Disclaimer

The following presentation is being made only to, and is only directed at, persons to whom such presentations may lawfully be communicated (‘relevant persons’). Any person who is not a relevant person should not act or rely on this presentation or any of its contents.

Information in the following presentation relating to the price at which relevant investments have been bought or sold in the past or the yield on such investments cannot be relied upon as a guide to the future performance of such investments. This presentation does not constitute an offering of securities or otherwise constitute an invitation or inducement to any person to underwrite, subscribe for or otherwise acquire securities in any company within the Group.

Promotional material used in this presentation that is based on pricing or service offering may no longer be applicable.

This presentation contains certain non-GAAP financial information which has not been reviewed or reported on by the Group’s auditors. The Group’s management believes these measures provide valuable additional information in understanding the performance of the Group or the Group’s businesses because they provide measures used by the Group to assess performance. However, this additional information presented is not uniformly defined by all companies, including those in the Group’s industry. Accordingly, it may not be comparable with similarly titled measures and disclosures by other companies. Additionally, although these measures are important in the management of the business, they should not be viewed in isolation or as replacements for or alternatives to, but rather as complementary to, the comparable GAAP measures.

This presentation also contains forward-looking statements which are subject to risks and uncertainties because they relate to future events. These forward-looking statements include, without limitation, statements in relation to the Group’s projected financial results..

Vodafone, the Vodafone logo, Vodafone Mobile Broadband, Vodafone WebBox, Vodafone WebBook, Vodafone Smart tab, Vodafone 858 Smartphone, Vodafone Passport, Vodafone live!, Power to You, Vodacom, Vodacom M-Pesa, Vodacom Millionaires, Vodacom 4 Less and Vodacom Change the World are trademarks of Vodafone Group Plc (or have applications pending). Other product and company names mentioned herein may be trademarks of their respective owners.
Transaction summary(7,10),(991,982)

| Overview | • Vodafone currently holds a 40% interest in Safaricom through a wholly-owned subsidiary, Vodafone Kenya Ltd ('VKL')
| | • Vodacom has agreed to acquire an 87.5% interest in VKL, representing a 35% interest in Safaricom |
| Valuation | • 1.62x Vodacom shares per 100 Safaricom shares\(^1\), representing:
| | – (5.9)% discount vs 1.72x closing price as of 12 May 2017
| | – (4.8)% discount vs 1.70x 1m VWAP
| | – (0.6)% discount vs 1.63x 6m VWAP
| | • The exchange ratio implies a valuation for Safaricom:
| | – 7.5x EV/FY17 EBITDA
| | – 11.3x EV/FY17 OpFCF
| | – 5.7% FY17 LFCF yield |
| Consideration | • Share swap transaction – issue of new Vodacom Group Limited shares
| | – Vodacom will issue 227m new shares, resulting in total issued shares of 1,715m\(^2\) |
| Financial effects | • Vodacom’s 35% stake in Safaricom will be equity accounted as an associate investment
| | • Slightly HEPS accretive (excluding the effects of amortisation on intangibles on acquisition) based on FY17 results |
| Approvals and governance | • Transaction is subject to shareholder approval (excl Vodafone) and a general meeting will be held on 15 August 2017
| | • Vodacom will be entitled to appoint 3 directors to the board |

\(^1\) Shares issued to be adjusted for any Safaricom or Vodacom distributions between signing and closing.
\(^2\) Including shares held in treasury.
Rationale | Strategic investment in a quality asset

Premier telecom operator in East Africa
- Market leader in the dynamic high growth Kenyan market
- State of the art infrastructure and spectrum portfolio
- M-Pesa is the best in class mobile money platform
- Upside potential from nascent fiber opportunities, further mobile penetration and data growth

Diversify Vodacom economic exposure
- Diversifies Vodacom’s financial profile
- Complementary to Vodacom’s existing footprint and simplification of structures

Financially attractive transaction
- Strategic stake acquired at an attractive valuation
- Strong historic operational performance expected to continue
  - Double digit revenue CAGR over last 5 years
  - 48% adjusted EBITDA margin
  - Generating high returns in excess of cost of capital

Ability to drive more value through closer cooperation
- Stronger regional presence in East Africa to drive regional and pan African enterprise propositions
- Improved sharing of best practices
- Ability to replicate M-Pesa success across other Vodacom territories
Vodacom Group | Presence in Africa

