



A CULTURE OF MOBILITY

VODACOM GROUP (PROPRIETARY) LIMITED

GROUP INTERIM RESULTS

for the six months ended September 30, 2006

November 13, 2006

Content

Alan Knott-Craig
Chief Executive Officer

Operational highlights



Leon Crouse
Chief Financial Officer

Financial review



Operational highlights

Alan Knott-Craig

Chief Executive Officer



Group highlights

For the six months ended September 30, 2006 vs.
the same period in the previous financial year

Total customers (SIM cards)

25.8 million

34.7%



Revenue

R19.5 billion

20.3%



Profit from operations

R5.0 billion

17.5%



EBITDA

R6.6 billion

18.2%



Net profit after tax

R3.1 billion

30.4%



Interim dividend

R2.5 billion

47.1%



High gross connections: increase of 37.5% year on year to 7.3 million

Acquisitions

- Increased interest in equity of Smartphone SP (Pty) Ltd and its subsidiaries from 51% to 70%, on August 30, 2006
- Effective September 13, 2006, Vodacom Service Provider (Pty) Ltd acquired the contract customer base of approximately 160 thousand from Smartcom (Pty) Ltd
- An offer to increase the shareholding in Cointel VAS (Pty) Ltd from 51% to 70% was made and accepted, effective October 4, 2006
- Total consideration for above transactions will amount to approximately R543 million and will be paid during the quarter ended December 2006

South Africa

Customer market share 59%; revenue market share 54%
 Population 47.4 million, penetration 72.2%

	H1 2006	H1 2007	% change	
• Total customers	15.8 million	20.2 million	28.1%	↑
• Revenue	R14,764 million	R17,580 million	19.1%	↑
• Profit from operations	R4,060 million	R4,745 million	16.9%	↑
• ARPU	R147	R124	15.6%	↓
• Customers per employee	3,829	4,883	27.5%	↑
• Capex per customer	R1,422	R1,279	10.1%	↓
• Capex as a % of revenue	14.5%	14.2%	0.3% pts	↓

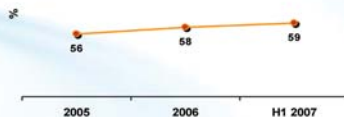
 **Gross connections: 4.9 million prepaid and 320 thousand contract customers**

 **Increase in prepaid churn to 47.7% due to 2.4 million additional prepaid SIM card deletions**

South Africa market estimated at 48 million by 2012

- Vodacom strategically placed for continued market leadership
- Lowest cost operator
- Extensive distribution
- Strong brand
- Strong focus on South African market

South Africa market share



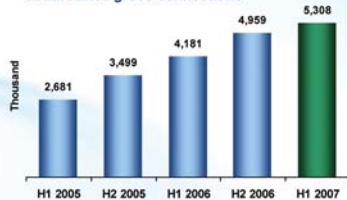
Impressive mobile market growth



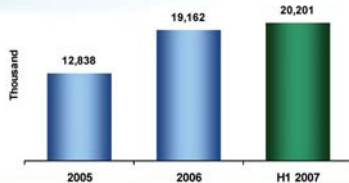
South Africa operational indicators

- Gross connections up 27.0% year on year to a record high of 5.3 million customers
- Customers up 28.1% year on year to 20.2 million
- Total traffic increased by 20.9% year on year to 9.7 billion minutes

South Africa gross connections

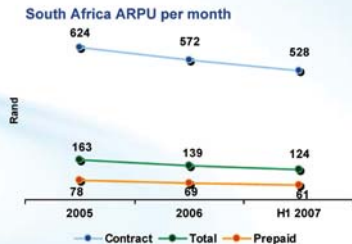


South Africa customer base



South Africa ARPU

- Contract ARPU decreased 10.2% year on year to R528
 - Prepaid ARPU decreased 14.1% year on year to R61
 - Total ARPU decreased 15.6% year on year to R124
- Lower incoming revenue per customer
 Lower average usage
 Customer mix



3G, HSDPA and Vodafone live!

