

# Preliminary

# results

for the year ended 31 March 2015



Power to you

## SHAMEEL AZIZ JOOSUB

Vodacom Group CEO  
commented:

### CUSTOMER

Clear NPS  
leadership



### GROWTH

Diversify revenue  
to deliver  
growth



### OPERATIONS

Deliver cost and  
process efficiency

### PEOPLE

Best talent,  
best practice



### REPUTATION

Transform society and  
build stakeholder trust

"The key highlights of our story for the year were network investment, data growth, and pricing transformation. This played out against a tough backdrop. In South Africa we faced major cuts in mobile termination rates ('MTRs'), a weak economic environment, exchange rate volatility and increased price competition. In Tanzania and the DRC, pricing pressure impacted our performance. Despite these challenging conditions, we increased the Group customer base by 7.2% to 61.6 million and grew revenue by 2.1% (1.1%\*) to R77.3 billion. Headline earnings per share reduced 4.0% to 860 cents.

In South Africa we've attracted the majority of contract customers to integrated packages and established the value bundle approach within the prepaid segment, which has in effect rebased our pricing. This resulted in a 17.7% reduction in the blended average effective price per minute for calls, and a 24.1% reduction in the average effective price per MB of data. A second significant change was the 50% reduction in MTRs which was a major contributor to the 2.7% decline in service revenue in South Africa. Excluding the MTR cuts, service revenue in South Africa grew 1.5%. With these adverse factors behind us, we can now realise the full benefit of continued investment in network reach and capacity, as well as from our ongoing focus on enabling access to low-cost smartphones and tablets. This is reflected in a recovery in the fourth-quarter, resulting in a better performance in the second-half.

The delay in receiving regulatory approval for the acquisition of Neotel is disappointing. This transaction has been with the authorities for approval for almost a year now.

In our International operations, service revenue was up 10.0% (4.5%\*). Lesotho and Mozambique performed well, while Tanzania and the DRC faced stiff pricing competition.

The smart device revolution continues and we now have 26.5 million active data customers, and 1.8 million machine to machine ('M2M') customers across the Group. Overall data revenue grew 25.0%. In South Africa, the number of smart data devices (smartphones, tablets and modems) active on the network grew by 29.7% to 11.6 million, boosted by the launch of Smart Kicka and Smart Tab, Vodacom's low-cost branded devices.

Our focus on network investment is the key enabler behind the increasing contribution that data is making to service revenue. We lifted Group capital expenditure 23.4% to R13.3 billion, adding another 2 576 3G sites across the Group and more than doubling our LTE/4G sites to 2 610. In South Africa, 3G coverage was extended to 95.6% of the population.

Looking forward, the improvement in fourth-quarter performance gives us cause for cautious optimism. The indications are that we've pulled through a transformative period and conditions over the medium-term look more favourable."

## Salient features

Group active customers increased **7.2%** to 61.6 million

Group revenue up **2.1%** (1.1%\*) and service revenue up 0.2% (-1.0%\*)

Excluding the impact of a 50% cut in MTRs in South Africa, Group revenue increased **4.8%** (3.7%\*\*\*) and Group service revenue increased **3.4%** (2.2%\*\*\*)

Strong growth in Group data revenue of **25.0%**, active data customers up **15.9%** to 26.5 million and M2M customers up **18.5%** to 1.8 million

Group EBITDA declined **1.5%** (-1.1%\*) with an EBITDA margin of 34.8%; strong recovery in SA EBITDA in H2

Capital expenditure increased **23.4%** to R13 305 million (17.2% of Group revenue in line with medium-term guidance)

South Africa service revenue declined 2.7%; excluding the impact of MTR cuts, service revenue grew **1.5%**

International service revenue grew **10.0%** (4.5%\*), representing 24.6% of Group service revenue

HEPS decreased 4.0% to **860 cents**

Final dividend of **400 cents**, taking the total dividend to 775 cents in line with our dividend policy

Solid performance in Q4, ending the year with promising **growth**

Rm	Year ended 31 March		Year on year % change	
	2015	2014	Reported	Normalised*
Revenue	<b>77 333</b>	75 711	2.1	1.1
Service revenue	<b>62 167</b>	62 047	0.2	(1.0)
EBITDA	<b>26 905</b>	27 314	(1.5)	(1.1)
Capital expenditure	<b>13 305</b>	10 779	23.4	
Operating free cash flow	<b>14 003</b>	19 410	(27.9)	
Free cash flow	<b>7 763</b>	13 185	(41.1)	
Headline earnings per share (cents)	<b>860</b>	896	(4.0)	

### Notes:

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

\*\* Growth adjusted for foreign exchange, and the MTR impact in South Africa.

\*\*\* Growth adjusted for foreign exchange, the MTR impact in South Africa, the release of un-recharged vouchers due to a change in accounting estimate and the consolidation of XLink effective 1 April 2014 (South Africa only) and the write-off of current assets (International only).

Refer to page 30 for a reconciliation of adjustments.

All growth rates quoted are year-on-year growth rates unless stated otherwise.

---

# OPERATING REVIEW

## South Africa

**Revenue** grew 0.4% to R62 037 million, with a notable improvement in Q4 growth of 4.7% compared to the same quarter last year. Strong data and equipment revenue growth, especially in Q4, were the main contributors. Equipment revenue represented 22.7% (2014: 20.3%) of total revenue, up 12.2% for the year. We sold ten million devices in the year, supported by device financing and more affordable device price points, as part of our strategy to put data capable devices into the hands of more customers. More than three million low-cost smart devices were sold, including Vodacom branded Smart Kicka and Smart Tab, which sold over one million since launch in Q3.

**Service revenue** declined 2.7% to R47 032 million impacted by a 50% cut in MTRs in April 2014. Excluding the MTR impact of R2.0 billion, service revenue grew 1.5% and returned to growth in Q4. Growth in data and in our enterprise business were the main drivers of service revenue. Service revenue benefitted from a one-off adjustment of R325 million relating to a change in the accounting estimate of un-recharged vouchers reported in the first half of the year and R164 million due to the consolidation of XLink in the second half (collectively 'SA One-Off').

**Customer service revenue** was flat at R41 316 million, despite a 17.7% reduction in the blended average effective price per minute as a result of our pricing transformation programme. This was offset by growth in outgoing voice traffic of 12.5% and growth in data traffic of 63.1%. Our strategy of offering best value to customers was executed through targeting a clear segmented approach, offering bundles at affordable and competitive prices, together with delivering worry free integrated plans to customers.

**Contract active customers**, excluding M2M, increased 2.5% to 4.9 million. Higher gross connections and a 2.6 ppt reduction in churn to 9.2%, supported by a proactive retention campaign, were the main drivers of this growth. Contract pricing transformation is nearing completion, with 77.9% of contract customers migrated from voice centric plans to integrated plans. Contract in-bundle spend increased to 69.3% (2014: 64.6%), reducing exposure to out-of-bundle prices and protecting us from competing services. Hybrid contract transformation is gaining traction, with 54.8% of hybrid customers switching to uChoose packages which give customers access to integrated plans with an option to access prepaid promotions on an ad hoc basis. ARPUs declined 2.3% yoy to R380; excluding the impact of interconnect revenue, ARPUs were flat yoy.

**Prepaid active customers** increased 1.8% to 27.2 million customers. This was largely due to shifting customers to value based offers, resulting in a higher proportion of prepaid voice revenues generated from voice bundle offers. Pricing transformation has made us more competitive, with 6.3 million customers now engaged in bundles. In Q4, we sold an average of 53 million voice bundles a month. Our customer value management system, which helps us understand customers' needs, was used effectively to target customers with affordable offers below the line, move customers from legacy plans to new prepaid price plans, and engage customers before they become inactive.

**Data revenue** grew 23.4% to R13 538 million (21.9% excluding the XLink adjustment), supported by more affordable devices, increased bundles sold and greater coverage. Data monetisation and efficiency improved in Q4, with data revenue growth of 31.0% (of which 5.6 ppts related to the XLink adjustment) and data traffic growth of 47.5%, compared to the same quarter last year. Data now makes up 28.8% of service revenue (2014: 22.7%), with active data customers up 9.4% to 16.6 million customers and M2M customers up 15.9% to 1.7 million. The number of active smart data devices on the network increased 29.7% to 11.6 million (of which 9.3 million are smartphones, 1.1 million are tablets and 1.2 million are modems), fuelled by more affordable devices. The average amount of data used per month increased 37.9% to 342 MB on smartphones and 12.3% to 829 MB on tablets. The launch of affordable daily and hourly "bite size" data bundles (e.g. R3 for 50MB and R10 for 100MB) drove data adoption and supported the shift of prepaid customers to bundle usage, with prepaid data bundle sales up 139.2%.

---

**New services**, which include m-pesa, financial services, M2M and content have been identified as a new growth pillar. m-pesa is slowly gaining traction in South Africa, with one million registered m-pesa customers signing up since launch and 76 000\* actively using the service. Revenue from our insurance business grew 36.0%, boosted by an increase in device insurance. To build scale in M2M, we leveraged off the Vodafone global M2M platform to launch additional applications in target industries.

**EBITDA** declined 1.1% to R22 837 million, with a slight contraction in EBITDA margin of 0.6 ppts to 36.8%. Excluding the impact of MTRs, EBITDA grew 4.2%. EBITDA benefitted from the SA One-Off of R387 million. Higher network operating costs due to our accelerated capex programme, a trading foreign exchange loss and an exchange rate driven increase in other operating costs not denominated in South African rand offset tight cost management, with savings in publicity, commissions and transmission lease costs. Solid operational execution in the second half of the year delivered H2 EBITDA growth of 2.8% (compared to the same period last year) with a margin of 37.6%.

**Capital expenditure** grew 26.1% to R8 646 million. This was as a result of our accelerated capex programme which focused on coverage, capacity and network quality. To support data growth and give customers the best data experience, we increased the number of 3G sites by 21.4% to 8 802 sites, covering 95.6% of the South African population. The number of LTE/4G sites more than doubled to 2 600 sites, covering 34.8% of the population. A six-year project to upgrade the radio access network ('RAN') with 4G ready equipment was completed during the year with self-provided high speed transmission extended to 81.3% of sites. Fibre to the Business and Fibre to the Home services were soft-launched during the year.

## International

**Service revenue** grew 10.0% (4.5%\*) to R15 291 million, underpinned by strong customer growth of 13.7% to 29.5 million customers. Challenges were encountered in Tanzania and the DRC due to aggressive pricing pressures. In Tanzania, corrective action was taken to repair pricing, resulting in better revenue growth in Q4. The suspension of data and SMS services in the DRC as a result of unrest, negatively affected performance in Q4. However, voice pricing stabilised, with all operators adhering to the new price floor, which became effective on 1 March 2015. Mozambique and Lesotho delivered solid performances for the year.

