Driving the future of communication

Vodacom Group (Proprietary) Limited

Interim results for the six months ended September 30, 2005
November 14, 2005

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Alan Knott-Craig

Chief Executive Officer

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Leon Crouse

Chief Financial Officer

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Operational highlights

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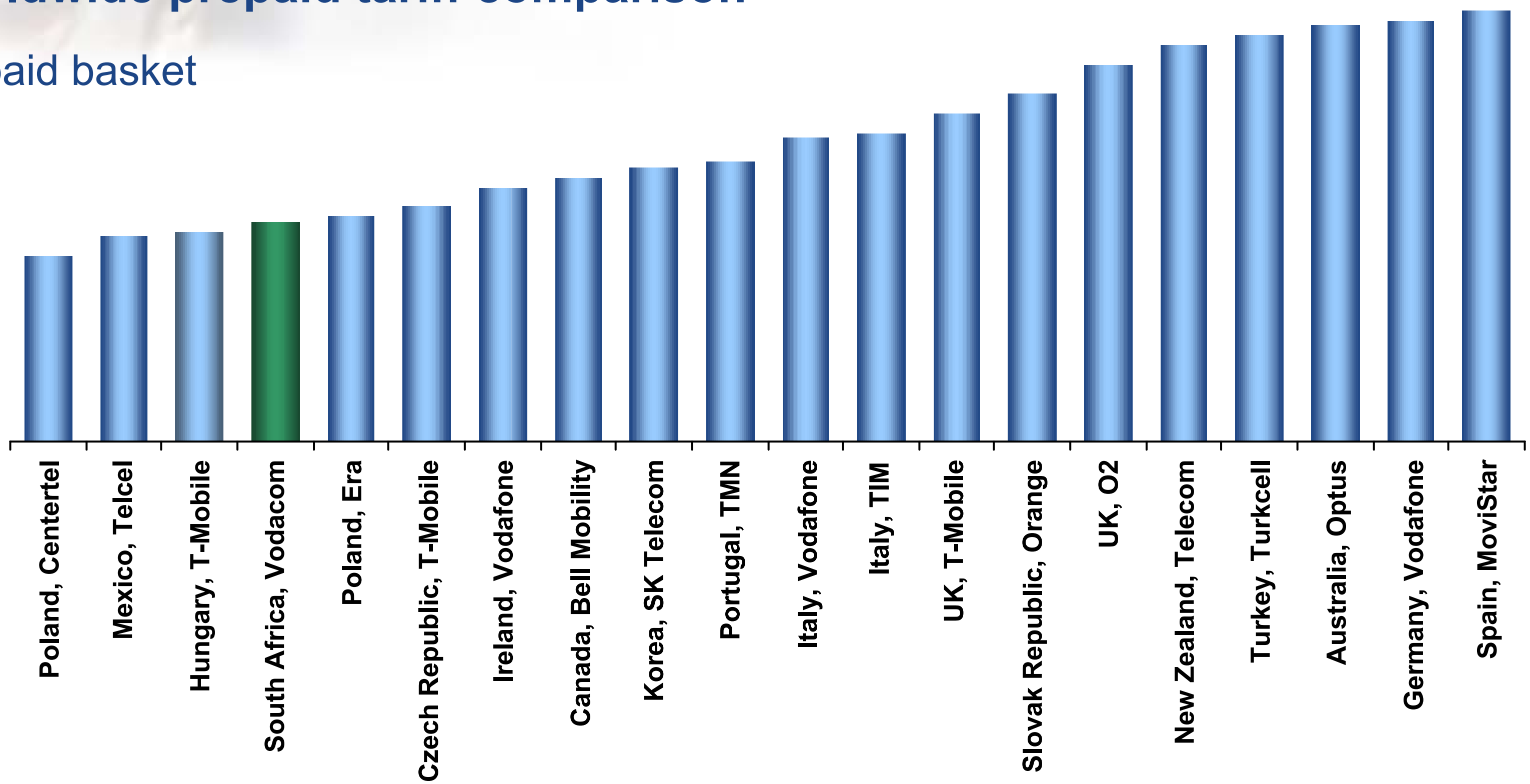
Chief Executive Officer

Affordable cellular service

Worldwide prepaid tariff comparison

Prepaid basket



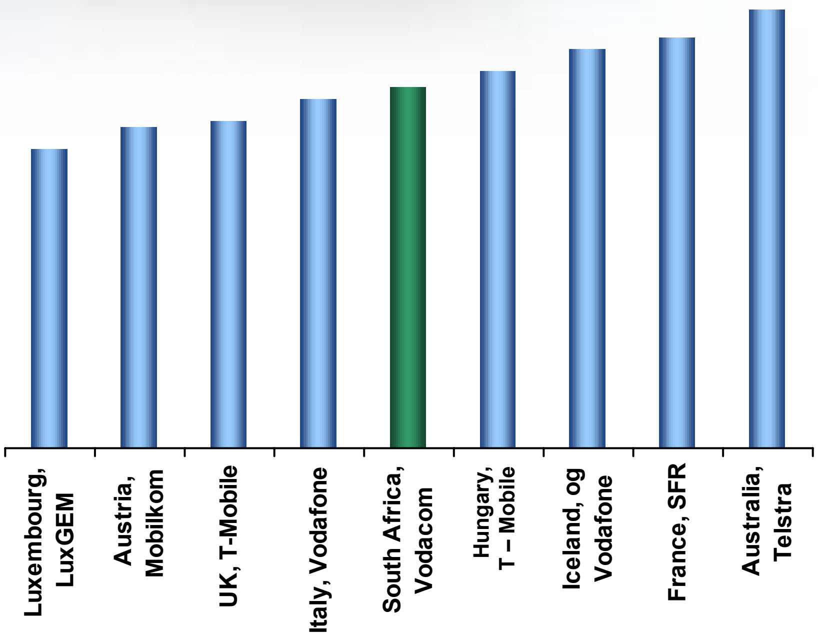
Vodacom's 4U tariff plan ranked 13th out of the 61 operators in 30 countries, i.e. one of the top 20 most affordable prepaid tariff options available.

Source: Teligen T-Basket Model developed for OECD

Affordable cellular service

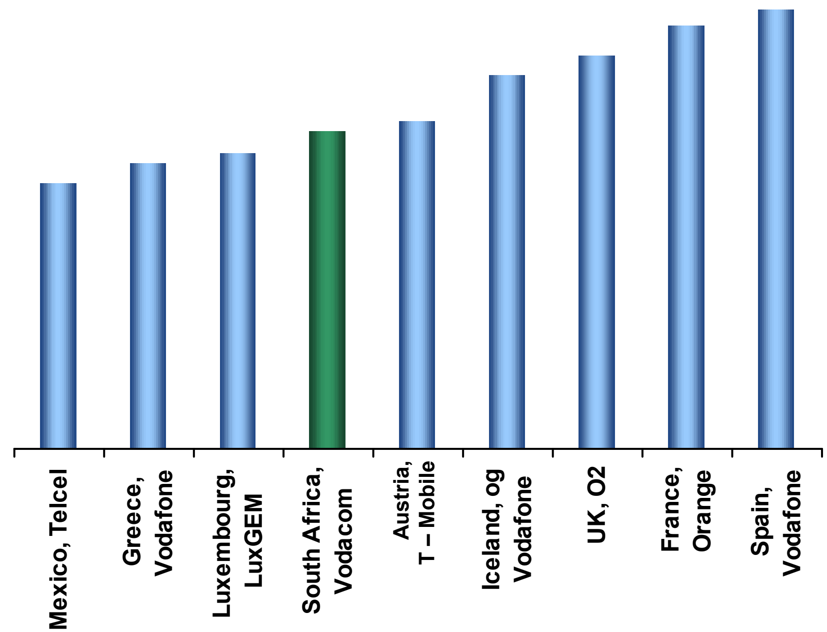
Worldwide medium and high-end user comparison

High-end basket



Vodacom ranked 33rd out of 61 operators in 30 countries.

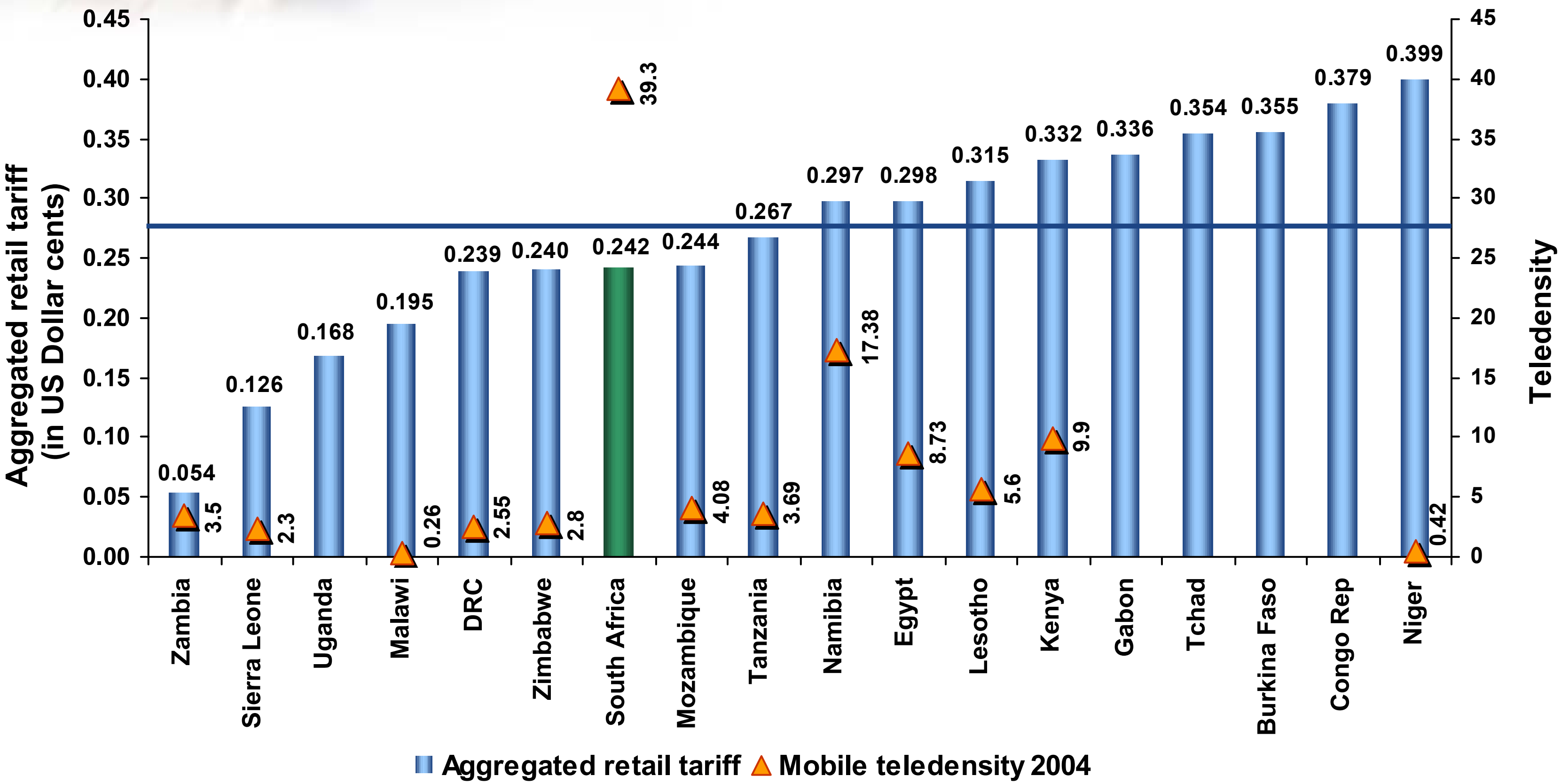
Medium (leisure) basket



Vodacom ranked 26th out of 61 operators in 30 countries.