- Over 52 thousand increase in 3G / HSDPA customers to 101 thousand from March 2006

3G / HSDPA customer base



- Over 687 thousand Vodafone live! users
- Over 23 thousand Mobile TV users

Vodafone live! users



Mobile TV

- Convergence of Broadcasting and Telecoms
- Access to content very important
- MobileTV technologies
 - 3G
 - MBMS
 - DVB-H
- Trial DVB-H, together with Multichoice



Regulatory and legal

- **Customer registration**

The final act will be ready during 2007. It is likely to depress growth

- **Mobile number portability**

This in itself will exhibit teething difficulties, and may result in a downward pressure on tariffs, albeit temporary








- **Interconnect rates**

These are expected to decrease in the near future

Tanzania

Customer market share 55%

Population 37.4 million, penetration 12.6%

	H1 2006	H1 2007	% change	
• Total customers	1.6 million	2.6 million	61.5%	
• Revenue	R611 million	R775 million	26.8%	
• Profit from operations	R115 million	R134 million	16.5%	
• ARPU	R73	R53	27.4%	
• Customers per employee	4,330	5,379	24.2%	
• Capex per customer	R904	R788	12.8%	
• Capex as a % of revenue	17.0%	37.3%	20.3% pts	



Substantial growth in customers










Roll-out of extensive new coverage

Democratic Republic of Congo (DRC)

Customer market share 49%

Population 62.7 million, penetration 6.6%

	H1 2006	H1 2007	% change	
• Total customers	1.2 million	2.0 million	64.0%	
• Revenue	R649 million	R898 million	38.4%	
• Profit from operations	R47 million	R133 million	183.0%	
• ARPU	R89	R83	6.7%	
• Customers per employee	2,070	3,951	90.9%	
• Capex per customer	R1,555	R1,373	11.7%	
• Capex as a % of revenue	21.6%	29.9%	8.3% pts	








 Penetration increasing 2.7% points

 General upswing in economy despite election uncertainties

Lesotho

Customer market share 80%

Population 2.0 million, penetration 14.7%

	H1 2006	H1 2007	% change	
• Total customers	171 thousand	238 thousand	39.2%	
• Revenue	R77 million	R105 million	36.4%	
• Profit from operations	R26 million	R34 million	30.8%	
• ARPU	R77	R76	1.3%	
• Customers per employee	2,625	3,771	43.7%	
• Capex per customer	R1,271	R992	22.0%	
• Capex as a % of revenue	14.3%	10.4%	3.9% pts	










Generating profits and increasing customers at a steady pace

Mozambique

Customer market share 33%

Population 19.7 million, penetration 10.7%

	H1 2006	H1 2007	% change	
• Total customers	336 thousand	694 thousand	106.5%	
• Revenue	R74 million	R108 million	45.9%	
• Loss from operations	(R25 million)	(R138 million)	>200.0%	
• ARPU	R41	R27	34.1%	
• Customers per employee	2,271	5,507	142.5%	
• Capex per customer	R1,886	R1,207	36.0%	
• Capex as a % of revenue	104.1%	45.2%	58.9% pts	

 Competitive network coverage and quality

 Significant growth in customers

 Loss from operations includes an impairment of R38.2 million in H1 2007, compared to an impairment reversal of R68.4 million in H1 2006

Way forward

- Consolidate control and further improve level of customer care and quality of service in existing operations
- Aggressively drive our presence in the data market to both increase revenues and to create greater overall customer loyalty
- Expand our business into new, but related markets, in countries where we have existing operations, once more, in order to both increase revenues and to create greater overall customer loyalty
- Search for financially sensible new geographic opportunities in Africa, excluding Egypt and Kenya
- Secure strategic and broad based BEE equity partners, working closely with the DTI in what may well be one of the largest BEE equity transactions in South Africa