**Data revenue** grew 32.9% with data contributing 19.9% of service revenue (2014: 16.5%) supported by a 28.7% increase in active data customers to 9.9 million, representing 33.4% of the customer base.

**m-pesa** continues to gain momentum in all of our markets, with active customers of 8.0 million\*, up 34.2% and revenue growth of 27.5%. In Tanzania we launched m-pawa in partnership with the Commercial Bank of Africa, a savings and loans product based on a mobile platform. We also launched International Money Transfer services. 1.8 million customers are actively using m-pawa.

**EBITDA** declined 3.6% (-7.6%\*) to R4 104 million and EBITDA margin contracted by 3.5 ppts to 26.1% (2014: 29.6%). A one-off adjustment of R405 million relating to the write off of current assets in the DRC ('International One-Off') was the main contributor to the decline. Excluding the International One-Off impact, EBITDA grew 5.9% at an EBITDA margin of 28.6%. The International operations contributed 15.3% to Group EBITDA.

**Capex** grew 18.8% to R4 654 million as we continued to invest significantly in all our markets to differentiate our offering in terms of network coverage and performance. To support wider voice coverage and significant data growth, 2G and 3G sites were increased by 29.4% and 50.5% respectively. Vodacom was the first operator to launch LTE services in Lesotho.

During the year the Group acquired an additional 17.2% stake in Tanzania for R2.6 billion which was funded through debt.

\* Number of unique customers who have generated revenue related to any m-pesa activities in relation to m-pesa revenue in the past 90 days, of these 5.6 million have been active in the past 30 days in International and 42 000 in South Africa.

# FINANCIAL REVIEW

## Summary financial information

Rm	Year ended 31 March			% change	
	2015	2014	2013	14/15	13/14
Service revenue	<b>62 167</b>	62 047	59 261	<b>0.2</b>	4.7
Revenue	<b>77 333</b>	75 711	69 917	<b>2.1</b>	8.3
EBITDA	<b>26 905</b>	27 314	25 253	<b>(1.5)</b>	8.2
Operating profit	<b>19 235</b>	20 394	18 897	<b>(5.7)</b>	7.9
Net profit	<b>12 510</b>	13 667	13 224	<b>(8.5)</b>	3.3
Operating free cash flow	<b>14 003</b>	19 410	18 158	<b>(27.9)</b>	6.9
Free cash flow	<b>7 763</b>	13 185	12 136	<b>(41.1)</b>	8.6
Capital expenditure	<b>13 305</b>	10 779	9 456	<b>23.4</b>	14.0
Net debt	<b>16 760</b>	8 052	8 007	<b>108.1</b>	0.6
Basic earnings per share (cents)	<b>864</b>	903	887	<b>(4.3)</b>	1.8
Headline earnings per share (cents)	<b>860</b>	896	872	<b>(4.0)</b>	2.8
Contribution margin (%)	<b>56.8</b>	56.6	56.5		
EBITDA margin (%)	<b>34.8</b>	36.1	36.1		
Operating profit margin (%)	<b>24.9</b>	26.9	27.0		
Effective tax rate (%)	<b>29.9</b>	30.2	28.3		
Net profit margin (%)	<b>16.2</b>	18.1	18.9		
Net debt/EBITDA (times)	<b>0.6</b>	0.3	0.3		
Capital intensity (%)	<b>17.2</b>	14.2	13.5		

## Service revenue

Rm	Year ended 31 March			% change	
	2015	2014	2013	14/15	13/14
South Africa	<b>47 032</b>	48 316	48 159	<b>(2.7)</b>	0.3
International	<b>15 291</b>	13 895	11 258	<b>10.0</b>	23.4
Corporate and eliminations	<b>(156)</b>	(164)	(156)	<b>4.9</b>	(5.1)
<b>Service revenue</b>	<b>62 167</b>	62 047	59 261	<b>0.2</b>	4.7

Group revenue increased by 2.1% (1.1%\*) to R77 333 million and service revenue by 0.2% (-1.0%\*) to R62 167 million. Group revenue benefited from encouraging growth of 12.7% in equipment revenue for the year, which was boosted by device financing and increased low-cost device sales. Sales in Vodacom branded low-cost devices, Smart Kicka and Smart Tab added to the positive momentum, exiting Q4 with 33.6% equipment revenue growth, compared to the same quarter last year. Equipment revenue now contributes 18.5% of Group revenue compared to 16.7% a year ago.

In South Africa, service revenue declined 2.7% due to a 50% cut in MTRs. Excluding the impact of MTRs, service revenue grew 1.5%, due to a 23.4% rise in data revenue growth, an increase in other service revenue of 10.8% and the positive impact of the SA One-Off.

In our International operations service revenue grew 10.0% (4.5%\*) as a result of a 32.9% increase in data revenue and an increase in voice revenue of 8.0%. These operations now contribute 24.6% of service revenue, up from 22.4% a year ago.

## Total expenses<sup>1</sup>

Rm	Year ended 31 March			% change	
	2015	2014	2013	14/15	13/14
South Africa	39 224	38 566	36 182	1.7	6.6
International	11 569	10 146	8 837	14.0	14.8
Corporate and eliminations	(409)	(409)	(377)	–	(8.5)
<b>Total expenses<sup>1</sup></b>	<b>50 384</b>	<b>48 303</b>	<b>44 642</b>	<b>4.3</b>	<b>8.2</b>

Notwithstanding expenses increasing ahead of revenue growth, we tightly managed Group expenses in a challenging environment fuelled by rising wages, fuel and electricity costs as well as our accelerated capex programme.

In South Africa the 1.7% increase in total expenses was driven by higher network operating costs as a result of our accelerated capital expenditure programme, an exchange rate driven increase in operating costs not denominated in South African rand and a trading foreign exchange loss of R114 million. Excluding the impact of foreign exchange, total expenses increased by only 1.0%\* due to tight cost control which achieved savings in publicity, commissions and transmission lease costs.

Expenses in the International operations increased by 14.0% (7.9%\*) as a result of increases in direct costs, network costs and bad debts. Excluding the International One-Off impact, total expenses increased 4.1%\*\*\*, below service revenue growth of 4.5%\*\*\*.

## EBITDA

Rm	Year ended 31 March			% change	
	2015	2014	2013	14/15	13/14
South Africa	22 837	23 087	22 408	(1.1)	3.0
International	4 104	4 256	2 739	(3.6)	55.4
Corporate and eliminations	(36)	(29)	106	(24.1)	(127.4)
<b>EBITDA</b>	<b>26 905</b>	<b>27 314</b>	<b>25 253</b>	<b>(1.5)</b>	<b>8.2</b>

Group EBITDA declined 1.5% (1.1%\*) with the Group EBITDA margin contracting 1.3 ppts to 34.8%. Excluding the impact of MTRs, SA One-Off, International One-Off and foreign exchange, adjusted EBITDA growth was 3.4%\*\*\* with an EBITDA margin of 35.9%\*\*\*.

South Africa's EBITDA declined 1.1%, negatively impacted by MTRs, with EBITDA margin contracting slightly to 36.8% (2014: 37.4%). Adjusted growth in EBITDA for the year, excluding the impact of MTRs, SA One-Off and trading foreign exchange, expanded 3.8%\*\*\* with an EBITDA margin of 37.4%\*\*\*.

In our International operations, EBITDA declined 3.6% (-7.6%\*), with an EBITDA margin of 26.1%. Excluding the International One-Off impact and foreign exchange, EBITDA grew 1.4%\*\*\* with an EBITDA margin of 29.0%\*\*\*.

1. Excluding depreciation, amortisation, impairment losses and BBBEE income/charge.

## FINANCIAL REVIEW CONTINUED

### Operating profit

Rm	Year ended 31 March			% change	
	2015	2014	2013	14/15	13/14
South Africa	17 699	18 246	17 640	(3.0)	3.4
International	1 569	2 171	1 177	(27.7)	84.5
Corporate and eliminations	(33)	(23)	80	(43.5)	(128.8)
<b>Operating profit</b>	<b>19 235</b>	<b>20 394</b>	<b>18 897</b>	<b>(5.7)</b>	<b>7.9</b>

Group operating profit decreased 5.7% to R19 235 million mainly due to lower EBITDA, an 11.7% increase in depreciation and amortisation as a result of our accelerated capex programme, as well as a loss of R180 million recognised from associates.

Operating profit in South Africa decreased 3.0% to R17 699 million due to lower EBITDA and an increase in depreciation and amortisation as a result of a 26.1% increase in capital expenditure.

International operations' operating profit decreased 27.7% to R1 569 million due to lower EBITDA, an increase in depreciation and amortisation as a result of an 18.8% increase in capital expenditure and a R180 million loss recognised from associates.

### Net finance charges

Rm	Year ended 31 March			% change	
	2015	2014	2013	14/15	13/14
Finance income	346	333	117	3.9	184.6
Finance costs	(1 737)	(1 051)	(927)	65.3	13.4
Net gain/(loss) on remeasurement and disposal of financial instruments	7	(91)	123	107.7	(174.0)
<b>Net finance charges</b>	<b>(1 384)</b>	<b>(809)</b>	<b>(687)</b>	<b>71.1</b>	<b>17.8</b>

During the year, average debt increased as a result of debt financing capital expenditure, working capital requirements, refinancing existing short-term borrowings and funding the acquisition of an additional 17.2% interest in Tanzania. Average cost of debt also increased by 0.4 pts to 7.1%. These resulted in finance costs increasing 65.3% to R1 737 million, partially offset by gains on derivatives as a result of the weakening of the rand exchange rate to other currencies.

### Taxation

The tax expense of R5 341 million is 9.7% lower than the prior year (2014: R5 918 million). The Group's effective tax rate decreased slightly from 30.2% to 29.9%. In the prior year the effective tax rate was higher due to the non-deductible BBBEE expenditure incurred.

### Earnings

HEPS decreased 4.0% to 860 cents and EPS decreased by 4.3% to 864 cents. The decline in both HEPS and EPS stems largely from MTR cuts in South Africa, increased depreciation and finance charges as a result of accelerated capital expenditure funded largely through debt, offset by a lower tax charge and lower minority interest. Minority interest for the year decreased due to losses in the DRC, lower net profit in Tanzania and the acquisition of an additional 17.2% interest in Tanzania.



