

Capital expenditure of R2 406 million was primarily allocated to expanding coverage, with more than 400 new base stations added during the year in the four countries. The largest share of this investment was made in Tanzania.

Gateway

In the quarter ended 31 March 2009, Gateway achieved revenue of R808 million and EBITDA of R100 million, with its largest market Nigeria growing 43.5% year on year. Gateway's network footprint was strengthened during the period with the opening of two new offices in Kenya and Uganda. IPJetDirect, a new service offering for mobile operators was launched to provide high speed, low-latency internet connectivity. Progress has been made in identifying synergies with Vodacom, specifically in international voice and carrier data services. In April 2009, Gateway was awarded "Satellite Service Provider of the Year" at the SatCom Star Awards 2009.

Shareholder distributions

Dividends declared for the year ended 31 March 2009 totalled R5 200 million, compared to R5 940 million in the prior year. The final dividend for the year of R2 200 million was paid on 8 April 2009. As a private company, Vodacom Group has historically paid a dividend equal to approximately all of its free cash flow on a semi-annual basis. As a publicly listed entity and for the financial year ending 31 March 2010, Vodacom Group anticipates a dividend payout ratio of approximately 40% of headline earnings. The first dividend is expected to be the interim dividend for the 2010 financial year.

Outlook

In South Africa lower interest rates, inflation and fuel prices have provided some relief to consumers. However, the deterioration in global macroeconomic conditions is expected to deepen further the negative impact on the business segment as well as result in increased unemployment. As customers continue to contain their spending, the Group will seek to offer them greater value. To further mitigate the pressure on top-line growth and preserve margins, greater operational efficiencies will be driven across the business.

Trading conditions are expected to remain challenging for the international operations, with economic weakness persisting particularly in the DRC and aggressive competition in all markets. Vodacom will ensure it remains competitive and efficient to mitigate the pressures.

Vodacom Group will continue to invest to position the Group for growth in the sub-Saharan African communications markets, which remain among the fastest growing in the world. Vodacom Group's capital expenditure is expected to be R8.0 billion for the year ended 31 March 2010. The Group's strong cash flow and balance sheet will provide the flexibility both to invest prudently in strategic growth opportunities and to return cash to shareholders on a sustainable basis.

For and on behalf of the board

Pieter Uys
Chief Executive Officer

19 May 2009
Midrand

Johan van der Watt
Acting Chief Financial Officer