Source: Teligen T-Basket Model developed for OECD

Affordable cellular service and a high penetration rate (2004)



Source: Teledensity: BMI-T, Tariff data: Teligen

Vodacom South Africa prepaid tariffs

4U peak off-net

R2.99/min

16.9%

4U peak on-net

R2.99/min

8.0%

4U "Happy Hours" on-net

R1.49/min

58.6%

Average outgoing prepaid tariff off-net

R2.26/min

3.9%

Average outgoing prepaid tariff on-net

R1.89/min

18.8%

4U off-peak

R1.05/min

1.0%

Group highlights

for the six months ended September 30, 2005 vs. the same period in the previous financial year

Total customers

19.1 million

41.8%

Revenue

R16.2 billion

22.3%

EBITDA

R5.6 billion

32.8%

EBITDA margin

34.4%

2.7% pts

Net profit

R2.4 billion

65.1%

Dividends

R1.7 billion

6.3%

- **High gross connections: increase of 52.0% year-on-year to 5.3 million**
- **Low churn: decrease of 0.6% points year-on-year to 19.5%**

South Africa – market share 57%

Population 48.3 million, penetration 58.0%

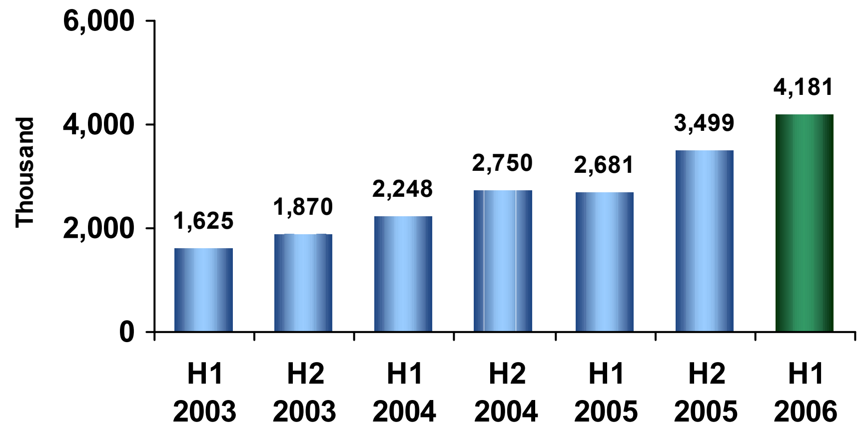
	H1 2005	H1 2006	% change	
• Total customers	11.3 million	15.8 million	39.0%	↑
• Revenue	R12,057 million	R14,764 million	22.5%	↑
• Profit from operations	R2,754 million	R4,060 million	47.4%	↑
• ARPU	R165	R147	10.9%	↓
• Customers per employee	2,845	3,829	34.6%	↑
• Capex per customer	R1,692	R1,422	16.0%	↓
• Capex as a % of revenue	9.2%	14.5%	5.3% pts	↑

- **Gross connections: 3.9 million prepaid and 312 thousand contract customers**
- **Increase of 1% point in market share**
- **Strong margin improvement**

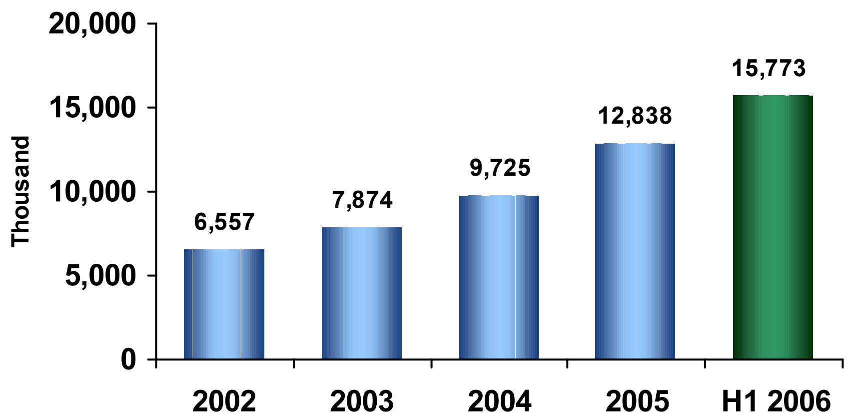
Strong Vodacom South Africa operational indicators

- Gross connections up 55.9% year-on-year to a new high of 4.2 million
- Customers up 39.0% year-on-year to 15.8 million
- Total traffic increased by 19.3% to 8.0 billion minutes year-on-year

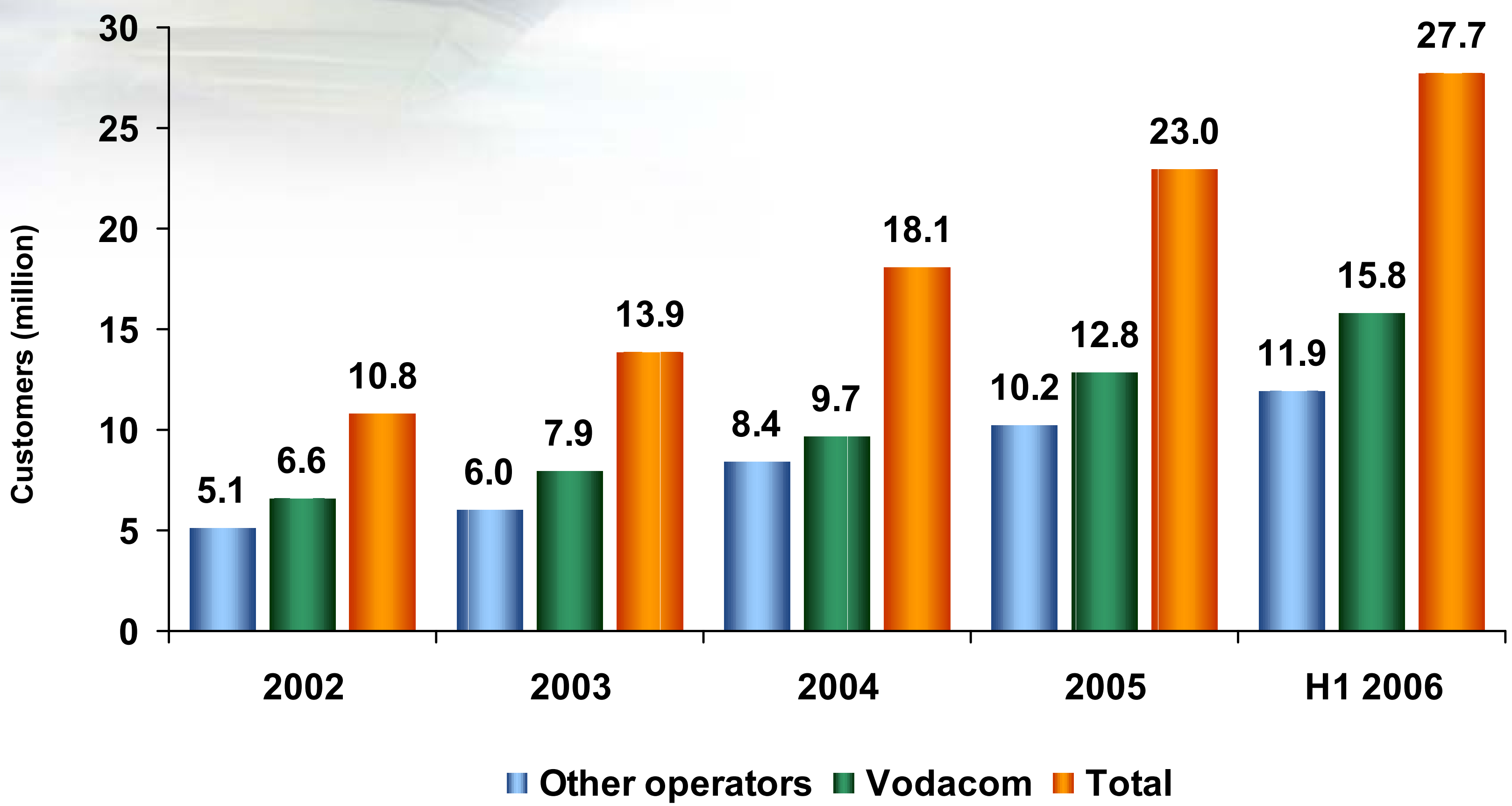
Vodacom South Africa gross connections



Vodacom South Africa customers

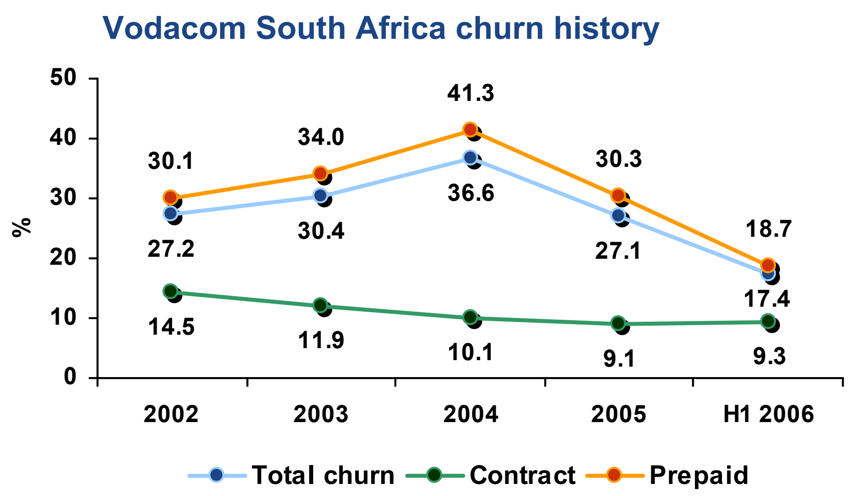


South Africa – impressive mobile market growth



Improved South Africa churn and inactive customers

- Contract churn low at 9.3%
- Prepaid churn decreased to 18.7%
- Contract inactive customers increased from 1.5% in March 2005 to 1.8%
- Prepaid inactive customers decreased from 9.0% in March 2005 to 8.9%

