

Vodacom Group (Pty) Limited

Group interim results presentation for the six months ended September 30, 2003



www.vodacom.co.za



Disclaimer

- This presentation has been prepared and published by Vodacom Group (Proprietary) Limited.
- Vodacom Group (Proprietary) Limited is a private company and as such is not required by the Companies Act of 61 of 1973, as amended, to publish its results.
- Vodacom Group (Proprietary) Limited makes no guarantee, assurance, representation and/or warranty as to the accuracy of the information contained in this presentation and will not be held liable for any reliance placed on the information contained in this presentation.
- The information contained in this presentation is subject to change without notice and may be incomplete or condensed. In addition, this presentation may not contain all material information pertaining to Vodacom Group (Proprietary) Limited and its subsidiaries.
- Without in anyway derogating from the generality of the foregoing, it should be noted that:
 - Many of the statements included in this presentation are forward-looking statements that involve risks and/or uncertainties and caution must be exercised in placing any reliance on these statements. Moreover, Vodacom Group (Proprietary) Limited will not necessarily update any of these statements after the date of this presentation either to conform them to actual results or to changes in our expectations.
 - Insofar as the shareholder's of Vodacom Group (Proprietary) Ltd are listed and offer their shares publicly for sale on recognised Stock Exchanges locally and/or internationally, potential investors in the shares of Vodacom Group (Proprietary) Limited's shareholders are cautioned not to place undue reliance on this presentation.



Content

- **Alan Knott-Craig, Group CEO**

- Operational highlights



- **Leon Crouse, Group Finance Director**

- Financial review



- **Questions**



Operational highlights

Alan Knott-Craig
Group CEO



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

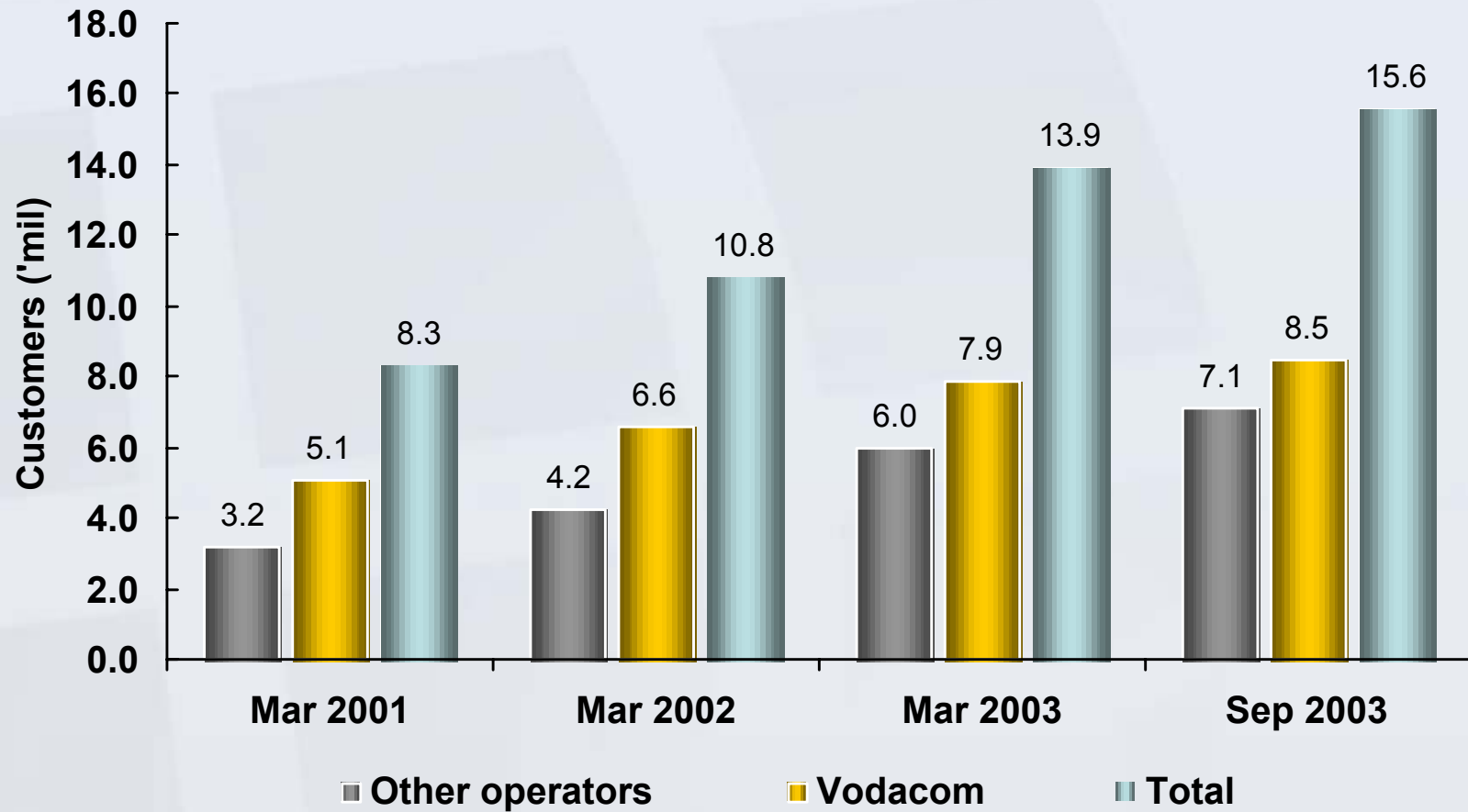


• Office Anywhere

• Vodacom Mozambique



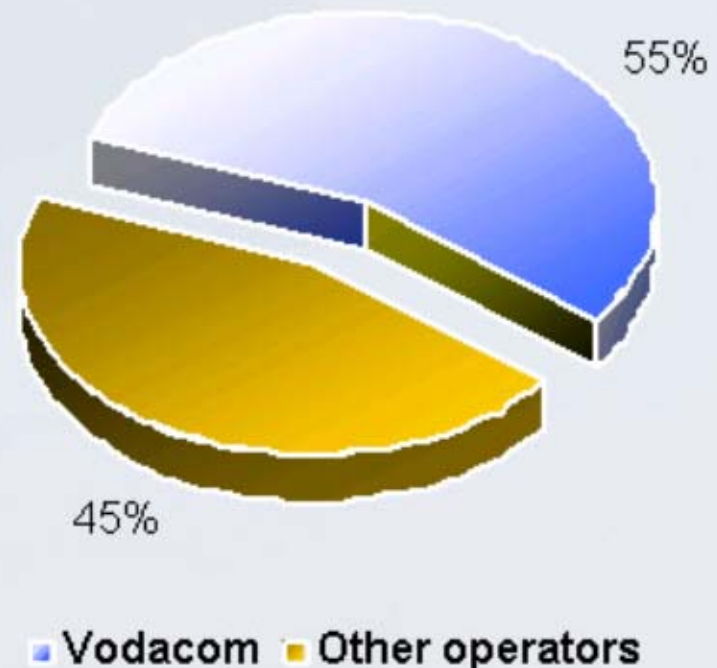
South African market growth






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

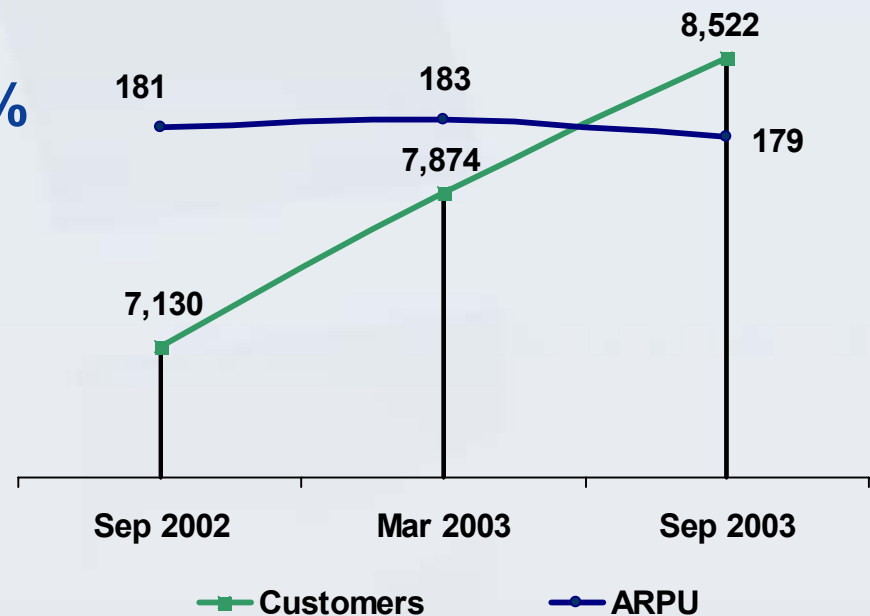
SA market share



Vodacom South Africa

- Customers of 8.5 million  19.5%
- Gross connections  38.3%
2.2 million
- ARPU R179 per month  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

