Vodacom

Group Annual Results

18th June 2003

Outline

- Strategic Highlights
- Group Financial Review



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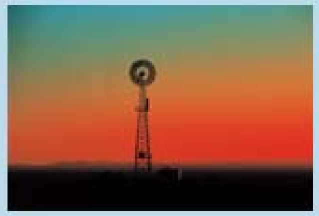


Strategic Highlights

Alan Knott-Craig
Group Chief Executive Officer

Delivering on our strategy for growth

Short to medium term → **Continued South African growth potential**

- Leveraging SA position supported by carefully managed expansion for long term growth

Medium to long term → **Potential returns from other African operations**

Underpinned by

→ **Strong and experienced management team**
→ **Simple, focused organisational structure**
→ **Powerful brand and extensive distribution**
→ **Innovative culture and strong work ethic**
→ **Strict financial discipline**

Group highlights

Strong customer growth	**8.6 m**	26.0%
Strong revenue growth	**R19.8 bn**	22.5%
Operating profit	**R4.3 bn**	19.6%
Customers/employee	**1,963**	24.5%
Capex to revenue	**17.2%**	reduction of 9.3% points

Innovative products — **"MyLife"**

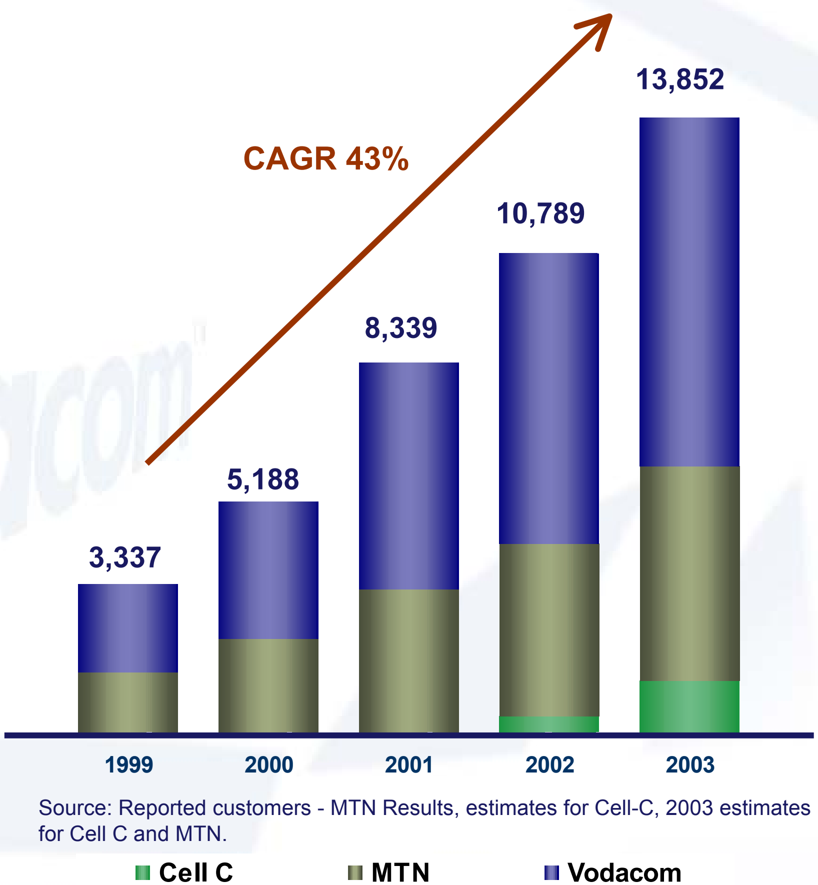
At year end there were 7,756 active GPRS subscribers

Current year | change since previous year

Vodacom South Africa (Market share 57%)

- Potential for further growth
  - → 1800 Mhz spectrum issued
  - → 4 Million free SIMs to be supplied over next 5 years
  - → Estimate the SA market at 19 million
- Cell C expected to erode market share of both MTN and Vodacom
  - → Vodacom benefits indirectly through the Cell C roaming agreement
- Vodacom is strategically placed for continued dominance
  - → Lowest-cost operator
  - → Extensive distribution