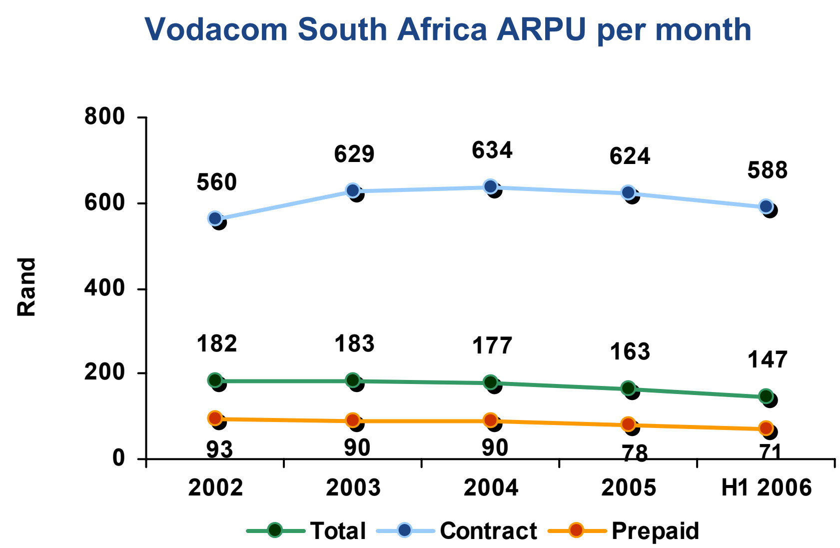


Lower South Africa prepaid and contract ARPU

- Prepaid ARPU decreased 10.1% to R71 year-on-year
- Contract ARPU decreased 7.7% to R588 year-on-year
- Blended ARPU decreased 10.9% to R147 year-on-year

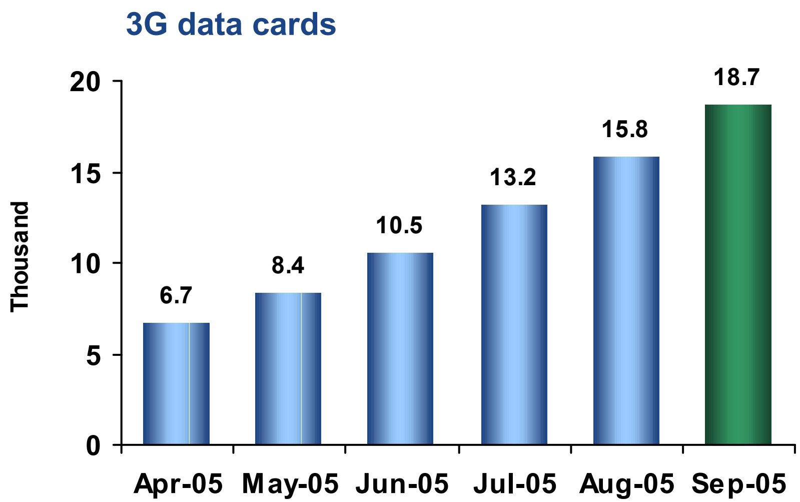
  Lower incoming revenue per customer

  Lower average usage

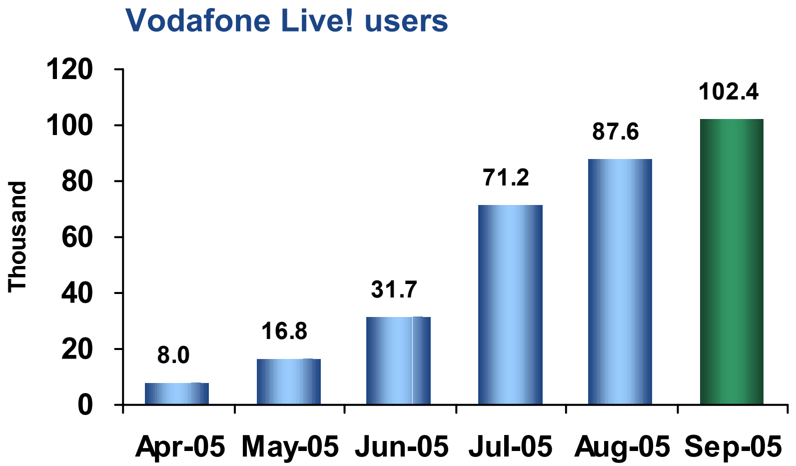


3G and Vodafone Live!

- Over 13 thousand increase in 3G data cards from March 2005



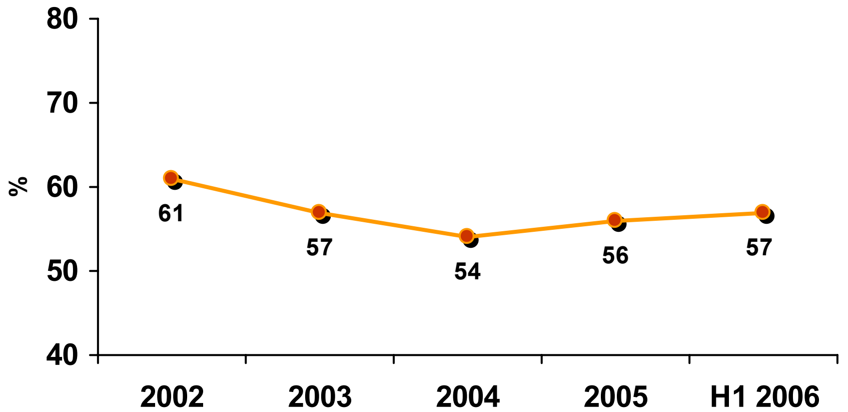
- Over 94 thousand increase in Vodafone Live! users from April 2005



South Africa market estimated at 43 million by 2011

- Vodacom strategically placed for continued market leadership
  - Lowest cost operator
  - Extensive distribution
  - Market share defence
  - Key market and focus
  - Strong recognised brand
  - Strong and stable management
- Other indicators supporting market share
  - Revenue share
  - Traffic share

Vodacom South Africa market share



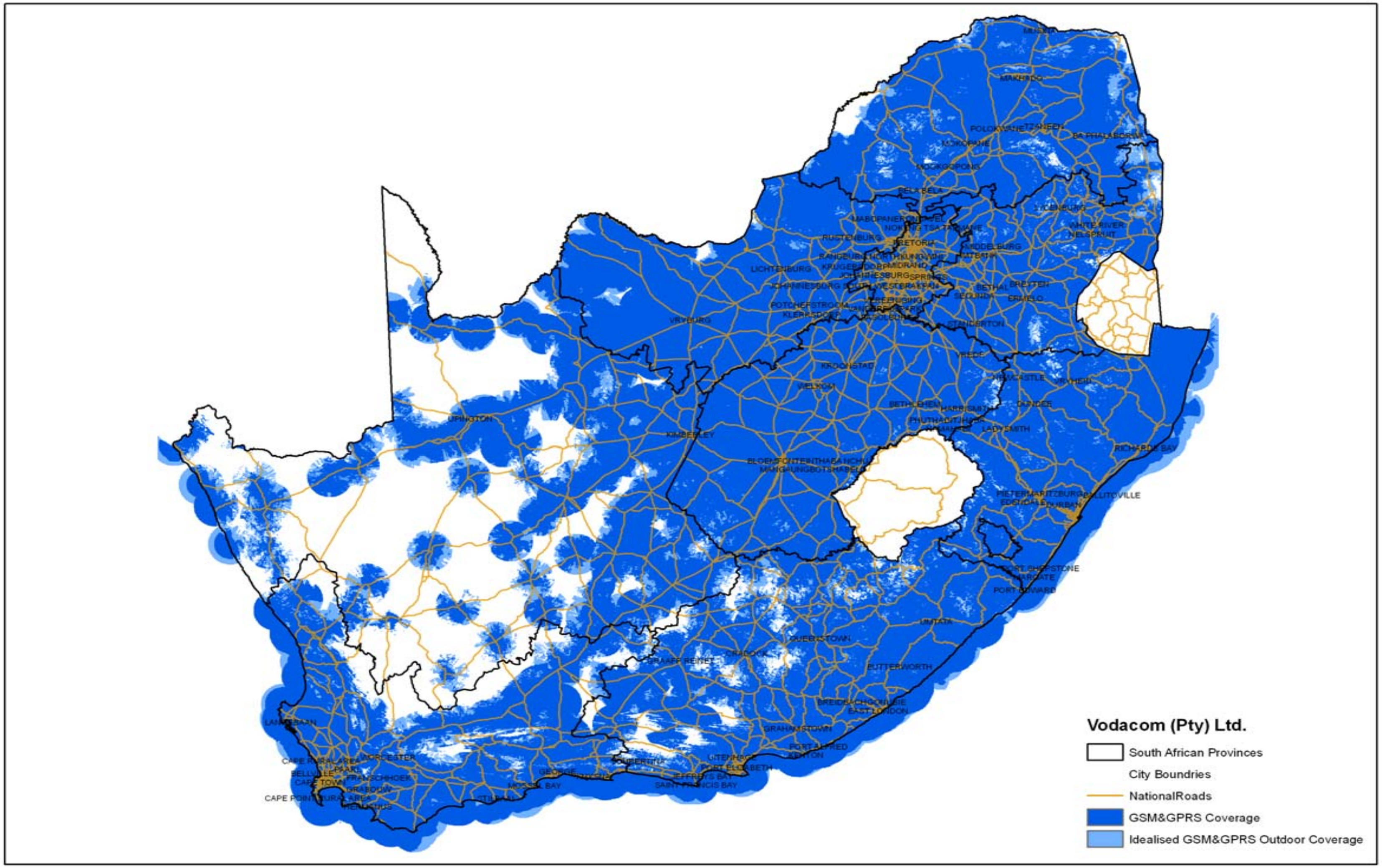
- Potential for further growth
  - Continued data focus: 3G, BlackBerry® and Vodafone Live!

