



**Annual results presentation  
31 March 2012**

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Vodafone, the Vodafone logo, Vodafone Mobile Broadband, Vodafone WebBox, Vodafone WebBook, Vodafone Smart tab, Vodafone 858 Smartphone, Vodafone Passport, Vodafone live!, Power to You, Vodacom, Vodacom M-Pesa, Vodacom Millionaires, Vodacom 4 Less and Vodacom Change the World are trademarks of Vodafone Group Plc (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.

# Highlights

**vodacom**

## BlackBerry® Prepaid

More socialising, more fun, more summer  
Now with reduced BlackBerry® subscription of M50.  
To activate dial \*111# and follow instructions  
*power to you*

New reduced BlackBerry subscription M50 P/M

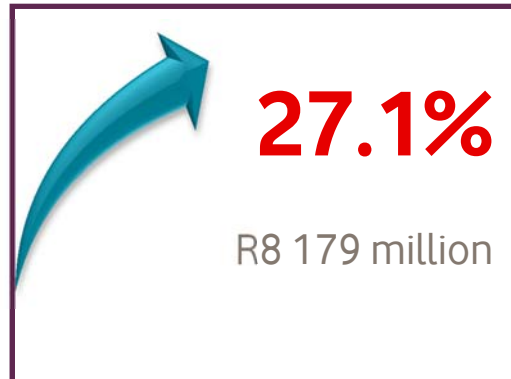
Win a red BlackBerry with one year free subscription.

## Strong financial performance

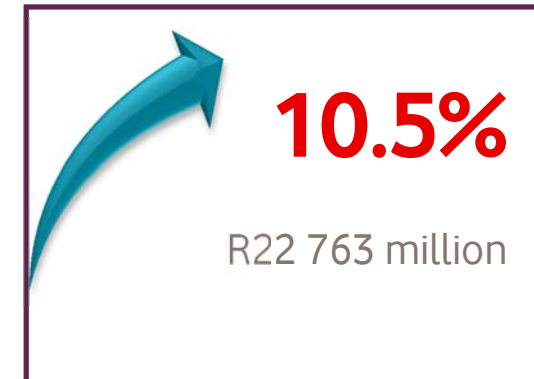
Group service revenue



Group data revenue



Group EBITDA



Group operating FCF



HEPS



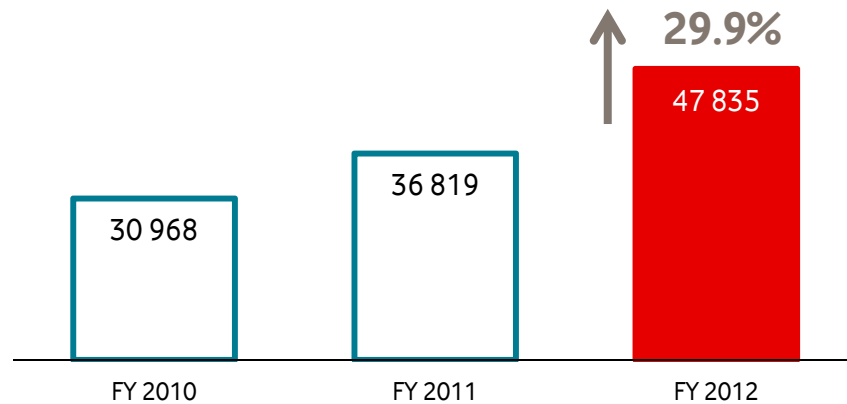
Dividend per share



# Targeted activity underpins commercial success

## Group customers<sup>1</sup>

Thousand



Strong penetration of  
**ULCHs**\*



**Reaching**  
new under serviced areas

**30.0%** growth in enterprise converged services

Attractive and compelling  
**promotions**

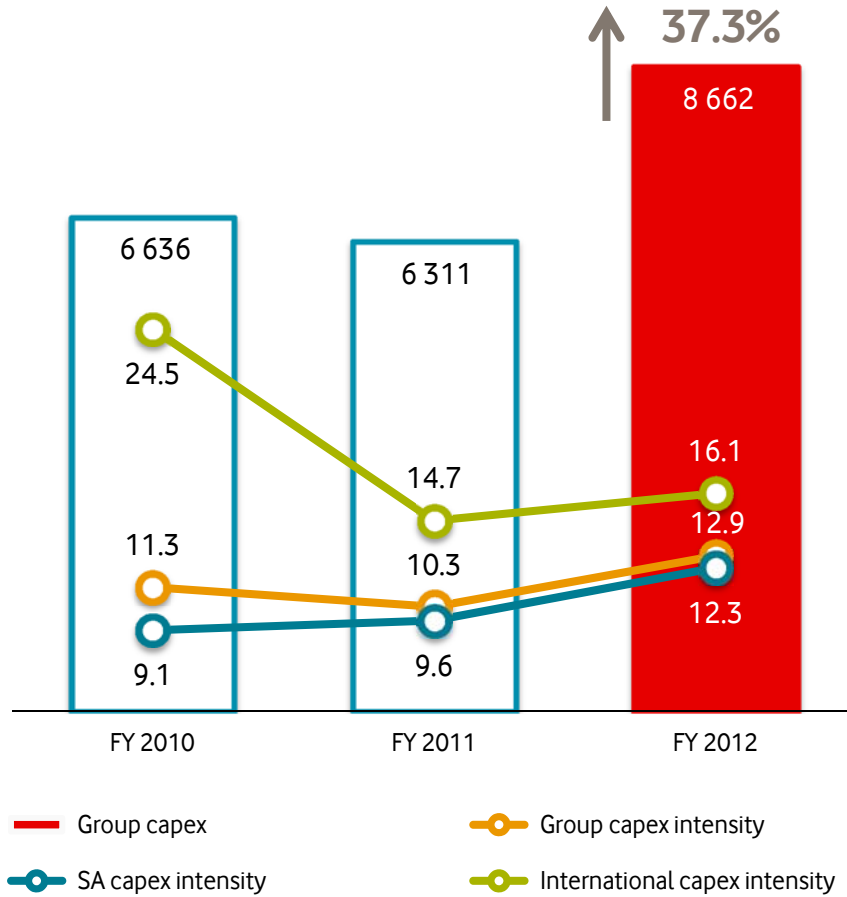
1. Refer to slide 36 for the change in basis of reporting customers