Total South African mobile market (thousands of customers)



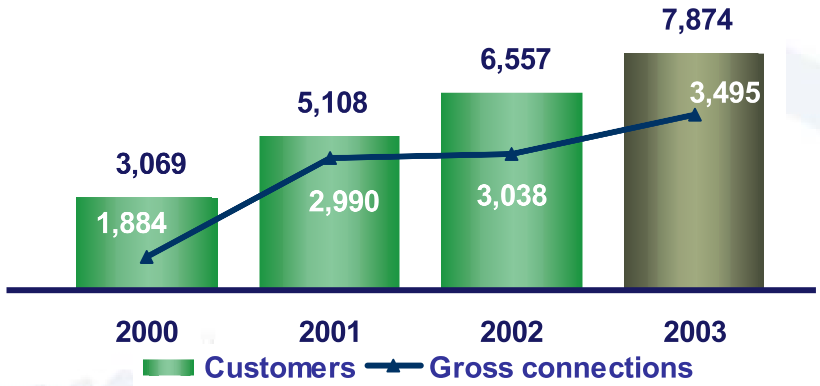
Source: Reported customers - MTN Results, estimates for Cell-C, 2003 estimates for Cell C and MTN.

Leverage off better economies of scale

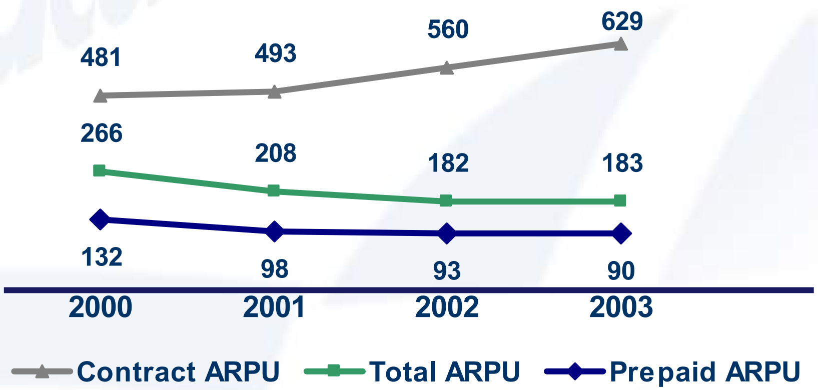
Strong SA operational indicators

- Gross connections up 15.0% to a new high of 3.5 million
  - → 84.6% of closing base is prepaid
  - → 18.2% of closing base is inactive
- Churn trends
  - → Contract churn at all-time low of 11.9%
  - → Prepaid churn increased to 34.0%
- Total traffic[1] increased by 18% to 10.5 billion minutes
- 2003 average of 15 SMS's per customer, March 2003 18.3
- Total SA ARPU begins stabilising

Vodacom SA customers and gross connections (thousands)



Vodacom SA ARPU (R's)