Service Provider strategy in South Africa

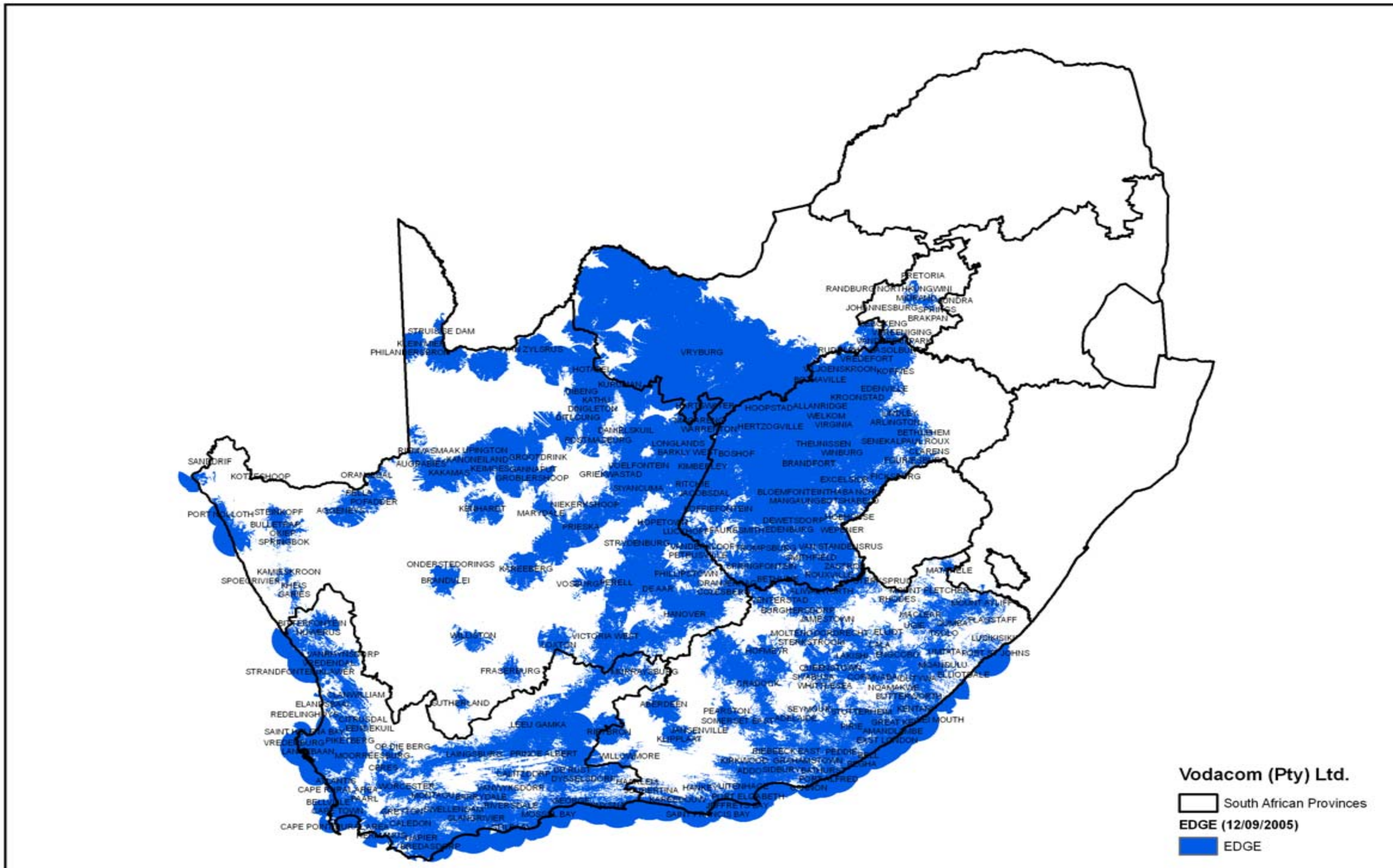
- Vodacom South Africa
  Control 81.8% of contract customers
  Control 99.2% of prepaid customers
- Autopage
  Vodacom contract customers of 183 thousand
  Vodacom prepaid customers of 92 thousand
- Nashua
  Vodacom contract customers of 197 thousand
  Vodacom prepaid customers of 22 thousand

Note: Customers as at September 30, 2005

Coverage Map South Africa - GSM & GPRS



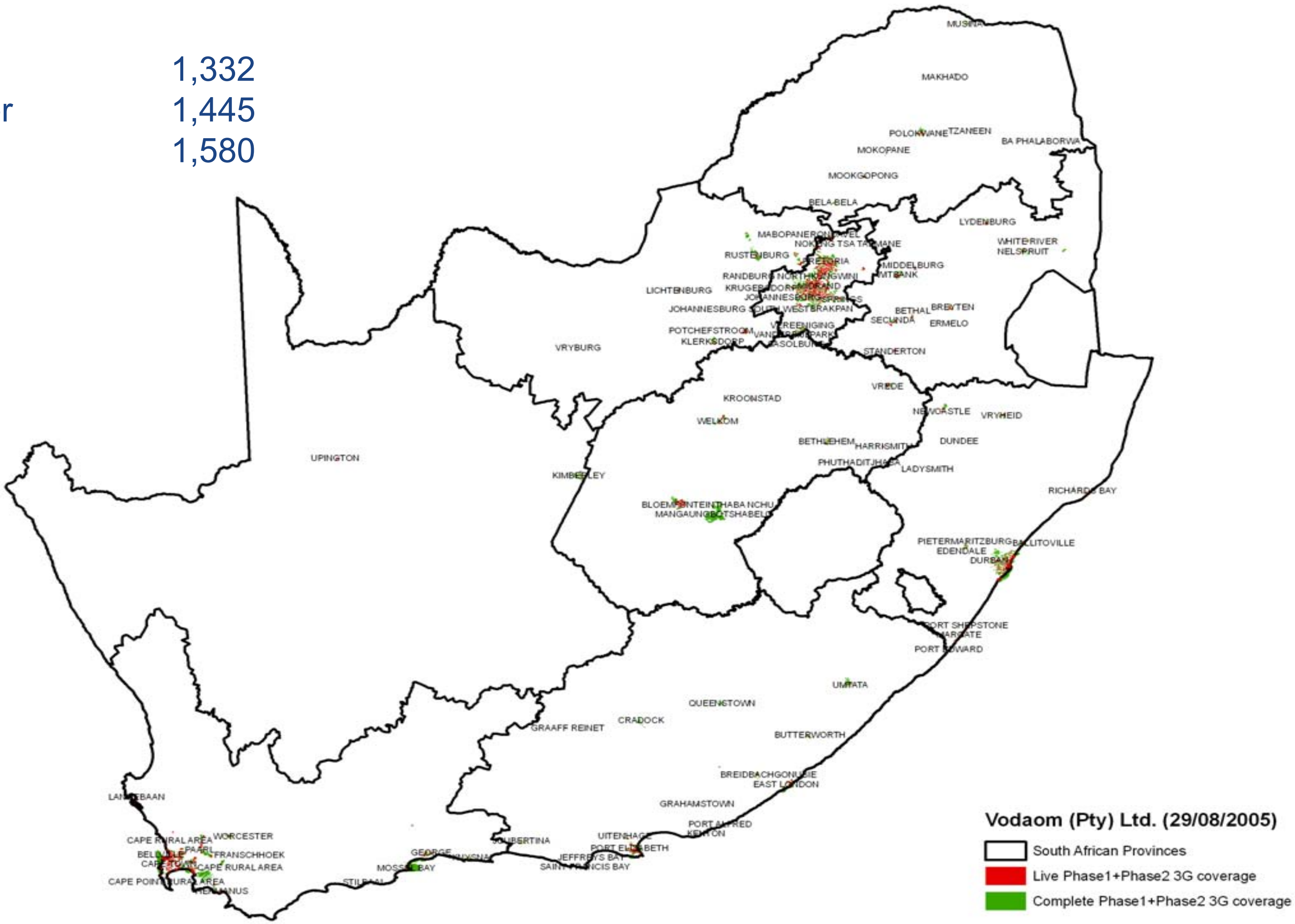
Coverage Map South Africa EDGE



3G PHASE 1 & 2 Coverage - (Live on air)

3G SITES

Current	1,332
1 December	1,445
1 February	1,580



Tanzania – market share 58%

Population 36.5 million, penetration 7.6%

	H1 2005	H1 2006	% change
• Total customers	952,485	1,606,290	68.7%
• Revenue	R472 million	R611 million	29.4%
• Profit from operations	R72 million	R115 million	59.7%
• ARPU	R91	R73	19.8%
• Customers per employee	2,785	4,330	55.5%
• Capex per customer	R1,358	R904	33.4%
• Capex as a % of revenue	17.6%	17.0%	0.6% pts

- **Substantial growth in customers and profitability**
- **Competitive market**
- **Challenging regulatory and fiscal environment**

Lesotho – market share 80%

Population 1.9 million, penetration 11.2%

	H1 2005	H1 2006	% change
Total customers	122,240	170,593	40.2%
Revenue	R65 million	R77 million	18.5%
Profit from operations	R9 million	R26 million	188.9%
ARPU	R91	R77	15.4%
Customers per employee	1,971	2,625	33.2%
Capex per customer	R1,659	R1,271	23.4%
Capex as a % of revenue	3.1%	14.3%	11.2% pts

- **Performance improved substantially**
- **Significant growth in customers**

Democratic Republic of Congo (DRC) – market share 49%

Population 65.0 million, penetration 3.9%

	H1 2005	H1 2006	% change	
• Total customers	902,897	**1,235,860**	36.9%	↑
• Revenue	R594 million	**R649 million**	9.3%	↑
• Profit from operations	R7 million	**R47 million**	>200.0%	↑
• ARPU	R111	**R89**	19.8%	↓
• Customers per employee	2,119	**2,070**	2.3%	↓
• Capex per customer	R1,821	**R1,555**	14.6%	↓
• Capex as a % of revenue	31.5%	**21.6%**	9.9% pts	↓

- **Entrenched market position in a competitive market**
- **Upcoming elections**

Mozambique – market share 26%

Population 18.6 million, penetration 7.0%

	H1 2005	H1 2006	% change
Total customers	164,423	**336,152**	104.9%
Revenue	R43 million	**R74 million**	72.1%
Loss from operations	(R341 million)	**(R25 million)**	92.7%
ARPU	R63	**R41**	34.9%
Customers per employee	1,934	**2,271**	17.4%
Capex per customer	R3,387	**R1,886**	44.3%
Capex as a % of revenue	62.8%	**104.1%**	41.3% pts

- **Competitive network coverage and quality**
- **Focus on distribution**

Financial review

Leon Crouse
Chief Financial Officer

Accounting changes

For the six months ended September 30, 2005

	Balance sheet R million	Profit from operations R million
Prior year adjustments (before taxation):		
IAS 17: Leases (retained earnings)	93.5	
IAS 38: Intangible assets: cost (at 31/03/05)	2,123.3	
accumulated depreciation	(1,419.8)	
Current year adjustments:		(23.5)
IAS 16: Property, plant and equipment		(115.4)
IAS 19: Long-term incentives		92.7
IAS 17: Leases		(0.8)

Combined effect of IFRS changes had a positive impact of R23.5 million on current year profit from operations

Note: Prior years restated according to latest IFRS requirements. Impact on profit from operations immaterial

Group results

Income statement

R million	H1 2004	H1 2005	H1 2006	% change
Revenue	**10,984**	**13,231**	**16,175**	**22.3%**
Operating expenses excluding depreciation, amortisation and impairment	(7,291)	(9,042)	**(10,612)**	(17.4%)
EBITDA	3,693	4,189	**5,563**	32.8%
Depreciation and amortisation	(1,247)	(1,418)	**(1,406)**	0.8%
Impairment	–	(237)	**68**	128.7%
Profit from operations	2,446	2,534	**4,225**	66.7%
Net finance (costs) / income	(298)	20	**(384)**	(>200.0%)
Profit before tax	2,148	2,554	**3,841**	50.4%
Taxation	(771)	(1,108)	**(1,455)**	(31.3%)
Net profit	**1,377**	**1,446**	**2,386**	**65.1%**