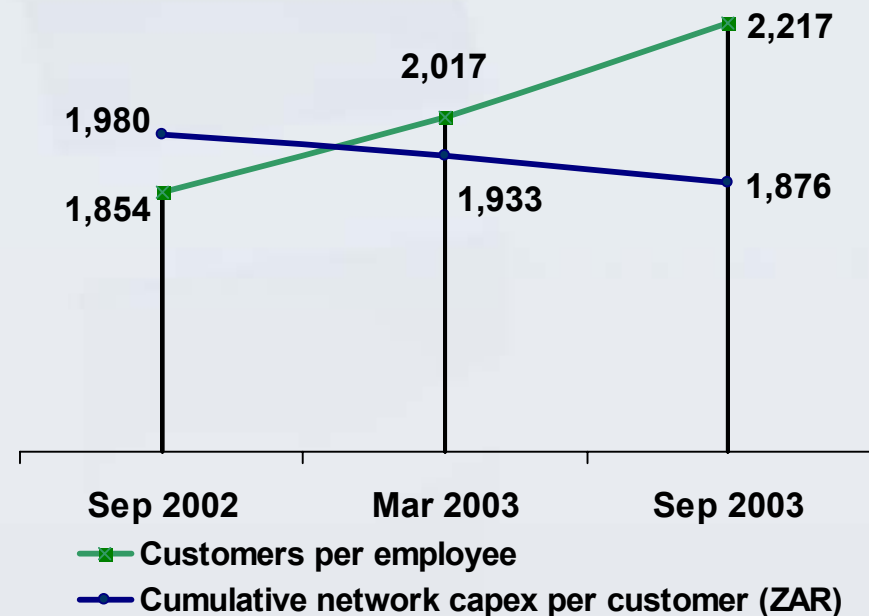
Customers ('000) and ARPU (ZAR)



Vodacom South Africa

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

Productivity measures





Other African operations

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

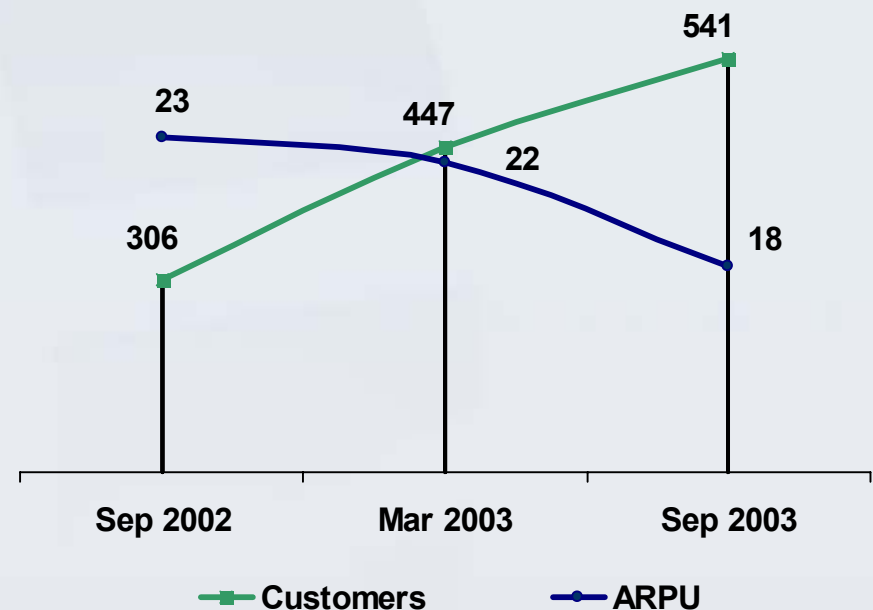
Other African customers ('000)



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

Customers ('000) and ARPU (USD)



Vodacom Congo

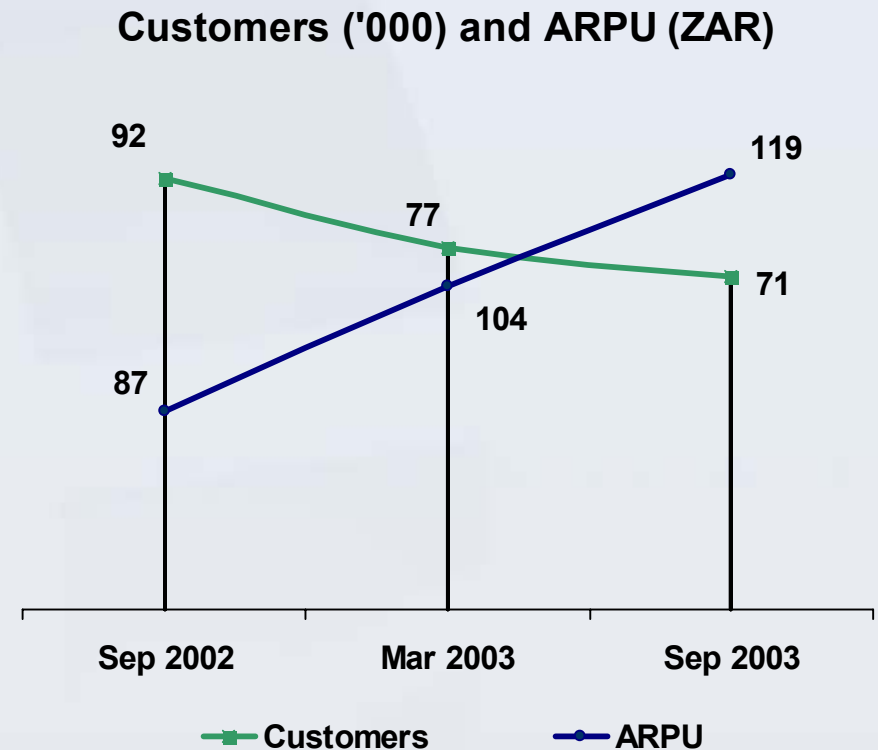
- Estimated mobile penetration 1.8%
- Estimated market share 45%
- Customers of 457,707 \uparrow 221.2%
- ARPU of \$24 per month \uparrow 9.1%
- Cumulative capex \$157 million

Customers ('000) and ARPU (USD)