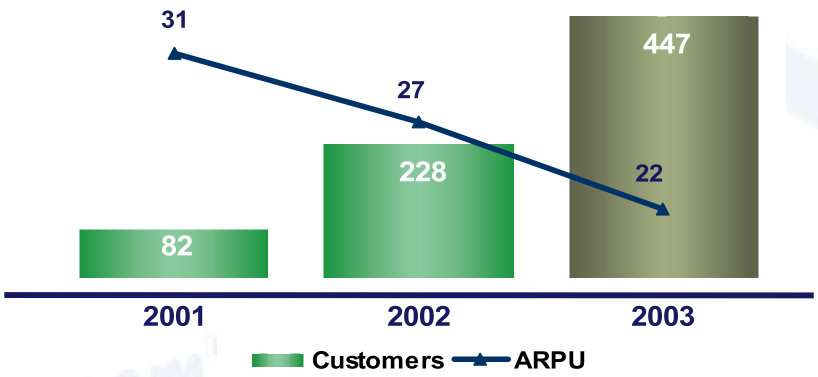


1. Total traffic excluding national roaming and incoming international

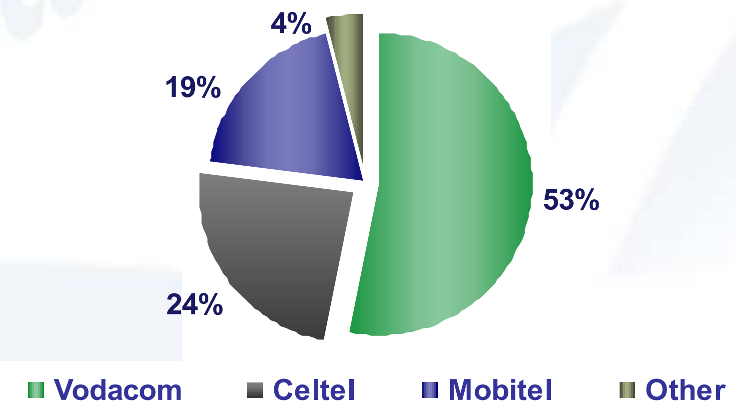
Vodacom Tanzania (Market share 53%)

- Customer growth of 96.1%
  - → 98.4% prepaid
  - → 2,055 public phones
- ARPU decline of 18.5% to $22
- Market overview
  - → Market leader with 53% market share, Celtel recently aggressive
  - → Estimated penetration of 2.2%
  - → Substantial opportunity as economy and infrastructure has shown visible improvement
  - → Built a strong and respected brand
  - → Substantial distribution through super dealer structure including local partners

Customers (thousands) and ARPU (US$)



Market analysis

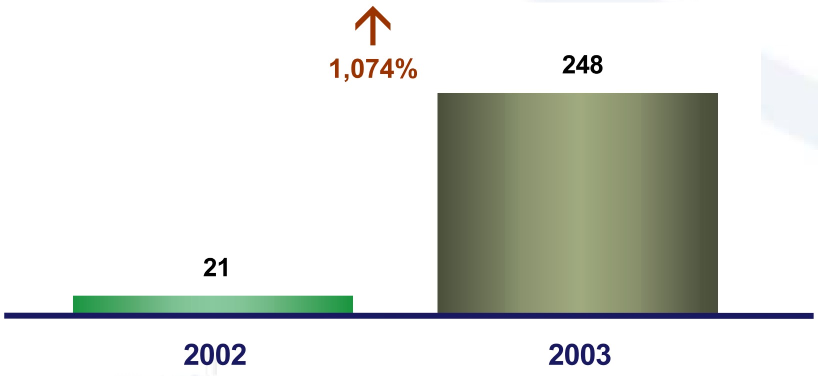


Our largest other African operation

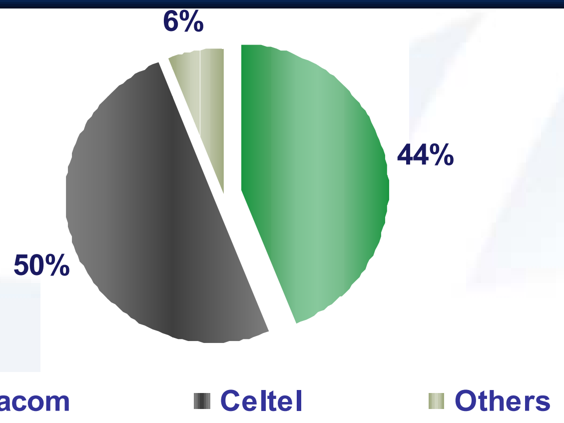
Vodacom Congo (Market share 44%)

- Official launch May 2002
- Strong customer growth
  - → 95.7% prepaid
  - → 6,828 public phones
- ARPU of $20
- Market overview
  - → We have more than doubled the market size in 11 months since launch
  - → Estimated penetration of 1.0%
  - → Brand is associated with quality, but market is extremely price sensitive
  - → Although numerous operators, most are niche and/or regionally based and not national

Customers (thousands)



