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Highlights

+7.5%

Group revenue¹

R 80 077 million

R12.9bn

Group capital expenditure

16.1% of revenue

+2.7%

HEPS

883 cents per share

+12.8%

Group EBITDA

R30 345 million

+21.8%

Group operating free cash flow

R17 054 million

+2.6%

Dividend per share

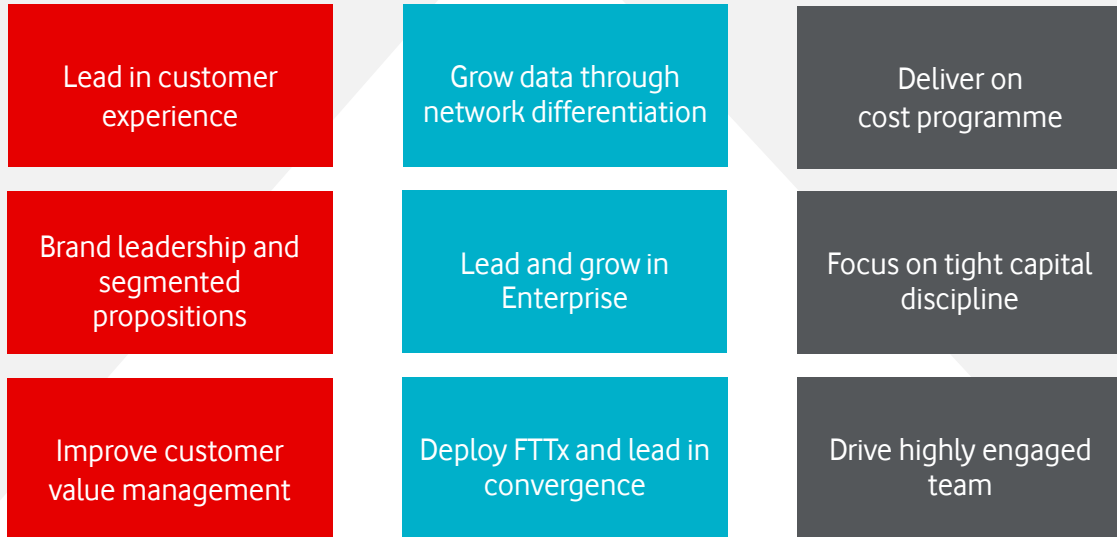
795 cents per share



1. Restated – refer to note 11 of the preliminary condensed consolidated financial statements.
Annual results | 31 March 2016



Strategy | Driving consistent focus across all markets



Annual results | 31 March 2016

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South Africa | Strong demand for data underpins growth

Key indicators	FY16	% change
Revenue ¹ (Rm)	62 279	5.2
Service revenue (Rm)	49 320	4.9
EBITDA (Rm)	25 016	9.5
Active customers ('000)	34 178	6.4
Active data customers ('000)	18 704	12.7
Smart devices ('000)	14 227	22.8

+5.2%

Revenue growth

+9.5%

EBITDA growth

+27.7%

Data revenue growth



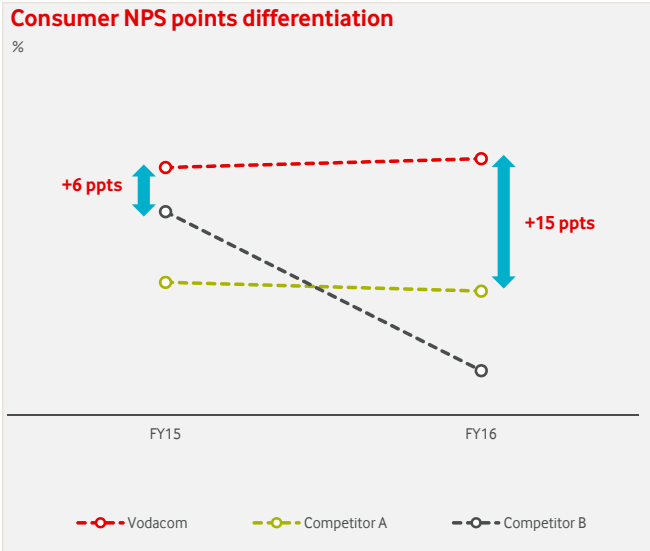
1. Restated – refer to note 11 of the preliminary condensed consolidated financial statements.

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Customer experience | Highest competitive differentiation



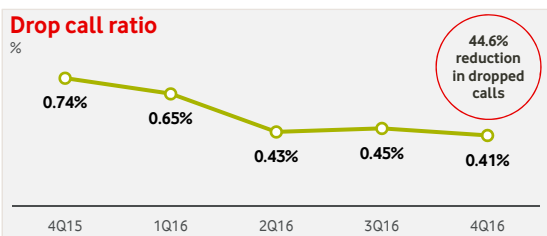
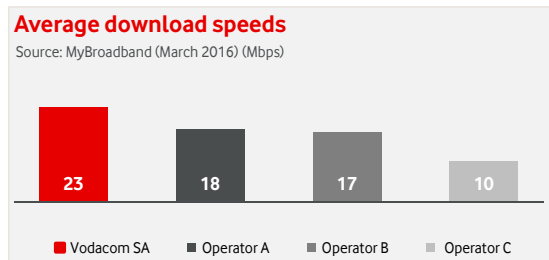
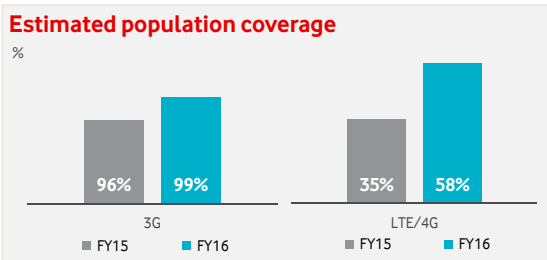
- Only operator with increased score
- Network drives differentiation
- Value perception improved