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 review

Leon Crouse
Group Finance Director



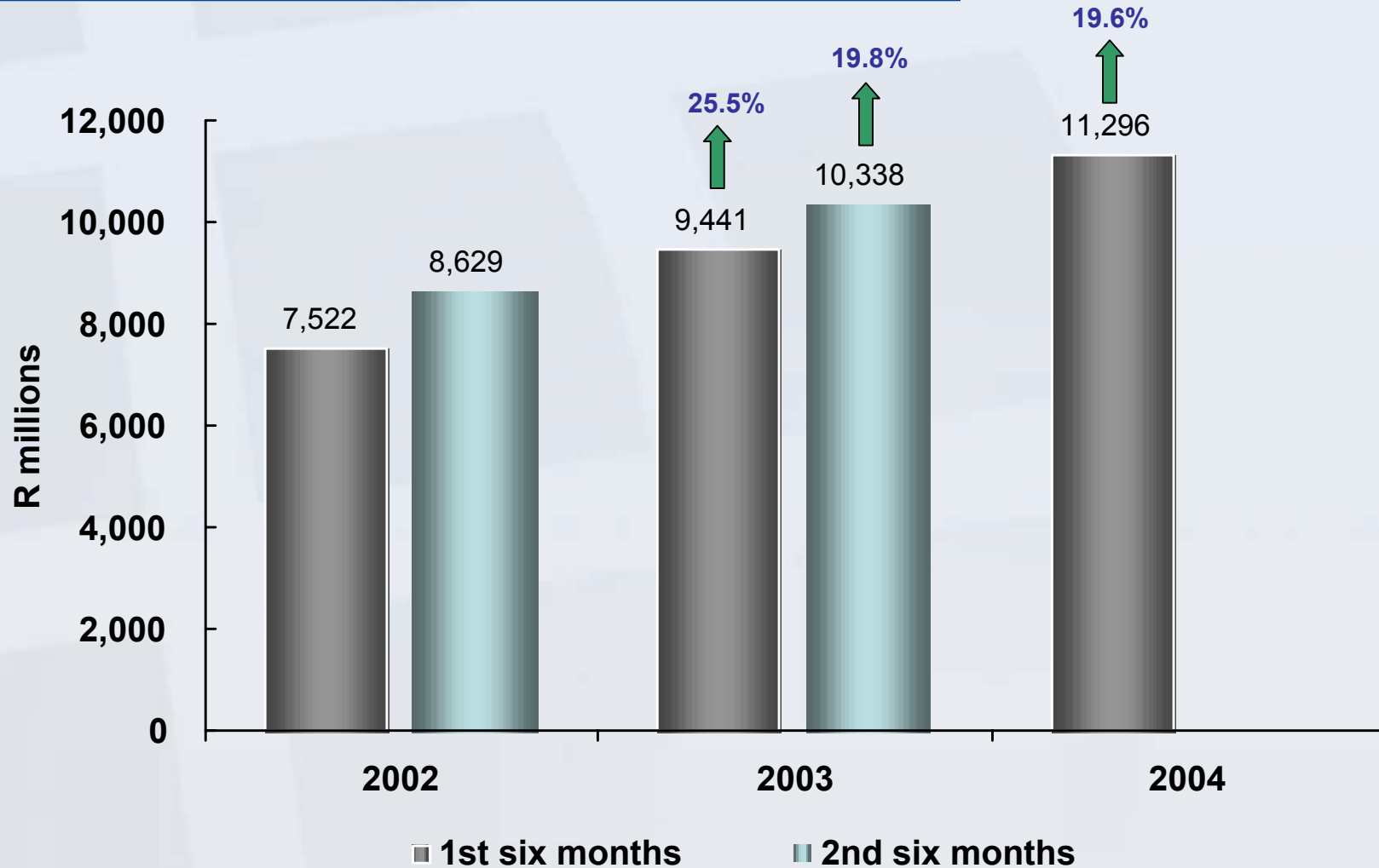
Financial highlights

<i>R million</i>	Sep 2002	Sep 2003
Revenue growth	25.5%	19.6%
EBITDA margin	32.1%	32.7%
Profit from operations margin	19.5%	21.7%
Net debt to equity	66.8%	34.7%
Capital expenditure as a % of revenue	18.2%	10.0%

- Interim dividend of R600 million



Group revenue

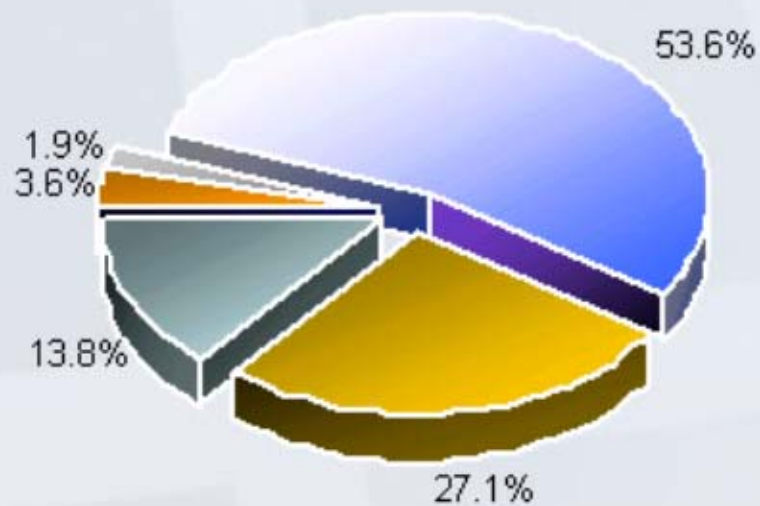


Revenue seasonality

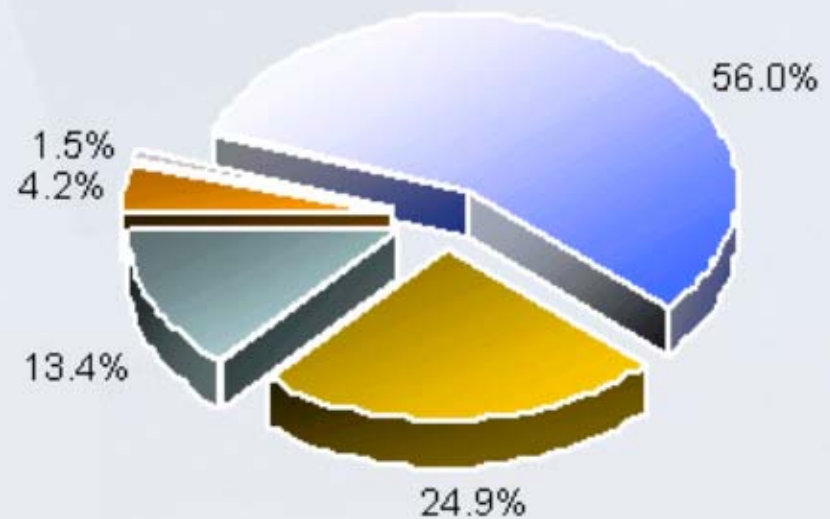


Group revenue

Revenue analysis - Sep 2002



Revenue analysis - Sep 2003



- Airtime and access
- Interconnect revenue
- Equipment sales
- International airtime
- Other



