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Content

• Alan Knott-Craig, Group CEO
  ➢ Operational highlights

• Leon Crouse, Group Finance Director
  ➢ Financial review

• Questions
Strategy

“Sustained profit growth through customer growth and improved margins, while continuing to pay dividends to our shareholders”
Highlights

- Total customers 9.6 m  
  - 25.1%

- Revenue growth  
  - 19.6%

- EBITDA growth  
  - 22.2%

- Customers per employee 2,137  
  - 18.2%

- Net profit R1,374 million  
  - 49.7%

- Capital expenditure R1,129  
  - 34.3%

- Capex as % of revenue 10.0%  
  - 8.2%pts

- Office Anywhere

- Vodacom Mozambique
South African market growth

- Mar 2001: Other operators 3.2, Vodacom 5.1, Total 8.3
- Mar 2002: Other operators 4.2, Vodacom 6.6, Total 10.8
- Mar 2003: Other operators 6.0, Vodacom 7.9, Total 13.9
- Sep 2003: Other operators 7.1, Vodacom 8.5, Total 15.6
South Africa – Market overview

- Estimated penetration 34.9%
- Strong competition
- Continued growth
- Rand strength, spot increasing 32.7% in last year to $=R7.09
- Fixed-mobile substitution
- 1800 MHz priced and issued
- 3G price fixed
Vodacom South Africa

- Customers of 8.5 million \( \uparrow 19.5\% \)
- Gross connections \( \uparrow 38.3\% \)
  2.2 million
- ARPU R179 per month \( \downarrow 1.1\% \)
- Contract churn at 10.8%
- Data revenue increasing
  - Active GPRS users 35,642
  - Active MMS users 19,592
  - Launch of Office Anywhere
  - 4.5% of revenue
Vodacom South Africa

- Profitability higher
- Increasing productivity
- Significant cash generation
- Margin improvement through reduction in distribution costs
- Capital expenditure slowing
Other African operations

- Strong customer growth 98.1%
- Steady ARPU’s
- Strong Rand reduces profits and debt
- Increasing competition
- Significant opportunities
  - Mozambique
  - Nigeria

Other African customers ('000)

- Sep 2002: 540
- Mar 2003: 773
- Sep 2003: 1,070
Vodacom Tanzania

- Estimated mobile penetration 2.7%
- Estimated market share 56%
- Customers of 541,285, 76.9%
- ARPU of $18 per month, 21.7%
- Cumulative capex $152 million
Vodacom Congo

- Estimated mobile penetration 1.8%
- Estimated market share 45%
- Customers of 457,707 221.2%
- ARPU of $24 per month 9.1%
- Cumulative capex $157 million
Vodacom Lesotho

- Estimated mobile penetration 4.9%
- Estimated market share 78%
- Customers of 70,524 23.3%
- ARPU of R119 per month 36.8%
- Cumulative capex R198 million
- Cleaning up of inactive customer base
Vodacom Mozambique

• Obstacles overcome
  ➢ Interconnect agreements
  ➢ Legal separation of fixed incumbent and mobile subsidiary

• 15-Year licence, commenced August 23, 2003
  ➢ License fee of $15 million paid in August 2003

• Aiming to launch commercial operations December 2003

• Promising market
  ➢ Estimated mobile penetration of 1.4%
  ➢ GDP of $3.6 billion
  ➢ Population of 17.5 million
### Financial highlights

<table>
<thead>
<tr>
<th></th>
<th>Sep 2002</th>
<th>Sep 2003</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue growth</strong></td>
<td>25.5%</td>
<td>19.6%</td>
</tr>
<tr>
<td><strong>EBITDA margin</strong></td>
<td>32.1%</td>
<td>32.7%</td>
</tr>
<tr>
<td><strong>Profit from operations margin</strong></td>
<td>19.5%</td>
<td>21.7%</td>
</tr>
<tr>
<td><strong>Net debt to equity</strong></td>
<td>66.8%</td>
<td>34.7%</td>
</tr>
<tr>
<td><strong>Capital expenditure as a % of revenue</strong></td>
<td>18.2%</td>
<td>10.0%</td>
</tr>
<tr>
<td>• Interim dividend of R600 million</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Group revenue