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Customer | Investing to be "best network"



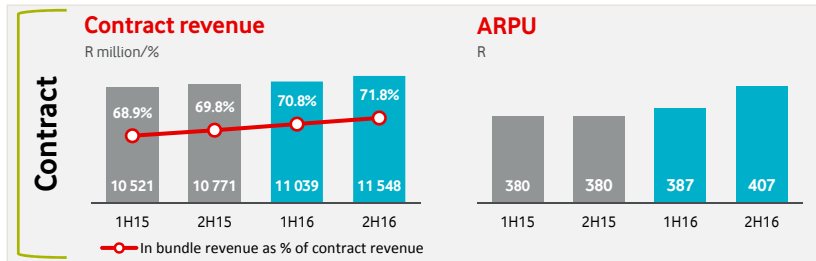
- 1st MyBroadband download speed test
- 1st with commercial mobile LTE-A
- 1st in Vodafone Group performance testing

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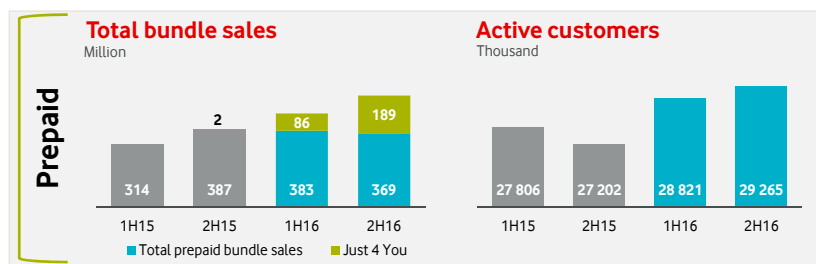
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Customer | "Best value" driving ARPU and customer growth



- 85.1% contract customers on new plans
- ARPU +4.5% yoy



- More than 1.1 billion bundles sold; +46.1% yoy
- Effective PPM -17.8%

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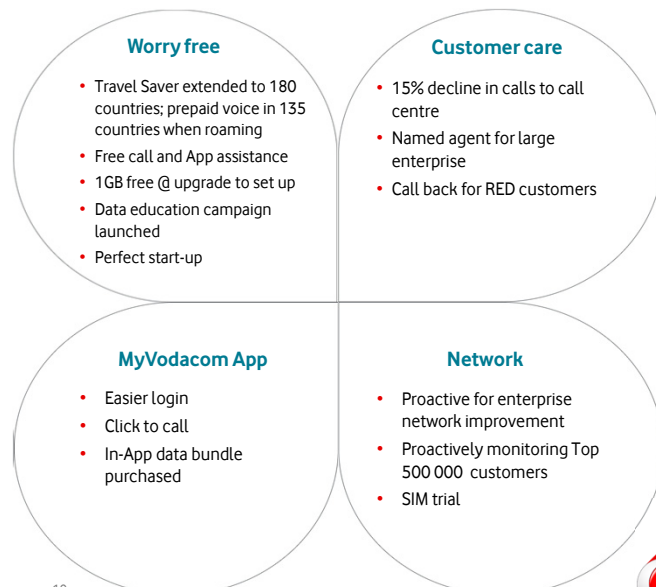
Customer | Doing even more for best experience for customers

C
Connectivity
that is reliable and secure

A
Always in control
Cost control with no surprises

R
Reward loyalty
Extra rewards & service

E
Easy access
Always available, ask only once



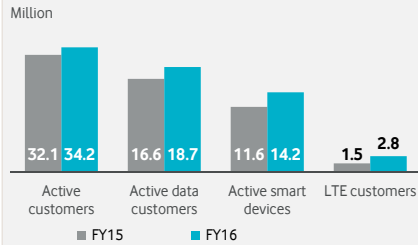
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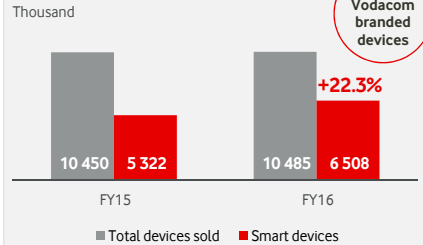


Data growth | Device, pricing and network supporting demand

Data progression

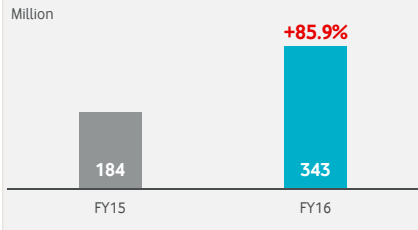


Device sales

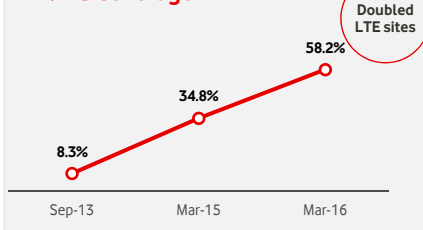


- Average usage per smart device - 572MB
- 2G to 3G ARPU uplift +20.5%
- 3G to 4G ARPU uplift +19.7%