Market analysis

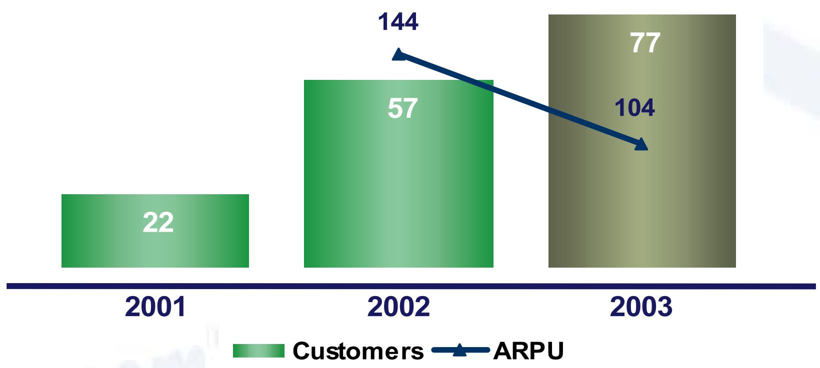


 Positive first year of operations

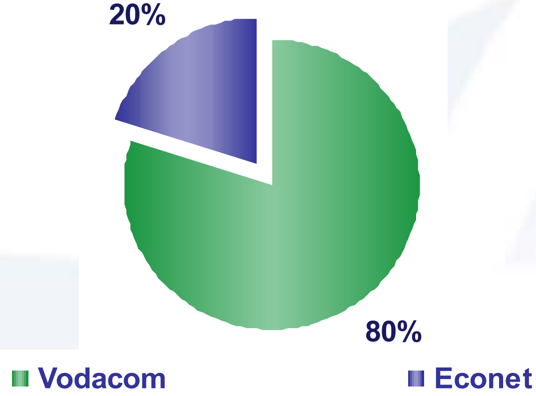
Vodacom Lesotho (Market share 80%)

- Customer growth of 35%
  - → 93.8% prepaid
  - → True prepaid service was installed in 2002
- ARPU decline of 28% to R104
- Market overview
  - → Launch of a second operator during the year has stimulated the market
  - → Reduced market share but strong subscriber growth
  - → Estimated penetration of 4.3%

Customers (thousands) and ARPU (R)



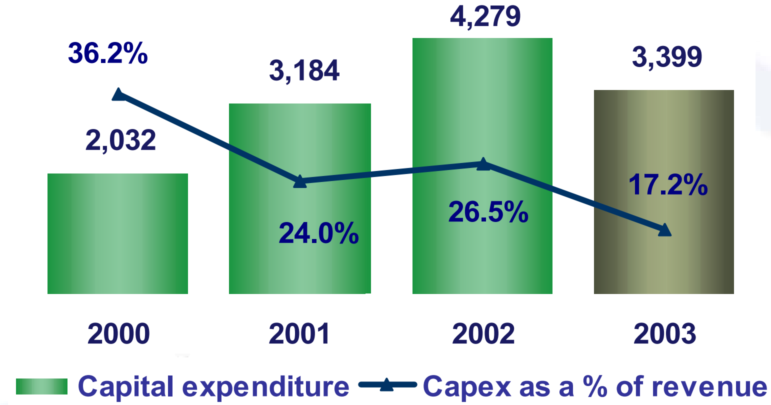
Market analysis



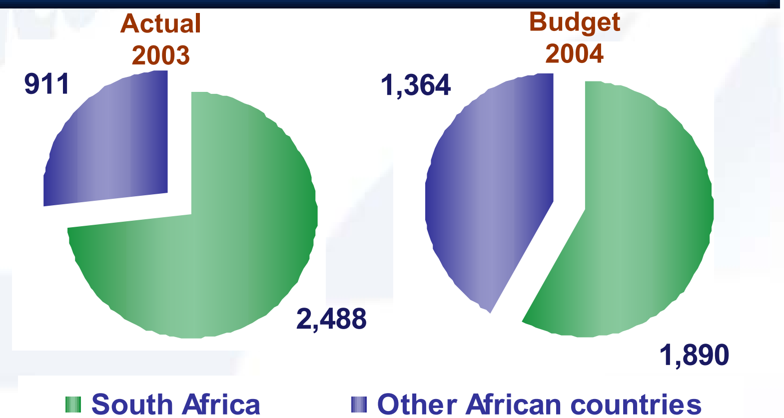
Slowing capital expenditure

- South Africa
  - → Quality network with national GPRS coverage
  - → Limited 1800 network installed in Gauteng and Western Cape
  - → Cumulative capex R16.6 bn
- Tanzania
  - → 6% of land area and 25% of population
  - → Cumulative capex $132 million
- Congo
  - → CWN network switched off and redeployed
  - → Cumulative capex $119 million
  - → Coverage of 7 out of 9 provinces and remaining 2 planned within 6 months
- Lesotho
  - → Cumulative capex R185 million