Revenue seasonality

1st six months 2nd six months

2002 7,522 8,629
2003 9,441 10,338
2004 11,296

19.6% 25.5% 19.8%
Group revenue

Revenue analysis - Sep 2002

- Airtime and access: 27.1%
- Interconnect revenue: 3.6%
- Equipment sales: 13.8%
- International airtime: 1.9%
- Other: 53.6%

Revenue analysis - Sep 2003

- Airtime and access: 24.9%
- Interconnect revenue: 4.2%
- Equipment sales: 13.4%
- International airtime: 1.5%
- Other: 56.0%

Marginal change in mix
Group revenue analysis

<table>
<thead>
<tr>
<th>Country</th>
<th>R million</th>
<th>Sep 2002</th>
<th>Sep 2003</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
<td></td>
<td>8,892</td>
<td>10,605</td>
<td>19.3</td>
</tr>
<tr>
<td>Tanzania</td>
<td></td>
<td>408</td>
<td>431</td>
<td>5.6</td>
</tr>
<tr>
<td>Congo</td>
<td></td>
<td>95</td>
<td>205</td>
<td>115.8</td>
</tr>
<tr>
<td>Lesotho</td>
<td></td>
<td>46</td>
<td>55</td>
<td>19.6</td>
</tr>
<tr>
<td><strong>Vodacom Group</strong></td>
<td></td>
<td>9,441</td>
<td>11,296</td>
<td>19.6</td>
</tr>
</tbody>
</table>

Other African operations contribution: 6.1%
### SA gross connections analysis

#### Six-monthly gross connections

<table>
<thead>
<tr>
<th></th>
<th>H1 2002</th>
<th>H2 2002</th>
<th>H1 2003</th>
<th>H2 2003</th>
<th>H1 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Connections ('000)</td>
<td>1,273</td>
<td>1,563</td>
<td>1,513</td>
<td>1,782</td>
<td>2,135</td>
</tr>
<tr>
<td>Exceptional</td>
<td>110</td>
<td>89</td>
<td>110</td>
<td>87</td>
<td>110</td>
</tr>
</tbody>
</table>

**Graph Details:**
- **Y-axis:** Connections ('000)
- **Lines:**
  - Green: Contract
  - Blue: Prepaid
  - Red: SA overall (incl. community services)

#### Exceptional gross connections
SA churn analysis

YTD churn trends

- 2001: 23.3%
- 2002: 27.2%
- 2003: 30.4%
- Sep 03: 39.1%

- 2001: 18.7%
- 2002: 14.5%
- 2003: 11.9%
- Sep 03: 10.8%

- Contract
- Prepaid
- SA overall (incl. community services)
SA ARPU analysis

YTD ARPU trends

Increased contract ARPU
Increasing profits

- **Strong EBITDA performance**
  - Increasing by 22.2% from the prior year
- **Very good operating profit performance**
  - Increasing by 33.3% from the prior year
- **Excellent net profit performance**
  - Increasing by 49.6% from the prior year

**Profits driven by SA operational success**
## Profit from operations analysis

<table>
<thead>
<tr>
<th>R million</th>
<th>Sep 2002</th>
<th>Sep 2003</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
<td>1,965</td>
<td>2,502</td>
<td>27.3</td>
</tr>
<tr>
<td>Tanzania</td>
<td>60</td>
<td>54</td>
<td>(10.0)</td>
</tr>
<tr>
<td>Congo</td>
<td>(84)</td>
<td>(6)</td>
<td>92.9</td>
</tr>
<tr>
<td>Lesotho</td>
<td>1</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Holding Companies</td>
<td>(104)</td>
<td>(99)</td>
<td>4.8</td>
</tr>
<tr>
<td>Vodacom Group</td>
<td>1,838</td>
<td>2,451</td>
<td>33.4</td>
</tr>
</tbody>
</table>

*Profit from operations margin*  
19.5% 21.7%

Other African operations contribution: nil
## EBITDA analysis

<table>
<thead>
<tr>
<th>R million</th>
<th>Sep 2002</th>
<th>Sep 2003</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
<td>2,949</td>
<td>3,540</td>
<td>20.0</td>
</tr>
<tr>
<td>Tanzania</td>
<td>130</td>
<td>122</td>
<td>(6.2)</td>
</tr>
<tr>
<td>Congo</td>
<td>(56)</td>
<td>33</td>
<td>158.9</td>
</tr>
<tr>
<td>Lesotho</td>
<td>14</td>
<td>12</td>
<td>(14.3)</td>
</tr>
<tr>
<td>Holding Companies</td>
<td>(10)</td>
<td>(9)</td>
<td>10.0</td>
</tr>
<tr>
<td>Vodacom Group</td>
<td>3,027</td>
<td>3,698</td>
<td>22.2</td>
</tr>
</tbody>
</table>