- **Depreciation and amortisation excluding IAS 16 adjustment: R1,522 million; an increase of 7.3%**
- **Effective tax rate 37.9% vs. 43.4% last year**

Group revenue analysis

By country

R million	H1 2004	H1 2005	H1 2006	% change
South Africa	10,293	12,057	**14,764**	22.5%
Tanzania	431	472	**611**	29.4%
Lesotho	55	65	**77**	18.5%
DRC	205	594	**649**	9.3%
Mozambique	–	43	**74**	72.1%
	10,984	**13,231**	**16,175**	**22.3%**

- **Revenue driven by strong customer growth**
- **Other African operations contribution 8.7% (H1 2005: 8.9%)**
- **ZAR/CDF year to date average of 76.52 (H1 2005: 59.09; variance of 29.5%)**

EBITDA growth and margin analysis

- Strong EBITDA performance

  Increased 32.8% year-on-year to R5.6 billion

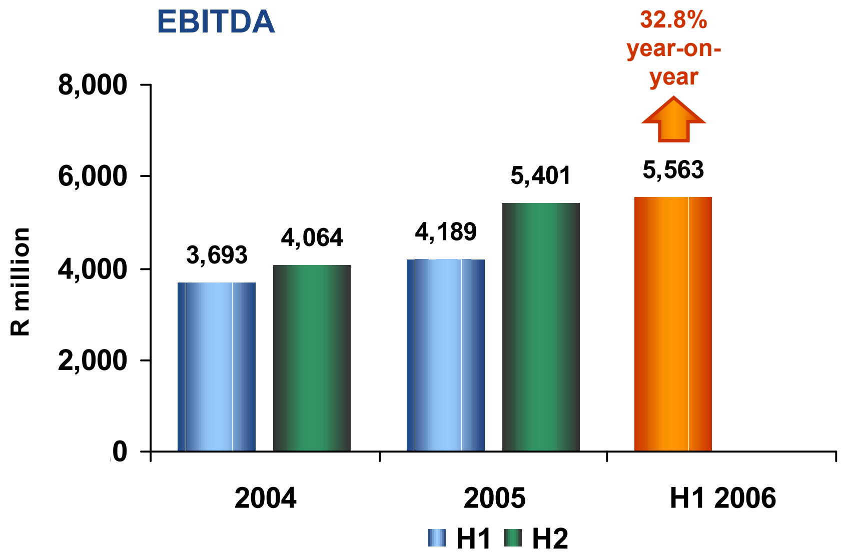
  EBITDA margin increased 2.7% points year-on-year to 34.4%
- South Africa EBITDA

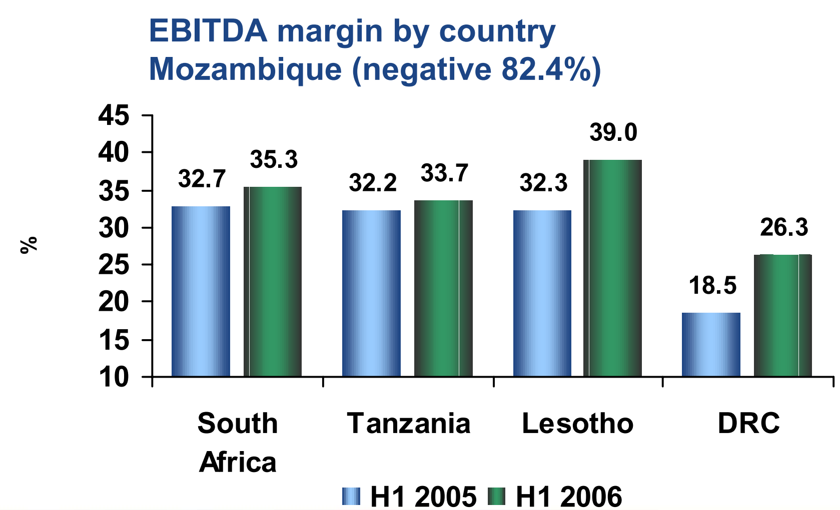
  Increased 32.3% year-on-year to R5.2 billion

  EBITDA margin increased 2.6% points year-on-year to 35.3%
- Improved EBITDA for other African operations

  Increased 40.2% year-on-year to R0.3 billion

  Contributed 6.3% of total vs. 5.9% for the same period in the previous financial year

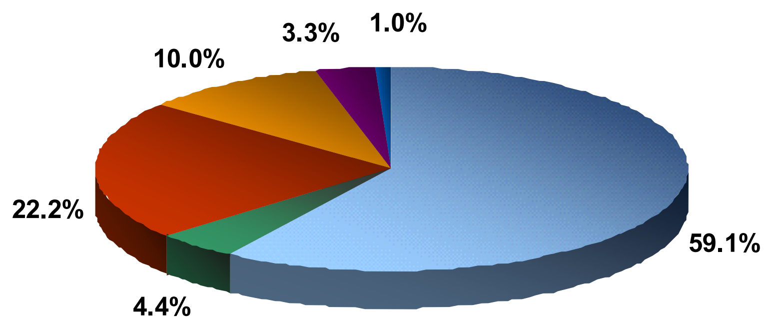




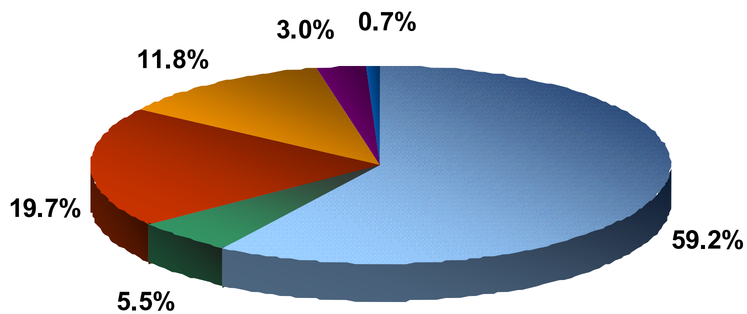
Group revenue analysis

By revenue type

Revenue analysis – H1 2005
R13,231 million



Revenue analysis – H1 2006
R16,175 million

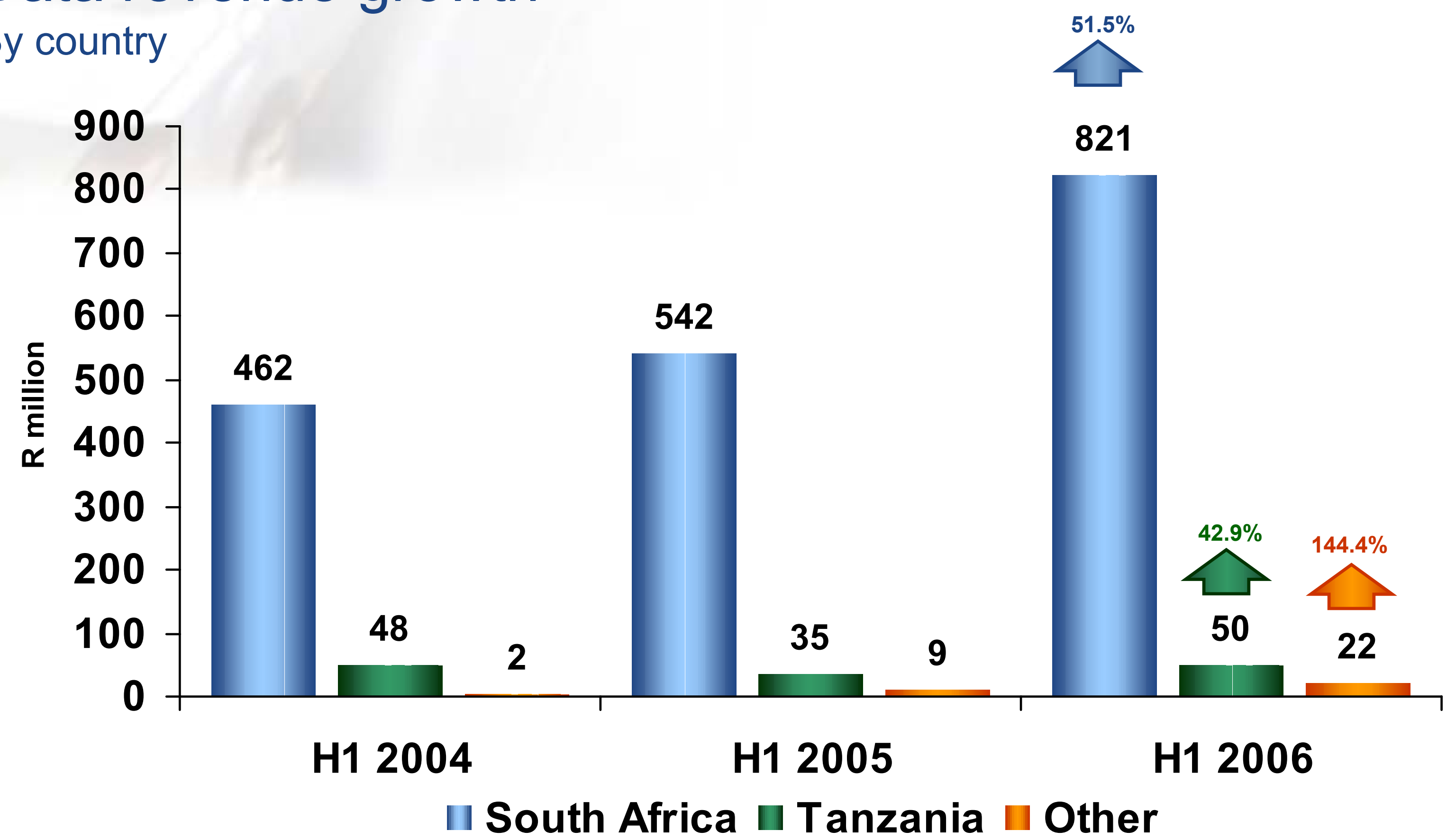


- Airtime, connection and access
- Interconnection
- International airtime
- Data revenue
- Equipment sales
- Other sales and services

- **Airtime contribution up 0.1% points; revenue up 22.5% to R9.6 billion**
- **Interconnect contribution down 2.5% points; revenue up 8.4% to R3.2 billion**
- **Data contribution up 1.1% points; revenue up 52.4% to R0.9 billion**