Marginal change in mix



Group revenue analysis

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

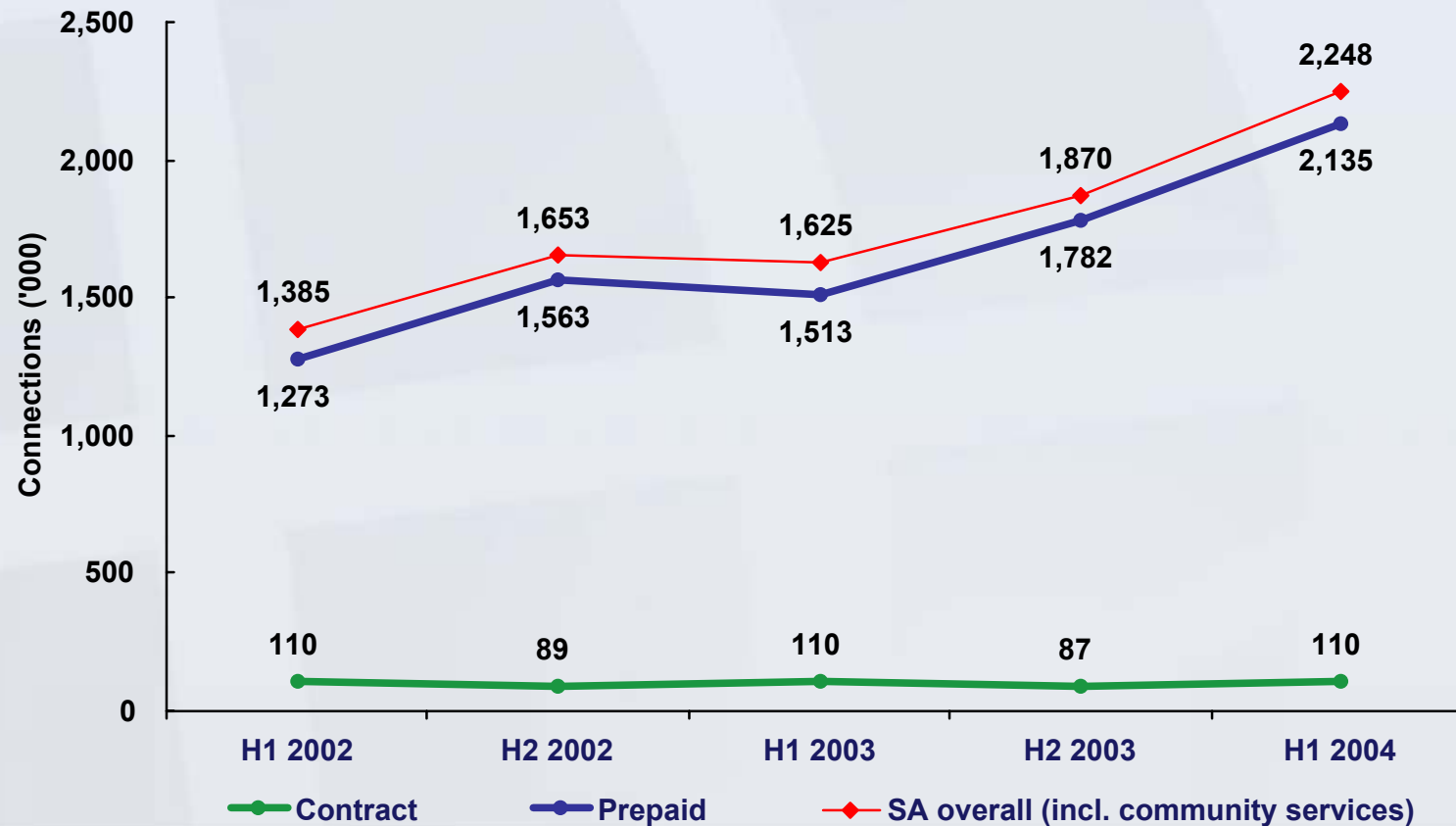


Other African operations contribution: 6.1%



SA gross connections analysis

Six-monthly gross connections

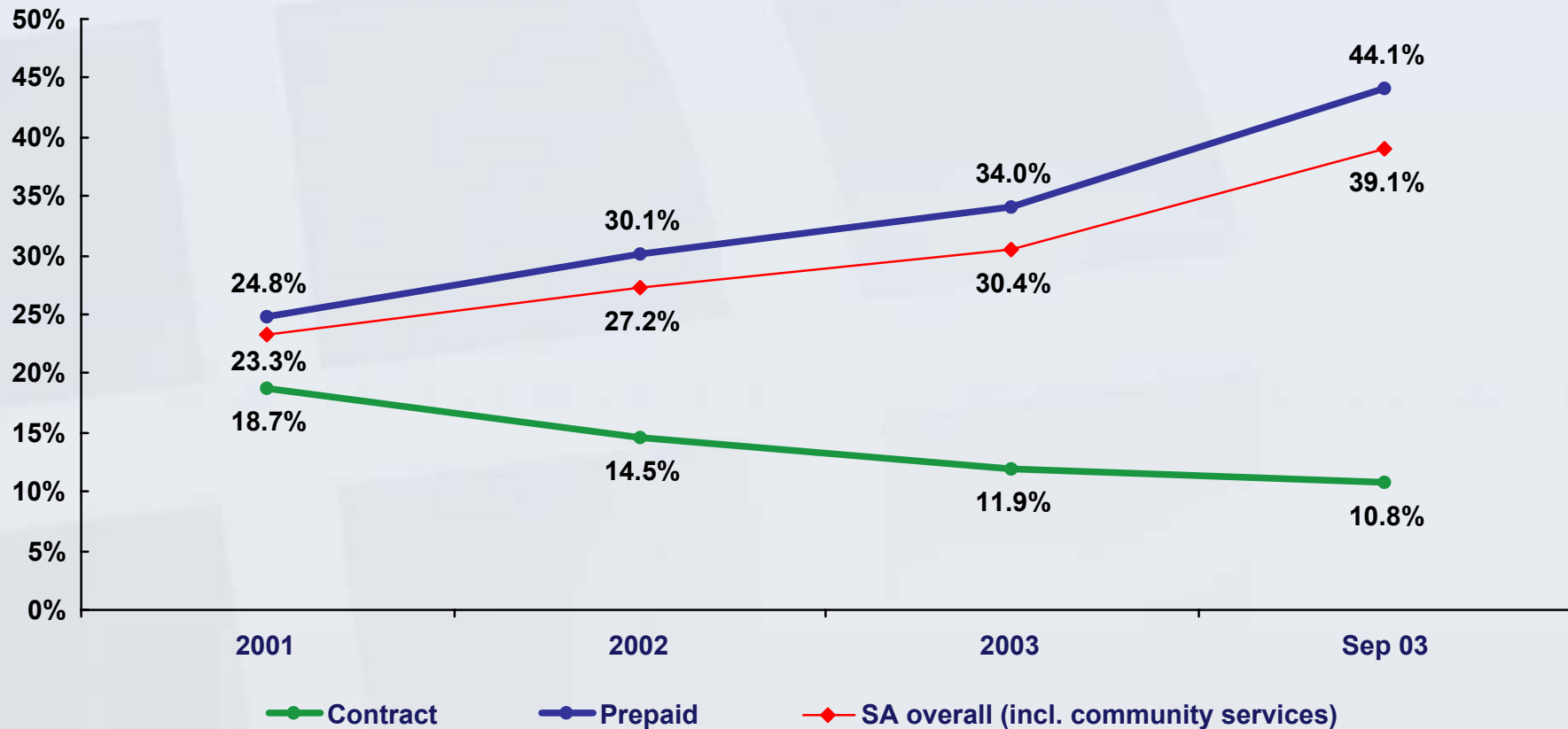


Exceptional gross connections



SA churn analysis

YTD churn trends

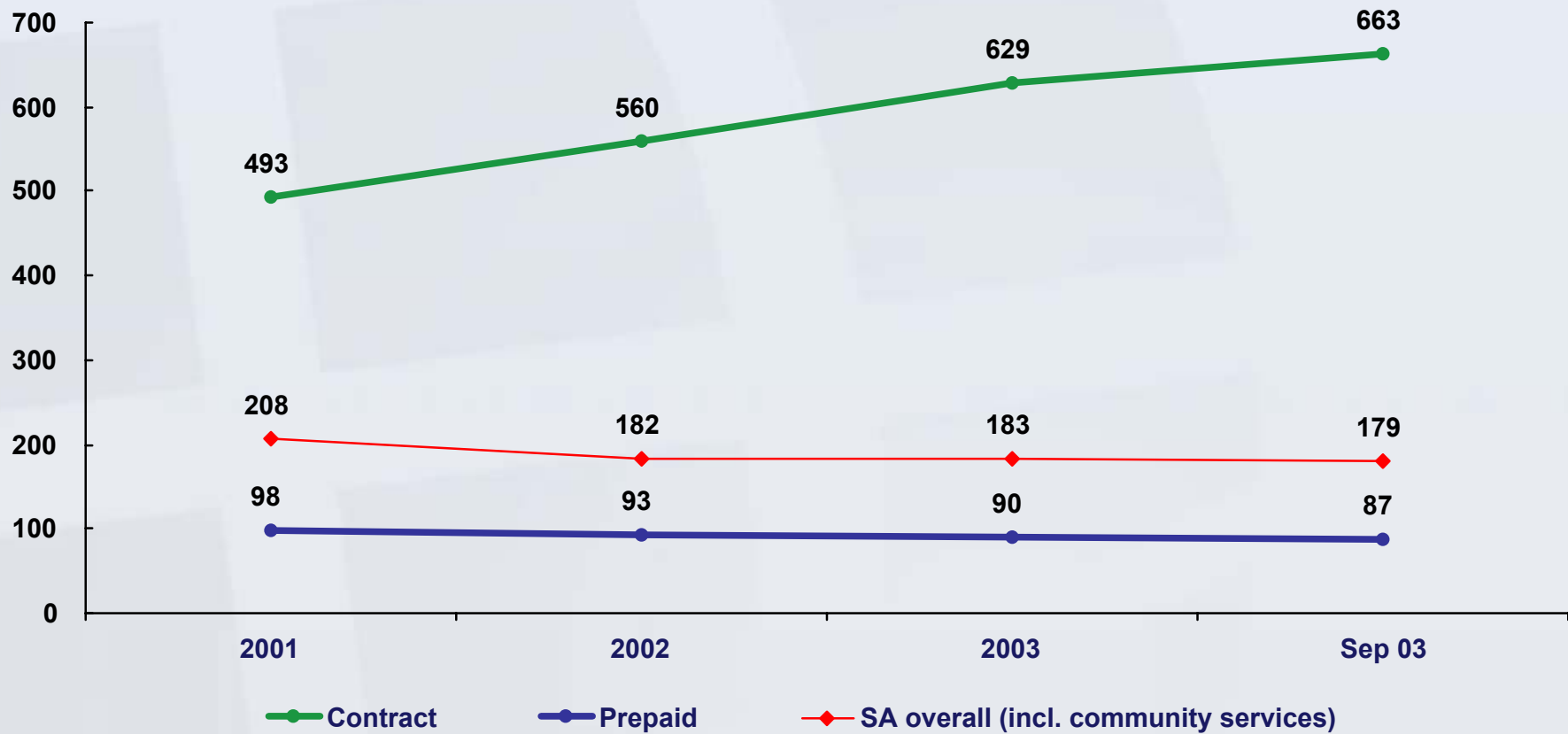


Contained contract churn



SA ARPU analysis

YTD ARPU trends



Increased contract ARPU



Increasing profits

- **Strong EBITDA performance**

- Increasing by 22.2% from the prior year

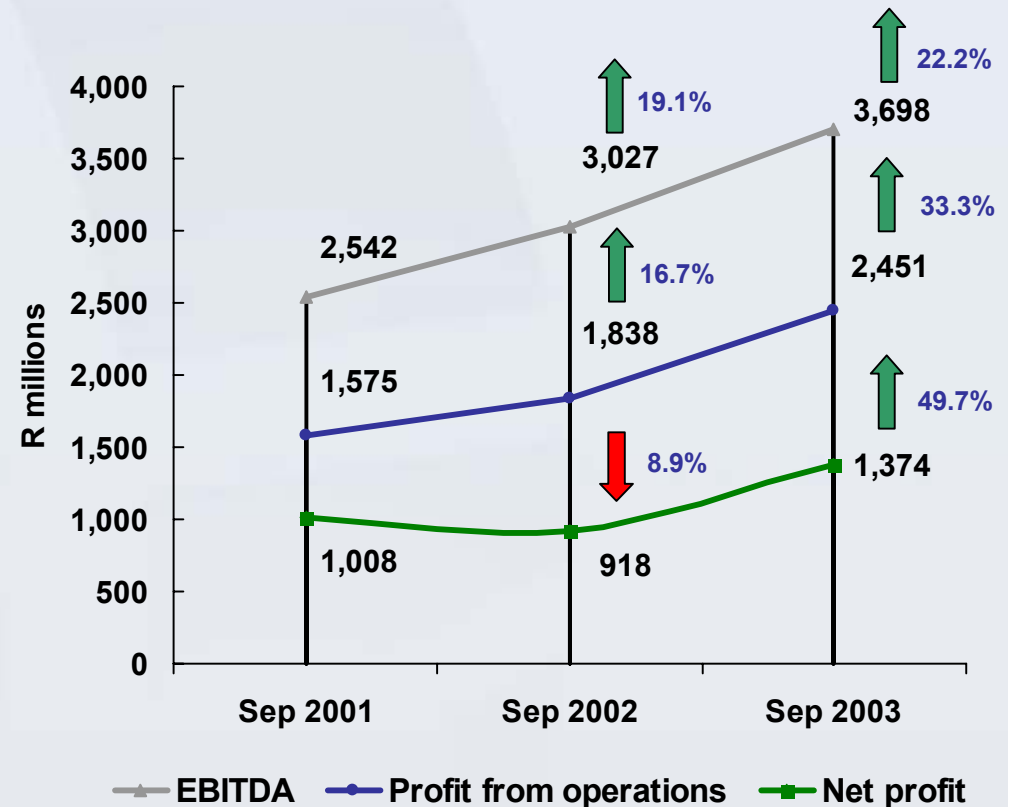
- **Very good operating profit performance**

- Increasing by 33.3% from the prior year

- **Excellent net profit performance**