## Capital expenditure

Rm	Year ended 31 March			% change	
	2015	2014	2013	14/15	13/14
South Africa	8 646	6 858	6 967	26.1	(1.6)
International	4 654	3 919	2 864	18.8	36.8
Corporate and eliminations	5	2	(375)	150.0	100.5
<b>Capital expenditure</b>	<b>13 305</b>	10 779	9 456	<b>23.4</b>	14.0
<b>Capital intensity<sup>1</sup> (%)</b>	<b>17.2</b>	14.2	13.5		

The Group's capital expenditure increased by 23.4% to R13 305 million or 17.2% of revenue due to the accelerated capex programme. In South Africa capital expenditure was directed to expanding 3G coverage, adding 1 554 sites in the year, and increasing sites connected to self-provided high speed transmission. In South Africa, we have more than doubled LTE coverage to 2 600 sites and completed our RAN renewal programme. In the International operations, the focus remained on increasing both coverage and capacity while also extending our data network to cater for the continued growth in demand.

## Statement of financial position

Property, plant and equipment increased by 16.7% to R35 959 million, while intangible assets increased by 41.6% to R7 603 million at 31 March 2015. The combined increase is comprised of net additions of R13 187 million, depreciation and amortisation of R7 581 million, foreign exchange gain of R486 million and assets acquired through business combinations of R1 242 million, of which goodwill was R442 million.

Net debt increased by R8 708 million to R16 760 million. The main contributors to the increase in net debt was the acquisition of an additional 17.2% stake in Tanzania, the acquisition of Vodacom's customer base from Nashua and increased capital expenditure as a result of our accelerated capex programme.

Compared to the same period last year, 92.3% (2014: 93.7%) of debt was denominated in rand. R5 731 million (2014: R4 402 million) of debt matures in the next 12 months and 87.6% (2014: 77.5%) of interest bearing debt (including bank overdrafts) was at floating rates.

### Net debt

Rm	Year ended 31 March			Movement	
	2015	2014	2013	14/15	13/14
Bank and cash balances	9 250	6 127	6 528	3 123	(401)
Bank overdrafts	(380)	(335)	(340)	(45)	5
Borrowings and net derivative financial instruments	(25 630)	(13 844)	(14 195)	(11 786)	351
<b>Net debt</b>	<b>(16 760)</b>	(8 052)	(8 007)	<b>(8 708)</b>	(45)
<b>Net debt/EBITDA (times)</b>	<b>0.6</b>	0.3	0.3		

During the year a loan with a nominal value of R2 576 million was raised from Vodafone Investments Luxembourg s.a.r.l. ('Vodafone') to finance an additional stake of 17.2% in Tanzania. The loan which is unsecured, matures on 25 April 2019 and bears interest payable quarterly at three-month JIBAR plus 1.2%. An additional loan was raised from Vodafone with a nominal value of R8 000 million, to finance capital expenditure, working capital requirements and refinance existing short-term borrowings, extending our debt maturity profile. The loan is repayable on 26 November 2019 and bears interest quarterly at three-month JIBAR plus 1.5%. The DRC raised external loans totalling US\$75 million to fund capital expenditure, working capital requirements and to repay short-term borrowings. The loans are repayable between 2 October 2019 and 12 December 2019 and bear interest quarterly at three-month LIBOR plus 2.45% to approximately 3.10%.

1. Capital expenditure as a percentage of revenue.

## FINANCIAL REVIEW CONTINUED

### Cash flow

#### Free cash flow

Rm	Year ended 31 March			% change	
	2015	2014	2013	14/15	13/14
Cash generated from operations	26 198	28 901	25 320	(9.4)	14.1
Cash capital expenditure <sup>1</sup>	(12 195)	(9 491)	(7 162)	28.5	32.5
<b>Operating free cash flow</b>	<b>14 003</b>	19 410	18 158	<b>(27.9)</b>	6.9
Tax paid	(4 979)	(5 298)	(5 323)	(6.0)	(0.5)
Net finance costs paid	(1 152)	(892)	(667)	29.1	33.7
Net dividends paid to minority shareholders	(109)	(35)	(32)	>200.0	9.4
<b>Free cash flow</b>	<b>7 763</b>	13 185	12 136	<b>(41.1)</b>	8.6

Operating free cash flow declined by 27.9% to R14 003 million. Operating free cash flow was impacted by lower EBITDA, increased capital expenditure, and timing differences associated with accounts payable in South Africa. Free cash flow decreased by 41.1% as a result of the decline in operating free cash flow, as well as increased net finance costs due to an increase in average net debt for the year.

#### Declaration of final dividend No. 12 – payable from income reserves

Notice is hereby given that a gross final dividend number 12 of 400 cents per ordinary share in respect of financial year end 31 March 2015 has been declared payable on Monday 29 June 2015 to shareholders recorded in the register at the close of business on Friday 26 June 2015. The number of ordinary shares in issue at the date of this declaration is 1 487 954 000. The dividend will be subject to a local dividend withholding tax rate of 15% which will result in a net final dividend to those shareholders not exempt from paying dividend withholding tax of 340.00000 cents per ordinary share.

Last day to trade shares cum dividend	Friday 19 June 2015
Shares commence trading ex-dividend	Monday 22 June 2015
Record date	Friday 26 June 2015
Payment date	Monday 29 June 2015

Share certificates may not be dematerialised or rematerialised between Monday 22 June 2015 and Friday 26 June 2015, both days inclusive.

On Monday 29 June 2015, the final dividend will be electronically transferred into the bank accounts of all certificated shareholders where this facility is available. Shareholders who hold dematerialised shares will have their accounts at their CSDP or broker credited on Monday 29 June 2015.

Vodacom Group Limited tax reference number is 9316/041/71/5.

1. Cash capital expenditure comprises the purchase of property, plant and equipment and intangible assets, other than license and spectrum payments, net of cash from disposals. Purchases of customer bases are excluded from cash capex.

---

## Outlook

With the significant impact of lower mobile termination rates in South Africa behind us (interconnect revenue now contributes less than 5% of service revenue), the impact going forward of further reductions in MTRs will be significantly less.

In the year ahead, our focus will be on continuing to deliver on our strategy. We have set clear three-year goals in each of our strategic priorities in respect of customer, growth, operations, people and reputation. Achieving these goals will support our commitment to create long-term shareholder value.

Our accelerated capital investment programme will continue to support our growth areas. These include enhancing the reach and quality of our data and voice networks across the Group, growing our enterprise business, expanding our fixed line business services, and developing our new services offerings. We will continue to tightly manage costs together with implementing multi-year sustainable cost savings programmes.

With these factors in mind, we maintain our medium-term (three-year) guidance of low single digit service revenue growth, mid-single digit EBITDA growth and capital expenditure of between 14% and 17% of Group revenue. This guidance excludes the impact of acquisitions.

The Board maintains its dividend policy to pay at least 90% of headline earnings.

For and on behalf of the Board

**Peter Moyo**  
Chairman

**Shameel Aziz Joosub**  
Chief Executive Officer

**Ivan Dittrich**  
Chief Financial Officer

15 May 2015

Midrand

---

# INDEPENDENT AUDITOR'S REVIEW REPORT

## ON PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH

### To the shareholders of Vodacom Group Limited

We have reviewed the preliminary condensed consolidated financial statements of Vodacom Group Limited, set out on pages 11 to 21, which comprise the condensed consolidated statement of financial position as at 31 March 2015 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the year then ended, and selected explanatory notes.

### Directors' responsibility for the preliminary condensed consolidated financial statements

The directors are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, as set out in note 1 to the preliminary condensed consolidated financial statements, and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express a conclusion on these financial statements. We conducted our review in accordance with International Standard on Review Engagements ('ISRE') 2410, which applies to a review of historical financial information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the preliminary condensed consolidated financial statements of Vodacom Group Limited for the year ended 31 March 2015 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, as set out in note 1 to the preliminary condensed consolidated financial statements, and the requirements of the Companies Act of South Africa.



### PricewaterhouseCoopers Inc.

Director: DB von Hoesslin  
Registered Auditor  
Pretoria  
15 May 2015

# CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH

Rm	NOTES	Reviewed	Audited	
		2015	2014	2013
<b>Revenue</b>	3	<b>77 333</b>	75 711	69 917
Direct expenses		<b>(33 422)</b>	(32 866)	(30 385)
Staff expenses		<b>(4 836)</b>	(4 563)	(4 349)
Publicity expenses		<b>(2 008)</b>	(2 095)	(1 960)
Other operating expenses		<b>(10 118)</b>	(8 779)	(7 948)
Broad-based black economic empowerment income/(charge)		<b>47</b>	(232)	–
Depreciation and amortisation		<b>(7 581)</b>	(6 785)	(6 364)
Impairment losses		–	–	(14)
(Loss)/profit from associate and joint venture		<b>(180)</b>	3	–
<b>Operating profit</b>		<b>19 235</b>	20 394	18 897
Profit on sale of subsidiary		–	–	224
Finance income		<b>346</b>	333	117
Finance costs		<b>(1 737)</b>	(1 051)	(927)
Net gain/(loss) on remeasurement and disposal of financial instruments		<b>7</b>	(91)	123
<b>Profit before tax</b>		<b>17 851</b>	19 585	18 434
Taxation		<b>(5 341)</b>	(5 918)	(5 210)
<b>Net profit</b>		<b>12 510</b>	13 667	13 224
<b>Attributable to:</b>				
Equity shareholders		<b>12 672</b>	13 243	12 991
Non-controlling interests		<b>(162)</b>	424	233
		<b>12 510</b>	13 667	13 224

Year ended 31 March

Cents		Reviewed	Audited	
		2015	2014	2013
Basic earnings per share	4	<b>864</b>	903	887
Diluted earnings per share	4	<b>845</b>	902	885

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH

Rm	Reviewed	Audited	
	2015	2014	2013
<b>Net profit</b>	<b>12 510</b>	13 667	13 224
<b>Other comprehensive income<sup>1</sup></b>	<b>278</b>	820	815
Foreign currency translation differences, net of tax	<b>279</b>	794	823
(Loss)/Gain on hedging instruments in cash flow hedges, net of tax	<b>(1)</b>	26	(8)
<b>Total comprehensive income</b>	<b>12 788</b>	14 487	14 039
<b>Attributable to:</b>			
Equity shareholders	<b>13 259</b>	14 165	13 982
Non-controlling interests	<b>(471)</b>	322	57
	<b>12 788</b>	14 487	14 039

1. Other comprehensive income can subsequently be recognised in profit or loss on the disposal of foreign operations and/or when the hedged item is recognised in profit or loss.