Data bundles sold



LTE/4G Coverage



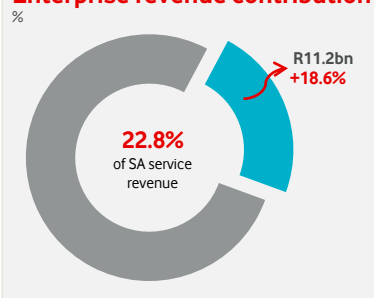
- Data bundle sales up 86%
- 98.9% 3G coverage
- Widest LTE/4G coverage

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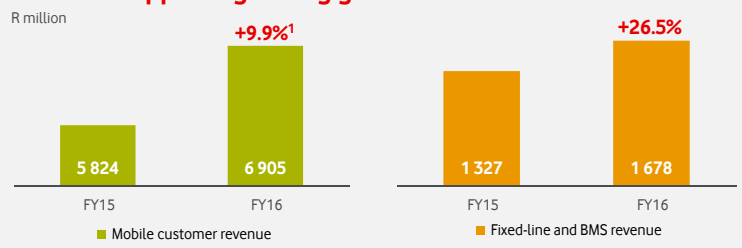
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Enterprise | Double digit growth

Enterprise revenue contribution



Demand supporting strong growth



Mobile

- Improved churn: 4.7%
- Enterprise data revenue +29.8%¹

Fixed

- Strategic partnership with IBM – 1st global cloud in Africa.
- IP-VPN +17.9%
- Cloud and hosting +40.4%

1. Growth excluding the impact of Nashua in the prior year and Autopage in March 2016.

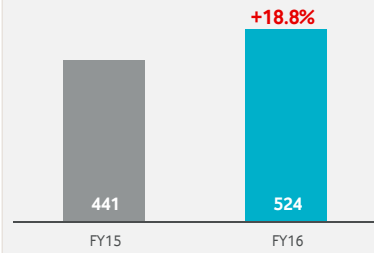
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New services | Capturing new revenue shares

Insurance revenue

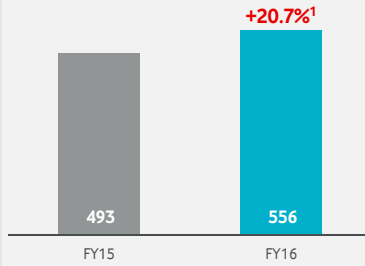
R million



- Insurance revenue **+18.8%**
- Device insurance policies **+25.0%**

Internet of Things revenue

R million



- IoT revenue **+20.7%¹**
- Connections **+28.2%**
- GDSP platform delivery

Fibre



- **25 725** homes and businesses passed
- Wholesale partnership agreements
- **190** estates pipeline

¹ Growth normalised for consolidation of X-Link in the prior year.
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International | Double digit growth supported by data

Key indicators	FY16	% change
Revenue (Rm)	18 356	16.6
Service revenue (Rm)	17 763	16.2
EBITDA (Rm)	5 385	31.2
Active customers ('000)	27 127	(8.1)
Active data customers ('000)	10 055	1.8
Active M-Pesa customers	9 224	15.4

+16.6%

Revenue growth

+31.9%

Data revenue growth

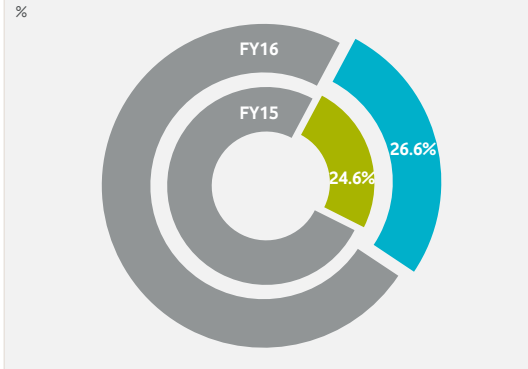
+19.3%

M-Pesa revenue growth



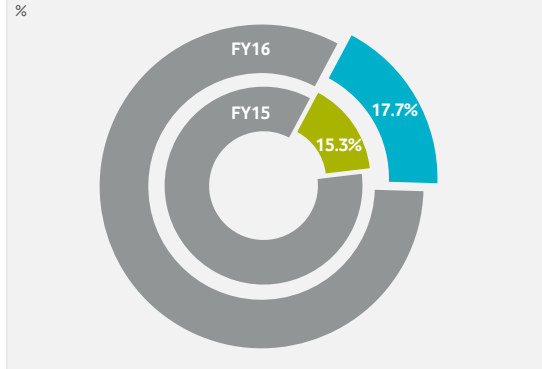
International | Contribution to Group

International service revenue contribution



- **26.6%** of Group service revenue **+2.0ppts**

International EBITDA contribution



- 17.7% of Group EBITDA **+2.4ppts**
- Margin expansion **+3.2ppts to 29.3%**

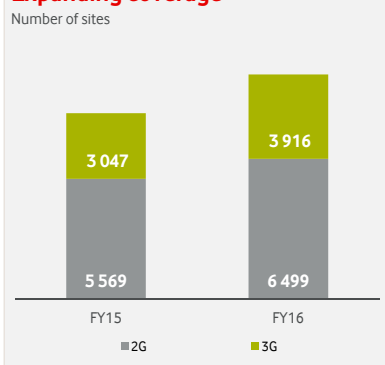
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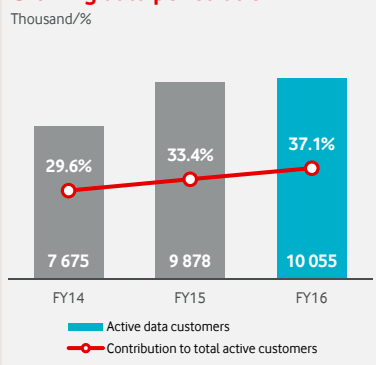
Growth | Data take-up in International markets