Financial review

Leon Crouse

Chief Financial Officer



Group income statements

Extracts for the six months ended September 30,

R million	H1 2005	H1 2006	H1 2007	% change
Revenue	13,231	16,175	19,466	20.3%
Operating expenses excluding depreciation, amortisation and impairment	(9,042)	(10,612)	(12,888)	(21.4%)
EBITDA	4,189	5,563	6,578	18.2%
Depreciation and amortisation	(1,418)	(1,406)	(1,575)	(12.0%)
Impairment	(237)	68	(38)	(155.9%)
Profit from operations	2,534	4,225	4,965	17.5%
Net finance income / (costs)	20	(383)	187	148.8%
Option fair value adjustment	-	-	(183)	n/a
Profit before tax	2,554	3,842	4,969	29.3%
Taxation	(1,108)	(1,455)	(1,855)	(27.5%)
Net profit	1,446	2,387	3,114	30.5%



Effective tax rate 37.3% vs. 37.9% prior year

Group revenue

By country

R million	H1 2005	H1 2006	H1 2007	% change
South Africa	12,057	14,764	17,580	19.1%
Tanzania	472	611	775	26.8%
DRC	594	649	898	38.4%
Lesotho	65	77	105	36.4%
Mozambique	43	74	108	45.9%
	13,231	16,175	19,466	20.3%



Revenue driven by strong customer growth



Other African operations contributed 9.7% (H1 2006: 8.7%)

Group revenue

Revenue composition

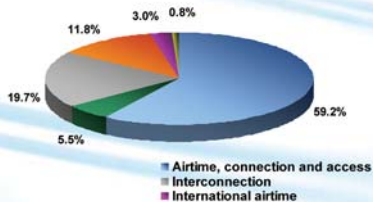
R million	H1 2005	H1 2006	H1 2007	% change
Airtime, connection and access	7,823	9,581	11,313	18.1%
Data revenue	586	893	1,443	61.6%
Interconnection	2,940	3,186	3,723	16.9%
Equipment sales	1,318	1,910	2,312	21.0%
International airtime	436	485	555	14.4%
Other sales and services	128	120	120	n/a
	13,231	16,175	19,466	20.3%

Group revenue

By revenue type

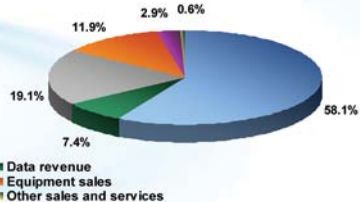
Revenue analysis – H1 2006

R16,175 million



Revenue analysis – H1 2007

R19,466 million



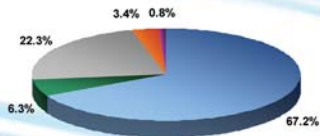
-  Airtime contribution down 1.1% points; revenue up 18.1% to R11.3 billion
-  Interconnect contribution down 0.6% points; revenue up 16.9% to R3.7 billion
-  Net interconnect revenue up 6.1% to R1.1 billion
-  Data contribution up 1.9% points; revenue up 61.6% to R1.4 billion

Group revenue (excluding equipment sales)

By revenue type

Revenue analysis – H1 2006

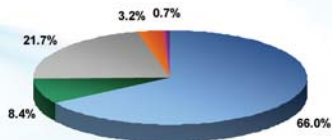
R14,265 million (excluding equipment sales)



■ Airtime, connection and access
■ Interconnection
■ Data revenue
■ International airtime
■ Other sales and services

Revenue analysis – H1 2007

R17,154 million (excluding equipment sales)



