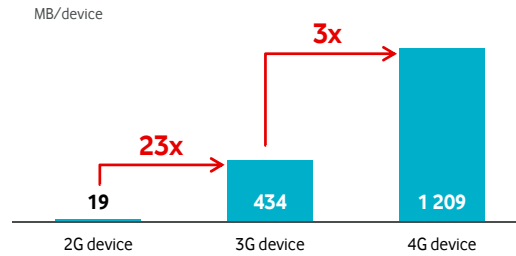
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Data revenue growth stepped up significantly in South Africa

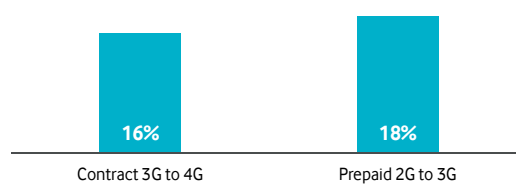
SA data traffic vs data revenue growth



Increasing data usage



ARPU uplift from device migration

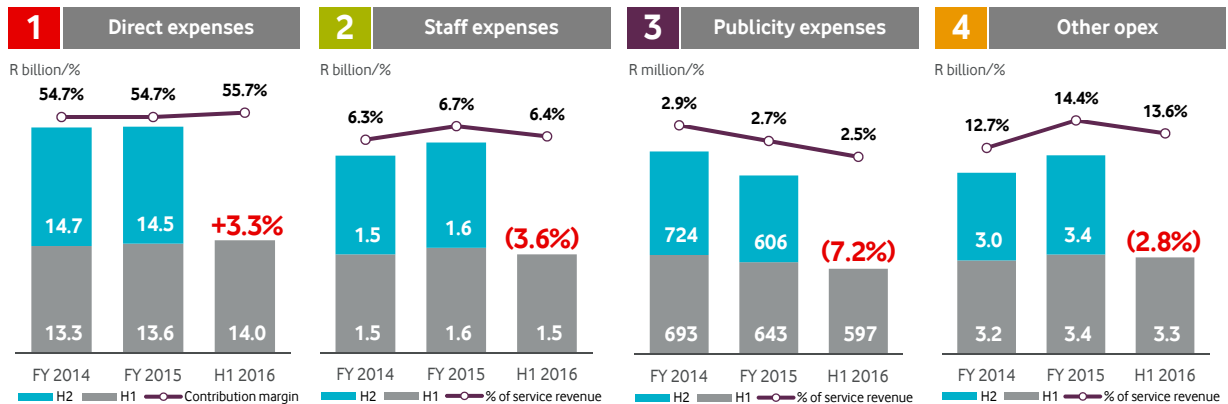


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Delivering on multi-year cost saving programme in South Africa



- Purchased Nashua base
- Increased SIM selling price
- Reduced SIM cost
- Optimised prepaid voucher commission

- Improved efficiencies
- Annual pay increase to attract and retain best talent
- Invest further in H2 to build fibre and content capabilities

- Spent less on marketing
- Invest further in H2 for Summer campaign

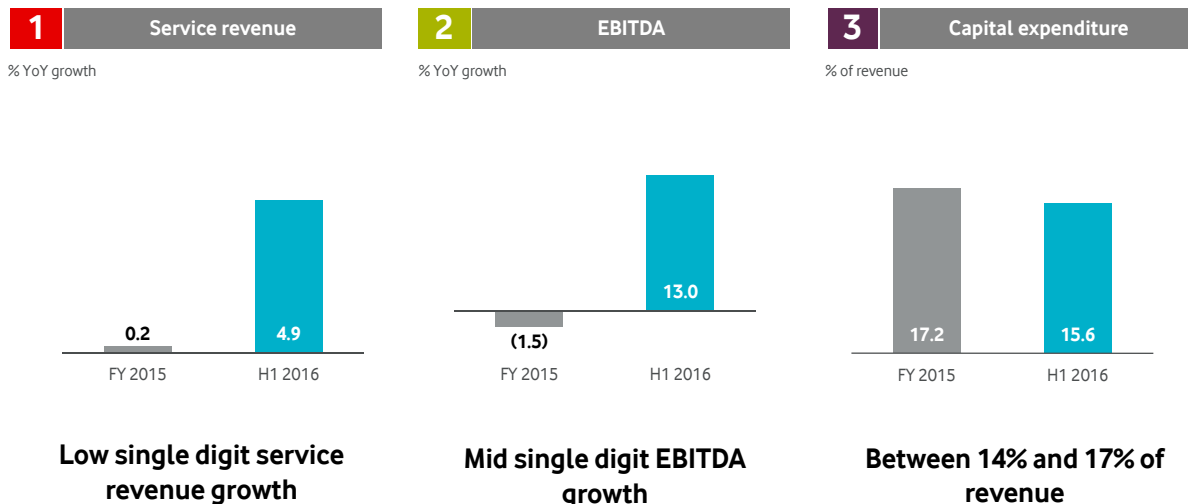
- Reduced call volumes from increased digital care
- Reduced leased lines
- Reduced consultant & contractor spend
- Benefit from trading FX