Data revenue growth

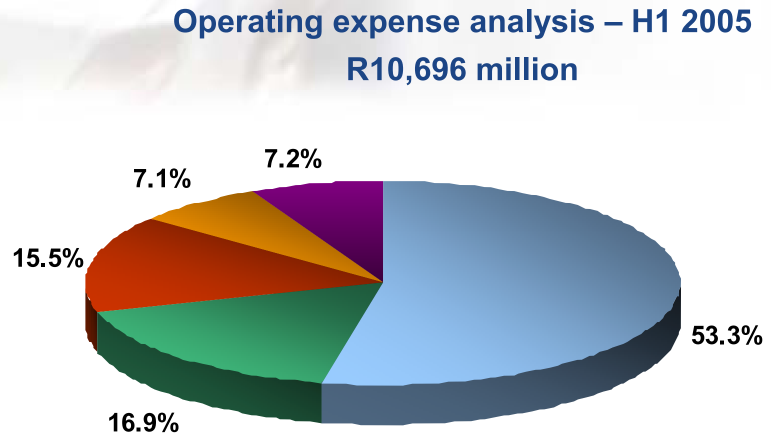
By country

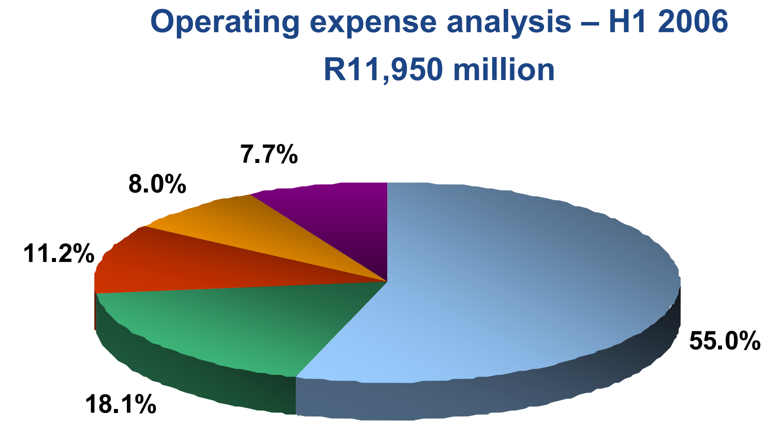


- **South Africa data revenue up 51.5%, due to customer growth and new technologies (3G, Vodafone Live!, BlackBerry®)**
- **Tanzania data revenue up 42.9% due to customer growth and SMS marketing**

Group operating expenses

By expense type





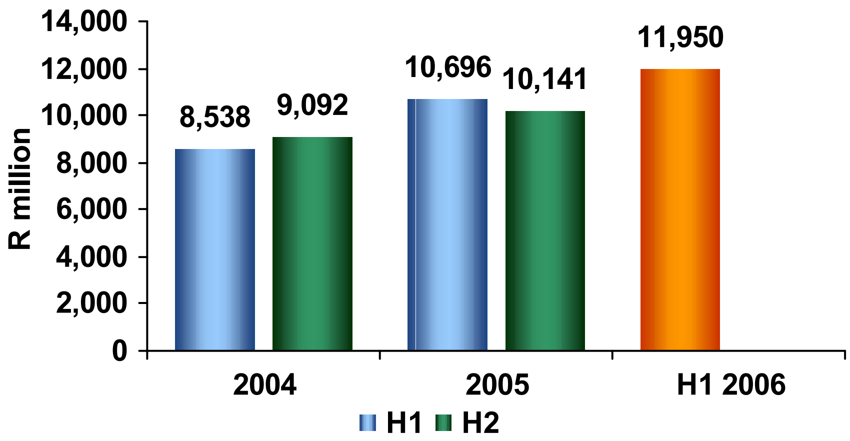
Direct network operating costs
Payments to other operators
Depreciation, amortisation and impairment
Staff expenses
Other

- **Direct network operating cost contribution up by 1.7% points; costs up 15.3% to R6.6 billion**
- **Payments to other operators contribution up 1.2% points; costs up 20.2% to R2.2 billion**
- **Depreciation and amortisation contribution down 1.5% points to 11.8%; costs down 0.8% to R1.4 billion. Impairment contribution from 2.2% to negative 0.6%; R237 million impairment vs. R68 million reversal**

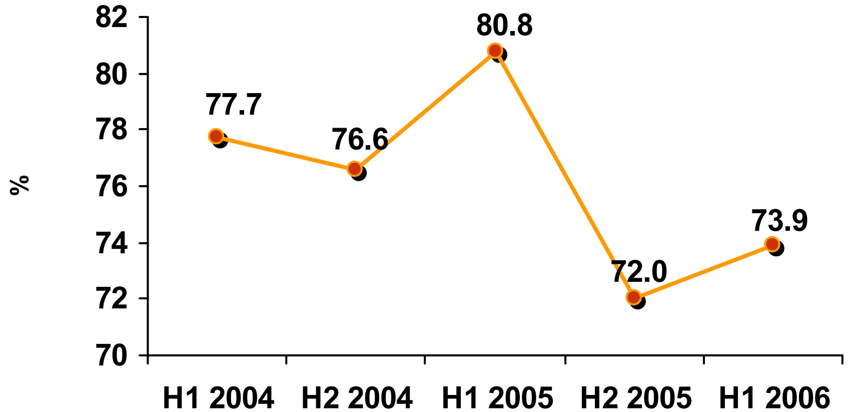
Operating expenses

- Acceptable growth in other direct network costs, despite high levels of connections
- 20.2% growth in payments to other network operators
- Depreciation and amortisation
  Decreased with 0.8% year-on-year to R1.4 billion
- Impairment reversal
  Negative R237 million to positive R68 million
- Staff expenses
  Increased 25.3% to R1.0 billion
  Total headcount increased by 10.7% to 5,426
  Increased incentive provisions

Operating expenses



Operating expenses as a percentage of revenue



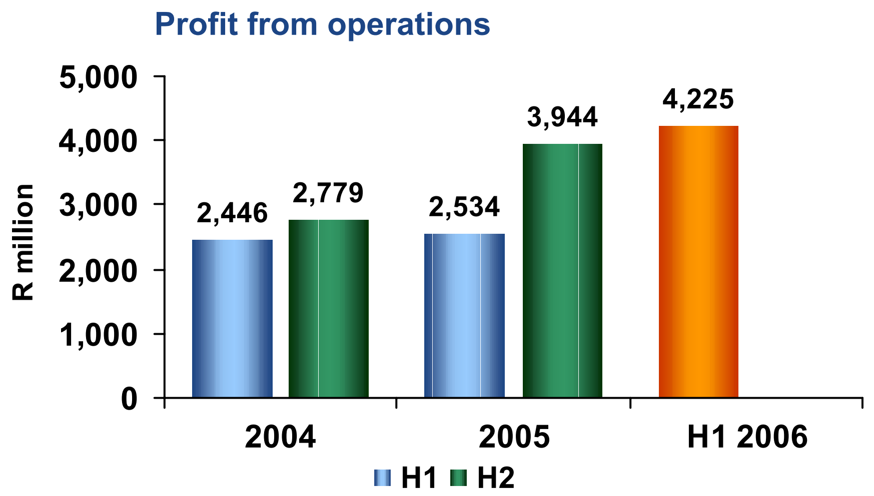
Group profit from operations analysis

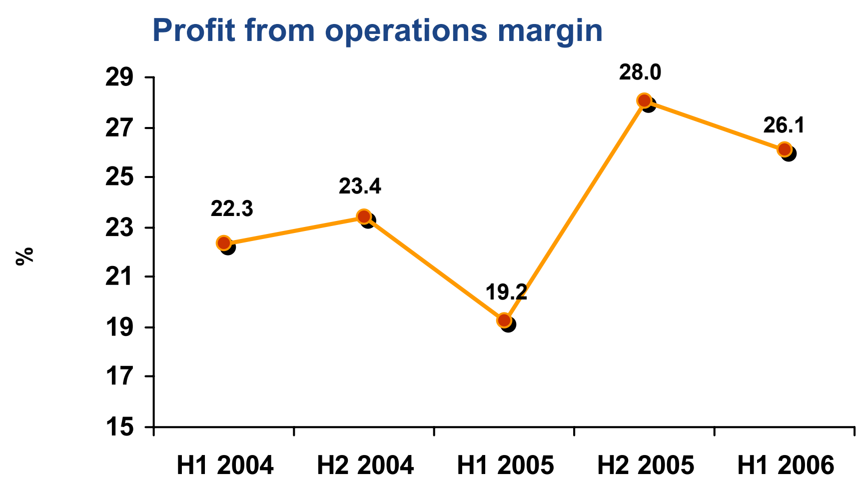
R million	H1 2004	H1 2005	H1 2006	% change
South Africa	2,497	2,754	**4,060**	47.4%
Tanzania	54	72	**115**	59.7%
Lesotho	–	9	**26**	188.9%
DRC	(6)	7	**47**	>200.0%
Mozambique	–	(341)	**(25)**	92.7%
Holding companies and other	(99)	33	**2**	(93.9%)
	2,446	**2,534**	**4,225**	**66.7%**
Profit from operations margin (%)	22.3%	19.2%	**26.1%**	**6.9% pts**

- **Profit growth of 66.7% (growth of 50.1% when excluding the impairment adjustments)**
- **Customer growth of 41.8% to 19.1 million**
- **19.2% lower depreciation, amortisation and impairment**

Profit from operations and margin analysis

- Profit growth of 66.7% year-on-year to R4.2 billion
- South Africa (47.4% year-on-year growth to R4.1 billion)
  Exceptional growth of 39.0% in customers
  Reduced interconnect margin to 35.5% vs. 40.8% for the same period in the previous financial year
- Tanzania (59.7% year-on-year growth)
  68.7% growth in customers
  Sound cost management
- DRC (>200.0% year-on-year growth)
  36.9% growth in customers
  Focus on margins
  Year-on-year growth distorted by changes in shareholders' agreement
- Lesotho (188.9% year-on-year growth)
- Mozambique (92.7% year-on-year smaller loss)
  ARPUs still low
  104.9% increase in customers
  Impairment reversal