■ Data revenue
■ International airtime



Airtime contribution down 1.2% points; revenue up 18.1% to R11.3 billion



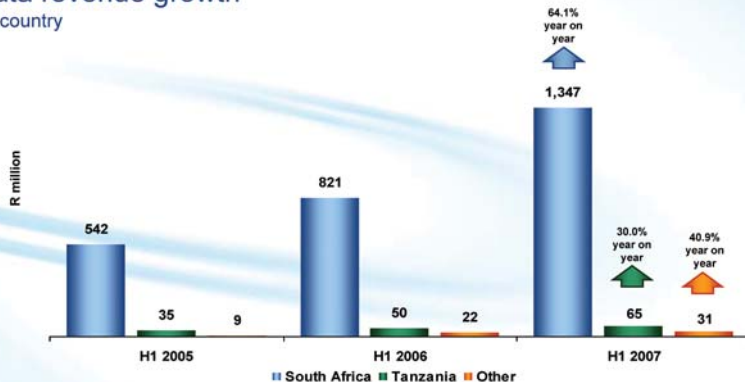
Interconnect contribution down 0.6% points; revenue up 16.9% to R3.7 billion



Data contribution up 2.1% points; revenue up 61.6% to R1.4 billion

Data revenue growth

By country



South Africa data revenue up 64.1%, due to availability of handsets and new technologies (3G, HSDPA, Vodafone live!, BlackBerry®, Mobile TV)



Tanzania data revenue up 30.0% due to customer growth and increased data spend by customers

EBITDA and margin analysis

- EBITDA performance

Increased 18.2% year on year to R6.6 billion

EBITDA margin decreased 0.6% points year on year to 33.8%

EBITDA margin 39.2%, down 0.5% points, when excluding cellular phone and equipment sales

- South Africa EBITDA

Increased 15.2% year on year to R6.0 billion

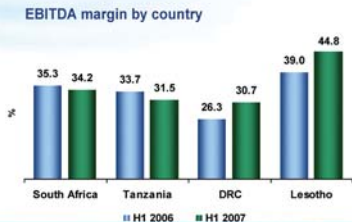
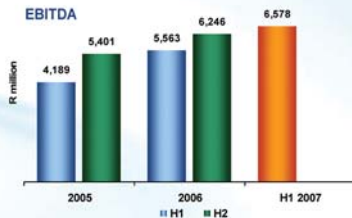
EBITDA margin decreased 1.1% points year on year to 34.2%

- Improved EBITDA for other African operations

Increased 47.7% year on year to R0.5 billion

Contributed 7.8% of total vs. 6.2% for the same period in the previous financial year

Mozambique EBITDA is negative R56.0 million

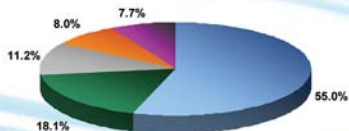


Group operating expenses

Up by 21.3%

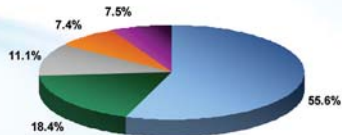
Operating expense analysis – H1 2006

R11,950 million



Operating expense analysis – H1 2007

R14,500 million



■ Direct network operating costs ■ Payments to other operators
■ Depreciation, amortisation and impairment ■ Staff expenses
■ Other



Direct network operating cost contribution up by 0.6% points; costs up 22.4% to R8.0 billion



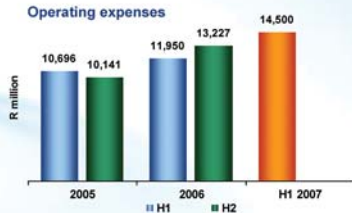
Payments to other operators contribution up 0.3% points; costs up 23.4% to R2.7 billion



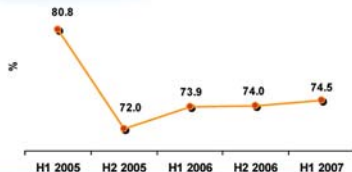
Depreciation, amortisation and impairment contribution down 0.1% points; costs up 20.6% to R1.6 billion. Net impairment of R38.2 million vs. impairment reversal of R68.4 million