- Increasing by 49.6% from the prior year

Six-monthly profitability



Profits driven by SA operational success



Profit from operations analysis

<i>R million</i>	Sep 2002	Sep 2003	% change
South Africa	1,965	2,502	27.3
Tanzania	60	54	(10.0)
Congo	(84)	(6)	92.9
Lesotho	1	-	-
Holding Companies	(104)	(99)	4.8
Vodacom Group	1,838	2,451	33.4
<i>Profit from operations margin</i>	19.5%	21.7%	



Other African operations contribution: nil



EBITDA analysis

<i>R million</i>	Sep 2002	Sep 2003	% change
South Africa	2,949	3,540	20.0
Tanzania	130	122	(6.2)
Congo	(56)	33	158.9
Lesotho	14	12	(14.3)
Holding Companies	(10)	(9)	10.0
Vodacom Group	3,027	3,698	22.2
<i>EBITDA margin</i>	32.1%	32.7%	



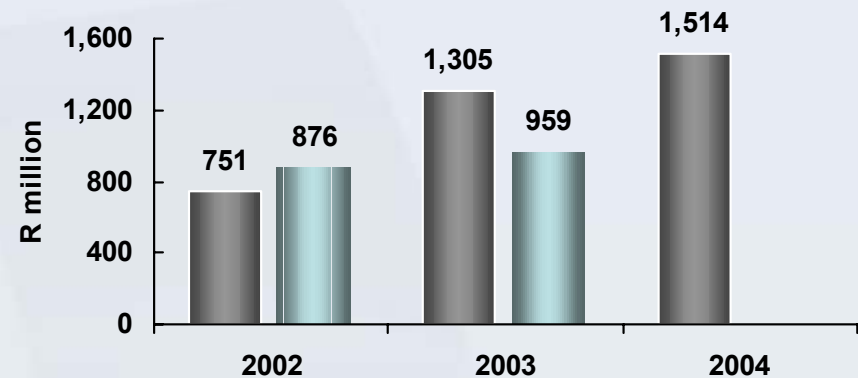
Other African operations contribution: 4.3%