*EBITDA margin*  
32.1% 32.7%

**Other African operations contribution: 4.3%**
Factors affecting the trends

- Fluctuating low margin equipment sales
- Change in traffic mix continuing
- Net interconnect revenue continuing to decline
- Competition in all markets
Group operating expenses

Six-monthly operating expenditure

Seasonal cycle less pronounced
Margin analysis

Six-monthly margins

<table>
<thead>
<tr>
<th>Period</th>
<th>EBITDA margin</th>
<th>Operating profit margin</th>
<th>Net profit margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 2002</td>
<td>33.8%</td>
<td>20.9%</td>
<td>13.4%</td>
</tr>
<tr>
<td>H2 2002</td>
<td>36.5%</td>
<td>23.7%</td>
<td>16.2%</td>
</tr>
<tr>
<td>H1 2003</td>
<td>32.1%</td>
<td>19.5%</td>
<td>13.6%</td>
</tr>
<tr>
<td>H2 2003</td>
<td>35.6%</td>
<td>24.1%</td>
<td>9.7%</td>
</tr>
<tr>
<td>H1 2004</td>
<td>32.7%</td>
<td>21.7%</td>
<td>12.2%</td>
</tr>
</tbody>
</table>
Impact of Rand strength

• Capex purchases
  - Slowing and benefiting from Rand strength

• FEC book
  - Reduced to R801 million from R2.0 billion at September 2002

• IAS 39 effect smaller due to smaller FEC book and slowing capex

• Tanzania
  - Revenue up 45.2% in USD but only up 5.6% in Rand
  - Profit from operations up 22.4% in USD, but down 10.0% in Rand

• Congo
  - Revenue up 198.4% in USD and up 115.8% in Rand
  - Profit from operations up 92.9% in USD, and up 91.6% in Rand
  - Impact positive because of losses from operations, however losses greatly reduced
Improving efficiencies

• Again improved SA customers per employee
• Other African operations making good progress
• SA cumulative network capex per customer down 5.3% to R1,876
# Net debt composition and maturity

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>&gt;2009</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>South African finance leases</td>
<td>20.2</td>
<td>37.1</td>
<td>62.3</td>
<td>93.4</td>
<td>129.0</td>
<td>550.2</td>
<td>892.2</td>
</tr>
<tr>
<td>Vodacom Tanzania</td>
<td>66.8</td>
<td>88.8</td>
<td>113.3</td>
<td>104.9</td>
<td>48.4</td>
<td>83.3</td>
<td>505.5</td>
</tr>
<tr>
<td>Vodacom Congo</td>
<td>580.7</td>
<td>72.0</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>652.7</td>
</tr>
<tr>
<td>Net bank and cash</td>
<td>569.3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>569.3</td>
</tr>
<tr>
<td><strong>Net debt</strong></td>
<td>1237.0</td>
<td>197.9</td>
<td>175.6</td>
<td>198.3</td>
<td>177.4</td>
<td>633.5</td>
<td>2,619.7</td>
</tr>
</tbody>
</table>

*Note: Net bank and cash include balances from all of Vodacom’s operations as well as non interest-bearing debt*
Net debt profile

- In the process of procuring non-recourse project finance for Vodacom Mozambique and Vodacom Congo
- All shareholder loans repaid
- 49% of Vodacom Congo debt is off balance sheet
Slowing capital expenditure

Capital expenditure (excl. intangibles) as a % of revenue

2001: 24.0%
2002: 25.3%
2003: 17.2%
Sep 03: 10.0%

Strong cash generation
Shareholder distributions

- Paid out R600 million 2003 final dividend June 30, 2003
- Repaid R920 million shareholders loan June 30, 2003
- Paid out R600 million 2004 interim dividend September 30, 2003
- Expect to continue paying dividends
Strong balance sheet

Position after payments made to shareholders of R2.2 billion in last six months
Questions?