Group capex spend (Rm)



Analysis of Group capex (Rm)



 State of the art South African network



Financial Review

Leon Crouse
Group Finance Director

Financial Highlights

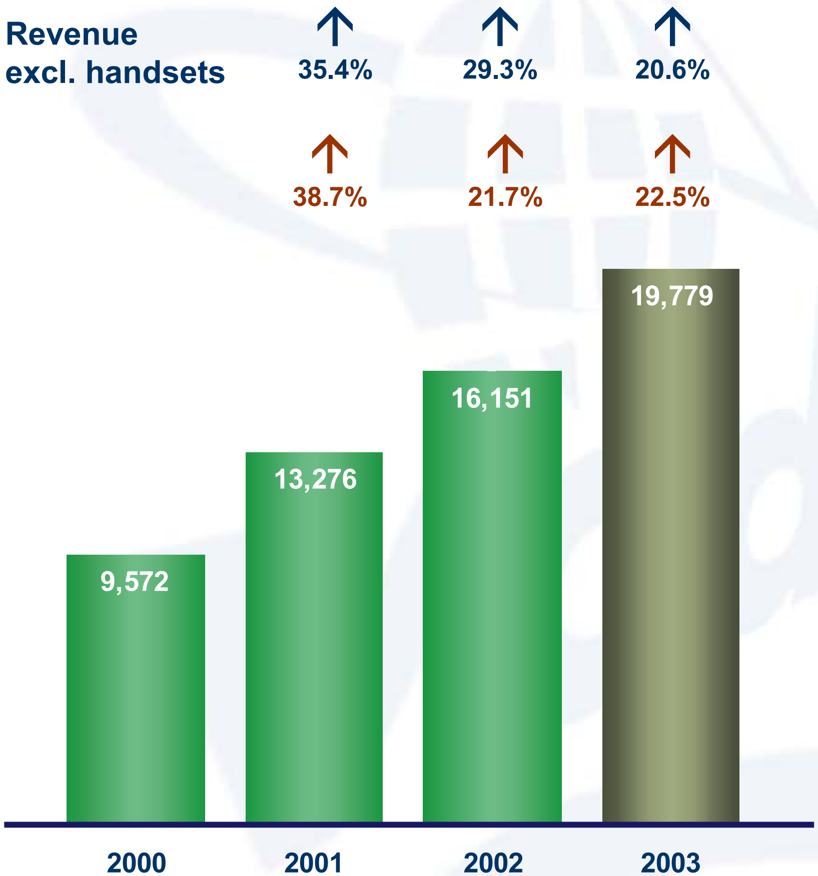
	Current year	Previous year
EBITDA margin	**33.9%**	35.3%
Operating profit margin	**21.9%**	22.4%
Free cash flow	**R1.9 bn**	(R0.1bn)
Net debt to equity	**33.6%**	65.5%
ROA[1]	**18.0%**	17.5%

At year end all our African operations were profitable at the operating profit level on a monthly basis