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH

Rm	NOTE	Reviewed	Audited	
		2015	2014	2013
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment		45 954	37 954	34 434
Intangible assets		35 959	30 802	27 741
Financial assets		7 603	5 369	5 332
Investment in associate		605	141	198
Investment in joint venture		306	367	–
Trade and other receivables		4	3	–
Finance lease receivables		763	659	196
Deferred tax		696	591	726
		18	22	241
<b>Current assets</b>				
Financial assets		25 353	22 787	21 157
Inventory		2 016	1 822	1 170
Trade and other receivables		1 189	1 069	861
Non-current assets held for sale		11 559	11 557	10 971
Finance lease receivables		94	569	–
Tax receivable		1 122	1 284	1 437
Cash and cash equivalents		123	359	190
		9 250	6 127	6 528
<b>Total assets</b>				
		71 307	60 741	55 591
<b>Equity and liabilities</b>				
Fully paid share capital		*	*	*
Treasury shares		(1 606)	(1 589)	(1 389)
Retained earnings		23 378	22 506	21 342
Other reserves		290	2 140	847
Equity attributable to owners of the parent		22 062	23 057	20 800
Non-controlling interests		(419)	686	416
<b>Total equity</b>				
		21 643	23 743	21 216
<b>Non-current liabilities</b>				
Borrowings	8	20 308	9 683	7 881
Trade and other payables		759	472	222
Provisions		225	263	536
Deferred tax		1 758	1 592	981
<b>Current liabilities</b>				
Borrowings	8	26 614	24 988	24 755
Trade and other payables		5 351	4 067	6 290
Provisions		20 589	20 357	17 780
Tax payable		91	169	283
Dividends payable		182	38	46
Bank overdrafts		21	22	16
		380	335	340
<b>Total equity and liabilities</b>				
		71 307	60 741	55 591

\* Fully paid share capital of R100.

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH

Rm	Equity attributable to owners of the parent	Non- controlling interests	Total equity
<b>1 April 2012</b>	18 530	400	18 930
Total comprehensive income	13 982	57	14 039
Dividends declared	(11 770)	(41)	(11 811)
Repurchase, vesting and sale of shares	(88)	–	(88)
Share-based payments	146	–	146
<b>31 March 2013 – Audited</b>	20 800	416	21 216
Total comprehensive income	14 165	322	14 487
Dividends declared	(12 098)	(48)	(12 146)
Repurchase, vesting and sale of shares	(338)	–	(338)
Share-based payments	544	–	544
Acquisition of additional interest in subsidiary	(16)	(4)	(20)
<b>31 March 2014 – Audited</b>	<b>23 057</b>	<b>686</b>	<b>23 743</b>
Total comprehensive income	<b>13 259</b>	<b>(471)</b>	<b>12 788</b>
Dividends declared	<b>(11 800)</b>	<b>(109)</b>	<b>(11 909)</b>
Repurchase, vesting and sale of shares	<b>(168)</b>	–	<b>(168)</b>
Share-based payments	<b>99</b>	–	<b>99</b>
Reclassification of BBBEE reserve to liability	<b>(322)</b>	–	<b>(322)</b>
Changes in subsidiary holdings	<b>(2 063)</b>	<b>(525)</b>	<b>(2 588)</b>
<b>31 March 2015 – Reviewed</b>	<b>22 062</b>	<b>(419)</b>	<b>21 643</b>



# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH

Rm	NOTE	Reviewed	Audited	
		2015	2014	2013
<b>Cash flows from operating activities</b>				
Cash generated from operations		26 198	28 901	25 320
Tax paid		(4 979)	(5 298)	(5 323)
<b>Net cash flows from operating activities</b>		<b>21 219</b>	23 603	19 997
<b>Cash flows from investing activities</b>				
Net additions to property, plant and equipment and intangible assets		(12 282)	(9 535)	(7 286)
Business combinations and disposal of subsidiaries		(1 018)	–	357
Other investing activities		169	160	(225)
<b>Net cash flows utilised in investing activities</b>		<b>(13 131)</b>	(9 375)	(7 154)
<b>Cash flows from financing activities</b>				
Movement in borrowings, including finance costs paid		9 610	(2 235)	1 809
Dividends paid		(11 909)	(12 142)	(11 817)
Repurchase and sale of shares		(168)	(342)	(88)
Acquisition of additional interest in subsidiary	9	(2 576)	–	–
<b>Net cash flows utilised in financing activities</b>		<b>(5 043)</b>	(14 719)	(10 096)
<b>Net increase/(decrease) in cash and cash equivalents</b>				
		<b>3 045</b>	(491)	2 747
Cash and cash equivalents at the beginning of the year		5 792	6 188	3 372
Effect of foreign exchange rate changes		33	95	69
<b>Cash and cash equivalents at the end of the year</b>		<b>8 870</b>	5 792	6 188

# NOTES TO THE PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH

## 1. Basis of preparation

These preliminary condensed consolidated financial statements have been prepared in accordance with the framework concepts, the recognition and measurement criteria of International Financial Reporting Standards ('IFRS') and in accordance with and containing the information required by International Accounting Standards 34: Interim Financial Reporting ('IAS 34') as issued by the International Accounting Standards Board ('IASB'), the Financial Reporting Guides as issued by the South African Institute of Chartered Accountants ('SAICA') Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the Johannesburg Stock Exchange Limited ('JSE') Listings Requirements and the requirements of the Companies Act of 2008, as amended. They have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value or at amortised cost, and are presented in South African rand, which is the parent Company's functional and presentation currency.

The significant accounting policies and methods of computation are consistent in all material respects with those applied in the previous year, except as disclosed in Note 2. The significant accounting policies are available for inspection at the Group's registered office.

There have been no material changes in judgements or estimates of amounts reported in prior reporting periods.

The preparation of these preliminary condensed consolidated financial statements was supervised by the Chief Financial Officer, IP Dittrich CA (SA).

## 2. Changes in accounting policies and estimates

The Group adopted the new, revised or amended accounting pronouncements as issued by the IASB, which were effective and applicable to the Group from 1 April 2014, none of which had any material impact on the Group's financial results for the year.

Full details on changes in accounting policies will be disclosed in the Group's consolidated annual financial statements for the year ended 31 March 2015, which will be available online by 12 June 2015.

The Group changed its estimate regarding revenue recognition of un-recharged vouchers in South Africa from a fixed period after the vouchers were sold, to a period that based on evidence, more reasonably and objectively reflects the performance period of the Group. The once-off impact of the change amounted to an adjustment of R325 million to revenue for the year.

Rm	Reviewed	Audited	
	2015	2014	2013
<b>3. Segment analysis</b>			
<b>External customers segment revenue</b>	<b>77 333</b>	75 711	69 917
South Africa	<b>61 710</b>	61 484	58 464
International	<b>15 623</b>	14 227	11 423
Corporate	–	–	30
<b>EBITDA</b>	<b>26 905</b>	27 314	25 253
South Africa	<b>22 837</b>	23 087	22 408
International	<b>4 104</b>	4 256	2 739
Corporate and eliminations	<b>(36)</b>	(29)	106

Rm	Reviewed	Audited	
	2015	2014	2013
<b>3. Segment analysis continued</b>			
<b>Reconciliation of segment results</b>			
<b>EBITDA</b>	<b>26 905</b>	27 314	25 253
Depreciation, amortisation and impairment losses	<b>(7 581)</b>	(6 785)	(6 378)
Broad-based black economic empowerment income/(charge)	<b>47</b>	(232)	–
(Loss)/profit from associate and joint venture	<b>(180)</b>	3	–
Other	<b>44</b>	94	22
<b>Operating profit</b>	<b>19 235</b>	20 394	18 897
Profit on sale of subsidiary	<b>–</b>	–	224
Net finance charges	<b>(1 384)</b>	(809)	(687)
Finance income	<b>346</b>	333	117
Finance costs	<b>(1 737)</b>	(1 051)	(927)
Net profit/(loss) on remeasurement and disposal of financial instruments	<b>7</b>	(91)	123
<b>Profit before tax</b>	<b>17 851</b>	19 585	18 434
Taxation	<b>(5 341)</b>	(5 918)	(5 210)
<b>Net profit</b>	<b>12 510</b>	13 667	13 224
<b>Total assets</b>	<b>71 307</b>	60 741	55 591
South Africa	<b>46 354</b>	37 930	35 360
International	<b>21 861</b>	18 786	15 035
Corporate and eliminations	<b>3 092</b>	4 025	5 196
<b>Total liabilities</b>	<b>(49 664)</b>	(36 998)	(34 375)
South Africa	<b>(39 112)</b>	(32 547)	(30 126)
International	<b>(14 438)</b>	(12 305)	(11 049)
Corporate and eliminations	<b>3 886</b>	7 854	6 800

Cents	Reviewed	Audited	
	2015	2014	2013
<b>4. Per share calculations</b>			
<b>4.1 Earnings and dividends per share</b>			
Basic earnings per share	864	903	887
Diluted earnings per share	845	902	885
Headline earnings per share	860	896	872
Diluted headline earnings per share	840	894	870
Dividends per share	805	825	805

Million	Reviewed	Audited	
	2015	2014	2013
<b>4.2 Weighted average number of ordinary shares outstanding for the purpose of calculating:</b>			
Basic and headline earnings per share	1 466	1 466	1 464
Diluted earnings and diluted headline earnings per share	1 468	1 468	1 468
<b>4.3 Ordinary shares for the purpose of calculating:</b>			
Dividends per share	1 488	1 488	1 488

Vodacom Group Limited acquired 1 578 018 shares in the market during the year at an average price of R131.30 per share. Share repurchases did not exceed 1% of Vodacom Group Limited's issued share capital. Dividend per share calculations are based on a dividend declared of R11 978 million (2014: R12 275 million; 2013: R11 978 million) of which R50 million (2014: R46 million; 2013: R78 million) was offset against the forfeitable share plan reserve, R5 million (2014: R4 million; 2013: R6 million) expensed as staff expenses and R124 million (2014: R127 million; 2013: R124 million) paid to Wheatfields Investments 276 (Pty) Limited, a wholly-owned subsidiary holding treasury shares on behalf of the Group.

Rm	Reviewed	Audited	
	2015	2014	2013
<b>4.4 Headline earnings reconciliation</b>			
Earnings attributable to equity shareholders for basic earnings per share	12 672	13 243	12 991
Adjusted for:			
Profit on sale of subsidiary	–	–	(224)
Net loss on disposal of property, plant and equipment and intangible assets	(110)	(147)	(22)
Impairment losses	–	–	14
	12 562	13 096	12 759
Tax impact of adjustments	32	41	7
Non-controlling interests in adjustments	10	(4)	4
Headline earnings for headline earnings per share	12 604	13 133	12 770
Adjusted for:			
Dilutive effect of potential ordinary shares in subsidiary	(268)	–	–
Headline earnings for diluted headline earnings per share	12 336	13 133	12 770

## 5. Related parties

The amounts disclosed in Notes 5.1 and 5.2 include significant balances and transactions with the Group's joint venture, associate and parent, including entities in its group.