Expanding coverage



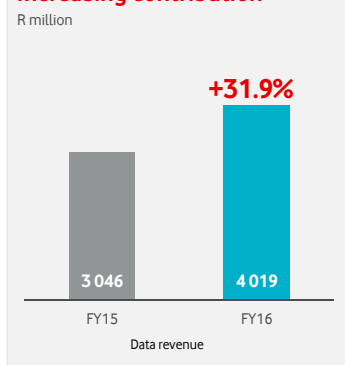
- **R4 090m** capital spend
- **22.3%** capital intensity

Growing data penetration



- Active data customers **+1.8%**
- Data traffic **+73.1%**
- **37.1%** of monthly active customers using data

Increasing contribution



- Data revenue contributes **22.6%** to service revenue

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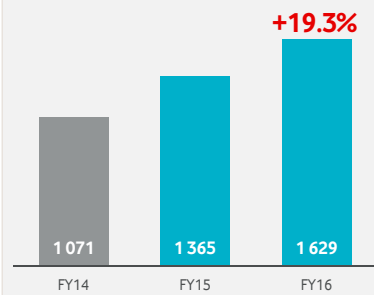
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Growth | M-Pesa take-up remains strong

M-Pesa revenue

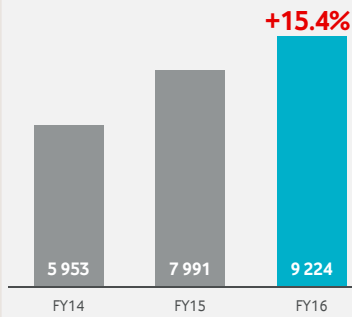
R million



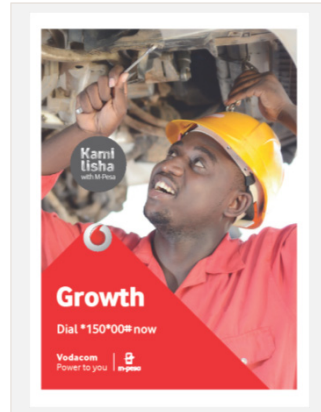
- 24.5% of Tanzania service revenue

M-Pesa customers

Thousand



- Expanding agents to improve distribution
- Expanding IMT footprint
- 1.2 million net adds



- 15.2% M-Pesa customers using M-Pawa
- M-Pesa discontinued in SA

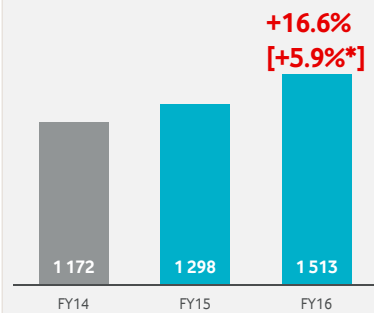
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Growth | Vodacom Business Africa – 27 countries

VBA service revenue

R million



- Impacted by currency devaluation in key markets

Key account wins this year



Annual results | 31 March 2016

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People | Attracting and retaining the best talent

Driving people transformation through

Enhancing diversity

- 73% black and 39% female staff
- 55% of EXCO black
- Vodacom Women in Red Awards

Growing talent

- 123 graduates in 2015 Graduate programme
- International Graduate programme in all our markets
- International assignee programme

Developing skills

- R103 million spent in SA on skills development
- Capability build and succession programmes



BEE | Level 2 contributor

98.25

Most empowered telco in South Africa

R841m

spent on developing SMME ICT businesses

R218m

spent on uplifting communities

R112m

spent on skills development

R7.2bn

to >51% black-owned suppliers

R5bn

to >30% black women-owned suppliers

R26bn

weighted spend on BEE-status suppliers



Reputation | Mobile for good

R106m

spent by
Vodacom
Foundation

+600k

TZN subscribers:
Healthy
pregnancy
Healthy baby

**Vodacom
eSchool**

free education
portal 105k
registered
learners

20

volunteers for
Change the World

24 hour

call center for
victims of gender-
based violence

3 087

schools
connected -
Universal Service
obligations



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Group income statement

R million	FY16	FY15	% change	% Normalised*
Revenue ¹	80 077	74 500	7.5	6.0
Service revenue	66 763	62 167	7.4	5.8
EBITDA	30 345	26 905	12.8	10.2
EBIT	21 696	19 516	11.2	8.2
Operating profit	21 059	19 235	9.5	
Net finance charges	(2 215)	(1 384)	60.0	
Profit before tax	18 844	17 851	5.6	
Taxation	(5 934)	(5 341)	11.1	
Net profit	12 910	12 510	3.2	
Attributable to:				
Equity shareholders	12 917	12 672	1.9	
Non-controlling interests	(7)	(162)	(95.7)	
HEPS (cents)	883	860	2.7	
Weighted average shares in issue (million)	1 467	1 466		