Group operating expenses

- Operating expenses increased 21.3% year on year to R14.5 billion
- Expenses, excluding depreciation, amortisation and impairment up 21.4%
- Depreciation, amortisation and impairment increased with 20.6% year on year to R1.6 billion (Impairment impact 8.6% points)
- **Staff expenses**
Increased 13.2% to R1.1 billion
Total headcount increased by 1.3% to 5,499



Operating expenses as a percentage of revenue



Group profit from operations

By country

R million	H1 2005	H1 2006	H1 2007	% change
South Africa	2,754	4,060	4,745	16.9%
Tanzania	72	115	134	16.5%
DRC	7	47	133	183.0%
Lesotho	9	26	34	30.8%
Mozambique	(341)	(25)	(138)	(>200.0%)
Holding companies	33	2	57	>200.0%
	2,534	4,225	4,965	17.5%
Profit from operations margin (%)	19.2%	26.1%	25.5%	0.6% pts

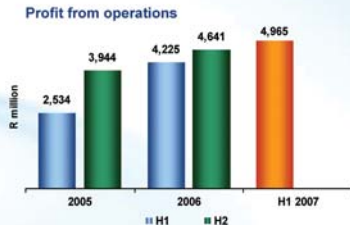
 Customer growth of 34.7% to 25.8 million

 Revenue growth of 20.3% vs. operating expenses growth of 21.3%

 Tanzania profit growth in local currency was 23.8%

Profit from operations and margin

- Profit growth of 17.5% year on year to R5.0 billion
- **South Africa** (16.9% year on year growth to R4.7 billion)
Customer growth of 28.1%
Profit margin decreased to 27.0% (H1 2006: 27.5%)
- **Tanzania** (16.5% year on year growth to R134 million)
Customer growth of 61.5%
Profit margin decreased to 17.3% (H1 2006: 18.8%)
- **DRC** (183.0% year on year growth to R133 million)
Customer growth of 64.0%
Profit margin increased to 14.8% (H1 2006: 7.2%)
- **Lesotho** (30.8% year on year growth to R34 million)
Customer growth of 39.2%
Profit margin decreased to 32.4% (H1 2006: 33.8%)
- **Mozambique**
Customer growth of 106.5%
Loss from operations increased from R25 million to R138 million



Factors affecting trends and margins

- **Low margin equipment sales**

22.2% year on year increase in equipment sale volumes to 2.2 million units

- **South Africa net interconnect increased 5.0% year on year to R1.0 billion**

Margin dropped by 3.4% pts to 32.1%

- **Gross South Africa customer connections of 5.3 million**

Prepaid customer connections of 4.9 million; an increase of 27.5% year on year

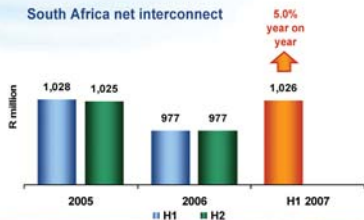
Contract customer connections of 0.3 million; an increase of 2.6% year on year

- **Gross other African customer connections of 2.0 million, an increase of 76.2% year on year**

Equipment sales revenue



South Africa net interconnect



Factors affecting trends and margins (continued)