		Year ended 31 March		
		Reviewed	Audited	
Rm		2015	2014	2013
<b>5.1</b>	<b>Balances with related parties</b>			
	Borrowings	21 201	10 532	6 024
<b>5.2</b>	<b>Transactions with related parties</b>			
	Dividends declared	(7 786)	(7 979)	(7 786)
	Finance costs	(1 103)	(536)	(207)

## 5.3 Directors' and key management personnel remuneration

Compensation paid to the Group's Board, prescribed officers and key management personnel will be disclosed in the Group's consolidated annual financial statements for the year ended 31 March 2015, which will be available online by 12 June 2015. Ms YZ Cuba resigned as an independent non-executive director on 31 October 2014, and Ms BP Mabelane was appointed as an independent non-executive director on 1 December 2014.

		Reviewed	Audited	
Rm		2015	2014	2013
<b>6.</b>	<b>Capital commitments</b>			
	Capital expenditure contracted for but not yet incurred	2 205	2 390	3 254
<b>7.</b>	<b>Capital expenditure incurred</b>			
	Capital expenditure additions including software	13 305	10 779	9 456

---

## **8. Borrowings**

### **8.1 Vodafone Investments Luxembourg s.a.r.l.**

During the year loans with nominal values of R2 576 million and R8 000 million were raised to finance capital expenditure, the additional 17.2% interest in Vodacom Tanzania Limited and working capital requirements and refinance existing short-term borrowings. The loans bear interest payable quarterly at three-month JIBAR plus 1.20% and 1.50% respectively. They are both unsecured. The loans have a five year term and are ultimately repayable on 25 April 2019 and 26 November 2019 respectively. A loan with a nominal value of R3 000 million matured during the year and was refinanced. The repayment term was extended from the original repayment date of 23 November 2014 to 24 November 2017 and the new interest rate is three-month JIBAR plus 1.15%.

### **8.2 Standard Bank of South Africa Limited**

During the year loans with nominal values of US\$35 million and US\$40 million were raised in favour of Vodacom Congo (RDC) SA to finance capital expenditure and working capital requirements and to repay short-term borrowings. The loans bear interest payable quarterly at three-month LIBOR plus 2.45% and LIBOR plus approximately 3.10% respectively. Both are unsecured, have a five year term and are ultimately repayable on 2 October 2019 and 12 December 2019 respectively. The Group has issued guarantees for these borrowings (refer note 10.1).

## **9. Business combinations and acquisition of additional interest in subsidiary**

### **9.1 Nashua Mobile (Pty) Limited**

Effective 11 November 2014, the Group acquired Vodacom's customer base from Nashua Mobile (Pty) Limited for R1 018 million. The fair value of the net identifiable asset acquired was R576 million, resulting in goodwill of R442 million.

### **9.2 Acquisition of a further 17.2% interest in Vodacom Tanzania Limited ('VTL')**

The Group entered into an agreement in terms of which it has acquired an additional 17.2% interest in VTL for R2 576 million, resulting in the Group increasing its total interest in VTL from 65% to 82.2%. The effective date of the transaction was 29 April 2014. The Group reclassified the cash outflow disclosed as investing activities for the period ended 30 September 2014, to financing activities for the year ended 31 March 2015.

## **10. Contingent liabilities**

### **10.1 Guarantees**

The Group issued various guarantees, relating to external financial obligations of its subsidiaries, which amounted to R113 million (2014: R93 million; 2013: R65 million).

Foreign denominated guarantees amounting to R911 million (2014: RNil; 2013: RNil) were issued in support of Vodacom Congo (RDC) SA relating to liabilities included in the consolidated statement of financial position.

### **10.2 Tax matters**

The Group is regularly subject to an evaluation by tax authorities of its direct and indirect tax filings. The consequence of such reviews is that disputes can arise with tax authorities over the interpretation or application of certain tax rules applicable to the Group's business. These disputes may not necessarily be resolved in a manner that is favourable to the Group. Additionally, the resolution of the disputes could result in an obligation to the Group.

### **10.3 Legal contingencies**

The Group is currently involved in various legal proceedings and has, in consultation with its legal counsel, assessed the outcome of these proceedings. Following this assessment, the Group's management has determined, after assessing recoverability, that no provision is required in respect of these legal proceedings as at 31 March 2015. Litigations, current or pending, are not likely to have a material adverse effect on the Group.

---

## **11. Other significant matters**

### **11.1 Vodacom Congo (RDC) SA ('Vodacom Congo')**

The Group obtained a favourable outcome in the final hearing with regards to the International Chamber of Commerce ('ICC') arbitration with Congolese Wireless Network s.p.r.l ('CWN') on 6 September 2013. The Group is appealing against the order of court obtained by CWN in the Kinshasa/Matete Commercial Court, denying the Group the ability to enforce the ICC arbitral award in the DRC. The Group is in ongoing discussions with the shareholders of CWN with a view to settling this matter.

### **11.2 Mobile termination rates ('MTR')**

The Independent Communications Authority of South Africa ('Icasa') promulgated final MTR regulations on 29 September 2014. The MTRs are 20 cents per minute for the periods 1 October 2014 to 30 September 2015, 16 cents per minute for the periods 1 October 2015 to 30 September 2016 and 13 cents per minute for the periods 1 October 2016 to 30 September 2017, for Vodacom and MTN, with asymmetrical rates for smaller mobile service providers at 31 cents, 24 cents and 19 cents per minute, for the aforementioned periods.

On 15 December 2014 Cell C (Pty) Limited ('Cell C') filed an application with the High Court of South Africa to review the call termination rates. The Group subsequently opposed Cell C's application. The matter is still to be heard.

### **11.3 Proposed acquisition of Neotel (Pty) Limited ('Neotel')**

The transaction remains subject to the fulfilment of a number of conditions precedent, including the regulatory approvals by both Icasa and the Competition Tribunal.

### **11.4 VM, SA option**

Options held by non-controlling parties over the shares of VM, SA were exercised on 26 August 2014 by way of a funding arrangement, subject to approval by the Bank of Mozambique, which is still pending. The transaction will be recognised once the suspensive conditions have been met.

### **11.5 Competition Commission complaint lodged by Cell C**

The Group received a complaint from the Competition Commission in which it is alleged that the Group's South African business has abused their market dominance in contravention of Section 8 of the Competition Act. The Competition Commission is investigating this complaint.

## **12. Events after the reporting period**

The Board is not aware of any matter or circumstance arising since the end of the reporting period, not otherwise dealt with herein, which significantly affects the financial position of the Group or the results of its operations or cash flows for the period, other than the following:

### **12.1 Dividend declared after the reporting date and not recognised as a liability**

A final dividend of R5 952 million (400 cents per ordinary share) for the year ended 31 March 2015, was declared on 14 May 2015, payable on 29 June 2015 to shareholders recorded in the register at the close of business on 26 June 2015. The net dividend after taking into account dividend withholding tax for those shareholders not exempt from dividend withholding tax is 340 cents per share.

## **13. Financial instruments' fair value**

The Group holds money market investments, foreign forward exchange contracts, interest rate swaps, unlisted investments and unit trusts at fair value, none of which have a material fair value as at 31 March 2015. Fair value related disclosure will be made in the Group's consolidated annual financial statements for the year ended March 2015. As the investments in unit trusts are actively traded in an exchange market, they are classified as level one in the fair value hierarchy. Unlisted investments are classified as level three. All other mentioned financial assets and liabilities are classified as level two.

## SUPPLEMENTARY INFORMATION

### Operating results for the year ended 31 March 2015

	South Africa	%	Inter- national	%	Corporate/ Eliminations	Group	%
Rm	14/15		14/15		14/15		
Mobile voice	25 855	(8.1)	8 479	8.0	(8)	34 326	(4.6)
Mobile interconnect	2 142	(44.3)	1 539	1.5	(60)	3 621	(31.8)
Mobile messaging	2 522	(5.7)	573	(6.8)	–	3 095	(5.9)
Mobile data	13 538	23.4	3 046	32.9	–	16 584	25.0
Other service revenue	2 975	10.8	1 654	2.0	(88)	4 541	8.0
<b>Service revenue</b>	<b>47 032</b>	<b>(2.7)</b>	<b>15 291</b>	<b>10.0</b>	<b>(156)</b>	<b>62 167</b>	<b>0.2</b>
Equipment revenue	14 058	12.2	267	24.8	(42)	14 283	12.7
Non-service revenue	947	(1.8)	189	(23.5)	(253)	883	(11.1)
<b>Revenue</b>	<b>62 037</b>	<b>0.4</b>	<b>15 747</b>	<b>9.7</b>	<b>(451)</b>	<b>77 333</b>	<b>2.1</b>
Direct expenses	(28 073)	0.4	(5 573)	8.1	224	(33 422)	1.7
Staff expenses	(3 143)	3.2	(1 408)	11.4	(285)	(4 836)	6.0
Publicity expenses	(1 249)	(11.9)	(742)	11.7	(17)	(2 008)	(4.2)
Other operating expenses	(6 759)	10.3	(3 846)	25.6	487	(10 118)	15.3
BBBEE income	47	(120.3)	–	–	–	47	(120.3)
Depreciation and amortisation	(5 161)	8.3	(2 429)	19.1	9	(7 581)	11.7
Loss from associate	–	–	(180)	n/a	–	(180)	<(200.0)
<b>Operating profit</b>	<b>17 699</b>	<b>(3.0)</b>	<b>1 569</b>	<b>(27.7)</b>	<b>(33)</b>	<b>19 235</b>	<b>(5.7)</b>
EBITDA	22 837	(1.1)	4 104	(3.6)	(36)	26 905	(1.5)
EBITDA margin (%)	36.8		26.1			34.8	
Operating profit margin (%)	28.5		10.0			24.9	
<b>New disclosure</b>							
<b>Mobile contract revenue</b>	<b>21 292</b>	<b>0.9</b>	<b>961</b>	<b>8.8</b>	<b>(7.0)</b>	<b>22 246</b>	<b>1.2</b>
In bundle	14 766	8.2	237	(4.4)	1.0	15 004	8.0
Out of bundle	6 526	(12.5)	724	14.0	(8.0)	7 242	(10.5)
<b>Mobile prepaid revenue</b>	<b>20 024</b>	<b>(1.0)</b>	<b>11 125</b>	<b>12.7</b>	<b>(1.0)</b>	<b>31 148</b>	<b>3.5</b>
In bundle	2 913	26.9	1 785	59.7	(1.0)	4 697	37.6
Out of bundle	17 111	(4.6)	9 340	6.7	–	26 451	(0.9)
<b>Customer service revenue</b>	<b>41 316</b>	<b>–</b>	<b>12 086</b>	<b>12.4</b>	<b>(8.0)</b>	<b>53 394</b>	<b>2.5</b>
Mobile interconnect	2 142	(44.3)	1 539	1.5	(60.0)	3 621	(31.8)
Other service revenue	3 574	14.0	1 666	2.5	(88.0)	5 152	10.6
<b>Service revenue</b>	<b>47 032</b>	<b>(2.7)</b>	<b>15 291</b>	<b>10.0</b>	<b>(156.0)</b>	<b>62 167</b>	<b>0.2</b>

#### Notes:

- Mobile in-bundle revenue: Represents revenue from bundles that include a specified number of minutes, messages or megabytes of data that can be used for no additional charge, with some expectation of recurrence.
- Mobile in-bundle revenue – Contract: revenue from all bundles and add-ons lasting 30 days or more.
- Mobile in-bundle revenue – Prepaid: revenue from bundles lasting seven days or more.
- Out-of-bundle: Revenue from minutes, messages or megabytes of data which are in excess of the amount included in customer bundles.