\* Ultra low cost handsets

# Investment sustains network leadership advantage

## Group capex

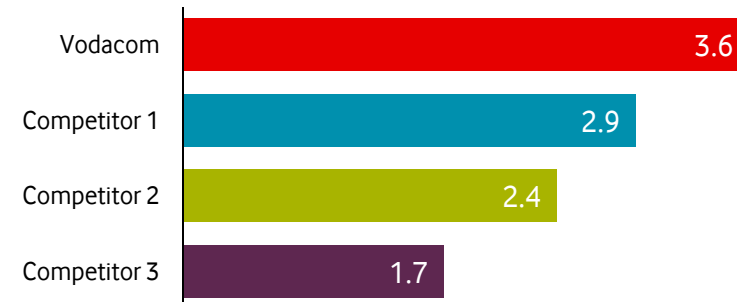
R million/%



Over 1 000 new 3G sites to a total of **5 735**

## Leading network downlink speed

Mbps

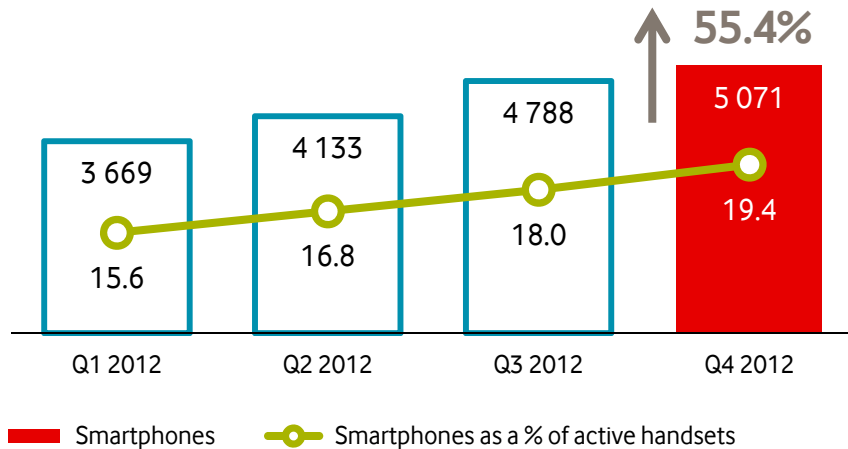


Source : Speedtest.mybroadband.co.za, 17 May 2012

# Demand for data services remains high in South Africa

## SA smartphones

Thousand/%



# 35.4%

yoy increase in active data customers

Smartphone usage up from 38MB to **92MB**



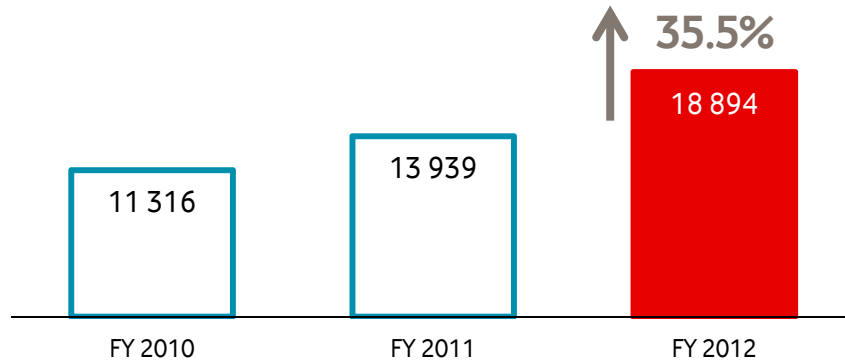
# 18.2%

reduction in price per MB

# International growth momentum continues

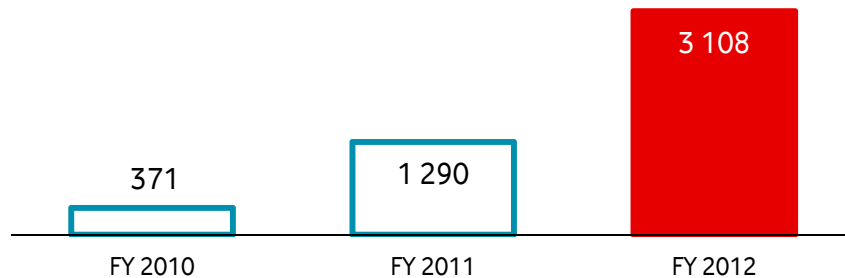
## International customers<sup>1</sup>

Thousand/%



## Tanzania active M-Pesa customers

Thousand



1. Refer to slide 36 for the change in basis of reporting customers

**Smarter**  
price offerings



**2.9m** active data customers

**A third**

of Tanzania's customers use M-Pesa



## Strategic review

**vodacom**

### More data, More surfing, Mofaya Summer!

Stay online with a MyGig 20 once-off data bundle at just 2.4 cents per MB to use on Prepaid and Top Up. Visit your nearest Vodacom shop now to get the hottest mobile data deal!

power to you

**20GB**  
of data

Now only  
**R499**

Normal price  
~~R3620~~  
Save **R3121**

**mofaya**  
summer

Terms and conditions apply. Promotion starts 1 February 2012 and ends 31 January 2013. Deal includes modem. Prepaid bundle expires over 24h last day of the next month. Available at Vodacom shops. Vodacom reserves the right to end this promotion at any time.

# Our strategy



# #1: Doing more to improve the customer experience

## South Africa net promoter score

Rolling three month average at 31 March 2012



Improved network  
**quality**  
and coverage

**Improved**  
service in all customer  
touchpoints

**More value**  
reducing Group effective  
ppm\* by 7.0%



Source : Vodafone measure performed by TNS

\* Price per minute

## #2: More for our people

### Culture

change programme  
rollout continues



### Helpline

empowers employees to help  
customers

Entrenching new  
**health**  
and safety rules

**Best**   
telco to work for in SA\*



#### Engagement Index



Source: Vodacom People Survey (Hays)

\* Corporate Research Foundation Institute

# #3: The power of the internet into more people's hands

## Affordable

handsets and tablets



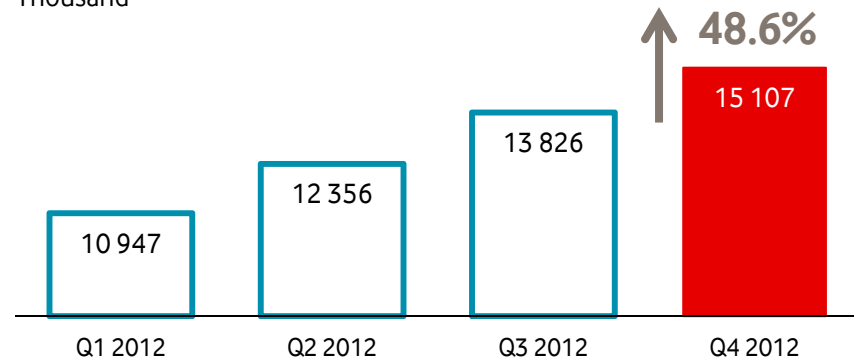
**1m** apps downloaded  
in six months of launch

**Free** internet setup  
at home

**GOAL** Reach **25m** data customers by March 2014

Group data customers

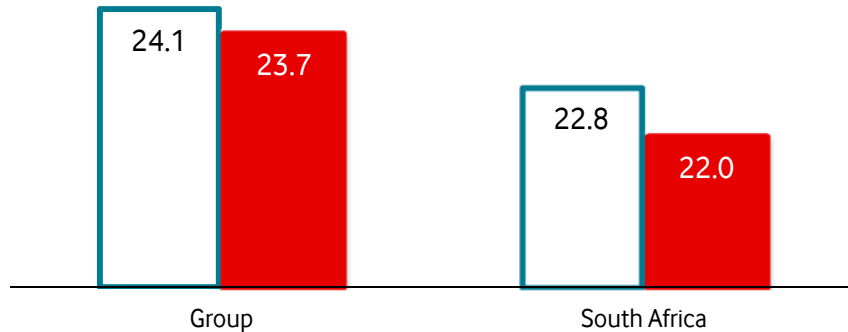
Thousand



# #4: Operating more efficiently

## Improved opex<sup>1</sup> to service revenue

%



■ FY 2011   ■ FY 2012

**GOAL**

People Survey: speed and simplicity scores to improve by five points per year

**GOAL**

CARBON footprint: 5% reduction per annum

**GOAL**

Optimise opex to service revenue

1. Operating expenses excluding direct expenses and trading foreign exchange

# Reduced

terminal logistic unit costs

# More

efficient network technologies

Speed and simplicity score\* down



“Green” site solutions innovation centre

\* Vodacom People Survey (Hays)

