

News release

2 February 2010

TRADING STATEMENT FOR THE QUARTER ENDED 31 DECEMBER 2009

Key highlights

- **Group**
 - 6.0% growth in Group revenue to R15 425 million
 - 33.2% growth in Group data revenue to R1 188 million
 - 9.5% increase in Group mobile customers⁽¹⁾ to 40.5 million
- **South Africa**
 - 7.5% increase in revenue to R13 439 million
 - 35.2% growth in data revenue to R1 160 million
 - 27.1 million mobile customers, up 2.5% year on year
 - Customer growth impacted by RICA⁽²⁾
- **International**
 - Improved market positioning
 - 27.2% growth in mobile customers⁽¹⁾ to 13.4 million
 - Revenue negatively impacted by Rand strength
 - Increased usage through successful promotions

Pieter Uys, Chief Executive Officer, commented:

"This has been a positive quarter for Vodacom, featuring solid overall revenue growth and continued progress in building our data business. Despite a challenging economic environment and the continued impact from RICA, our South African business posted a 7.5% increase in revenue. The actions we have taken in our international businesses have shown positive results in the form of improved market positioning. Cost management programmes are also gaining momentum and should provide the basis for improved margin management in the year ahead. Careful allocation of capital to investment projects has resulted in continued strong growth in cash flows."

Vodacom Group Limited

Incorporated in the Republic of South Africa

("Vodacom Group" or "Vodacom")

Registration number 1993/005461/06, Share Code VOD ISIN ZAE000132577

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¹ Group and international customer growth normalised for the change in the DRC disconnection policy from 215 to 90 inactive days

² Regulation of Interception of Communications and Provision of Communication-Related Information Act

Group

Group revenue for the three months ended 31 December 2009 increased by 6.0% year on year to R15 425 million with continued robust performance in South Africa offsetting revenue declines in Tanzania and the Democratic Republic of Congo ("DRC"). Revenue growth was positively affected by the Gateway acquisition (4.5 percentage points), offset by a negative impact from exchange rate translation (3.8 percentage points) and excise duties (0.5 percentage points). On a normalised basis Group revenue and service revenue increased by 5.8% and 5.1%, respectively. Gateway's reported revenue was also impacted by currency translation but in US dollars remained flat quarter on quarter at approximately US\$92 million.

Group mobile customers increased 7.1% (normalised 9.5%) from 31 December 2008 to 40.5 million at 31 December 2009. During the quarter the Group customer base declined by 1.1 million, primarily as a result of RICA in South Africa and a change in the disconnection policy in the DRC, offset by growth in the other operations. The South African mobile operations contributed 67.0% (30 September 2009: 69.5%) of normalised Group total mobile customers.

South Africa

Revenue growth in South Africa remained robust at 7.5% to R13 439 million, reflecting customer growth of 2.5% to 27.1 million and the increasing contribution of data revenue. Data revenue growth accelerated in the quarter to 35.2% due to increased penetration of mobile PC connectivity and mobile internet usage, with broadband customers increasing 48.8%.

Contract service revenue growth improved in the quarter due to a 12.5% increase in the contract customer base to 4.3 million.

Prepaid service revenue growth slowed as a result of a 1.3 million reduction in prepaid customers in the quarter to 22.6 million following the implementation of RICA, coupled with December price promotions. Gross connections have improved steadily from approximately 260 000 in August 2009 to approximately 760 000 in December 2009 supported by increasing consumer and channel awareness. While churn increased 2.1 percentage points on the prior year quarter largely due to RICA, it is expected to trend downwards in 2010.

It is expected that mobile termination rates will be reduced from as early as 1 March 2010.

International

Revenue growth in the international mobile operations declined 33.4% to R1 394 million, with unfavourable foreign exchange translation contributing 23.7 percentage points of the reduction. Excluding the foreign currency translation impact and excise duties, normalised revenue declined 6.3%. The decline was largely due to promotions aimed at improving competitiveness in the key markets, coupled with continued economic pressures. In local currencies, the Tanzania and DRC service revenue decline stabilised, while growth in Mozambique and Lesotho remained strong. Assertive steps taken during the quarter have improved the relative market performance, particularly in Tanzania and the DRC.