- **South Africa traffic mix**

Outgoing traffic increased 22.7% year on year to

6.5 billion minutes

Incoming traffic increased 17.5% year on year to

3.2 billion minutes

Mobile to mobile traffic increased 26.6% to

7.9 billion minutes

Mobile / fixed traffic increased 1.3% to

1.8 billion minutes

On-net traffic increased by 28.4% to 3.9 billion

minutes

- **Peak for off-peak substitution**

Peak outgoing voice traffic decreased by 8.0% year

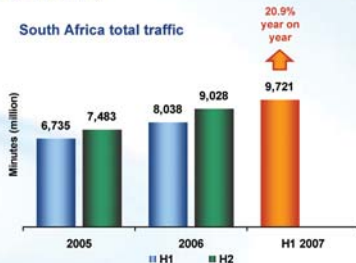
on year to 2.6 billion minutes

Off-peak outgoing voice traffic increased by 24.3%

year on year to 3.1 billion minutes

Happy hour voice traffic of 0.8 billion minutes

South Africa total traffic

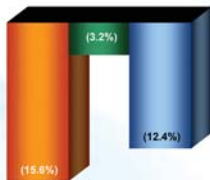


South Africa ARPU per month

Customer mix impact on total and contract ARPU

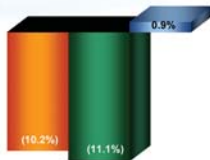
- Total ARPU decreased by 15.6% year on year from R147 to R124 per month
- Contract ARPU decreased by 10.2% year on year from R588 to R528 per month

South Africa total ARPU per month



■ ARPU ■ Impact of customer mix on ARPU ■ Average revenue

South Africa contract ARPU per month



■ ARPU ■ Impact of customer mix on ARPU ■ Average revenue

Productivity measures

- Consolidated gross capex as a % of revenue increased to 16.1% from 15.3% for the same period in the previous financial year

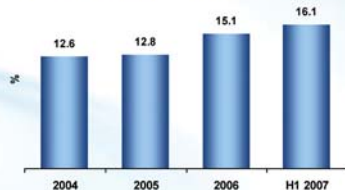
Investment in new technologies

Increased capacity

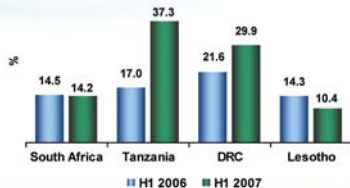
Mozambique's capex as a % of revenue decreased to 45.2% (H1 2006: 104.1%)

- Consolidated customers per employee at 4,683 increased 32.9% year on year based on 5,499 employees

Gross capex additions as a % of revenue



Gross capex additions as a % of revenue



Cash

- Cash generated from operations increased 10.8% to R5.5 billion year on year

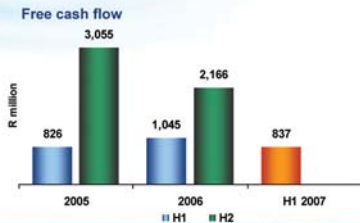
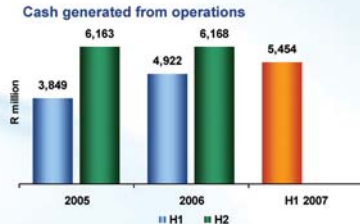
- Free cash flow decreased 19.9% to R0.8 billion:

Increase in capex spend of R0.4 billion

(18.1%) to R2.6 billion

Increase in tax paid R0.3 billion

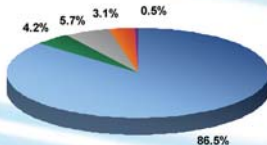
(18.4%) to R1.8 billion



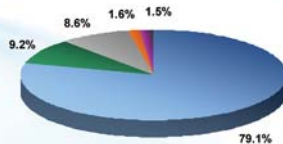
Capex additions and composition

Including software




Capex gross additions – H1 2006
R2,475 million



Capex gross additions – H1 2007
R3,142 million



■ South Africa
■ DRC
■ Lesotho and holding companies
■ Tanzania
■ Mozambique

-  Capex as a % of revenue at 16.1% vs. prior year of 15.3%
-  South Africa capex gross additions increased 16.2% to R2.5 billion
-  Other African capex additions increased 85.8% to R0.6 billion