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Group medium-term three-year targets to March 2017



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In summary

- Returned to service revenue growth
- Expanded EBITDA margin
- Generated strong cash flow
- Maintained a healthy balance sheet
- Made good progress on strategic priorities
- Confirming medium-term targets

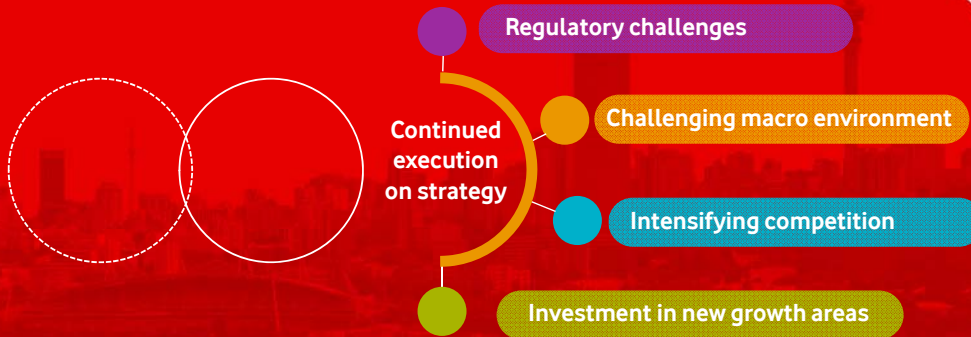


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Outlook



Key priorities

Strategic

Neotel completion
Spectrum
Fibre investment

Growth

Accelerated capital investment
M-Pesa and financial services
Content/Video
Enterprise

Commercial

Data monetisation
Cost efficiency
Pricing transformation
CARE





Country data

	South Africa	Tanzania	DRC	Mozambique	Lesotho
Population (million)	55	53	71	28	2
GDP per capita [‡] (USD)	5 980	856	493	584	1 080
GDP growth estimate [‡] 2015 (%)	1.8	6.9	7.8	6.8	4.3
Ownership (%)	100 [#]	82.2	51	85	80
License expiry period	2029	2031	2018/2032 [‡]	2018/2026 [‡]	2016 [‡]
Active customers (thousand)	33 745	12 521	12 118	5 464	1 270
ARPU (rand per month)	111	37	37	51	62
ARPU (local currency per month)	111	6 157	3.0	156	62
Minutes of use per month	127	121	39	100	70

[‡] The Economist Intelligence Unit

[#] 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

[‡] 2018 relates to the 2G license and 2026 /2032 relates to the 3G license

[‡] The Lesotho Communications Authority issued a letter to confirm renewal of the license. The license terms are currently being negotiated.

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Impact of foreign exchange

Revenue

YoY % growth

H1 2016	Reported	Normalised*
South Africa	5.1	5.1
International	12.6	9.9
Group	6.4	5.9

Service revenue

YoY % growth

H1 2016	Reported	Normalised*
South Africa	2.9	2.9
International	12.4	10.3
Group	4.9	4.5

Average exchange rates

	H1 2016	H1 2015	% change
USD/ZAR	12.54	10.66	17.6
ZAR/MZN	3.06	2.92	4.8
ZAR/TZS	166.43	155.86	6.8
EUR/ZAR	13.92	14.36	(3.1)

EBITDA

YoY % growth

H1 2016	Reported	Normalised*
South Africa	13.1	10.8
International	10.0	12.0
Group	13.0	11.4

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

Active customers	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.
Active data customers	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.
Adjusted growth (**)	We changed our accounting estimate relating to revenue recognition of un-recharged vouchers resulting in a positive adjustment of R325 million in September 2014 in South Africa.
ARPU	Total ARPU is calculated by dividing the average monthly service revenue by the average monthly active customers during the period.
Contribution margin	Revenue less direct expenses as a percentage of revenue.
EBITDA	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 BEE income/charge.
Free cash flow	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.
HEPS	Headline earnings per share.
International	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 and Vodacom Business Africa Group (Pty) Limited and its subsidiaries.
MOU	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.
Normalised growth (*)	Adjusted for trading foreign exchange and at a constant currency (using current year as base) from ongoing operations.
Operating free cash flow	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.
South Africa	Vodacom (Pty) Limited, a private limited liability company duly incorporated in accordance with the laws of South Africa and its subsidiaries, joint ventures and SPVs.
Traffic	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.

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Forward-looking statements

This presentation which sets out the interim results for Vodacom Group Limited for the six months ended 30 September 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.



 www.vodacom.com
 VodacomIR@vodacom.co.za
 +27 11 653 5055
 facebook.com/vodacom
 [@vodacom](https://twitter.com/vodacom)

Results for the six months ended 30 September 2015