1. Restated – refer to note 11 of the preliminary condensed consolidated financial statements.

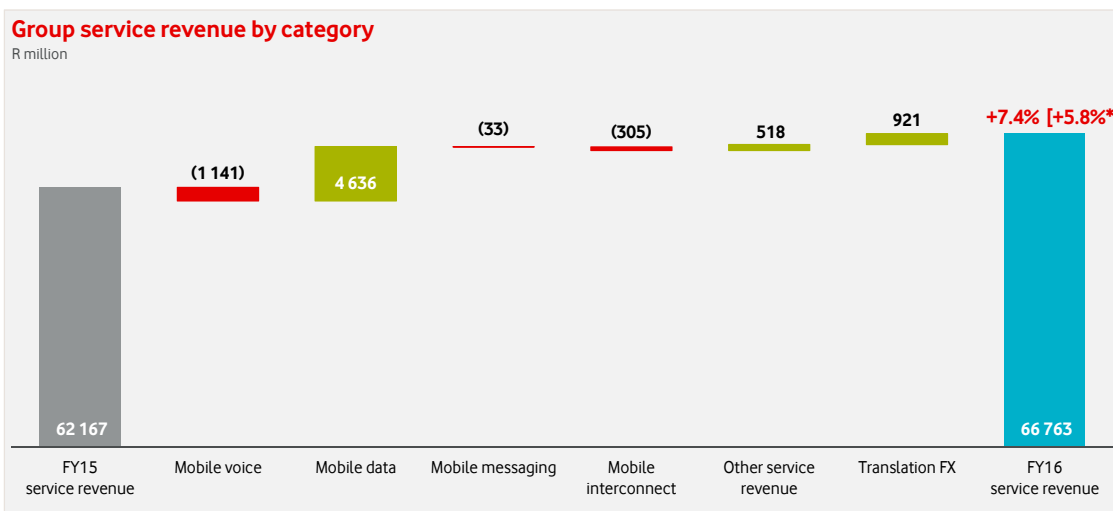
* Normalised growth adjusted for trading foreign exchange and at a constant currency (using current year as base) (collectively 'foreign exchange').

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Group service revenue | +7.4% underpinned by data



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

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

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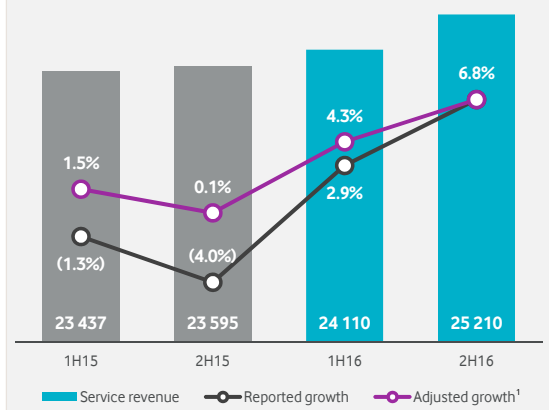
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Service revenue | Strategy delivering growth

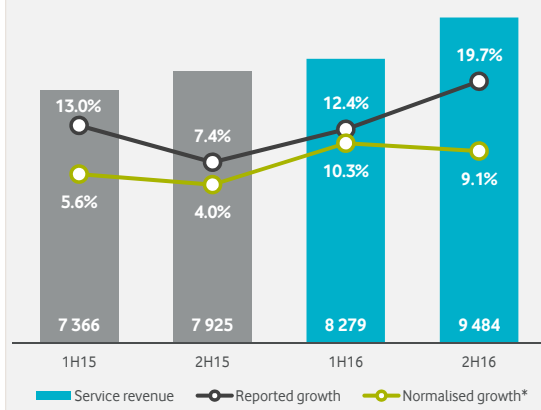
South Africa

R million/%



International

R million/%



1. Adjusted growth in 1H15 and 2H15 for MTR impact and both 1H15 and 1H16 for un-recharged vouchers.
 * Normalised growth adjusted at a constant currency (using current year as base) (collectively 'foreign exchange').

Annual results | 31 March 2016

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Group expenses | +5.1% below revenue growth of +7.5%

Group total expenses¹

R million	FY16	% change
Direct expenses	31 594	3.3
Staff expenses	5 557	14.9
Publicity expenses	1 986	(1.1)
Other operating expenses	10 844	7.2
Total expenses	49 981	5.1
Of which:		
South Africa	37 294	2.5
International	13 191	14.0

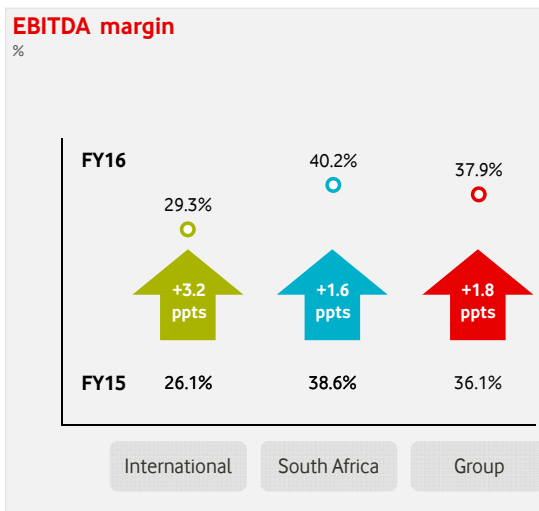
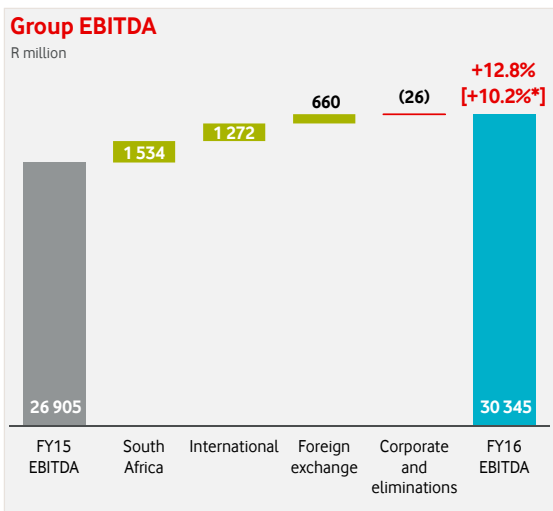
1. Excluding depreciation, amortisation, impairment losses, BEE charge/income and net loss from associate and joint venture.