Source: Company public filings; 1Active customers are based on the total number of mobile customers using any service during the last three months (total mobile customers for Safaricom as reported)
Kenya | Market overview opportunity

**Kenyan macro environment (2016)**

- Population of 45m
- GDP per capita of US$ 1,516 vs US$ 5,261 for South Africa
- 6.0% real GDP growth and 6.3% inflation

**Kenyan telecom market (2016)**

- 39m mobile customers
- 88% mobile penetration vs 146% in South Africa

---

**Mobile Telecom Market share**

- Safaricom: 71%
- Airtel: 18%
- Orange: 7%
- Equitel: 4%

**M-Pesa Market Share**

- Safaricom: 67%
- Airtel: 21%
- MobiKash: 6%
- Equitel: 4%
- Orange: 2%
- Mobisend: 1%

---


1 Based on mobile customers. 2 Based on customers. 3 Based on IMF 2016 latest estimates.
Safaricom | The premier East African telecom business

Key Business Highlights

- Pioneer in mobile money
  - 79%\(^1\) of mobile customers using M-Pesa
  - c.19m active customers\(^1\)
- Well invested network infrastructure and spectrum portfolio
  - Mobile coverage: 2G: 95%; 3G: 85%
- Strong ongoing growth opportunity:
  - 88% Kenyan mobile penetration
  - 69%\(^2\) of mobile customers using data
  - M-Pesa generates 27% of service revenue
  - Nascent opportunity in fixed line data
- Experienced management team with deep market knowledge

Source: Company filings, WCIS as of Mar-2017, Communications Authority of Kenya quarterly report (Dec-2016)

\(^1\) M-Pesa 30 day active customers/ total 30 day active customers as of 31-Mar-2017
\(^2\) Mobile data 30 day active customers/ total 30 day active customers as of 31-Mar-2017

FY2017A Service Revenue Split

- Voice: 46%
- M-Pesa: 27%
- Messaging: 14%
- Fixed service: 8%
- Mobile data: 3%
- Other service: 2%
Safaricom | Strong performance indicators

**Total customers (m)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>19.1</td>
<td>19.4</td>
<td>21.6</td>
<td>23.3</td>
<td>25.2</td>
<td>28.1</td>
</tr>
</tbody>
</table>

**M-Pesa customers¹ (m)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>9.1</td>
<td>10.5</td>
<td>12.2</td>
<td>13.9</td>
<td>16.6</td>
<td>19.0</td>
</tr>
</tbody>
</table>

**Capex (KES’bn)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>25.7</td>
<td>24.9</td>
<td>27.8</td>
<td>33.7</td>
<td>33.3</td>
<td>35.3</td>
</tr>
</tbody>
</table>

**Total ARPU (Kshs)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>462.4</td>
<td>506.6</td>
<td>557.5</td>
<td>586.9</td>
<td>597.7</td>
<td>636.1</td>
</tr>
</tbody>
</table>

Source: Company Filings. Mar-YE

¹ Active customers refers to Mpesa customers that have been active in the past 30 days
### Safaricom | Strong financial performance

**Revenue (KES'bn)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue (KES'bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012A</td>
<td>107.0</td>
</tr>
<tr>
<td>2013A</td>
<td>124.3</td>
</tr>
<tr>
<td>2014A</td>
<td>144.7</td>
</tr>
<tr>
<td>2015A</td>
<td>163.4</td>
</tr>
<tr>
<td>2016A</td>
<td>195.7</td>
</tr>
<tr>
<td>2017A</td>
<td>212.9</td>
</tr>
</tbody>
</table>

**EBITDA (KES'bn)**

<table>
<thead>
<tr>
<th>Year</th>
<th>EBITDA (KES'bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012A</td>
<td>37.5</td>
</tr>
<tr>
<td>2013A</td>
<td>49.2</td>
</tr>
<tr>
<td>2014A</td>
<td>60.9</td>
</tr>
<tr>
<td>2015A</td>
<td>71.2</td>
</tr>
<tr>
<td>2016A</td>
<td>83.1</td>
</tr>
<tr>
<td>2017A</td>
<td>103.6</td>
</tr>
</tbody>
</table>