# #5: Doing more with our stakeholders

2<sup>nd</sup> Change the  
**World** programme launched



Launched mobile  
**education**  
initiatives

M-Pesa women  
**empowerment**  
initiative



## Financial review





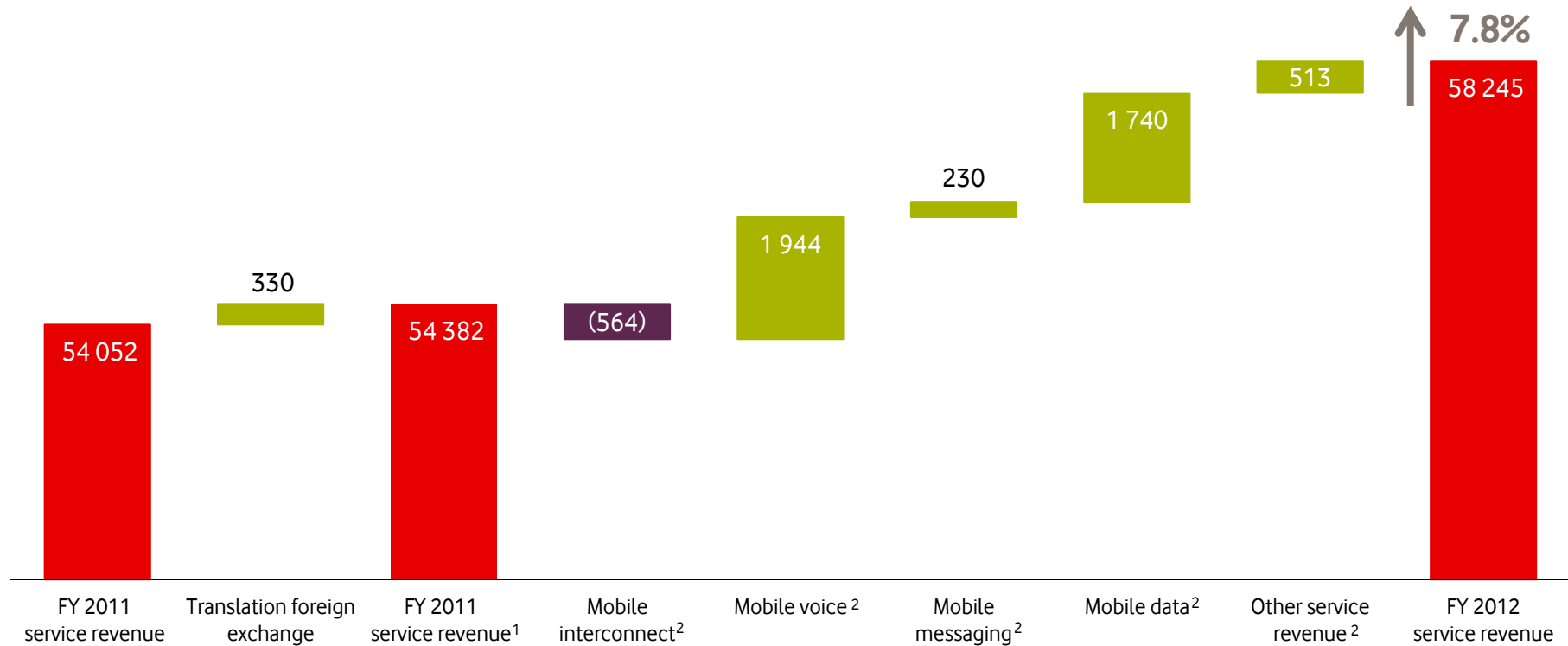
# Group income statement

R million	FY 2012	FY 2011	% change
<b>Service revenue</b>	<b>58 245</b>	<b>54 052</b>	<b>7.8</b>
<b>Revenue</b>	<b>66 929</b>	<b>61 197</b>	<b>9.4</b>
<b>EBITDA</b>	<b>22 763</b>	<b>20 594</b>	<b>10.5</b>
<b>Operating profit before impairment losses</b>	<b>16 816</b>	<b>15 204</b>	<b>10.6</b>
Impairment losses	(199)	(1 508)	(86.8)
<b>Operating profit after impairment losses</b>	<b>16 617</b>	<b>13 696</b>	<b>21.3</b>
Net finance charges	(684)	(1 058)	(35.3)
<b>Profit before tax</b>	<b>15 933</b>	<b>12 638</b>	<b>26.1</b>
Taxation	(5 730)	(4 659)	23.0
<b>Net profit</b>	<b>10 203</b>	<b>7 979</b>	<b>27.9</b>
<b>Attributable to:</b>			
Equity shareholders	10 156	8 245	23.2
Non-controlling interests	47	(266)	117.7
<b>HEPS (cents)</b>	<b>709</b>	<b>656</b>	<b>8.1</b>
<b>Weighted average shares in issue (million)</b>	<b>1 463</b>	<b>1 468</b>	<b>(0.3)</b>