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Group EBITDA | Grew strongly by +12.8%



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

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

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Financing costs | Impacted by foreign currency changes

Group net debt

R million	FY16	FY15
Bank and cash balances	7 934	9 250
Bank overdrafts	(183)	(380)
Current borrowings	(2 284)	(5 351)
Non-current borrowings	(26 658)	(20 308)
Other financial instruments	(96)	29
Net debt	(21 287)	(16 760)
Net debt/EBITDA (times)	0.7	0.6

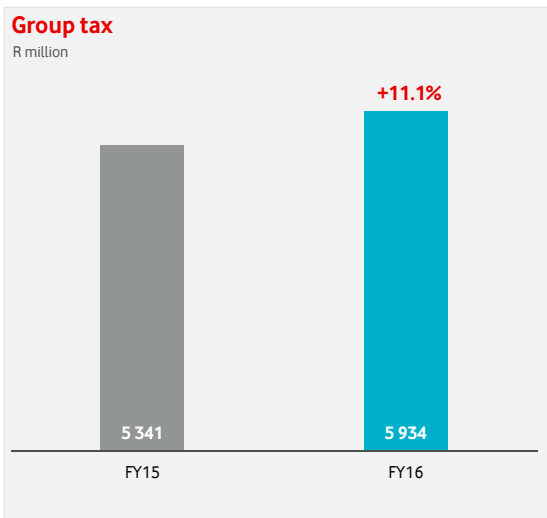
Group net finance charges

R million	FY16	FY15
Net finance costs	(1 480)	(1 391)
Net (loss)/gain on remeasurement and disposal of financial instruments	(735)	7
Net finance charges	(2 215)	(1 384)
Average cost of debt (%)	7.4	7.2

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Group tax | Increased profit and prior year deferred tax one-off



Group tax reconciliation

R million	FY16	Rate (%)
Profit before tax	18 844	
Normal tax	5 276	28.0
Non-deductible operating expenditure	229	1.2
Non-deductible finance costs	106	0.6
Unrecognised tax asset	187	1.0
Loss from associate	70	0.4
Other	66	0.3
Total tax expense/effective tax rate	5 934	31.5

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Balance sheet | Healthy position maintained

R million	FY16	FY15	Movement
Assets			
Property, plant and equipment	39 744	35 959	3 785
Intangible assets	9 517	7 603	1 914
Other non-current assets	1 824	2 392	(568)
Current assets	27 618	25 353	2 265
Total assets	78 703	71 307	7 396
Equity and liabilities			
Total equity	23 024	21 643	1 381
Borrowings	28 942	25 659	3 283
Other liabilities	26 737	24 005	2 732
Total equity and liabilities	78 703	71 307	7 396

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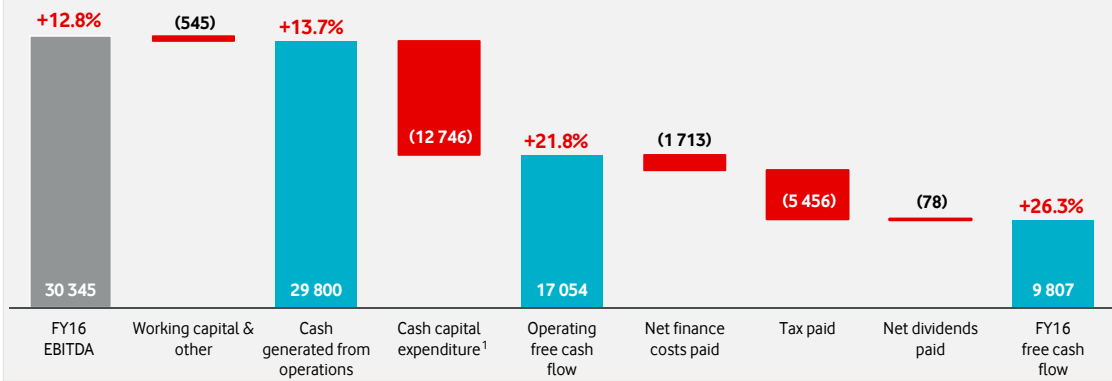
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Cash flow | Strong cash flow generation

Group free cash flow

R million



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

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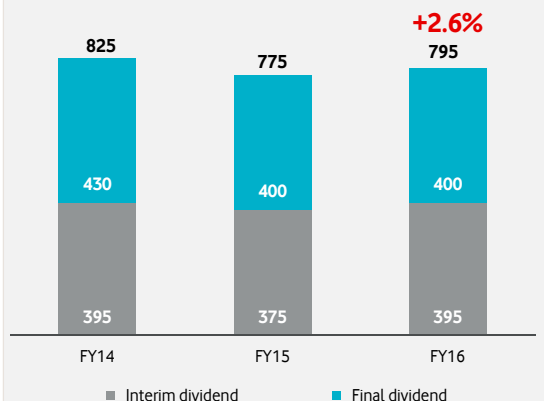
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Dividend per share up 2.6%