Reported international customer growth of 17.9% understates the actual growth of 27.2% due to the change in the DRC disconnection policy from 215 to 90 inactive days. This policy change resulted in approximately one million disconnections in the DRC. Tanzania customer growth of 28.4% was fuelled by new promotional activity and Mozambique and Lesotho posted strong customer growth of 61.1% and 30.9%, respectively.

The quarterly information has not been audited or reviewed by Vodacom's external auditors.

Revenue for the quarters ended

Rm	December 2009	September 2009	December 2008	Year on year % change	Quarterly % change
South Africa	13 439	12 264	12 503	7.5	9.6
International	1 394	1 507	2 093	(33.4)	(7.5)
Gateway	693	729	–	n/a	(4.9)
Corporate and eliminations	(101)	(129)	(40)	(152.5)	21.7
Total revenue	15 425	14 371	14 556	6.0	7.3

Key performance indicators for the quarters ended

South Africa

	December 2009	September 2009	December 2008	Year on year % change	Quarterly % change
Customers (thousands)⁽¹⁾	27 102	28 204	26 450	2.5	(3.9)
Prepaid	22 636	23 926	22 450	0.8	(5.4)
Contract	4 349	4 159	3 867	12.5	4.6
Community services	117	119	133	(12.0)	(1.7)
Churn (%)⁽²⁾	41.5	35.6	39.4		
Prepaid	47.7	40.3	44.8		
Contract	8.8	8.2	9.9		
Traffic (millions of minutes)⁽³⁾	6 655	6 745	6 402	4.0	(1.3)
Outgoing	4 632	4 760	4 382	5.7	(2.7)
Incoming	2 023	1 985	2 020	0.1	1.9
Total ARPU (Rand per month)⁽⁴⁾	140	125	140	–	12.0
Prepaid	74	64	74	–	15.6
Contract	455	461	473	(3.8)	(1.3)
Community services	427	421	508	(15.9)	1.4

International

	December 2009	September 2009	December 2008	Year on year % change	Quarterly % change
Customers (thousands)⁽¹⁾	13 352	13 384	11 321	17.9	(0.2)
Tanzania	6 878	6 260	5 355	28.4	9.9
DRC ⁽⁵⁾	3 522	4 404	4 042	(12.9)	(20.0)
Mozambique	2 312	2 134	1 435	61.1	8.3
Lesotho	640	586	489	30.9	9.2
Churn (%)⁽²⁾					
Tanzania	43.3	48.6	41.0		
DRC ⁽⁵⁾	157.5	57.1	46.2		
Mozambique	61.1	66.1	73.1		
Lesotho	19.5	20.8	21.1		
Total ARPU (Rand per month)⁽⁴⁾					
Tanzania ⁽⁶⁾	28	31	54	(48.1)	(9.7)
DRC	35	39	70	(50.0)	(10.3)
Mozambique	27	34	51	(47.1)	(20.6)
Lesotho	73	68	75	(2.7)	7.4
Total ARPU (local currency)⁽⁴⁾					
Tanzania (Tanzanian shilling) ⁽⁶⁾	5 060	5 246	7 191	(29.6)	(3.5)
DRC (USD)	4.7	4.9	7.1	(33.8)	(4.1)
Mozambique (Metical)	109	119	133	(18.0)	(8.4)

Historical key performance indicators for the quarters ended

Revenue

Rm	December 2009	September 2009	June 2009	March 2009	December 2008	September 2008	June 2008
South Africa	13 439	12 264	12 107	12 420	12 503	11 637	11 173
International	1 394	1 507	1 458	1 673	2 093	1 751	1 582
Gateway	693	729	803	808	–	–	–
Corporate and eliminations	(101)	(129)	(64)	(105)	(40)	(31)	(22)
Total revenue	15 425	14 371	14 304	14 796	14 556	13 357	12 733