# Strong growth in mobile voice and data usage

## Group service revenue growth by category

R million

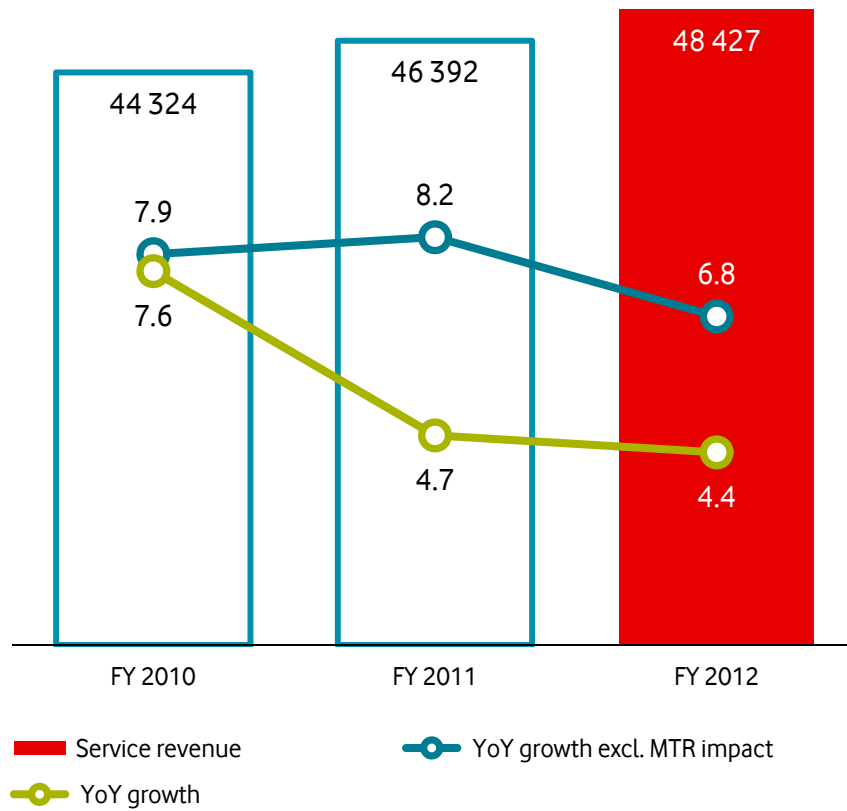


1. Restated to FY 2012 foreign exchange rates
2. At a constant currency

# Service revenue growth trends

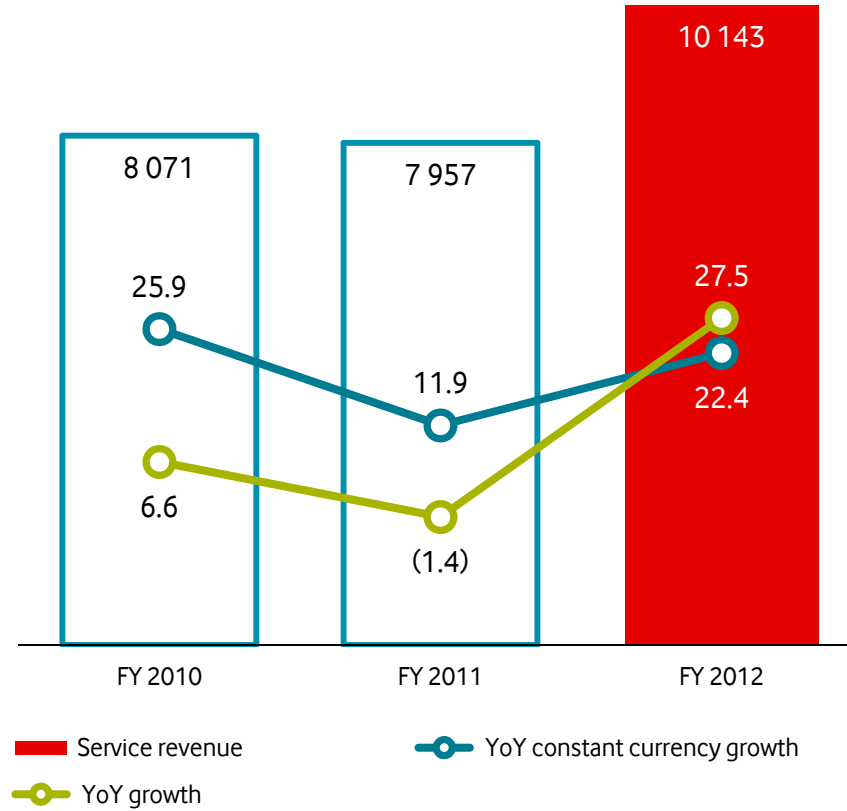
## SA service revenue

R million/%



## International service revenue

R million/%



# Group operating expenses well contained

## Group operating expenses<sup>1</sup> by category

R million	FY 2012	% change
Direct expenses	30 265	9.7
Staff expenses	4 318	7.3
Publicity expenses	1 804	(13.5)
Other operating expenses	7 844	13.2
<b>Operating expenses<sup>1</sup></b>	<b>44 231</b>	<b>8.8</b>

- Excluding MTR impact in South Africa, Group direct expenses increased 10.5%
- Group staff expenses reduced by capitalising costs of R240 million

1. Excluding depreciation, amortisation and impairment losses

## Group operating expenses<sup>1</sup> by segment

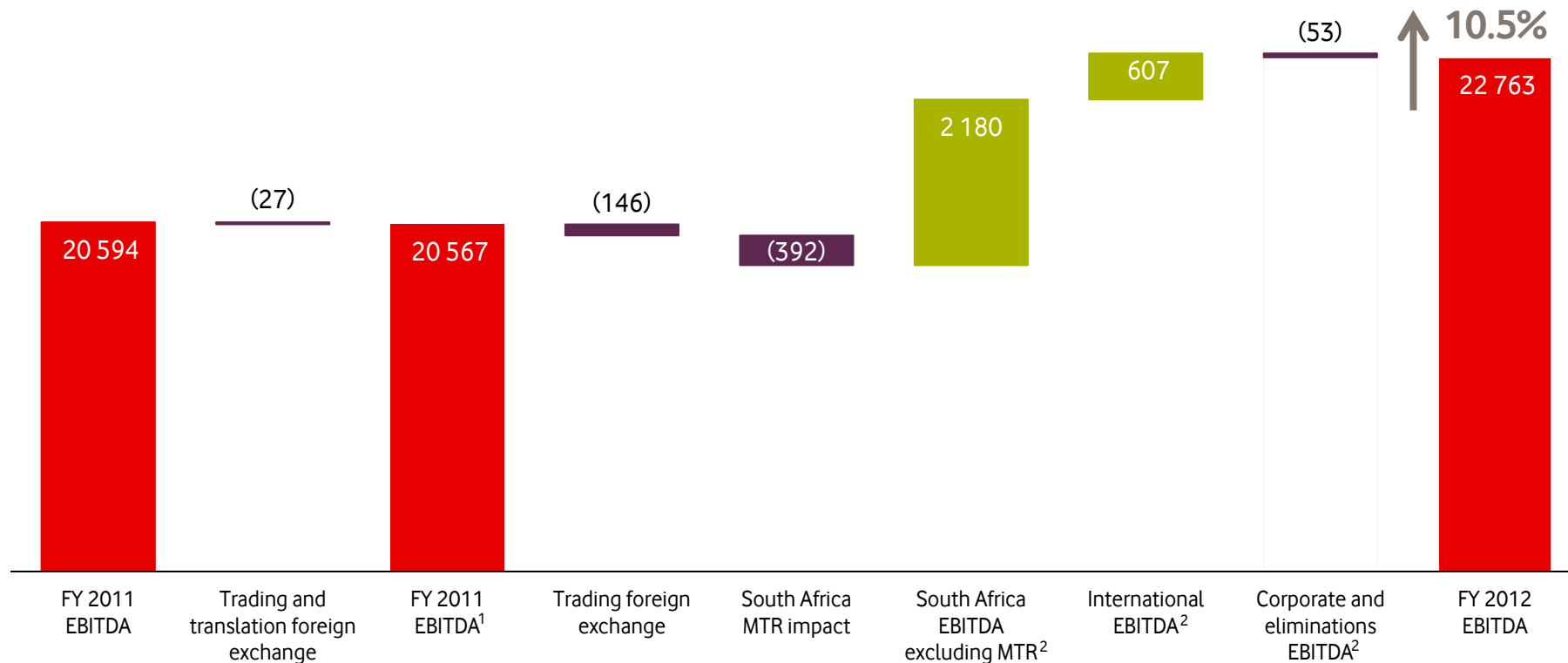
R million	FY 2012	% change
South Africa	35 737	5.9
International	8 970	22.1
Corporate/eliminations	(476)	(1.7)
<b>Operating expenses<sup>1</sup></b>	<b>44 231</b>	<b>8.8</b>

- Group operating expenses up 8.8% below revenue growth of 9.4%
- Operating expenses growth of International segment was contained to 22.1% below revenue growth of 27.2%