Dividend per share

Cents per share



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



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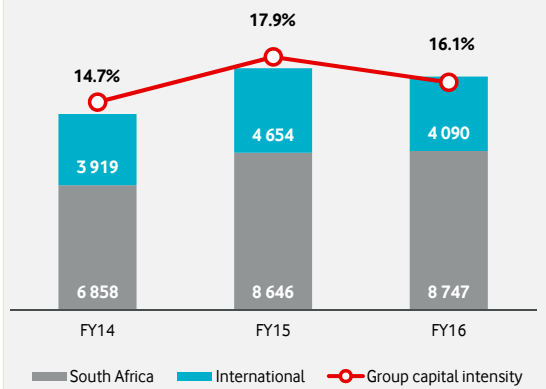
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Group capex | Two years of accelerated investment

Group capital expenditure

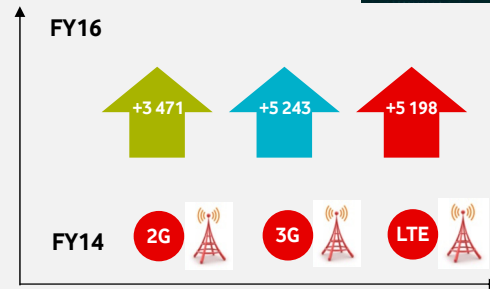
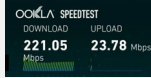
R million/%



Total capital expenditure includes corporate and eliminations

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Group sites added

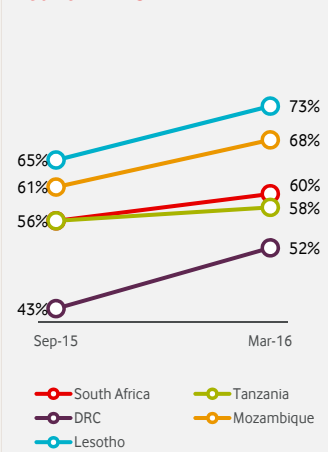


- 788 ULC sites deployed
- Customer management and billing transformation in South Africa
- Achieved >200Mbps download speed in South Africa

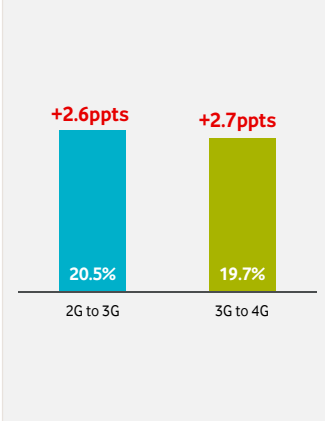
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Group capex | Differentiated experience and improved monetisation

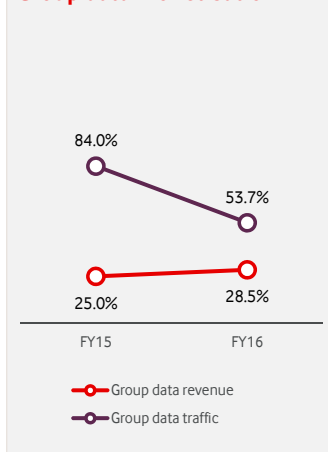
Network NPS



ARPU uplift acceleration in South Africa



Group data monetisation



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Fit for growth South Africa | Culture change and focus areas

Actively managing costs

- Sharing and outsourcing to realise scale
- Incentives – volume vs revenue
- Digitisation – self care and empowering customers
- Cost consciousness at an individual level

Innovate

Number of sites
+9%

Energy inflation
+13%

Inflation
+6%

Wage inflation
+6%

30.5% of SR
(FY15: 31.6%)

Direct expenses¹

- Channel efficiencies
- Sophisticated IBRO management
- Credit management

6.6% of SR
(FY15: 6.7%)

Staff expenses²

- Hire in key growth areas
- Attract and retain talent

2.5% of SR
(FY15: 2.7%)

Publicity expenses

- Consolidated agency spend
- Improved production cost efficiency
- Increased digital/social platform spend
- Increased share of voice

14.4% of SR
(FY15: 14.1%)

Other operating expenses³

- Reduced network cost per site
- Improved digitisation and App penetration
- Leverage scale through sharing and outsourcing

1. Excluding equipment expenses.
2. Excluding BEE charge.
3. Excluding trading foreign exchange.

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Targets | Group three-year targets upgraded

Service revenue

EBITDA

Capex intensity

Current targets

Low single-digit

Mid single-digit

14% - 17%¹

Results 2 years

FY15	FY16
0.2%	7.4%
(1.5%)	12.8%
17.2% ¹	15.5% ¹

0.2%

7.4%

(1.5%)

12.8%

17.2%¹

15.5%¹

Upgraded targets

Low to mid single-digit

Mid to high single-digit

12% - 14%

1. Prior to revenue restatement.

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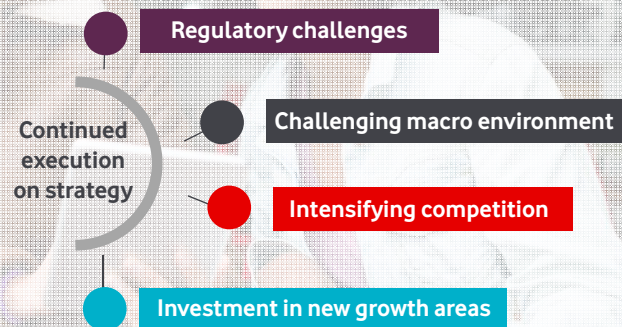