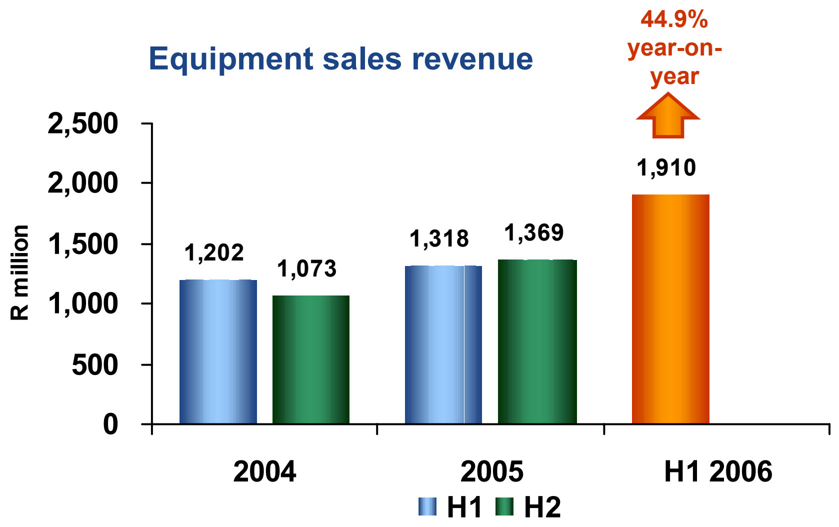
Factors affecting trends and margins

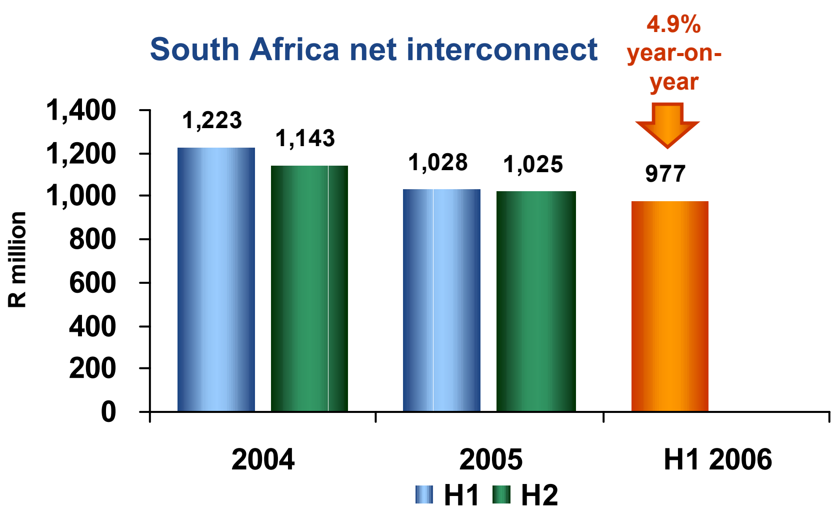
- Gross South Africa customer connections of 4.2 million

  Prepaid customer connections of 3.9 million; an increase of 62.5%

  Contract customer connections of 0.3 million; an increase of 3.3%
- Gross other African customer connections of 1.1 million, an increase of 39.2% year-on-year
- Low margin equipment sales

  54.6% year-on-year increase in equipment sales volume to 1.8 million units
- South Africa net interconnect revenue decreased 4.9% year-on-year to R977 million





Factors affecting trends and margins (continued)

- South Africa traffic mix

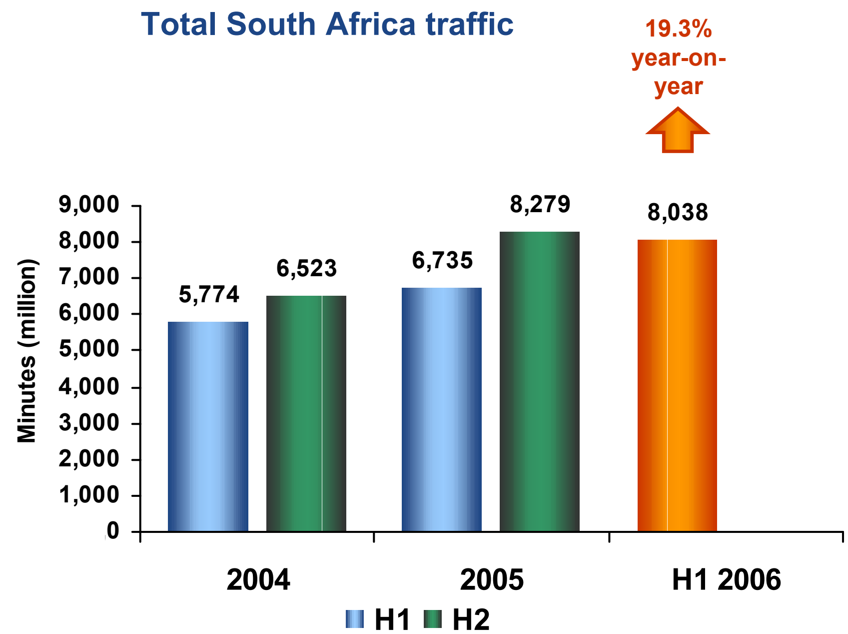
  Outgoing traffic increased 23.2% year-on-year to 5.3 billion minutes

  Incoming traffic increased 12.5% year-on-year to 2.7 billion minutes

  Mobile to mobile traffic increased 25.8% to 6.3 billion minutes

  Mobile/fixed traffic increased 1.3% to 1.8 billion minutes

  On-net traffic increased by 31.3% to 3 billion minutes
- Highly competitive markets
- Stable average Rand to the US Dollar

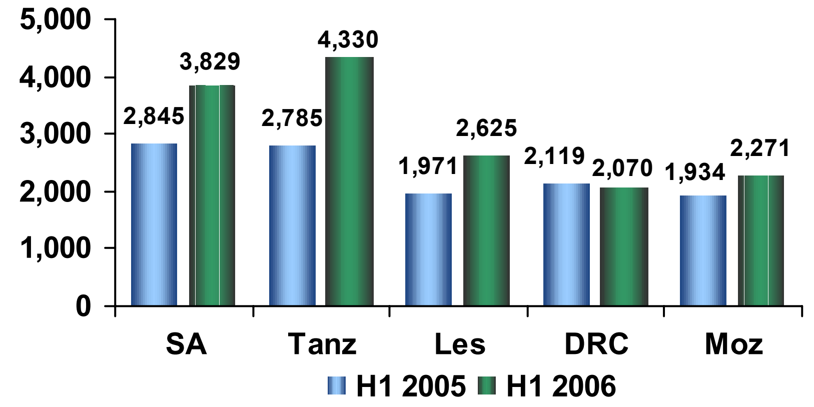


Rand/US Dollar	H1 2004	H1 2005	H1 2006
Closing rate	7.10	6.43	6.37
Average rate	7.58	6.47	6.46

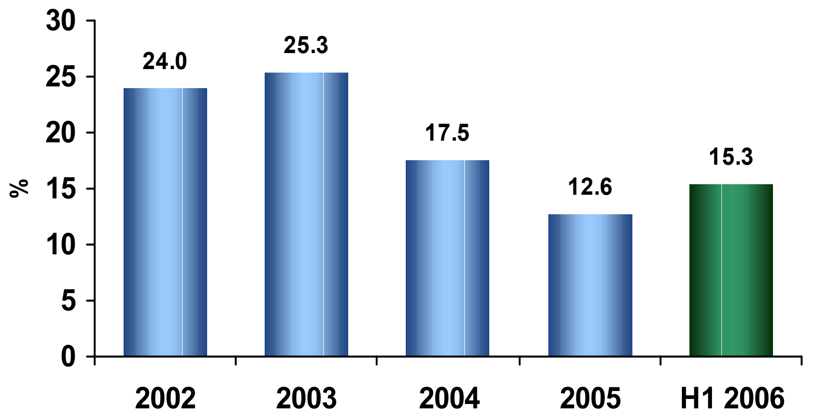
Productivity measures

- Consolidated customers per employee
  Increased 28.1% year-on-year to 3,524 based on 5,426 employees
- Consolidated gross capex as a % of revenue increased to 15.3% from 10.7% for the same period in the previous financial year
  Investment in new technologies
  Increased capacity

Customers per employee

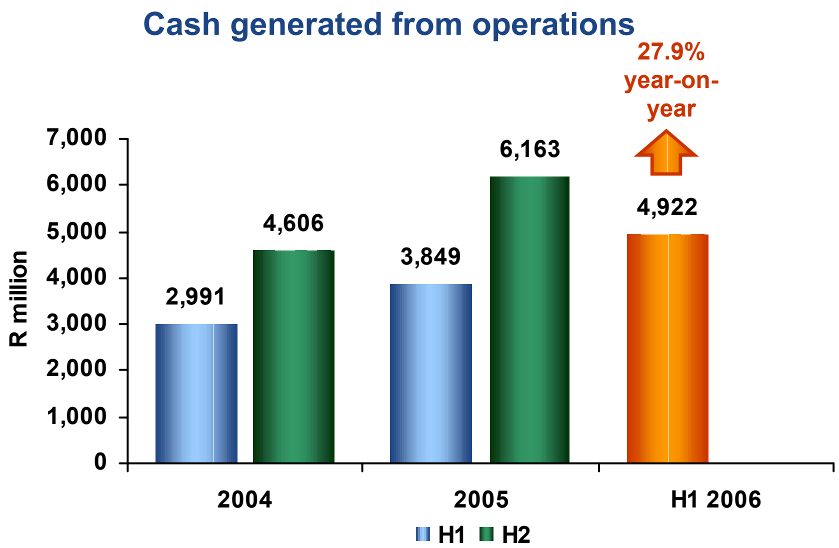


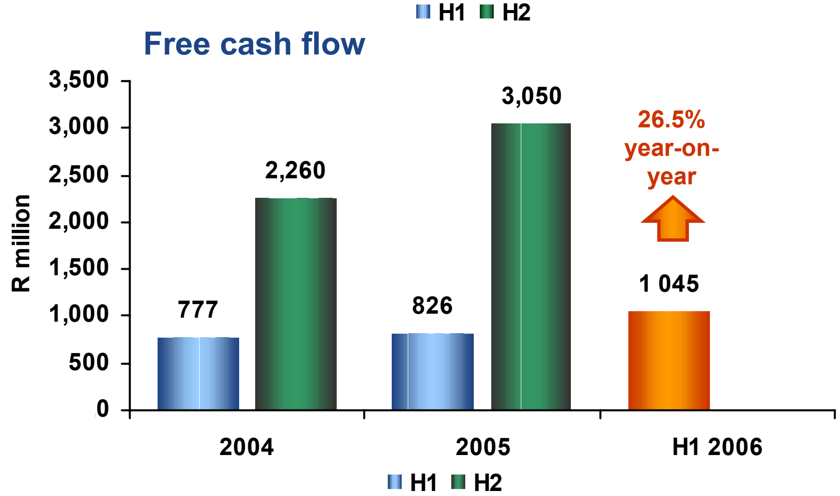
Gross capex as a % of revenue



Strong cash generation

- Cash generated from operations increased 27.9% to R4.9 billion
- Cash utilised in investing activities increased 36.0% to R2.2 billion
- Free cash flow increased 26.5% to R1.0 billion