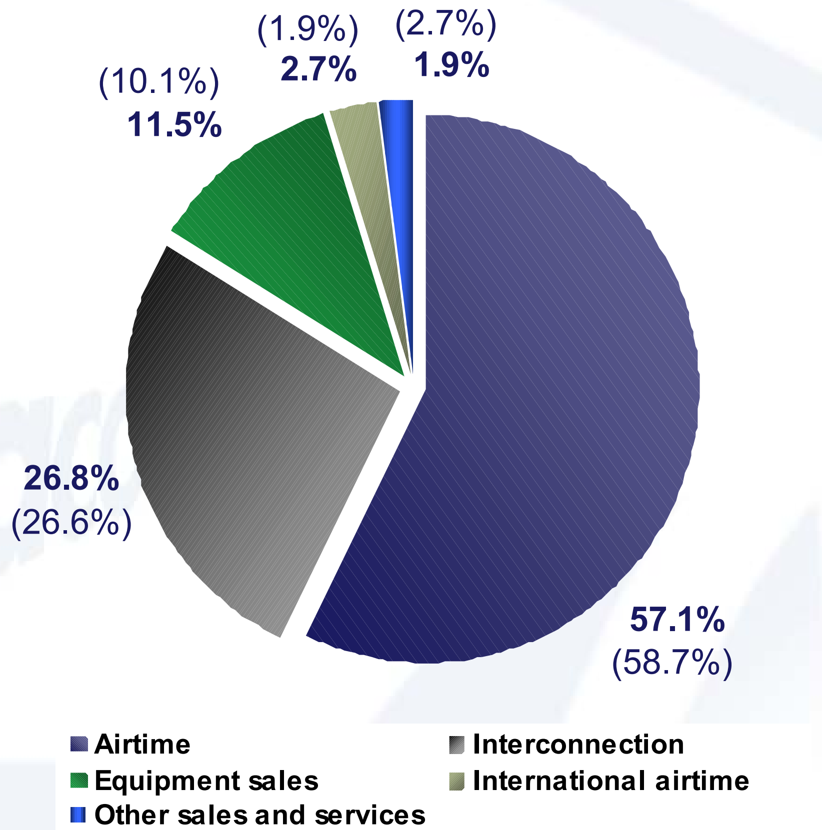
1 Based on average assets and PAT adjusted for after tax finance costs

Group revenue analysis

Total revenue (Rm)



Revenue analysis (Rm)



2003 : (2002)

Group revenue analysis (Rm)

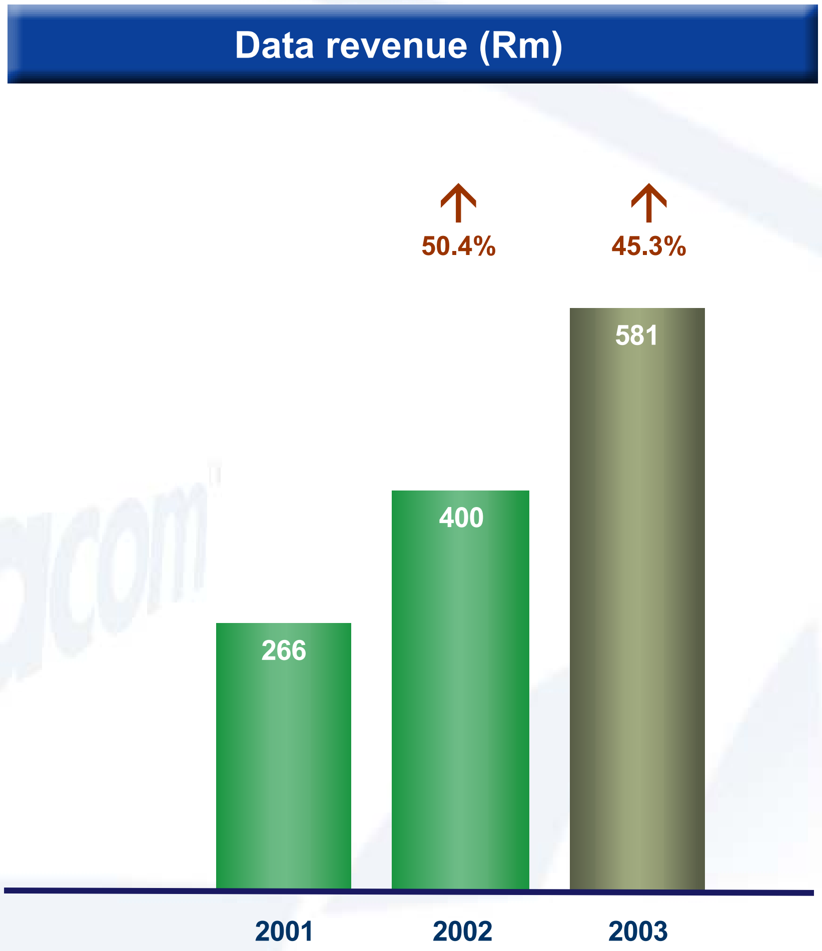
	2002	2003	% change
South Africa	15,410	18,544	20.3[1]
Tanzania	657	880	33.9
Congo	14	259	1,750.0
Lesotho	70	96	37.1
Vodacom Group	**16,151**	**19,779**	**22.5**