**OFCF¹ (KES'bn)**

<table>
<thead>
<tr>
<th>Year</th>
<th>OFCF (KES'bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012A</td>
<td>11.8</td>
</tr>
<tr>
<td>2013A</td>
<td>24.4</td>
</tr>
<tr>
<td>2014A</td>
<td>33.2</td>
</tr>
<tr>
<td>2015A</td>
<td>37.5</td>
</tr>
<tr>
<td>2016A</td>
<td>49.7</td>
</tr>
<tr>
<td>2017A</td>
<td>68.3</td>
</tr>
</tbody>
</table>

**EPS (KES)**

<table>
<thead>
<tr>
<th>Year</th>
<th>EPS (KES)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012A</td>
<td>0.22</td>
</tr>
<tr>
<td>2013A</td>
<td>0.31</td>
</tr>
<tr>
<td>2014A</td>
<td>0.47</td>
</tr>
<tr>
<td>2015A</td>
<td>0.64</td>
</tr>
<tr>
<td>2016A</td>
<td>0.76</td>
</tr>
<tr>
<td>2017A</td>
<td>0.97</td>
</tr>
</tbody>
</table>

Source: Company Filings, Mar-YE

¹ Defined as EBITDA-Capex. ² Defined as (EBITDA-Capex)/EBITDA. ³ Margin is calculated on total revenue (less construction revenue) plus other income.
Diversify exposure | Complements growth strategy

The proposed transaction is to be equity accounted in the Vodacom Group financial statements. The below charts are an illustrative contribution based on our proportionate shareholding in Safaricom; in practice Safaricom will only be reported in the "profit from associates" line within the Group income statement.

**Diversify exposure**

FY2017 Service revenue

- **South Africa**: 75.4%
- **International**: 24.6%

FY2017 EBITDA

- **South Africa**: 85.5%
- **International**: 14.5%

**Enhances growth drivers**

FY2017 Service revenue Contribution

- **Vodacom Group**
  - **Voice**: 47%
  - **Data**: 33%
  - **M-pesa**: 12%
  - **Messaging**: 5%
  - **Other**: 6%

- **Combined**
  - **Voice**: 46%
  - **Data**: 31%
  - **M-pesa**: 12%
  - **Messaging**: 6%
  - **Other**: 6%

Source: Company Filings.

Note: ZAR converted to KES at average FX rate for FY2015/16 and FY2016/17. % are for the growth 2015-16 to 2016-17.
Transaction structure

Vodafone will transfer part of its stake in Safaricom to Vodacom in exchange for newly issued shares

**Pre transaction**

Vodafone 100% → VKL 40% → 65.0% →
Free float 25% → Safaricom 35% → Govt. of Kenya

**Post transaction**

Vodafone 12.5% → VKL 87.5% →
Free float 25% → Safaricom 35% → Govt. of Kenya

Source: Company
Note: Vodacom and Safaricom shareholdings based on total shares in issue (including treasury shares). Ownership in Safaricom is effective ownership through Vodafone Kenya Limited.
Timetable and key requirements

Key Dates

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>05 July</td>
<td>Release of shareholder circular</td>
</tr>
<tr>
<td></td>
<td>Call for General meeting (GM)</td>
</tr>
<tr>
<td>15 August</td>
<td>GM</td>
</tr>
<tr>
<td>16 August</td>
<td>GM result announced</td>
</tr>
<tr>
<td>August</td>
<td>Expected close</td>
</tr>
</tbody>
</table>

Key milestones and requirements

• SARB approval
• Ordinary resolution approving the transaction as a related party transaction in terms of JSE Listings Requirement
  – It should be noted that Vodafone will not be able to vote on the matter but will be counted for quorum
• Special resolution to issue consideration shares in terms of section 41(1)(b) of the Companies Act
  – Vodafone can vote on this resolution
• Ordinary resolution to approve the issue of the consideration shares in terms of clause 5.7.2 of Vodacom’s memorandum of incorporation
• The Capital Markets Authority of Kenya confirming that Vodacom is not required to make a mandatory offer to the remaining shareholders of Safaricom
Contacts

Visit Our Website for More Information

Contact us

**Investor relations:**
VodacomIR@vodacom.co.za

**Company Secretary:**
companysecretary@vodacom.co.za

http://www.vodacom.com/about-us/investors/investors-home
Thank you