# Group EBITDA increased 10.5%

## Group EBITDA

R million

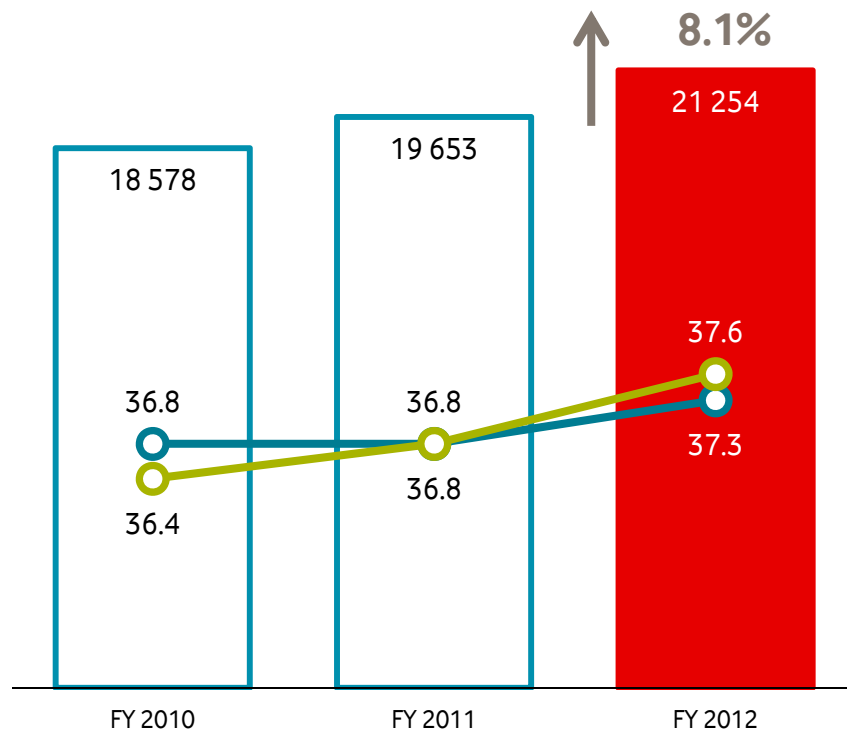


1. Restated to FY 2012 foreign exchange rates and excluding trading foreign exchange
2. Excluding trading foreign exchange and at a constant currency

# Positive EBITDA margin trends

## SA EBITDA

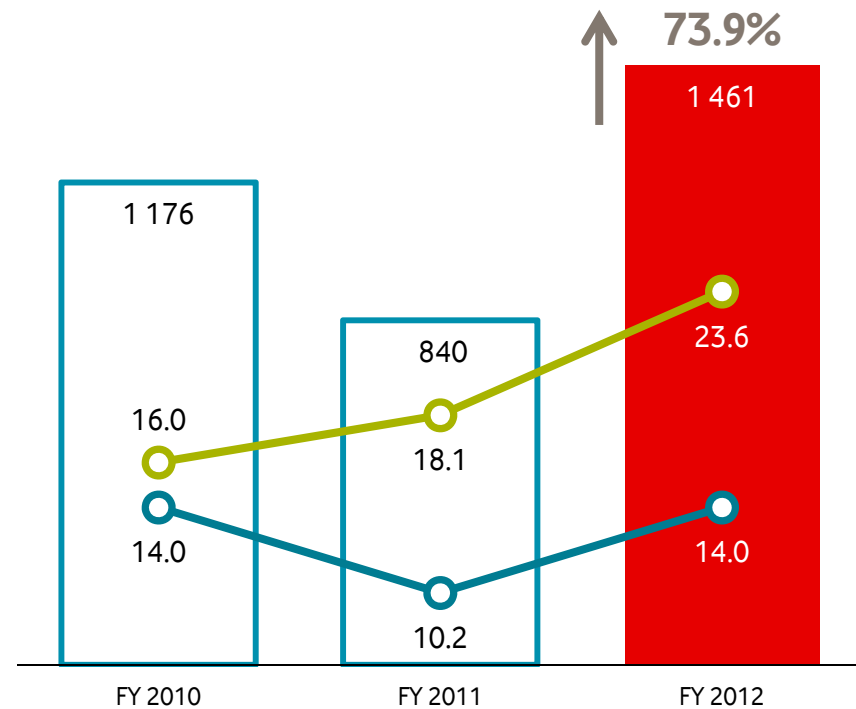
R million/%



- EBITDA
- EBITDA margin
- EBITDA margin excluding trading foreign exchange

## International EBITDA

R million/%



- EBITDA
- EBITDA margin
- International MNO EBITDA margin at constant currency



# Group finance charges reduced

## Group net finance charges

R million	FY 2012	FY 2011
Net finance costs	(639)	(755)
Remeasurement of loans	(51)	28
Net loss on translation of foreign-denominated assets and liabilities	(16)	(131)
Gain/(loss) on derivatives <sup>1</sup>	20	(164)
Other	2	(36)
<b>Net finance charges</b>	<b>(684)</b>	<b>(1 058)</b>
<b>Average cost of debt (%)</b>	<b>7.3</b>	<b>7.7</b>

1. Mainly revaluation of foreign currency exchange contracts

## Group net debt

R million	FY 2012	FY 2011
Bank and cash balances	3 781	870
Bank overdrafts	(409)	(331)
Borrowings and derivative financial instruments	(11 039)	(9 997)
<b>Net debt</b>	<b>(7 667)</b>	<b>(9 458)</b>
<b>Net debt/EBITDA (times)</b>	<b>0.3</b>	<b>0.5</b>
<b>Average debt</b>	<b>(10 786)</b>	<b>(11 033)</b>

- Issued R750 million three month commercial paper under our new R10 billion DMTN programme
- R3 billion term loan obtained from Vodafone

## Taxation impacted by higher dividend

- Secondary tax on companies ('STC') charge based on 10% dividends declared in May and November 2011.
- DRC currency translations and tax base revaluation relates to the difference between IFRS and Congolese accounting
- Deferred tax assets adjustments primarily relates to the derecognition of the deferred tax asset in Group partially offset by the recognition of a deferred tax asset in Mozambique
- STC at 10% was replaced from 1 April 2012 with dividends tax of 15%, for the account of the shareholder

### Group tax reconciliation

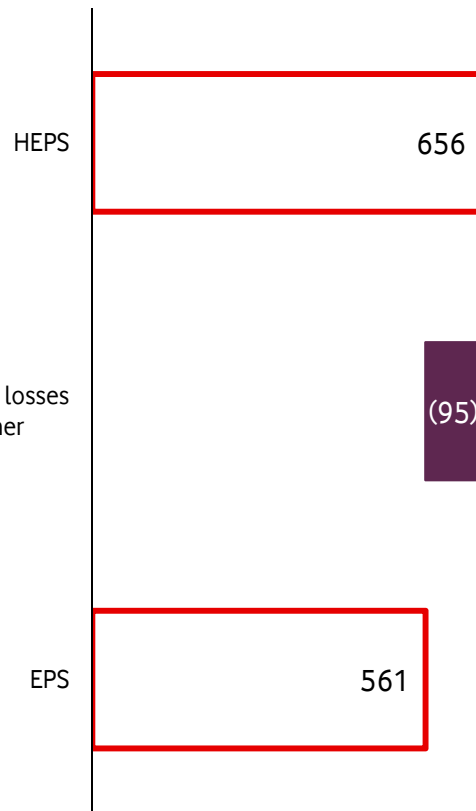
R million	FY 2012	Rate (%)
Normal tax	4 461	28.0
Non-deductible interest	91	0.6
STC	806	5.1
DRC foreign currency translations and revaluation of tax base of qualifying assets	(105)	(0.7)
Other	175	1.1
	<b>5 428</b>	<b>34.1</b>
Deferred tax assets adjustments	256	1.6
Impairment losses	46	0.3
<b>Total tax expense/effective tax rate</b>	<b>5 730</b>	<b>36.0</b>