	2002	2003
Other African operations contribution	4.6%	**6.2%**

1 Growth excluding equipment sales is 18.1%

SA data revenue

- Revenue from data services makes up 3% of total revenue
- Strong penetration of SMS use
  - → Contract 73%
  - → Prepaid 42%
- SMS usage increased 64.7% to 1.5 billion for the year
- Stimulated by new tariff packages such as 4U
- Impact of MyLife and new generation handsets is still to be felt

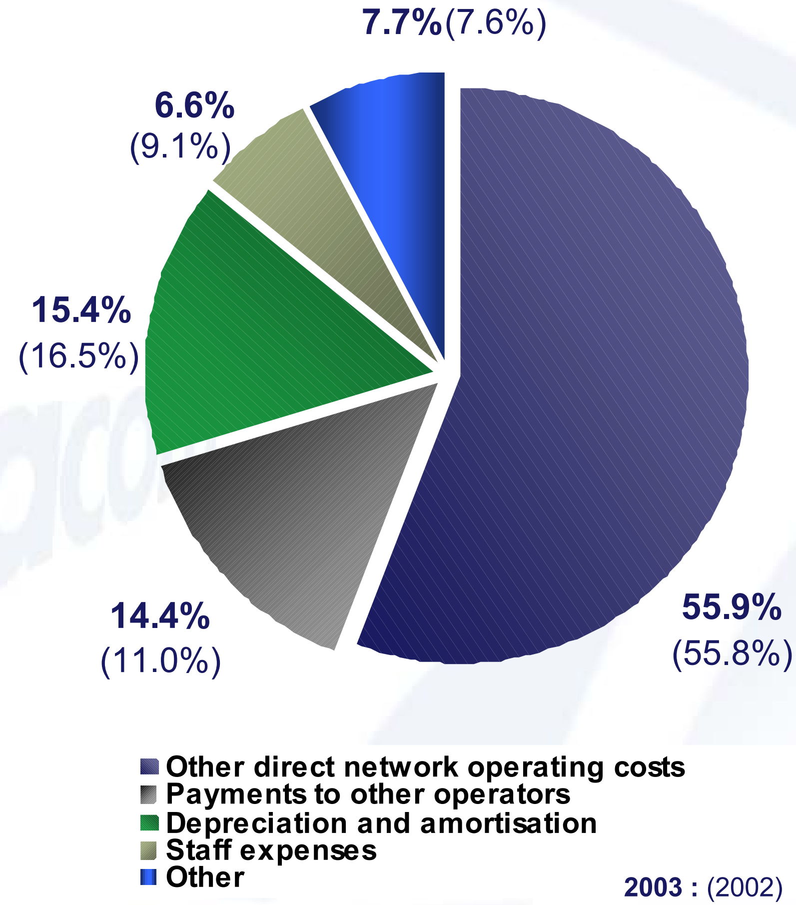


 SMS is still the main driver of data revenue

Group operating expenses

Total operating expenses (Rm)

Operating expenses analysis (Rm)



Significant increase in payments to other operators

Operating profit/(loss) analysis (Rm)

	2002	2003	% change
South Africa	3,627	4,290	18.3
Tanzania	134	187	39.6
Congo	(20)	(117)	(485.0)
Lesotho	12	4	(66.7)
Holding companies	(132)	(34)	25.8
Vodacom Group	**3,621**	**4,330**	**19.6**

	2002	**2003**
Other African operations contribution	2.2%	**(0.1%)**

Other African operations includes offshore holding companies

 Cost of start up operations

EBITDA analysis (Rm)

	2002	2003	% change
Vodacom South Africa	5,567	6,423	15.4
Vodacom Tanzania	231	334	44.6
Vodacom Congo	(12)	(49)	(308.3)
Vodacom Lesotho	31	26	(16.1)
Holding companies	(126)	(30)	23.8
Vodacom Group	**5,691**	**6,704**	**17.8**