## Operating results for the year ended 31 March 2014

	South Africa	%	Inter- national	%	Corporate/ Eliminations	Group	%
Rm	<b>13/14</b>		<b>13/14</b>		<b>13/14</b>		
Mobile voice	28 135	(3.5)	7 849	25.4	(8)	35 976	1.6
Mobile interconnect	3 848	(21.7)	1 517	42.2	(55)	5 310	(10.4)
Mobile messaging	2 675	(11.6)	615	42.0	–	3 290	(4.9)
Mobile data	10 974	23.6	2 292	105.2	–	13 266	32.7
Other service revenue	2 684	23.0	1 622	(31.9)	(101)	4 205	(6.0)
<b>Service revenue</b>	<b>48 316</b>	<b>0.3</b>	<b>13 895</b>	<b>23.4</b>	<b>(164)</b>	<b>62 047</b>	<b>4.7</b>
Equipment revenue	12 526	28.6	214	56.2	(69)	12 671	28.6
Non-service revenue	964	36.2	247	31.4	(218)	993	24.0
<b>Revenue</b>	<b>61 806</b>	<b>5.5</b>	<b>14 356</b>	<b>23.9</b>	<b>(451)</b>	<b>75 711</b>	<b>8.3</b>
Direct expenses	(27 975)	10.0	(5 157)	(0.1)	266	(32 866)	8.2
Staff expenses	(3 047)	(0.5)	(1 264)	22.2	(252)	(4 563)	4.9
Publicity expenses	(1 418)	(1.4)	(664)	29.4	(13)	(2 095)	6.9
Other operating expenses	(6 126)	(2.0)	(3 061)	43.8	408	(8 779)	10.5
BBBEE charge	(232)	n/a	–	–	–	(232)	n/a
Depreciation and amortisation	(4 765)	0.3	(2 039)	28.2	19	(6 785)	6.6
Profit from associate	3	n/a	–	–	–	3	n/a
<b>Operating profit</b>	<b>18 246</b>	<b>3.4</b>	<b>2 171</b>	<b>84.5</b>	<b>(23)</b>	<b>20 394</b>	<b>7.9</b>
EBITDA	23 087	3.0	4 256	55.4	(29)	27 314	8.2
EBITDA margin (%)	37.4		29.6			36.1	
Operating profit margin (%)	29.5		15.1			26.9	

### New disclosure

<b>Mobile contract revenue</b>	21 105	(0.1)	883	59.1	(8)	21 980	1.4
In bundle	13 644	2.3	248	178.7	–	13 892	3.5
Out of bundle	7 461	(4.2)	635	36.3	(8)	8 088	(1.9)
<b>Mobile prepaid revenue</b>	20 229	5.0	9 869	36.3	–	30 098	13.5
In bundle	2 296	104.1	1 118	>200.0	–	3 414	173.3
Out of bundle	17 933	(1.2)	8 751	22.9	–	26 684	5.6
<b>Customer service revenue</b>	41 334	2.3	10 752	37.9	(8)	52 078	8.1
Mobile interconnect	3 848	(21.7)	1 517	42.2	(55)	5 310	(10.4)
Other service revenue	3 134	9.9	1 626	(32.1)	(101)	4 659	(9.6)
<b>Service revenue</b>	<b>48 316</b>	<b>0.3</b>	<b>13 895</b>	<b>23.4</b>	<b>(164)</b>	<b>62 047</b>	<b>4.7</b>

## SUPPLEMENTARY INFORMATION CONTINUED

### Operating results for the year ended 31 March 2013

Rm	South Africa	%	Inter-national	%	Corporate/ Eliminations	Group	%
	12/13		12/13			12/13	
Mobile voice	29 151	(0.8)	6 259	28.5	(7)	35 403	3.3
Mobile interconnect	4 916	(18.9)	1 067	37.5	(57)	5 926	(11.7)
Mobile messaging	3 027	(3.7)	433	55.2	–	3 460	1.1
Mobile data	8 882	16.3	1 117	106.9	(1)	9 998	22.2
Other service revenue	2 183	5.5	2 382	(35.2)	(91)	4 474	(19.4)
<b>Service revenue</b>	<b>48 159</b>	<b>(0.3)</b>	<b>11 258</b>	<b>11.0</b>	<b>(156)</b>	<b>59 261</b>	<b>2.0</b>
Equipment revenue	9 740	24.6	137	(0.7)	(22)	9 855	24.5
Non-service revenue	708	(12.3)	188	27.9	(95)	801	(9.9)
<b>Revenue</b>	<b>58 607</b>	<b>2.9</b>	<b>11 583</b>	<b>11.1</b>	<b>(273)</b>	<b>69 917</b>	<b>4.5</b>
Direct expenses	(25 433)	2.1	(5 161)	(9.3)	209	(30 385)	0.4
Staff expenses	(3 062)	(0.8)	(1 034)	6.7	(253)	(4 349)	0.7
Publicity expenses	(1 438)	6.6	(513)	15.0	(9)	(1 960)	8.6
Other operating expenses	(6 249)	(2.1)	(2 129)	14.3	430	(7 948)	1.3
Depreciation and amortisation	(4 750)	5.0	(1 590)	19.4	(24)	(6 364)	8.2
Impairment losses/ reversal	(35)	100.0	21	(110.6)	–	(14)	(93.0)
<b>Operating profit</b>	<b>17 640</b>	<b>5.8</b>	<b>1 177</b>	<b>&lt;(200.0)</b>	<b>80</b>	<b>18 897</b>	<b>13.7</b>
EBITDA	22 408	5.4	2 739	87.5	106	25 253	10.9
EBITDA margin (%)	38.2		23.6			36.1	
Operating profit margin (%)	30.1		10.2			27.0	

### New disclosure

#### Mobile contract revenue

	21 119	n/a	555	n/a	(8)	21 666	n/a
In bundle	13 333	n/a	89	n/a	–	13 422	n/a
Out of bundle	7 786	n/a	466	n/a	(8)	8 244	n/a

#### Mobile prepaid revenue

	19 272	n/a	7 243	n/a	–	26 515	n/a
In bundle	1 125	n/a	124	n/a	–	1 249	n/a
Out of bundle	18 147	n/a	7 119	n/a	–	25 266	n/a

#### Customer service revenue

	40 391	n/a	7 798	n/a	(8)	48 181	n/a
Mobile interconnect	4 916	n/a	1 067	n/a	(57)	5 926	n/a
Other service revenue	2 852	n/a	2 393	n/a	(91)	5 154	n/a
<b>Service revenue</b>	<b>48 159</b>	<b>n/a</b>	<b>11 258</b>	<b>n/a</b>	<b>(156)</b>	<b>59 261</b>	<b>n/a</b>

## South Africa key indicators

	Year ended 31 March			% change	
	2015	2014	2013	14/15	13/14
<b>Active customers (thousand)<sup>1</sup></b>	<b>32 115</b>	31 520	29 190	<b>1.9</b>	8.0
Prepaid	<b>27 202</b>	26 726	24 404	<b>1.8</b>	9.5
Contract	<b>4 913</b>	4 794	4 786	<b>2.5</b>	0.2
<b>Active data customers (thousand)<sup>2</sup></b>	<b>16 595</b>	15 172	n/a	<b>9.4</b>	n/a
<b>Machine to machine customers (thousand)</b>	<b>1 672</b>	1 443	1 159	<b>15.9</b>	24.5
<b>Traffic (millions of minutes)<sup>3</sup></b>	<b>48 519</b>	43 537	37 480	<b>11.4</b>	16.2
Outgoing	<b>38 531</b>	34 250	28 349	<b>12.5</b>	20.8
Incoming	<b>9 988</b>	9 287	9 131	<b>7.5</b>	1.7
<b>MOU per month<sup>4</sup></b>	<b>126</b>	121	106	<b>4.1</b>	14.2
Prepaid	<b>116</b>	109	90	<b>6.4</b>	21.1
Contract	<b>187</b>	182	189	<b>2.7</b>	(3.7)
<b>Total ARPU (rand per month)<sup>5</sup></b>	<b>113</b>	125	128	<b>(9.6)</b>	(2.3)
Prepaid	<b>66</b>	75	76	<b>(12.0)</b>	(1.3)
Contract	<b>380</b>	389	403	<b>(2.3)</b>	(3.5)
<b>Messaging (million)</b>	<b>4 384</b>	5 768	6 071	<b>(24.0)</b>	(5.0)
<b>Estimated mobile penetration (%)</b>	<b>153</b>	146	140		
<b>Number of employees</b>	<b>5 228</b>	4 829	5 006	<b>8.3</b>	(3.5)

### Notes:

- 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 are a number of unique users who have generated revenue related to any data activities in the reported month (this excludes SMS and MMS messaging users). A unique user is a customer who needs to be counted once regardless of what data services they have utilised. A user is defined as a count of all active customers that have generated data revenue for a contractual monthly fee for this service or have used the service during the reported month.
- 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.
- Minutes of use ('MOU') per month is calculated by dividing the average monthly minutes (traffic) during the period by the average monthly active customers during the period.
- Total ARPU is calculated by dividing the average monthly service revenue by the average monthly active customers during the period. Prepaid and contract ARPU only include service revenue generated from Vodacom mobile customers.