# Headline earnings per share increased 8.1%

## FY 2011 headline earnings per share

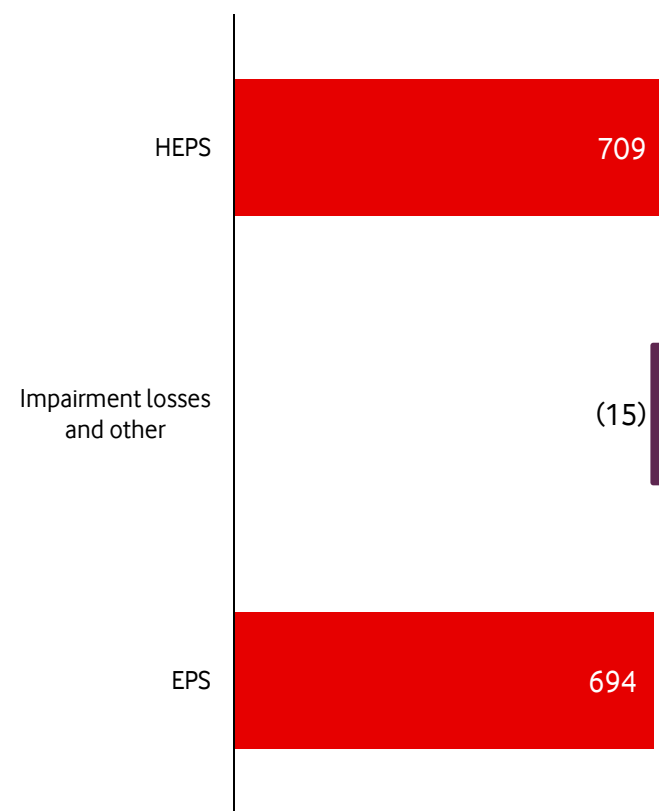
Cents per share



## FY 2012 headline earnings per share

Cents per share

↑ 8.1%



↑ 23.7%

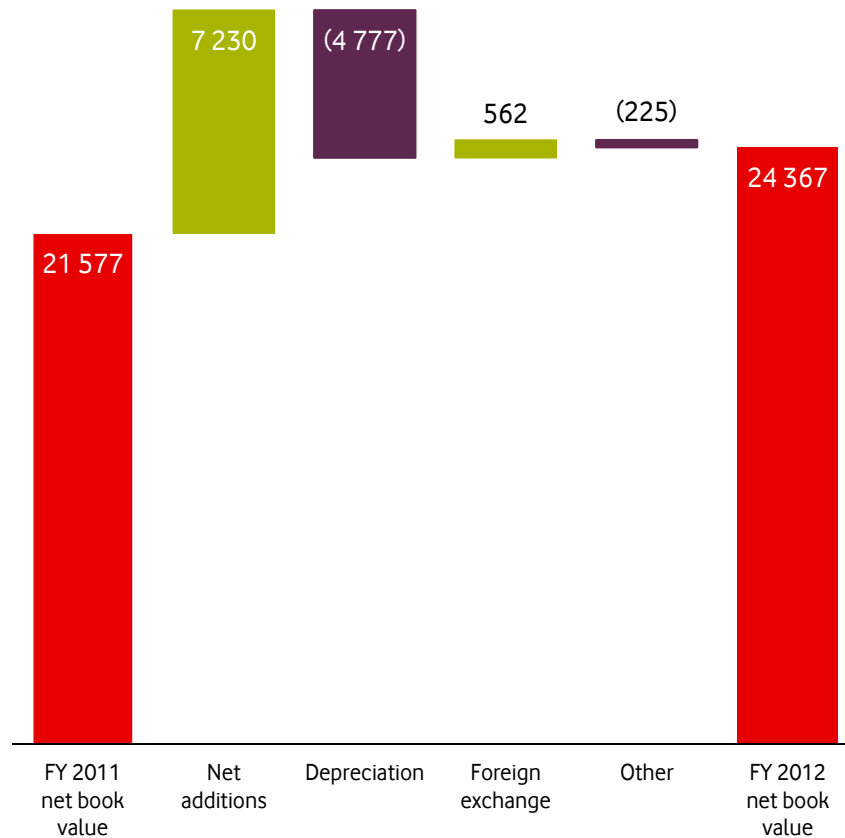
## Group statement of financial position

R million	FY 2012	FY 2011	Movement
<b>Assets</b>			
Property, plant and equipment	24 367	21 577	2 790
Intangible assets	5 123	5 215	(92)
Other non-current assets	1 188	1 190	(2)
Current assets	17 552	13 453	4 099
<b>Total assets</b>	<b>48 230</b>	<b>41 435</b>	<b>6 795</b>
<b>Equity and liabilities</b>			
Total equity	18 930	16 180	2 750
Borrowings	11 016	10 063	953
Other liabilities	18 284	15 192	3 092
<b>Total equity and liabilities</b>	<b>48 230</b>	<b>41 435</b>	<b>6 795</b>
<b>Net asset value per share (cents)</b>	<b>1 286</b>	<b>1 099</b>	