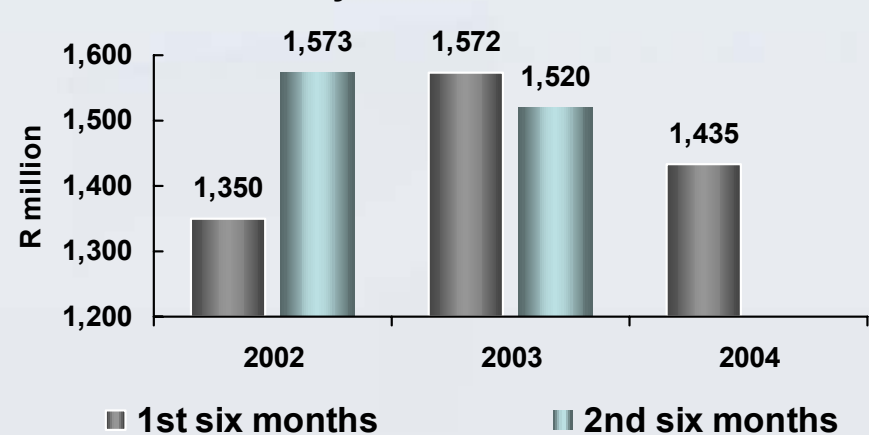
Factors affecting the trends

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

Six-monthly equipment sales

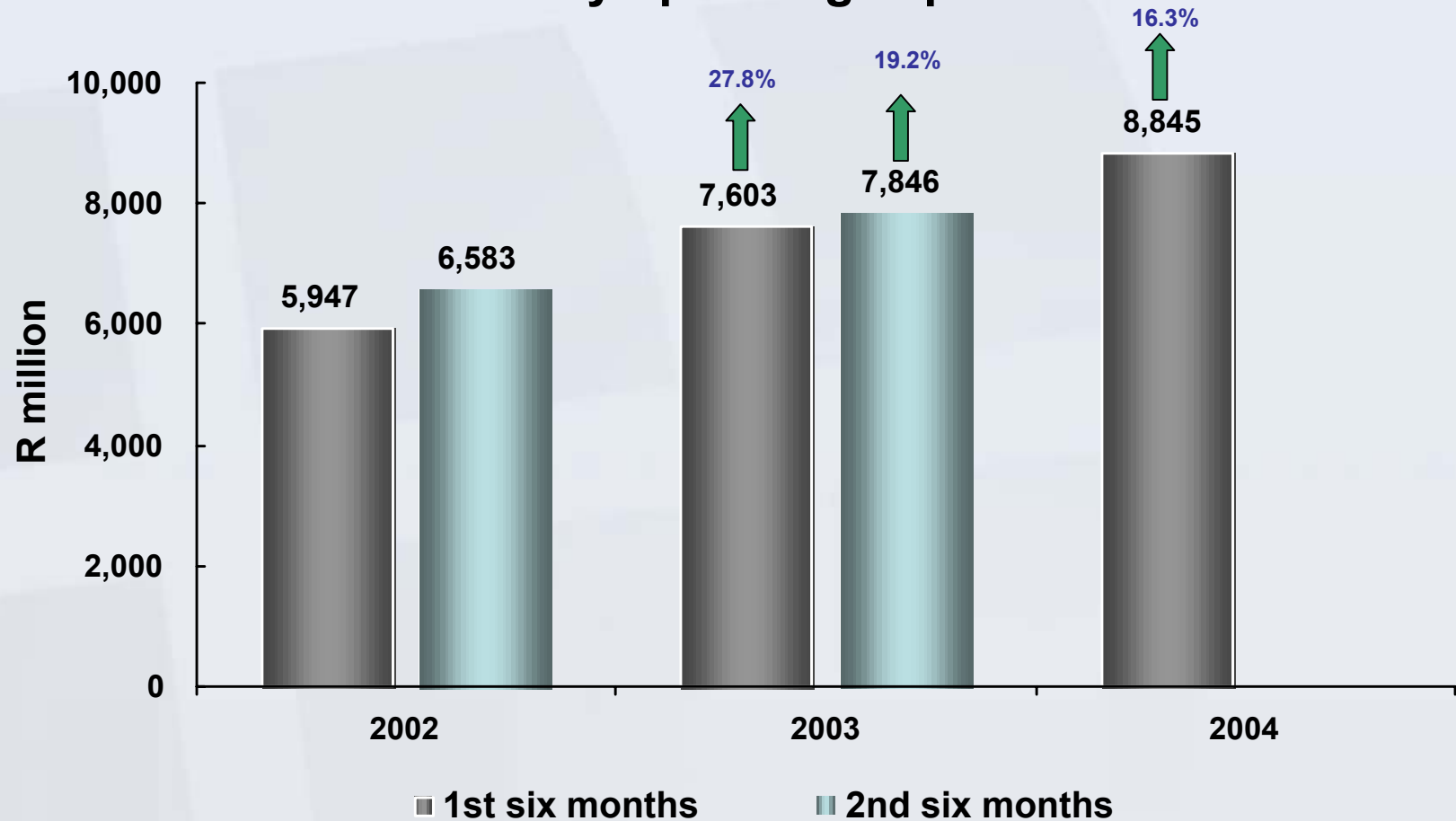


Six-monthly net interconnect revenue



Group operating expenses

Six-monthly operating expenditure

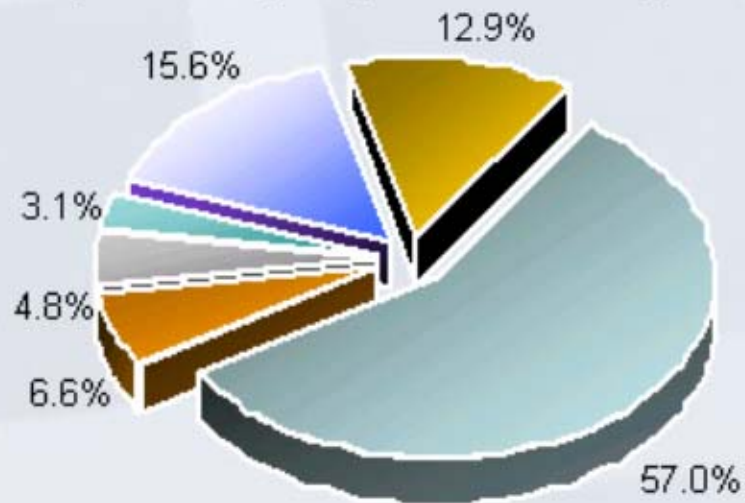


Seasonal cycle less pronounced



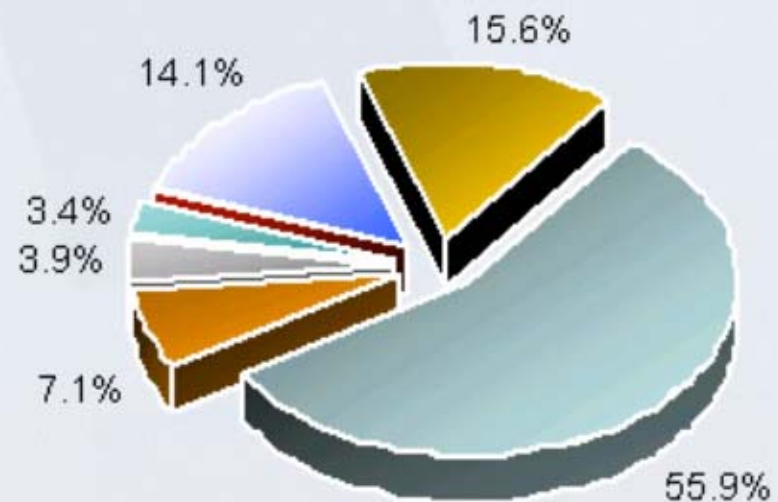
Group operating expenses

Operating expenses - Sep 2002



- Depreciation and amortization
- Other direct network operating costs
- Marketing and advertising expenses