## SUPPLEMENTARY INFORMATION CONTINUED

### International key indicators

	Year ended 31 March			% change	
	2015	2014	2013	14/15	13/14
<b>Active customers (thousand)<sup>1</sup></b>	<b>29 533</b>	25 969	21 327	<b>13.7</b>	21.8
Tanzania	<b>12 172</b>	10 284	9 468	<b>18.4</b>	8.6
DRC	<b>11 216</b>	10 008	7 706	<b>12.1</b>	29.9
Mozambique	<b>4 877</b>	4 333	3 045	<b>12.6</b>	42.3
Lesotho	<b>1 268</b>	1 344	1 108	<b>(5.7)</b>	21.3
<b>Active data customers (thousand)<sup>2</sup></b>	<b>9 878</b>	7 675	4 117	<b>28.7</b>	86.4
Tanzania	<b>5 265</b>	3 788	1 674	<b>39.0</b>	126.3
DRC	<b>2 338</b>	2 218	1 410	<b>5.4</b>	57.3
Mozambique	<b>1 879</b>	1 368	840	<b>37.4</b>	62.9
Lesotho	<b>396</b>	301	193	<b>31.6</b>	56.0
<b>MOU per month<sup>3</sup></b>					
Tanzania	<b>149</b>	125	85	<b>19.2</b>	47.1
DRC	<b>41</b>	35	45	<b>17.1</b>	(22.2)
Mozambique	<b>113</b>	103	77	<b>9.7</b>	33.8
Lesotho	<b>59</b>	41	31	<b>43.9</b>	32.3
<b>Total ARPU (rand per month)<sup>4</sup></b>					
Tanzania	<b>42</b>	45	35	<b>(6.7)</b>	28.6
DRC	<b>32</b>	35	33	<b>(8.6)</b>	6.1
Mozambique	<b>52</b>	58	55	<b>(10.3)</b>	5.5
Lesotho	<b>53</b>	46	53	<b>15.2</b>	(13.2)
<b>Total ARPU (local currency per month)<sup>4</sup></b>					
Tanzania (TZS)	<b>6 530</b>	7 213	6 516	<b>(9.5)</b>	10.7
DRC (USD)	<b>2.9</b>	3.4	3.8	<b>(14.7)</b>	(10.5)
Mozambique (MZN)	<b>149</b>	172	186	<b>(13.4)</b>	(7.5)
<b>Estimated mobile penetration (%)</b>					
Tanzania	<b>64</b>	57	55		
DRC	<b>41</b>	35	28		
Mozambique	<b>41</b>	39	32		
Lesotho	<b>75</b>	82	65		
<b>Number of employees</b>	<b>2 372</b>	2 210	2 115	<b>7.3</b>	4.5

#### Notes:

- 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 are a number of unique users who have generated revenue related to any data activities in the reported month (this excludes SMS and MMS messaging users). A unique user is a customer who needs to be counted once regardless of what data services they have utilised. A user is defined as a count of all active customers that have generated data revenue for a contractual monthly fee for this service or have used the service during the reported month.
- Minutes of use ('MOU') per month is calculated by dividing the average monthly minutes (traffic) during the period by the average monthly active customers during the period.
- Total ARPU is calculated by dividing the average monthly service revenue by the average monthly active customers during the period. ARPU has been restated to only include service revenue generated from Vodacom mobile customers.

## Exchange rates

	Average					Closing				
	31 March			% change		31 March			% change	
	2015	2014	2013	14/15	13/14	2015	2014	2013	14/15	13/14
USD/ZAR	<b>11.07</b>	10.13	8.51	<b>9.3</b>	19.0	<b>12.14</b>	10.52	9.25	<b>15.4</b>	13.7
ZAR/MZN	<b>2.89</b>	3.01	3.42	<b>(4.0)</b>	(12.0)	<b>3.03</b>	2.98	3.33	<b>1.7</b>	(10.5)
ZAR/TZS	<b>154.72</b>	160.44	187.30	<b>(3.6)</b>	(14.3)	<b>152.63</b>	155.69	174.90	<b>(2.0)</b>	(11.0)
EUR/ZAR	<b>13.99</b>	13.59	10.97	<b>2.9</b>	23.9	<b>13.03</b>	14.49	11.86	<b>(10.1)</b>	22.2

## Historical key indicators for the quarters ended

### Revenue

Rm	March	December	September	June	March	December	September
	2015	2014	2014	2014	2014	2013	2013
South Africa	<b>15 879<sup>^</sup></b>	15 987	15 380 <sup>^^</sup>	14 791	<b>15 170</b>	16 502	15 585
International	<b>4 081</b>	4 092	3 984	3 591	<b>3 798</b>	3 838	3 655
Corporate and eliminations	<b>(165)</b>	(86)	(105)	(95)	<b>(164)</b>	(121)	(88)
<b>Revenue</b>	<b>19 795</b>	19 993	19 259	18 287	<b>18 804</b>	20 219	19 152

### Service revenue

Rm	March	December	September	June	March	December	September
	2015	2014	2014	2014	2014	2013	2013
South Africa	<b>11 739<sup>^</sup></b>	11 856	11 995 <sup>^^</sup>	11 442	<b>11 982</b>	12 587	12 069
International	<b>3 950</b>	3 975	3 873	3 493	<b>3 684</b>	3 695	3 538
Corporate and eliminations	<b>(62)</b>	(16)	(40)	(38)	<b>(80)</b>	(34)	(30)
<b>Service revenue</b>	<b>15 627</b>	15 815	15 828	14 897	<b>15 586</b>	16 248	15 577

#### Notes

<sup>^</sup> During Q4 we consolidated a subsidiary, XLink resulting in a positive adjustment of R164 million in South Africa.

<sup>^^</sup> During Q2 we changed our accounting estimates for unexpired credits for prepaid voucher deferrals resulting in a positive adjustment of R325 million in South Africa.

## SUPPLEMENTARY INFORMATION CONTINUED

Historical key indicators for the quarters ended

### South Africa

	March	December	September	June	March	December	September
	2015	2014	2014	2014	2014	2013	2013
<b>Active customers (thousand)<sup>1</sup></b>	<b>32 115</b>	31 379	32 613	32 516	<b>31 520</b>	30 964	30 139
Prepaid	<b>27 202</b>	26 479	27 806	27 723	<b>26 726</b>	26 123	25 331
Contract	<b>4 913</b>	4 900	4 807	4 793	<b>4 794</b>	4 841	4 808
<b>Active data customers (thousand)<sup>2</sup></b>	<b>16 595</b>	16 751	16 679	16 996	<b>15 172</b>	15 314	14 204
<b>Machine to machine customers (thousand)</b>	<b>1 672</b>	1 613	1 578	1 512	<b>1 443</b>	1 378	1 302
<b>Traffic (millions of minutes)<sup>3</sup></b>	<b>12 158</b>	12 402	12 182	11 776	<b>11 453</b>	11 298	11 034
Outgoing	<b>9 741</b>	9 827	9 570	9 392	<b>9 193</b>	8 928	8 681
Incoming	<b>2 417</b>	2 575	2 612	2 384	<b>2 260</b>	2 370	2 353
<b>MOU per month<sup>4</sup></b>	<b>129</b>	130	124	122	<b>122</b>	124	124
Prepaid	<b>118</b>	120	113	112	<b>112</b>	113	112
Contract	<b>188</b>	188	190	181	<b>179</b>	183	183
<b>Total ARPU (rand per month)<sup>5</sup></b>	<b>113</b>	116	115	110	<b>119</b>	129	127
Prepaid	<b>64</b>	67	67	64	<b>71</b>	80	75
Contract	<b>374</b>	386	389	372	<b>379</b>	393	398

## Historical key indicators for the quarters ended

### International

	March	December	September	June	March	December	September
	2015	2014	2014	2014	2014	2013	2013
<b>Active customers (thousand)<sup>1</sup></b>	<b>29 533</b>	29 676	28 367	27 086	<b>25 969</b>	25 019	23 672
Tanzania	<b>12 172</b>	11 810	11 316	10 638	<b>10 284</b>	10 289	10 023
DRC	<b>11 216</b>	11 493	11 003	10 502	<b>10 008</b>	9 334	8 790
Mozambique	<b>4 877</b>	5 049	4 913	4 604	<b>4 333</b>	4 120	3 688
Lesotho	<b>1 268</b>	1 324	1 135	1 342	<b>1 344</b>	1 276	1 171
<b>Active data customers (thousand)<sup>2</sup></b>	<b>9 878</b>	9 749	9 188	8 311	<b>7 675</b>	7 457	6 065
Tanzania	<b>5 265</b>	5 160	4 963	4 480	<b>3 788</b>	3 554	2 958
DRC	<b>2 338</b>	2 324	2 241	2 016	<b>2 218</b>	2 280	1 748
Mozambique	<b>1 879</b>	1 817	1 636	1 474	<b>1 368</b>	1 285	1 090
Lesotho	<b>396</b>	448	348	341	<b>301</b>	338	269
<b>MOU per month<sup>4</sup></b>							
Tanzania	<b>123</b>	154	165	158	<b>131</b>	131	122
DRC	<b>33</b>	45	47	39	<b>31</b>	33	36
Mozambique	<b>89</b>	111	124	131	<b>118</b>	104	95
Lesotho	<b>63</b>	69	58	48	<b>49</b>	51	35
<b>Total ARPU (rand per month)<sup>5</sup></b>							
Tanzania	<b>39</b>	43	45	42	<b>43</b>	49	48
DRC	<b>32</b>	30	33	31	<b>35</b>	34	37
Mozambique	<b>51</b>	55	52	49	<b>52</b>	61	61
Lesotho	<b>60</b>	58	50	43	<b>41</b>	51	47
<b>Total ARPU (local currency per month)<sup>5</sup></b>							
Tanzania (TZS)	<b>5 952</b>	6 593	6 978	6 655	<b>6 377</b>	7 700	7 801
DRC (USD)	<b>2.7</b>	2.7	3.1	3.0	<b>3.2</b>	3.4	3.7
Mozambique (MZN)	<b>146</b>	156	147	146	<b>150</b>	178	184

#### Notes:

- 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 are a number of unique users who have generated revenue related to any data activities in the reported month (this excludes SMS and MMS messaging users). A unique user is a customer who needs to be counted once regardless of what data services they have utilised. A user is defined as a count of all active customers that have generated data revenue for a contractual monthly fee for this service or have used the service during the reported month.
- 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.
- Minutes of use ('MOU') per month is calculated by dividing the average monthly minutes (traffic) during the period by the average monthly active customers during the period.
- Total ARPU is calculated by dividing the average monthly service revenue by the average monthly active customers during the period. Prepaid and contract ARPU only include service revenue generated from Vodacom mobile customers.