# Movement in Group PPE and intangible assets

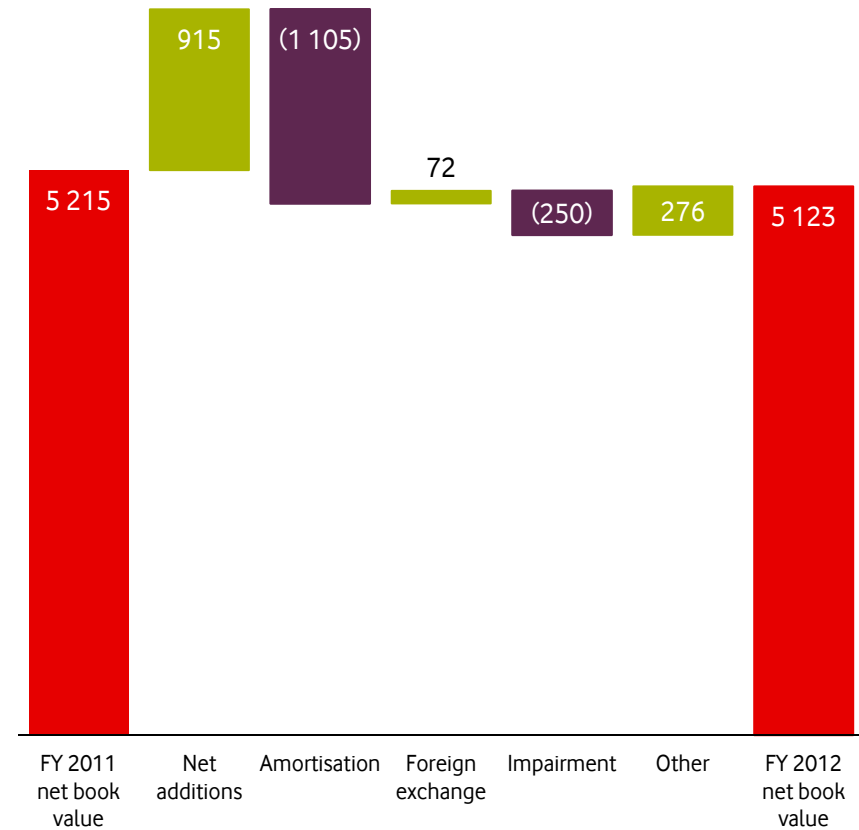
## Property, plant and equipment

R million



## Intangible assets

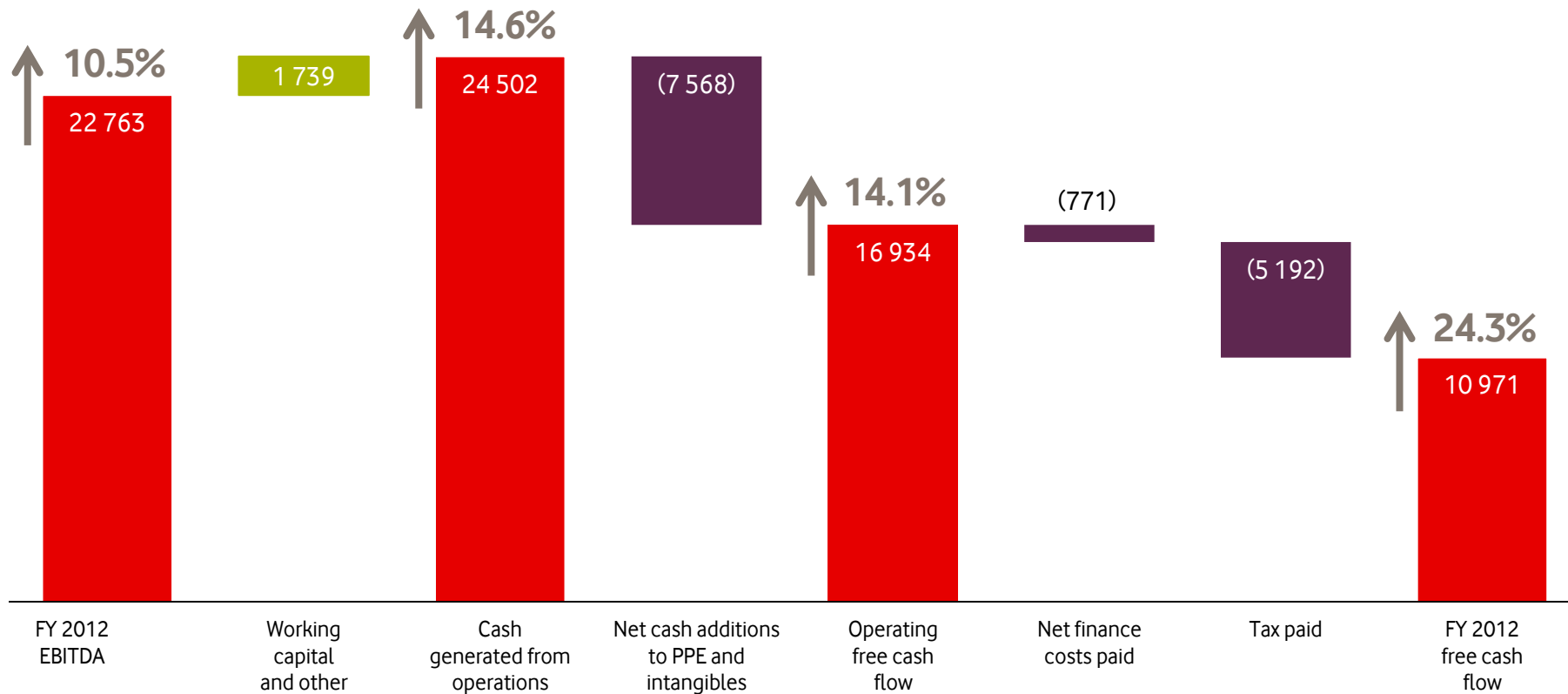
R million



# Strong growth in free cash flow

## Group free cash flow generation

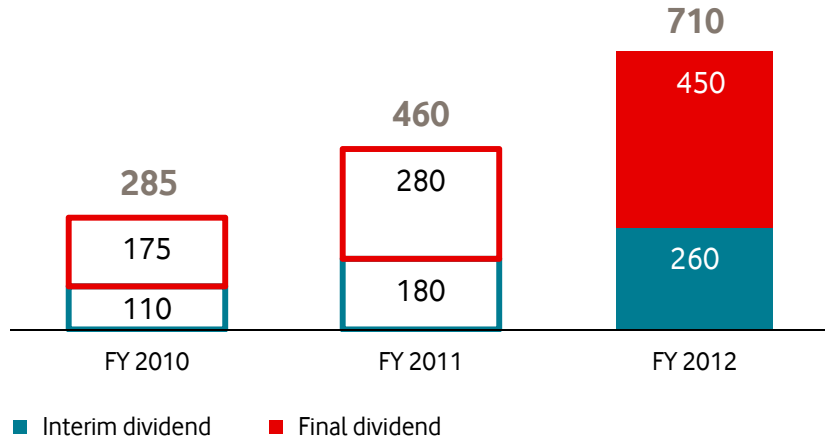
R million



# Enhancing shareholder returns

## Dividend per share

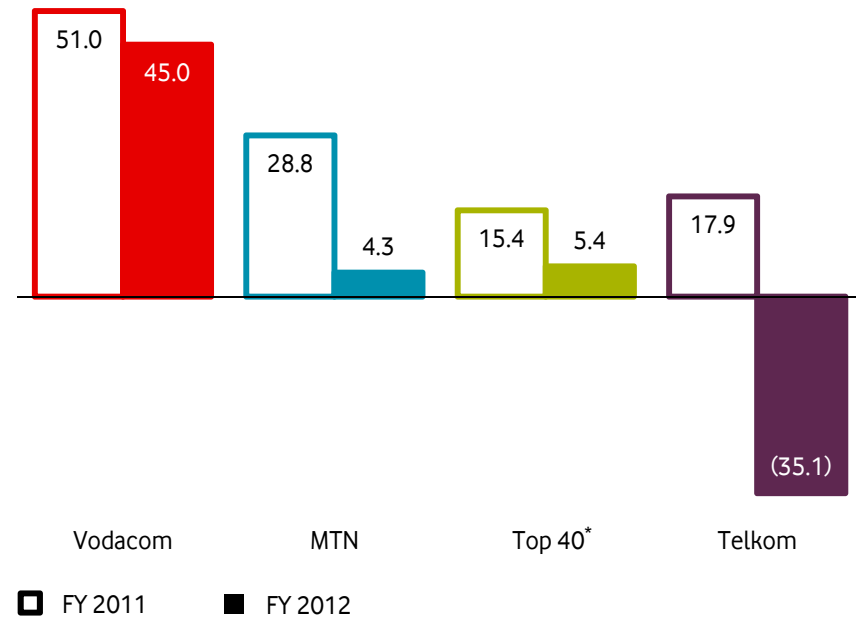
Cents per share



- 60.7% increase in final dividend to 450 cents
- Payout ratio of 100% for full year
- Dividend policy changed to “at least 90% of headline earnings per share”

## Total shareholder returns

% return for the year ended 31 March 2012



Source: Bloomberg

\* FTSE/JSE Africa Top 40 index (Top 40 South African shares)

## Wrap-up



The advertisement features a red background with a white Vodacom logo in the top left corner. The text is in white and black. The main headline is in a large, bold, sans-serif font. Below it is a smaller line of text. At the bottom of the red box is the slogan 'tudo bom pra ti' in a lowercase, sans-serif font. The background of the ad shows three people (two women and one man) standing outdoors near a red car, smiling. The website address 'www.vm.co.mz' is in the bottom right corner of the ad.