Net debt maturity profile

R million September 30,	2007	2008	2009	2010	2011	>2012	Total 2006	Total 2005
South Africa – finance leases	95	134	168	114	164	98	773	836
Tanzania	163	118	-	-	-	-	281	326
DRC	307	-	1,381	-	-	-	1,688	1,421
Lesotho	-	1	1	1	-	-	3	4
Debt excluding bank overdrafts	565	253	1,550	115	164	98	2,745	2,587
Bank overdrafts							1,128	3,431
Gross debt							3,873	6,018
Bank and cash balances							(867)	(4,803)
Net debt							3,006	1,215



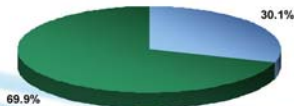
Dividend of R2.5 billion paid on October 4, 2006



Acquisitions of minorities in Smartphone SP (Pty) Ltd and Cointel VAS (Pty) Ltd as well as the customer base of Smartcom (Pty) Ltd will be settled by December 2006

Debt composition




Gross debt composition
including bank overdrafts – H1 2006
R6,018 million



Gross debt composition
including bank overdrafts – H1 2007
R3,873 million

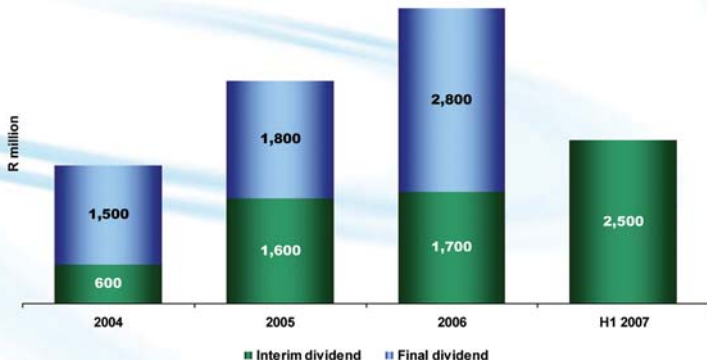


■ Foreign denominated ■ Rand denominated

-  Net debt to equity ratio excluding dividends and STC on dividends payable: 37.5% (H1 2006: 15.6%)
-  Net debt to equity ratio including dividends and STC on dividends payable: 72.6% (H1 2006: 40.1%)
-  Foreign denominated ring-fenced of R163 million; and foreign denominated not ring-fenced of R1,832 million

Shareholder distributions

Excluding interest on shareholders' loans



The level of future dividend payments is dependent on the extent of investment activities



Questions?

Group balance sheets

Extracts as at

R million	H1 2006	March 2006	H1 2007	% change
ASSETS				
Non-current assets	15,184	16,079	18,524	15.2%
Current assets	10,173	8,689	8,062	(7.2%)
Total assets	25,357	24,768	26,586	7.3%
EQUITY AND LIABILITIES				
Equity	8,736	8,672	9,368	8.0%
Non-current liabilities	2,140	2,236	3,705	65.7%
Current liabilities	14,481	13,860	13,513	(2.5%)
Total equity and liabilities	25,357	24,768	26,586	7.3%

Group cash flow statements

Extracts for the six months ended September 30,

R million	H1 2005	H1 2006	H1 2007	% change
Cash generated from operations	3,849	4,922	5,454	10.8%
Net cash flows from operating activities	966	1,477	647	(56.2%)
Net cash flows utilised in investing activities	(1,641)	(2,231)	(2,646)	(18.6%)
Net cash flows utilised in financing activities	(122)	(35)	(112)	(>200.0%)
Net decrease in cash and cash equivalents	(797)	(789)	(2,111)	(167.6%)
Cash and cash equivalents at the beginning of the year	1,598	2,173	1,760	(19.0%)
Effect of foreign exchange rate changes	(46)	(12)	90	>200.0%
Cash and cash equivalents at the end of the period	755	1,372	(261)	(119.0%)

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The background is a solid blue color with several large, overlapping, wavy bands of a slightly darker shade of blue. These bands create a sense of movement and depth, resembling ripples in water or stylized waves. The overall effect is a modern, abstract, and calming visual.

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