## SUPPLEMENTARY INFORMATION CONTINUED

### Reconciliation of normalised and adjusted growth

March 2015 %	Reported <sup>1</sup> % change	Foreign exchange		Norma- lised(*) % change	MTR impact <sup>4</sup> ppt	Adjusted after foreign exchange and MTR (**) % change	SA One-Off and Inter- national One-Off <sup>5</sup> ppt	Cumula- tively adjusted (***) % change
		Trading FX <sup>2</sup> ppt	Translation FX <sup>3</sup> ppt					
<b>Revenue</b>								
Group	2.1	–	(1.0)	1.1	2.6	3.7	(0.6)	3.1
Group excluding only the MTR change	2.1	n/a	n/a	n/a	2.7	4.8	n/a	n/a
International	9.7	–	(5.7)	4.0	–	4.0	–	4.0
South Africa	0.4	–	–	0.4	3.2	3.6	(0.8)	2.8
<b>Service revenue</b>								
Group	0.2	–	(1.2)	(1.0)	3.2	2.2	(0.8)	1.4
Group excluding only the MTR change	0.2	n/a	n/a	n/a	3.2	3.4	n/a	n/a
International	10.0	–	(5.5)	4.5	–	4.5	–	4.5
South Africa	(2.7)	–	–	(2.7)	4.2	1.5	(1.1)	0.4
<b>Data revenue</b>								
South Africa	23.4	–	–	23.4	–	23.4	(1.5)	21.9
<b>Total cost</b>								
International	14.0	0.4	(6.5)	7.9	–	7.9	(3.8)	4.1
South Africa	1.7	(0.7)	–	1.0	2.0	3.0	(0.3)	2.7
<b>EBITDA</b>								
Group	(1.5)	1.0	(0.6)	(1.1)	4.4	3.3	0.1	3.4
International	(3.6)	(0.5)	(3.5)	(7.6)	–	(7.6)	9.0	1.4
International excluding only the One-Off adjustment	(3.6)	n/a	n/a	n/a	–	n/a	9.5	5.9
South Africa	(1.1)	1.3	–	0.2	5.3	5.5	(1.7)	3.8
South Africa excluding only the MTR change	(1.1)	n/a	n/a	n/a	5.3	4.2	n/a	n/a



## Reconciliation of normalised and adjusted growth

March 2015 Rm	Reported <sup>1</sup>	Foreign exchange		Norma- lised(*)	MTR impact <sup>4</sup>	Adjusted after foreign exchange and MTR (**)	SA One-Off and Inter- national One-Off <sup>5</sup>	Cumula- tively adjusted (***)
		Trading FX <sup>2</sup>	Translation FX <sup>3</sup>					
<b>Revenue</b>								
Group	<b>77 333</b>	–	–	<b>77 333</b>	1 990	<b>79 323</b>	(489)	<b>78 834</b>
Group excluding only the MTR change	<b>77 333</b>	n/a	n/a	<b>n/a</b>	1 990	<b>79 323</b>	n/a	<b>n/a</b>
International	<b>15 747</b>	–	–	<b>15 747</b>	–	<b>15 747</b>	–	<b>15 747</b>
South Africa	<b>62 037</b>	–	–	<b>62 037</b>	1 990	<b>64 027</b>	(489)	<b>63 538</b>
<b>Service revenue</b>								
Group	<b>62 167</b>	–	–	<b>62 167</b>	1 990	<b>64 157</b>	(489)	<b>63 668</b>
Group excluding only the MTR change	<b>62 167</b>	n/a	n/a	<b>n/a</b>	1 990	<b>64 157</b>	n/a	<b>n/a</b>
International	<b>15 291</b>	–	–	<b>15 291</b>	–	<b>15 291</b>	–	<b>15 291</b>
South Africa	<b>47 032</b>	–	–	<b>47 032</b>	1 990	<b>49 022</b>	(489)	<b>48 533</b>
<b>Data revenue</b>								
South Africa	<b>13 538</b>	–	–	<b>13 538</b>	–	<b>13 538</b>	(164)	<b>13 374</b>
<b>Total cost</b>								
International	<b>11 569</b>	(53)	–	<b>11 516</b>	–	<b>11 516</b>	(405)	<b>11 111</b>
South Africa	<b>39 224</b>	(114)	–	<b>39 110</b>	775	<b>39 885</b>	(102)	<b>39 783</b>
<b>EBITDA</b>								
Group	<b>26 905</b>	174	–	<b>27 079</b>	1 215	<b>28 294</b>	18	<b>28 312</b>
International	<b>4 104</b>	53	–	<b>4 157</b>	–	<b>4 157</b>	405	<b>4 562</b>
International excluding only the One-Off adjustment	<b>4 104</b>	n/a	n/a	<b>n/a</b>	n/a	<b>n/a</b>	405	<b>4 509</b>
South Africa	<b>22 837</b>	114	–	<b>22 951</b>	1 215	<b>24 166</b>	(387)	<b>23 779</b>
South Africa excluding only the MTR change	<b>22 837</b>	n/a	n/a	<b>n/a</b>	1 215	<b>24 052</b>	n/a	<b>n/a</b>

## SUPPLEMENTARY INFORMATION CONTINUED

### Reconciliation of normalised and adjusted growth

March 2014 Rm	Reported <sup>1</sup>	Trading FX <sup>2</sup>	Translation FX <sup>3</sup>	Normalised (*)
<b>Revenue</b>				
Group	75 711	–	787	76 498
Group excluding only the MTR change	75 711	n/a	n/a	n/a
International	14 356	–	787	15 143
South Africa	61 806	–	–	61 806
<b>Service revenue</b>				
Group	62 047	–	735	62 782
Group excluding only the MTR change	62 047	n/a	n/a	n/a
International	13 895	–	735	14 630
South Africa	48 316	–	–	48 316
<b>Data revenue</b>				
South Africa	10 974	–	–	10 974
<b>Total cost</b>				
International	10 146	(80)	610	10 676
South Africa	38 566	172	–	38 738
<b>EBITDA</b>				
Group	27 314	(88)	161	27 387
International	4 256	80	161	4 497
International excluding only the One-off adjustment	4 256	n/a	n/a	n/a
South Africa	23 087	(172)	–	22 915
South Africa excluding only the MTR change	23 087	n/a	n/a	n/a

The reconciliation represents cumulatively adjusted growth excluding the impact of foreign exchange gains/losses and at a constant currency (using current year as base), MTR cuts, SA One-Off and International One-Off. The presentation of the pro-forma information is the responsibility of the directors of Vodacom Group Limited. The purpose in presenting this information is to assist the user in understanding the underlying growth trends in these segments. It has been prepared for illustrative purposes only and may not fairly present the financial position, changes in equity, and results of operations or cash flows of Vodacom Group Limited. This pro-forma information has been reviewed and reported on by the Group's auditors, being PricewaterhouseCoopers Inc. Their unqualified reporting accountant's report thereon is available for inspection at the Company's registered address.

#### Notes:

1. The reported percentage change relates to the yoy percentage growth from 31 March 2014 to 31 March 2015. The Group's presentation currency is the South African rand. Our International operations include functional currencies mainly in United States dollar, Tanzanian shilling and Mozambican metical. The prevailing exchange for the current and comparative periods is disclosed on page 27.
2. Trading foreign exchange ('FX') are foreign exchange gains/losses on foreign denominated monetary assets and liabilities resulting from trading activities of entities within the Group.
3. Translation foreign exchange ('FX') arises from the translation of the results, at average rates, of subsidiaries' functional currencies to Vodacom's presentation currency, being rand. The exchange variances are eliminated by applying the current period's average rate (which is derived by dividing the individual subsidiary's translated rand value with the functional currency for the year) to prior year numbers, thereby giving a user a view of the performance which excludes exchange variances. The prevailing exchange rates for the current and comparative periods are disclosed on page 27.
4. The mobile termination rate impact on revenue is calculated by using current year's mobile incoming voice minutes at last year's MTR rate and the impact on costs is calculated by using current year's mobile outgoing voice minutes at last year's MTR rate. The EBITDA impact is calculated as the net effect of the impact on revenue less the impact of costs.
5. The SA One-Off impact was calculated as the sum of the impact of the change in the accounting estimate of un-recharged vouchers reported in the first half of the year and the impact of the consolidation of XLink in the second half. The International One-Off impact relates to the write off of current assets in the DRC.

---

# CORPORATE INFORMATION

## Non-IFRS information

The auditor's report does not necessarily cover all of the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's work they should obtain a copy of that report together with the accompanying financial information from the registered office of the company. This announcement contains certain non-IFRS financial information which has not been reviewed or reported on by the Group's auditors. The Group's management believes these measures provide valuable additional information in understanding the performance of the Group or the Group's businesses because they provide measures used by the Group to assess performance. However, this additional information presented is not uniformly defined by all companies, including those in the Group's industry. Accordingly, it may not be comparable with similarly titled measures and disclosures by other companies. Additionally, although these measures are important in the management of the business, they should not be viewed in isolation or as replacements for or alternatives to, but rather as complementary to, the comparable IFRS measures. Refer above for detail relating to EBITDA and headline earnings per share.

## Trademarks

Vodafone, the Vodafone logo, Vodafone Mobile Broadband, Vodafone WebBox, Vodafone Passport, Vodafone live!, Power to You, Vodacom, Vodacom m-pesa, Vodacom m-pawa, Vodacom Millionaires, Vodacom4Less and Vodacom Change the World are trademarks of Vodafone Group Plc (or have applications pending). Other product names mentioned herein may be trademarks of Vodacom (Pty) Limited, Vodafone Group Plc or their respective owners (or have applications pending). The trademarks RIM®, BlackBerry®, are owned by Research in Motion Limited and are registered in the US and may be pending or registered in other countries. Java® is a registered trademark of Oracle and/or its affiliates. Microsoft, Windows Mobile and ActiveSync are either registered trademarks or trademarks of Microsoft Corporation in the US and/or other countries. Google, Google Maps and Android are trademarks of Google Inc. Apple, iPhone and iPad are trademarks of Apple Inc., registered in the US and other countries. Other product and company names mentioned herein may be trademarks of their respective owners.

## Forward-looking statements

This announcement 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.

---

## CORPORATE INFORMATION CONTINUED

### Vodacom Group Limited

(Incorporated in the Republic of South Africa)  
Registration number: 1993/005461/06  
(ISIN: ZAE000132577 Share Code: VOD)  
(ISIN: ZAG000106063 JSE Code: VOD008)  
(ISIN: US92858D2009 ADR code: VDMCY)  
(‘Vodacom’)

### Directors

MP Moyo (Chairman), MS Aziz Joosub (CEO),  
DH Brown, IP Dittrich, HMG Dowidar<sup>1</sup>, M Joseph<sup>2</sup>,  
BP Mabelane, TM Mokgosi-Mwantembe, PJ Moleketi,  
JWL Otty<sup>3</sup>, RAW Schellekens<sup>4</sup>, S Timuray<sup>5</sup>

1. Egyptian 2. American 3. British 4. Dutch 5. Turkish

### Company secretary

SF Linford

### Registered office

Vodacom Corporate Park,  
082 Vodacom Boulevard, Midrand 1685  
(Private Bag X9904, Sandton 2146)

### Transfer secretary

Computershare Investor Services (Pty) Limited  
(Registration number: 2004/003647/07)  
70 Marshall Street, Johannesburg 2001  
(PO Box 61051, Marshalltown 2107)

### Sponsor

UBS South Africa (Pty) Limited

### Debt sponsor

Absa Bank Limited  
(acting through its Corporate and  
Investment Banking Division)

### ADR depository bank

Deutsche Bank Trust Company Americas

### Media relations

Richard Boorman

### Investor relations

Monique Nienaber