**vodacom** Internet pré-paga

**30 dias de likes,  
vídeos e downloads,  
por apenas 89MT.**

A Internet mais rápida, com mais qualidade  
e sempre com os preços mais baixos.

tudo bom pra ti

www.vm.co.mz

## Group medium-term targets reconfirmed

### Market position

Maintain market position in all geographies

### EBITDA

Improve EBITDA margin through operational efficiencies

### Service revenue

Low single digit growth in service revenue

### Capital expenditure

Capital expenditure between 11% and 13% of Group revenue

Medium-term financial targets are indicated over a three year period ending March 2015 assuming constant currencies and in respect of continued operations.

## Our strategies delivering consistent results

Strong financial performance

Targeted activity underpins commercial success

Investment sustains network leadership advantage

Demand for data services remains high in South Africa

International growth momentum continues

Enhancing shareholder returns



Thank you



**vodacom**

### One Africa family. One low roaming rate

With Africa Roaming you get one rate of R5.00\* per MB of data and just R2.90\* per minute on calls plus **free** incoming calls. Now it's easy to know your roaming costs.

Always get more  
[vodacom.co.za/roam](http://vodacom.co.za/roam)  
*power to you*

GHANA  
DRC  
KENYA  
TANZANIA  
MOZAMBIQUE  
LESOTHO

\*Terms and conditions apply.  
Only applicable in these six countries: Mozambique, Ghana, DRC, Kenya, Tanzania and Lesotho.

## Country data

	South Africa	Tanzania	DRC	Mozambique	Lesotho
<b>Population (million)</b>	51	48	72	25	2
<b>GDP per capita* (USD)</b>	8 200	629	291	627	1 080
<b>GDP growth estimate* 2012 (%)</b>	2.3	6.9	6.3	8.0	5.2
<b>Estimated mobile penetration (%)</b>	132	49	21	32	57
<b>Ownership (%)</b>	93.75	65	51	85	80
<b>License expiry period</b>	2029	2031	2018	2018/2026 <sup>#</sup>	2016
<b>Customers (thousand)</b>	28 941	9 665	5 643	2 784	802
<b>ARPU (rand per month)</b>	157	26	36	51	70
<b>ARPU (local currency per month)</b>	R157	TZS5 506	USD4.8	MZN187	LSL70
<b>Minutes of use per month</b>	114	63	43	55	38

\* The Economist Intelligence Unit

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

# Impact of foreign exchange

## Revenue

%

FY 2012	Reported	Normalised
South Africa	6.7	6.7
International	27.2	22.1
Group	9.4	8.8

## EBITDA

%

FY 2012	Reported	Normalised
South Africa	8.1	9.1
International	73.9	71.7
Group	10.5	11.4

## Operating expenses

%

FY 2012	Reported	Normalised
South Africa	5.9	5.3
International	22.1	16.8
Group	8.8	7.5

## Average exchange rates

	FY 2012	FY 2011	% change
USD/ZAR	7.45	7.19	3.6
ZAR/MZN	3.78	4.78	(20.9)
ZAR/TZS	216.73	206.17	5.1
EUR/ZAR	10.24	9.50	7.8

# Impact of mobile termination rates in South Africa

- **MTR rates changed from 1 March 2012**
  - Peak dropped from R0.73 to R0.56
- **MTR impact for the year**
  - R1 142 million in revenue
  - R392 million in EBITDA
- **Future MTR cuts**
  - March 2013: Peak/Off-peak – R0.40
- **Asymmetry for qualifying operators**
  - March 2012: 15% higher
  - March 2013: 10% higher

## Interconnect

R million	FY 2012	FY 2011	% change
Interconnect revenue	6 062	6 755	(10.3)
<b>% service revenue</b>	12.5	14.6	
Interconnect cost	4 923	5 682	(13.4)
<b>Net interconnect revenue</b>	1 139	1 073	6.2
<b>% of EBITDA</b>	<b>5.4</b>	<b>5.5</b>	

## Incoming interconnect minutes

Millions of minutes	FY 2012	FY 2011	% change
Mobile	5 727	5 548	3.2
Fixed line	2 484	2 254	10.2

# Definitions

<b>Active data customers</b>	Number of unique customers who have generated revenue related to any data activities in relation to mobile data revenue (this excludes SMS and MMS messaging users) in the reported month. A user is defined as being active if they are paying for a contractual monthly fee for this service or have used the service during the reported period.
<b>ARPU</b>	Total ARPU is calculated by dividing the average monthly service revenue by the average monthly mobile customers during the period.
<b>Contribution margin</b>	Revenue less direct expenses as a percentage of revenue.
<b>Customers</b>	Customers are based on the total number of mobile customers using any service during the 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. The reported customers has been changed from total to three month active.
<b>EBITDA</b>	Earnings before interest, taxation, depreciation, amortisation, impairment losses, profit/loss on disposal of investments and on disposal of property, plant and equipment, investment properties and intangible assets.
<b>Free cash flow</b>	Cash generated from operations less additions to property, plant and equipment and intangible assets, proceeds on disposal of property, plant and equipment and intangible assets, tax paid and net finance charges paid.
<b>HEPS</b>	Headline earnings per share.
<b>International</b>	International comprises the segment information relating to the non-South African-based cellular networks in Tanzania, the Democratic Republic of Congo, Mozambique and Lesotho as well as the operations of Vodacom International Limited, Vodacom Business Africa and Gateway Carrier Services.
<b>MNO</b>	Mobile network operator.
<b>MOU</b>	Minutes of use per month is calculated by dividing the average monthly minutes (traffic) during the period by the average monthly mobile customers during the period.
<b>Operating free cash flow</b>	Cash generated from operations less additions to property, plant and equipment and intangible assets and proceeds on disposal of property, plant and equipment and intangible assets.
<b>RAN</b>	Radio access network.
<b>South Africa</b>	Vodacom (Pty) Limited, a private limited liability company duly incorporated in accordance with the laws of South Africa and its subsidiaries, joint ventures and SPV's.
<b>Total shareholder returns</b>	Shareholder returns consist of the aggregate share price appreciation and dividend yield.
<b>Traffic</b>	Traffic comprises total traffic registered on Vodacom's mobile network, including bundled minutes, promotional minutes and outgoing international roaming calls, but excluding national roaming calls, incoming international roaming calls and calls to free services.

# Forward-looking statements

This presentation which sets out the annual results for Vodacom Group Limited for the year ended 31 March 2012 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.

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Annual results for the year ended 31 March 2012