South Africa

	December 2009	September 2009	June 2009	March 2009	December 2008	September 2008	June 2008
Customers (thousands)⁽¹⁾	27 102	28 204	28 735	27 625	26 450	25 245	24 891
Prepaid	22 636	23 926	24 578	23 561	22 450	21 391	21 138
Contract	4 349	4 159	4 039	3 946	3 867	3 735	3 643
Community services	117	119	118	118	133	119	110
Churn (%)⁽²⁾	41.5	35.6	34.1	36.5	39.4	43.9	40.6
Prepaid	47.7	40.3	38.4	40.9	44.8	50.1	46.0
Contract	8.8	8.2	9.2	10.5	9.9	9.8	9.6
Traffic (millions of minutes)⁽³⁾	6 655	6 745	6 896	6 189	6 402	5 997	5 796
Outgoing	4 632	4 760	4 966	4 225	4 382	4 068	3 908
Incoming	2 023	1 985	1 930	1 964	2 020	1 929	1 888
Total ARPU (Rand per month)⁽⁴⁾	140	125	123	129	140	135	130
Prepaid	74	64	64	65	74	67	64
Contract	455	461	444	460	473	482	481
Community services	427	421	427	471	508	572	597

International

	December 2009	September 2009	June 2009	March 2009	December 2008	September 2008	June 2008
Customers (thousands)⁽¹⁾	13 352	13 384	12 571	11 989	11 321	10 444	9 672
Tanzania	6 878	6 260	5 917	5 667	5 355	4 931	4 495
DRC ⁽⁵⁾	3 522	4 404	4 182	4 170	4 042	3 776	3 454
Mozambique	2 312	2 134	1 925	1 634	1 435	1 287	1 302
Lesotho	640	586	547	518	489	450	421
Churn (%)⁽²⁾	43.3	48.6	47.9	43.3	41.0	43.4	45.0
Tanzania	43.3	48.6	47.9	43.3	41.0	43.4	45.0
DRC ⁽⁵⁾	157.5	57.1	59.8	48.8	46.2	52.2	55.8
Mozambique	61.1	66.1	48.3	59.1	73.1	81.4	64.1
Lesotho	19.5	20.8	20.0	18.2	21.1	21.4	18.5
Total ARPU (Rand per month)⁽⁴⁾	28	31	35	43	54	51	48
Tanzania ⁽⁶⁾	28	31	35	43	54	51	48
DRC	35	39	39	53	70	67	64
Mozambique	27	34	36	44	51	40	36
Lesotho	73	68	65	67	75	69	68
Total ARPU (local currency)⁽⁴⁾	5 060	5 246	5 511	5 729	7 191	7 641	7 432
Tanzania (Tanzanian shilling) ⁽⁶⁾	5 060	5 246	5 511	5 729	7 191	7 641	7 432
DRC (USD)	4.7	4.9	4.7	5.2	7.1	8.6	8.2
Mozambique (Metical)	109	119	114	117	133	122	112

Notes:

1. Customer totals are based on the total number of customers registered on Vodacom's network, which have not been disconnected, including inactive customers, at the end of the period indicated.
2. Churn is calculated by dividing the annualised number of disconnections during the period by the average monthly total reported customer base during the period.
3. Traffic comprises total traffic registered on Vodacom's 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.
4. Total ARPU is calculated by dividing average monthly recurring revenue by the average monthly total of reported customers during the period. Total ARPU excludes revenue from equipment sales and non-service revenue. Prepaid, contract and community services ARPU only includes recurring revenue generated from Vodacom customers.
5. DRC changed its disconnection policy from 215 to 90 inactive days. Prior period numbers have not been restated. Normalised DRC customer growth is 9.6% and churn is 78.1% for the quarter ended 31 December 2009.
6. ARPU numbers have been restated. Excise duty is now netted off against revenue in line with Group accounting policies.

Average quarterly exchange rates

	December 2009	September 2009	December 2008	Year on year % change	Quarterly % change
USD/ZAR	7.51	7.81	9.91	(24.2)	(3.8)
ZAR/MZN	3.92	3.50	2.48	58.1	12.0
ZAR/TZS	177.51	169.43	129.35	37.2	4.8
EUR/ZAR	11.09	11.16	13.04	(15.0)	(0.6)

Forward-looking statements

This announcement which sets out the trading statement for Vodacom for the quarter ended 31 December 2009 contains "forward-looking statements" 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.