In Summary

1. Markets remain competitive, macroeconomic pressure and regulatory pressure with currency volatility
2. Executed well on strategy
3. Strong commercial momentum
4. Maintained a healthy balance sheet
5. Good service revenue growth with EBITDA margin expanding
6. Generated strong cash flow
7. Upgraded our medium-term targets



Outlook



Key priorities

Strategic

- Spectrum
- Fibre investment

Growth

- Content/Video
- Enterprise
- M-Pesa international
- Financial services

Commercial

- Segmentation
- CARE
- Data monetisation
- Pricing transformation
- Cost efficiency



Country data

	South Africa	Tanzania	DRC	Mozambique	Lesotho
Population [†] (million)	55	55	71	29	2
GDP per capita [†] (USD)	4 770	855	495	456	887
GDP growth estimate [†] 2016 (%)	0.7	6.5	5.0	4.8	2.0
Ownership (%)	100 [#]	82.2	51	85	80
License expiry period	2029	2031	2028/2032 ^u	2018/2026 ^u	2036
Active customers (thousand)	34 178	12 375	8 527	4 826	1 399
ARPU (rand per month)	112	39	42	54	62
ARPU (local currency per month)	112	5 972	3.0	169	62
Minutes of use per month	132	124	39	104	75

[†]The Economist Intelligence Unit.

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

^u 2028/2018 relates to the 2G license and 2032/2026 relates to the 3G license.

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Impact of foreign exchange

Revenue

YoY % growth

FY16	Reported	Normalised*
South Africa	5.2	5.2
International	16.6	9.4
Group	7.5	6.0

Average exchange rates

	FY16	FY15	% change
USD/ZAR	13.78	11.07	24.5
ZAR/MZN	3.12	2.89	8.0
ZAR/TZS	155.86	154.72	0.7
EUR/ZAR	15.21	13.99	8.7

Service revenue

YoY % growth

FY16	Reported	Normalised*
South Africa	4.9	4.9
International	16.2	9.6
Group	7.4	5.8

EBITDA

YoY % growth

FY16	Reported	Normalised*
South Africa	9.5	6.7
International	31.2	29.9
Group	12.8	10.2

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

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Definitions

Active customers	Active customers are based on the total number of mobile customers using any service during the last three months. This includes customers paying a monthly fee that entitles them to use the service even if they do not actually use the service and those customers who are active whilst roaming.
Active data customers	Number of unique users generating billable data traffic during the month. Also included are users on integrated tariff plans, or who have access to corporate APNs, and users who have been allocated a revenue generating data bundle during the month. A user is defined as being active if they are paying a contractual monthly fee for this service or have used the service during the reported month.
ARPU	Total ARPU is calculated by dividing the average monthly service revenue by the average monthly active customers during the period.
Contribution margin	Revenue less direct expenses as a percentage of revenue.
EBITDA	Earnings before interest, taxation, depreciation and amortisation, impairment losses, profit/loss on disposal of investments, property, plant and equipment, and intangible assets, profit/loss from associate and joint venture, restructuring cost and BEE income/charge.
Free cash flow	Cash generated from operations less additions to property, plant and equipment and intangible assets, proceeds on disposal of property, plant and equipment and intangible assets, tax paid, net finance charges paid and net dividends received/paid to minority shareholders.
HEPS	Headline earnings per share.
International	International comprises the segment information relating to the non-South African-based cellular networks in Tanzania, the Democratic Republic of Congo, Mozambique and Lesotho as well as the operations of Vodacom International Limited and Vodacom Business Africa Group (Pty) Limited and its subsidiaries.
MOU	Minutes of use per month is calculated by dividing the average monthly minutes (traffic) during the period by the average monthly active customers during the period.
Normalised growth (*)	Adjusted for trading foreign exchange and at a constant currency (using current year as base) from ongoing operations.
Operating free cash flow	Cash generated from operations less additions to property, plant and equipment and intangible assets other than licence and spectrum payments and purchases of customer bases, net of proceeds on disposal of property, plant and equipment and intangible assets, other than license and spectrum payments and disposals of customer bases.
South Africa	Vodacom (Pty) Limited, a private limited liability company duly incorporated in accordance with the laws of South Africa and its subsidiaries, joint ventures and SPV's.
Traffic	Traffic comprises total traffic registered on Vodacom's mobile network, including bundled minutes, promotional minutes and outgoing international roaming calls, but excluding national roaming calls, incoming international roaming calls and calls to free services.



Forward-looking statements

This presentation which sets out the interim results for Vodacom Group Limited for the year ended 31 March 2016 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.

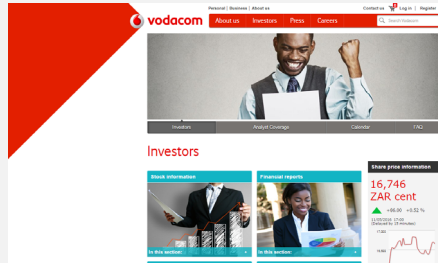
Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as 'will', 'anticipates', 'aims', 'could', 'may', 'should', 'expects', 'believes', 'intends', 'plans' or 'targets'. By their nature, forward-looking statements are inherently predictive, 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.



More information

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<http://www.vodacom.com/about-us/investors/investors-home>



FY17 upcoming dates

Integrated report 17 June	AGM 19 July	Q1 results 21 July	Interim results 14 November
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