Operating expenses - Sep 2003

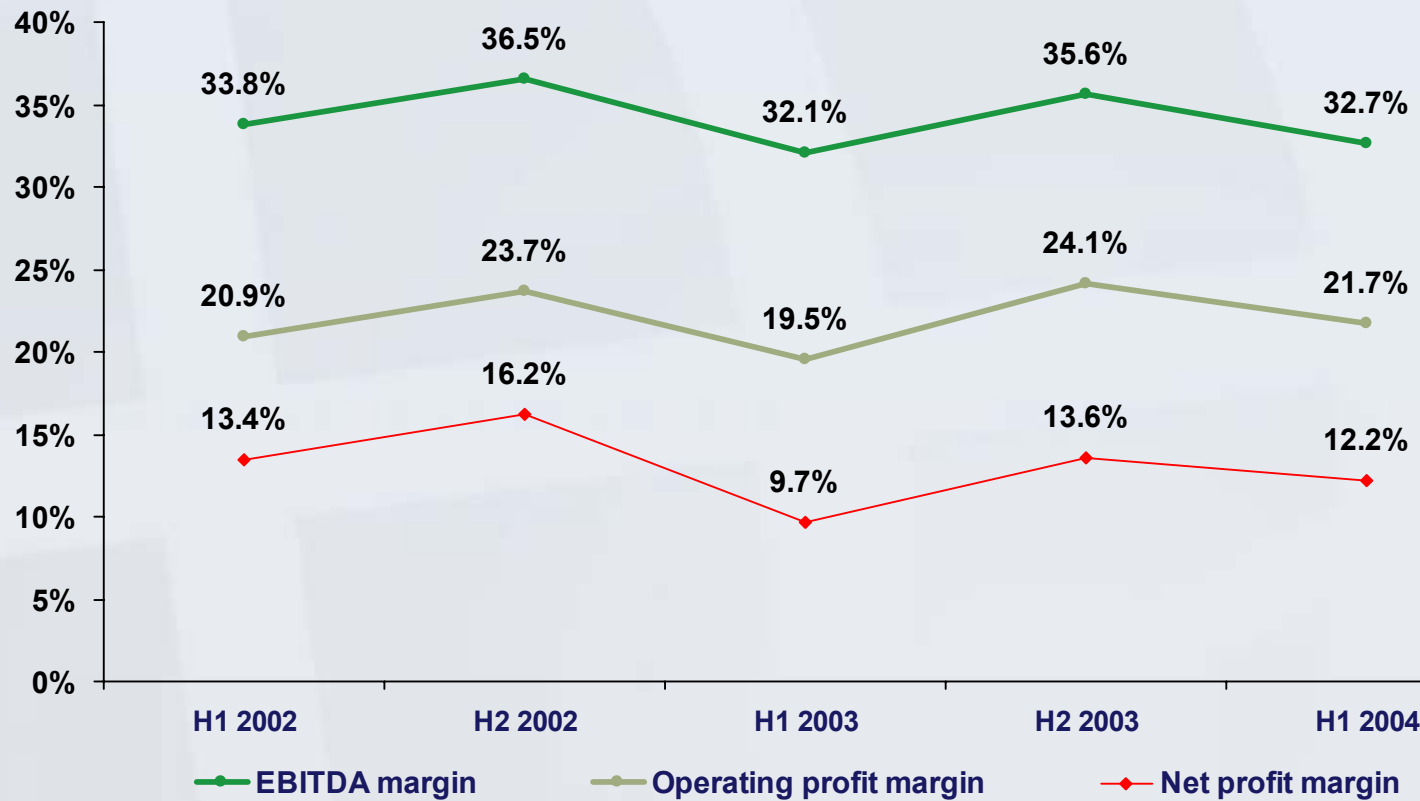


- Payments to other network operators
- Staff expenses
- General administrative expenses



Margin analysis

Six-monthly margins



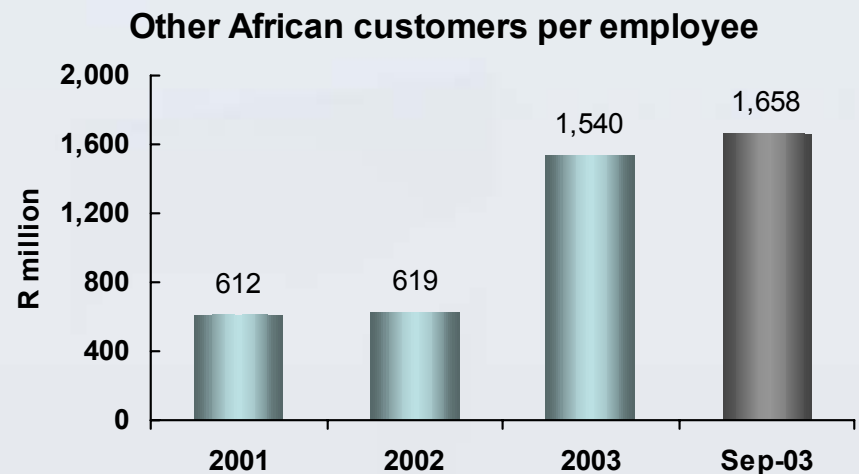
Impact of Rand strength

- **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

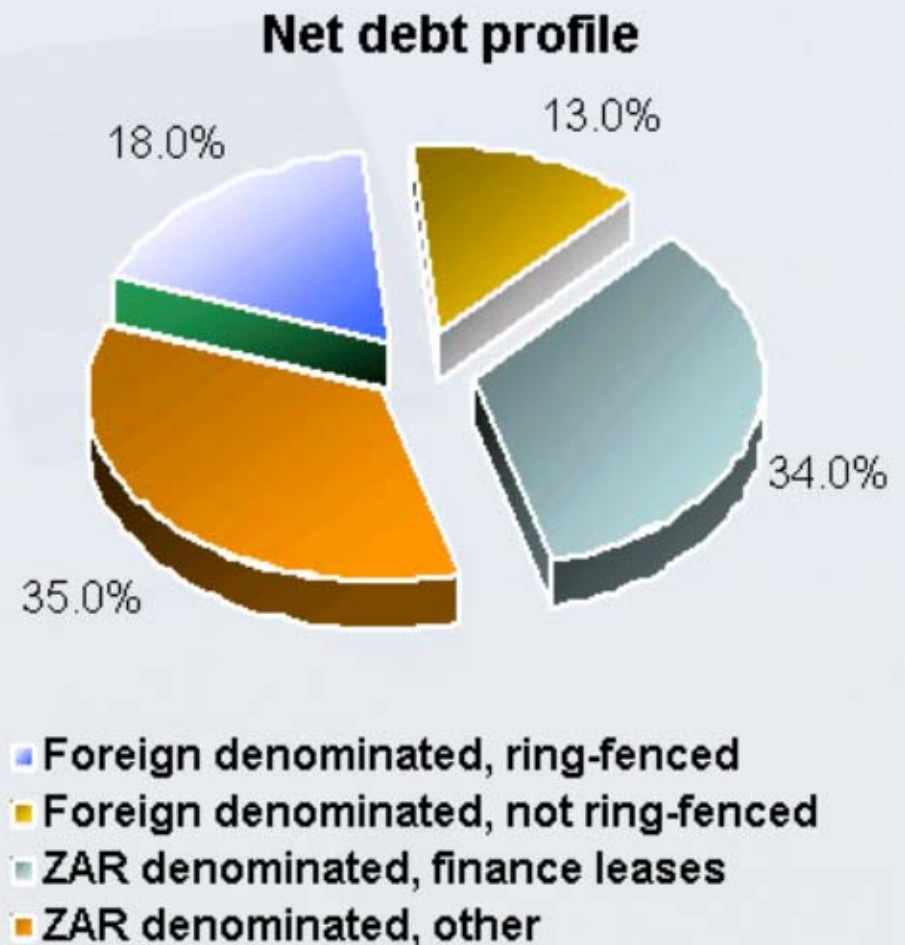
<i>R million</i>	2004	2005	2006	2007	2008	>2009	Total
South African finance leases	20.2	37.1	62.3	93.4	129.0	550.2	892.2
Vodacom Tanzania	66.8	88.8	113.3	104.9	48.4	83.3	505.5
Vodacom Congo	580.7	72.0	-	-	-	-	652.7
Net bank and cash	569.3						569.3
Net debt	1237.0	197.9	175.6	198.3	177.4	633.5	2,619.7

