

## Statement from the CEO

In an eventful year for the Vodacom Group to 31 March 2009, in which the pervasive impacts of the economic downturn took a heavy toll on many industries worldwide, it is most gratifying to report that the Group continued to show its quality and resilience. Overall we delivered a solid set of results, while making significant progress in our strategy to become a leading provider of total communications in sub-Saharan Africa. We added 5.6 million new customers in the year, taking our total customer base to almost 40 million. In line with our strategic intention to lead the market in affordable access to broadband, we consolidated our position as South Africa's largest broadband provider and by year end had over 720 000 broadband customers.

The Group has been decisive in taking up the opportunities to deliver converged services to corporates and consumers. We have moved strongly into providing value-added data and online services, including mobile internet, mobile advertising, money transfer services and social networking to consumers. In the enterprise market, Vodacom Business in its first year attracted top talent in the ICT industry and developed a full suite of 28 products providing access services, managed network services, managed hosting services and converged application services to corporate and SME customers. During the year we also built a state-of-the-art data centre, expanded our data and transmission backbone and made a small but strategic acquisition in the hosting environment - StorTech.

The acquisition of Gateway, with customers in 40 African countries and a physical presence in 14 countries, has given Vodacom Group a much larger international footprint and a springboard for further expansion in sub-Saharan Africa. Gateway provides new market entry points and local market understanding, and as the leading provider of managed network IT solutions to blue-chip multinational clients on the continent, provides attractive synergies and growth impetus for Vodacom Business in particular.

In tandem with executing our growth strategy, we have continued to focus on controlling costs and driving operational efficiencies. For instance, by leveraging the procurement strength of Vodacom Group and the wider Vodafone Group, we secured better pricing of handsets. Furthermore, besides exclusive access to new product launches and R&D capability, the benefits of our relationship with Vodafone also extend to benchmarking our operations against global standards of excellence. As we become a subsidiary of Vodafone Group as opposed to a partner network, the benefits that accrue from our relationship are expected to increase.

On behalf of all the people of Vodacom Group, I extend our thanks to the outgoing board members and to Telkom for their contribution to the Group's success. To Alan Knott-Craig, we record our deepest appreciation for his visionary leadership. We extend a warm welcome to our new chairman, Peter Moyo, and new board members and look forward to the wealth of experience they bring to the Group.