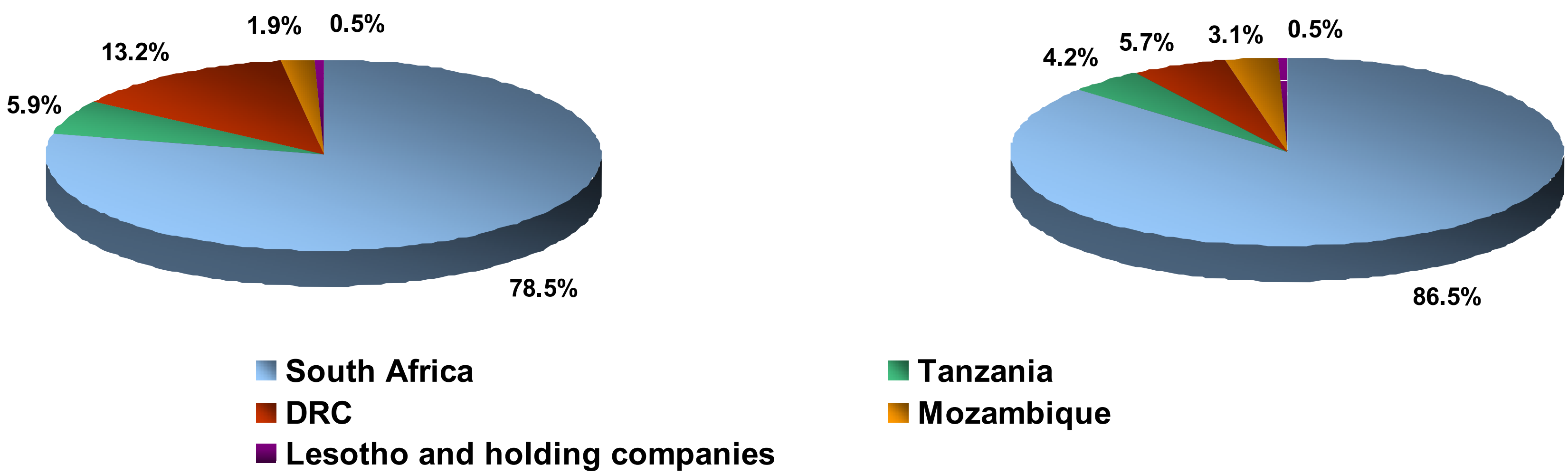




Capex additions and capex composition

Capex gross additions – H1 2005
R1,413 million

Capex gross additions – H1 2006
R2,475 million



- **Capex as a % of revenue = 15.3% vs. last year of 10.7%**
- **South Africa capex gross additions increased 93.1% to R2.1 billion**
- **Other African capex additions increased 11.0% to R332 million**

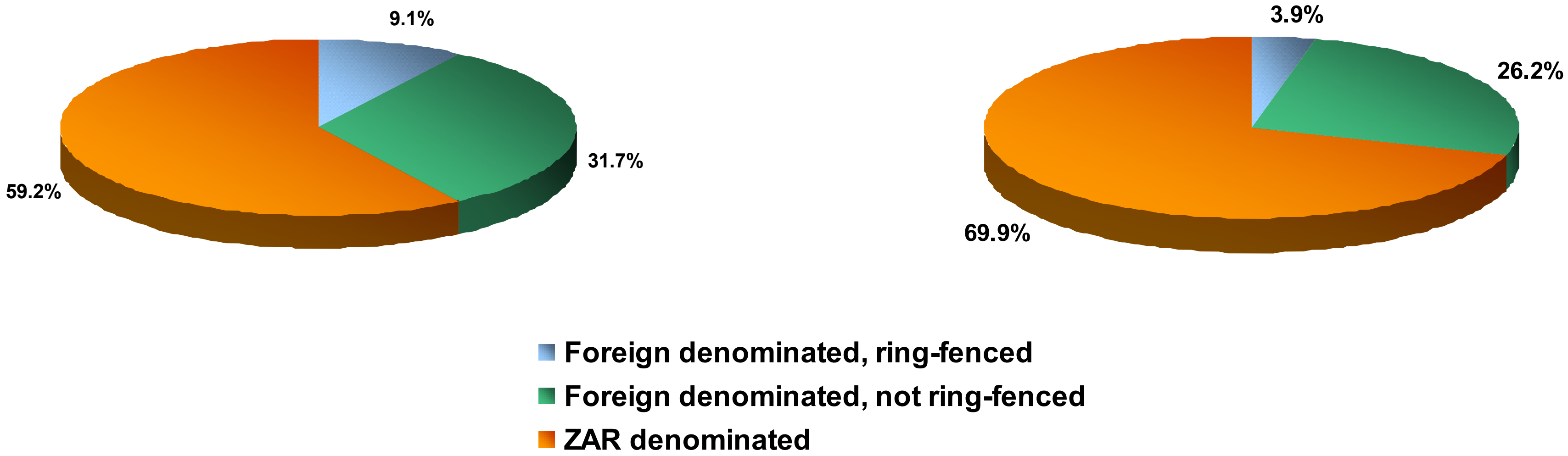
Net debt maturity profile

September 30, R million	2006	2007	2008	2009	2010	>2011	Total 2005	Total 2004
South Africa – finance leases	64	95	134	166	114	263	**836**	875
Tanzania	101	101	34	–	90	–	**326**	408
Lesotho	4	–	–	–	–	–	**4**	4
DRC	1,382	–	–	–	–	–	**1,382**	1,399
Other	39	–	–	–	–	–	**39**	–
Debt excluding bank overdrafts	**1,590**	**196**	**168**	**166**	**204**	**263**	**2,587**	**2,686**
Bank overdrafts							**3,431**	1,813
Gross debt							**6,018**	**4,499**
Bank and cash balances							**(4,803)**	(2,567)
Net debt							**1,215**	**1,932**

Debt composition

Gross debt composition
including bank overdrafts – H1 2005
R4,499 million

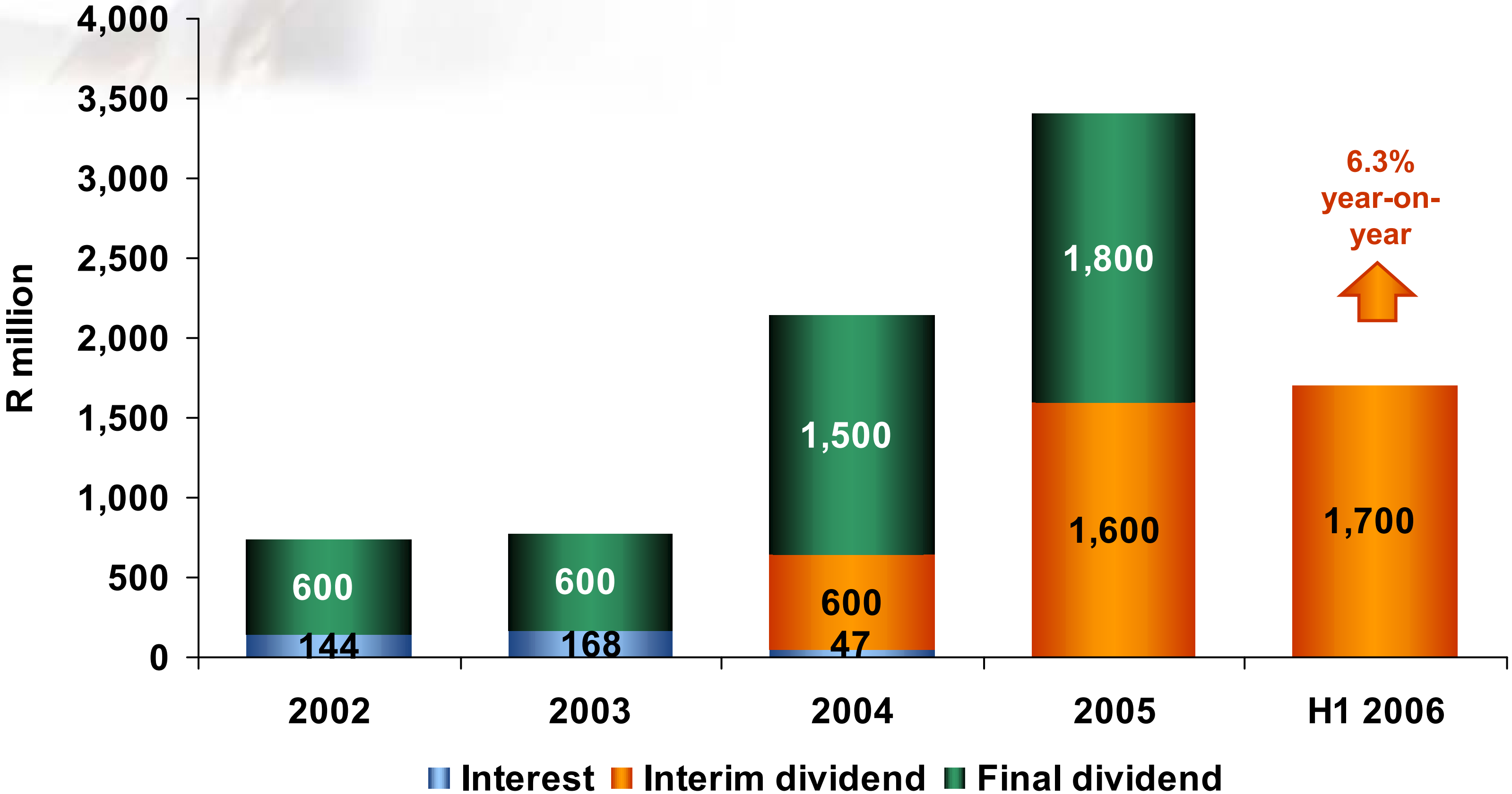
Gross debt composition
including bank overdrafts – H1 2006
R6,018 million



- **Net debt to equity ratio 13.9% (H1 2005: 26.4%)**
- **Adjusting for dividends and STC on dividends payable: net debt to equity ratio of 35.8% (H1 2005: 50.9%)**

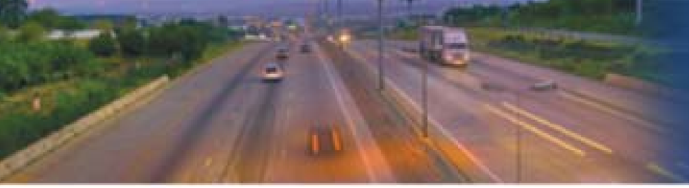
Shareholder distributions

Dividends and interest on shareholders' loans



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

Questions?



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Group balance sheets

Extracts as at

R million	H1 2005	March 2005	H1 2006	% change
ASSETS				
Non-current assets	13,896	13,933	**15,184**	9.0%
Current assets	7,785	8,662	**10,173**	17.4%
Total assets	**21,681**	**22,595**	**25,357**	**12.2%**
EQUITY AND LIABILITIES				
Capital and reserves	7,329	7,888	**8,736**	10.8%
Non-current liabilities	3,111	3,233	**2,140**	(33.8%)
Current liabilities	11,241	11,474	**14,481**	26.2%
Total equity and liabilities	**21,681**	**22,595**	**25,357**	**12.2%**

Group cash flow statements

Extracts for the six months ended September 30,

R million	H1 2004	H1 2005	H1 2006	% change
Cash generated from operations	2,991	3,849	**4,922**	27.9%
Net cash flows from operating activities	**831**	**966**	**1,477**	**52.9%**
Net cash flows utilised in investing activities	**(1,254)**	**(1,641)**	**(2,231)**	**(36.0%)**
Net cash flows utilised in financing activities	**(774)**	**(122)**	**(35)**	**71.3%**
Net increase in cash and cash equivalents	**(1,197)**	**(797)**	**(789)**	**1.0%**
Cash and cash equivalents at the beginning of the year	648	1,598	**2,173**	36.0%
Effect of foreign exchange rate changes	(16)	(46)	**(12)**	73.9%
Cash and cash equivalents at the end of the year	**(565)**	**755**	**1,372**	**81.7%**

Thank you