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



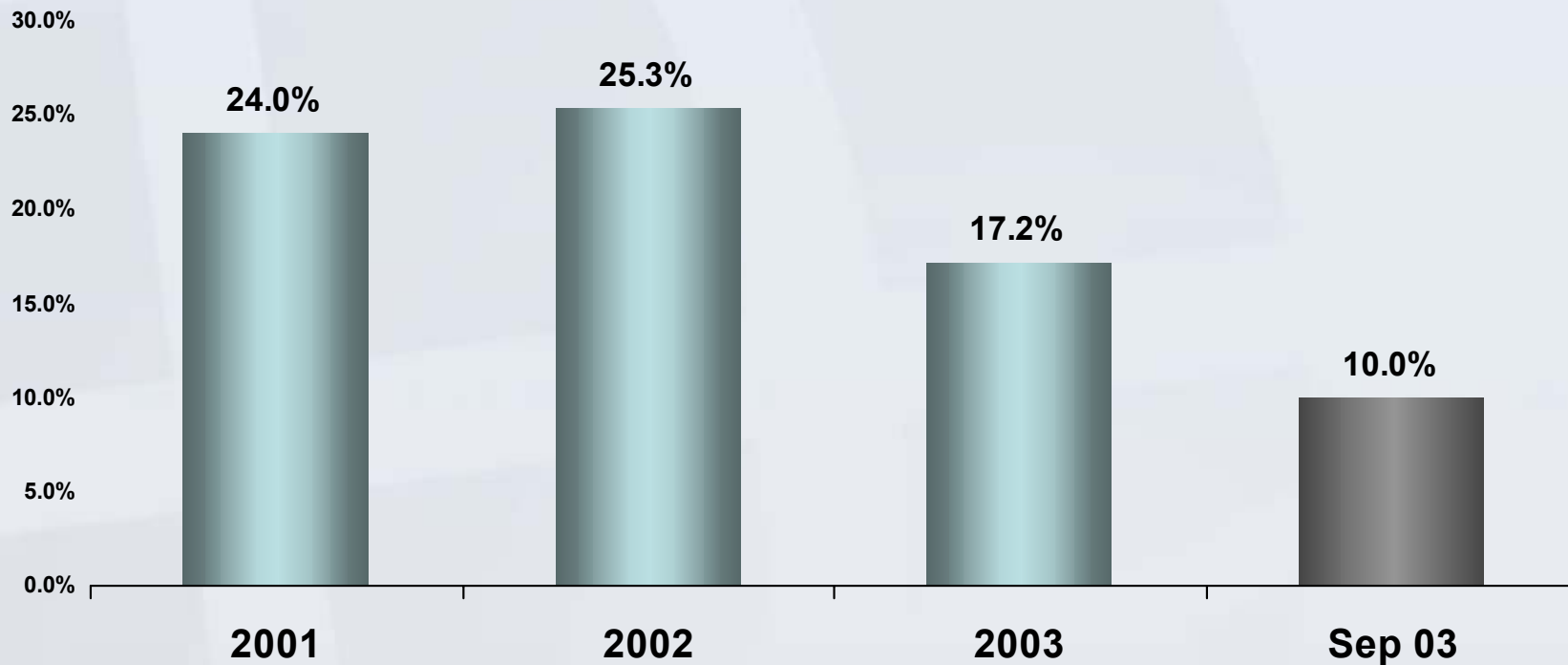
Net debt profile

- 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

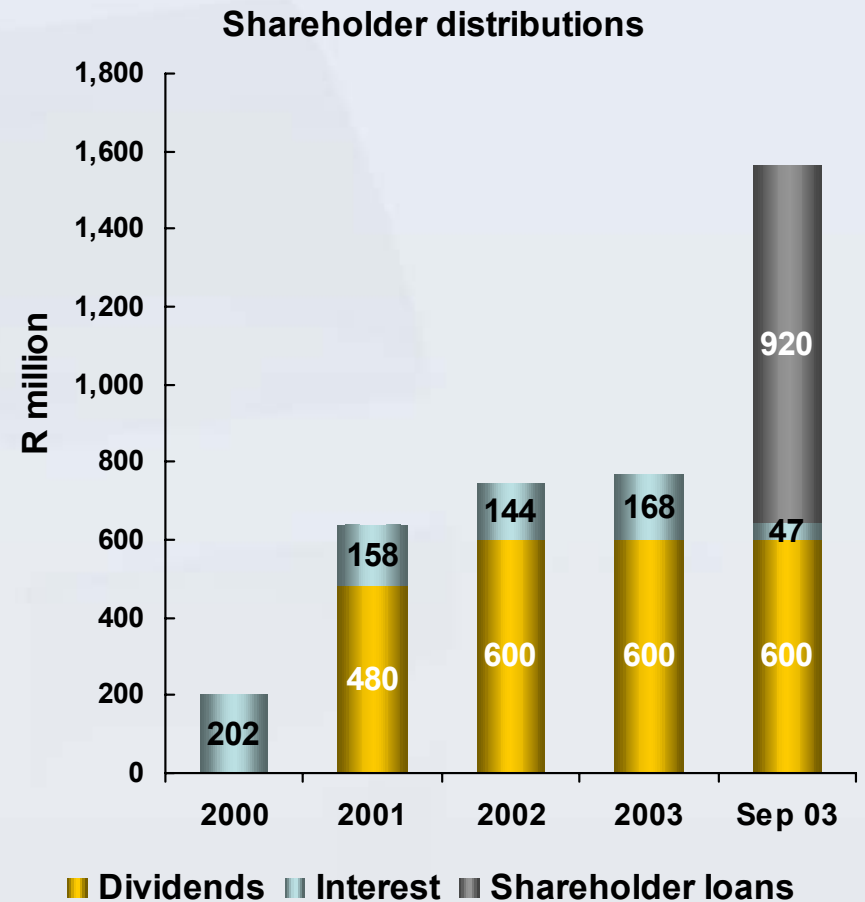


Strong cash generation

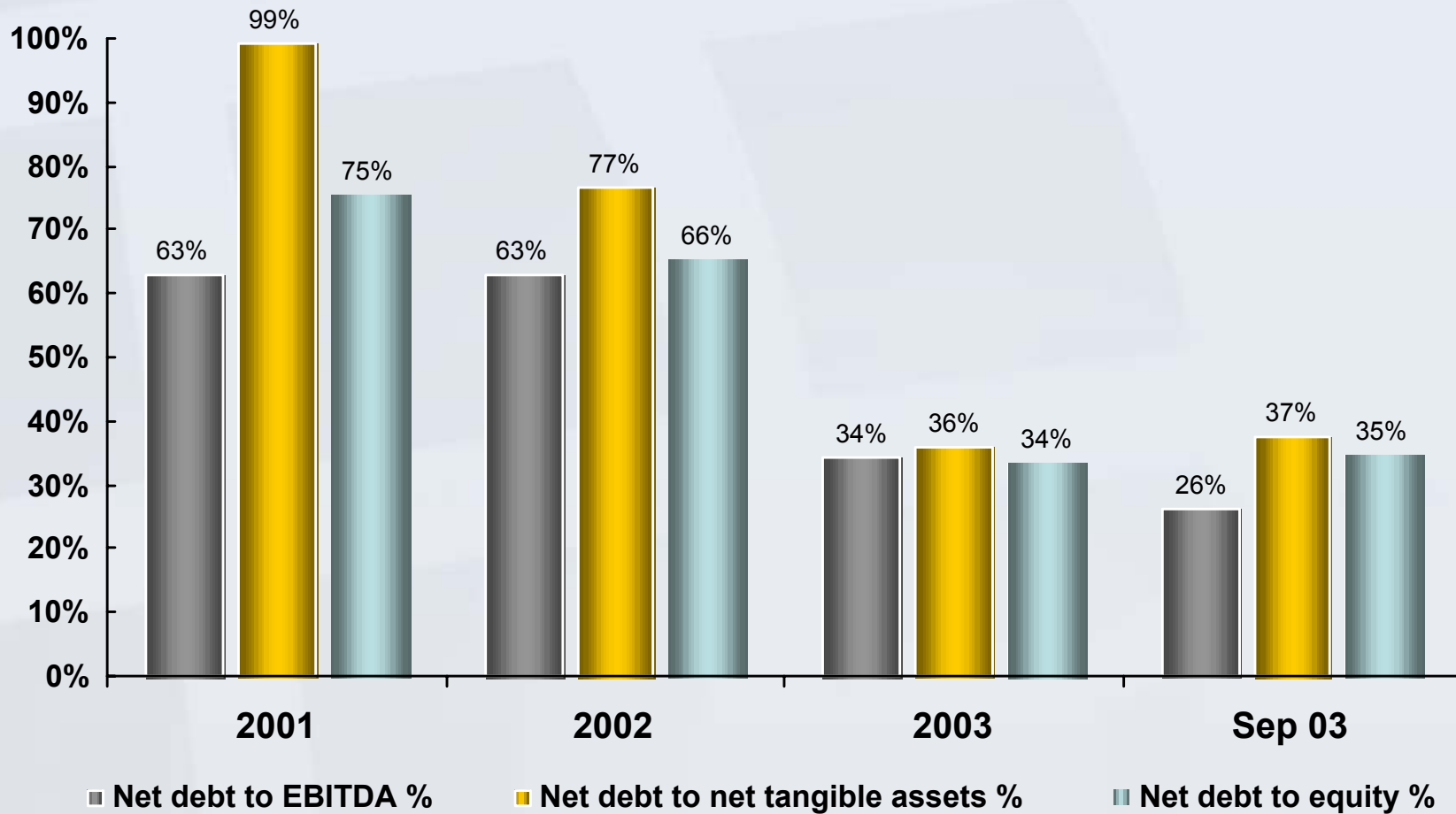


Shareholder distributions

- 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?