	2002	**2003**
Other African operations contribution	3.6%	**3.5%**

Other African operations includes offshore holding companies

African contribution growing

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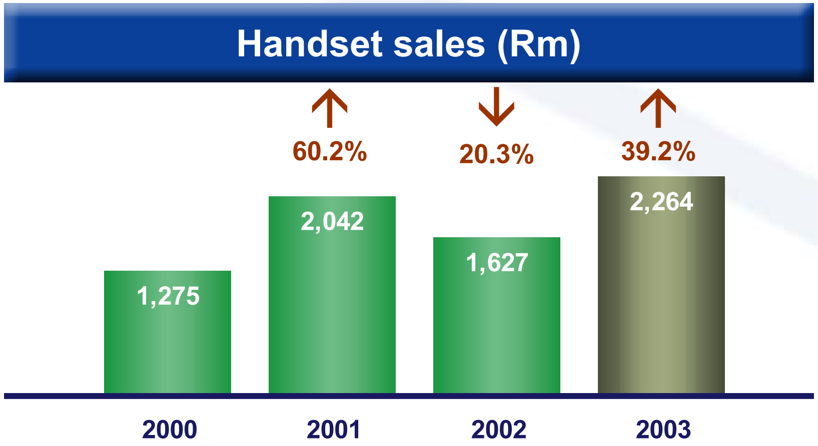
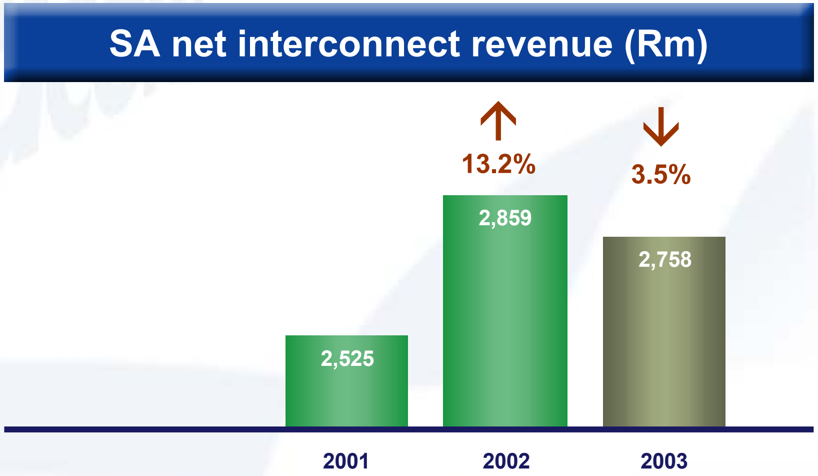
Factors that affect the trends

- More conservative accounting policies than our peers
- Change in traffic mix negatively affected operating profit
- Fluctuating, low margin handset sales affect revenue and margins
- More competition demanded higher direct costs & incentives

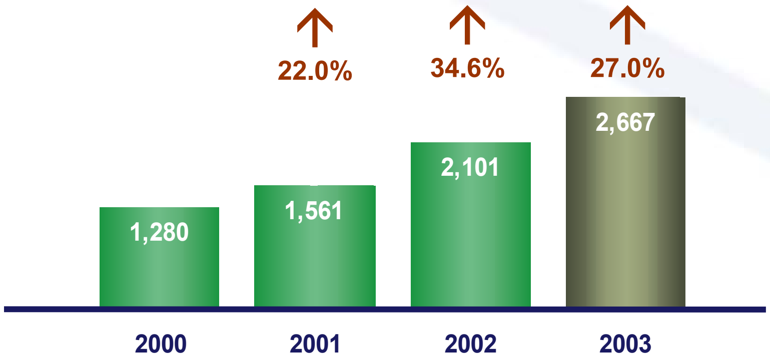




Results impacted by currency fluctuations

- Non-recurring sale of non-core assets
- A more rule based approach to accounting has been adopted
  - → IAS39
  - → Effect of currency revaluation
  - → Effect of FEC book revaluation
- Adjusted profit after tax shows the real trend

Adjusted profit after tax (Rm)

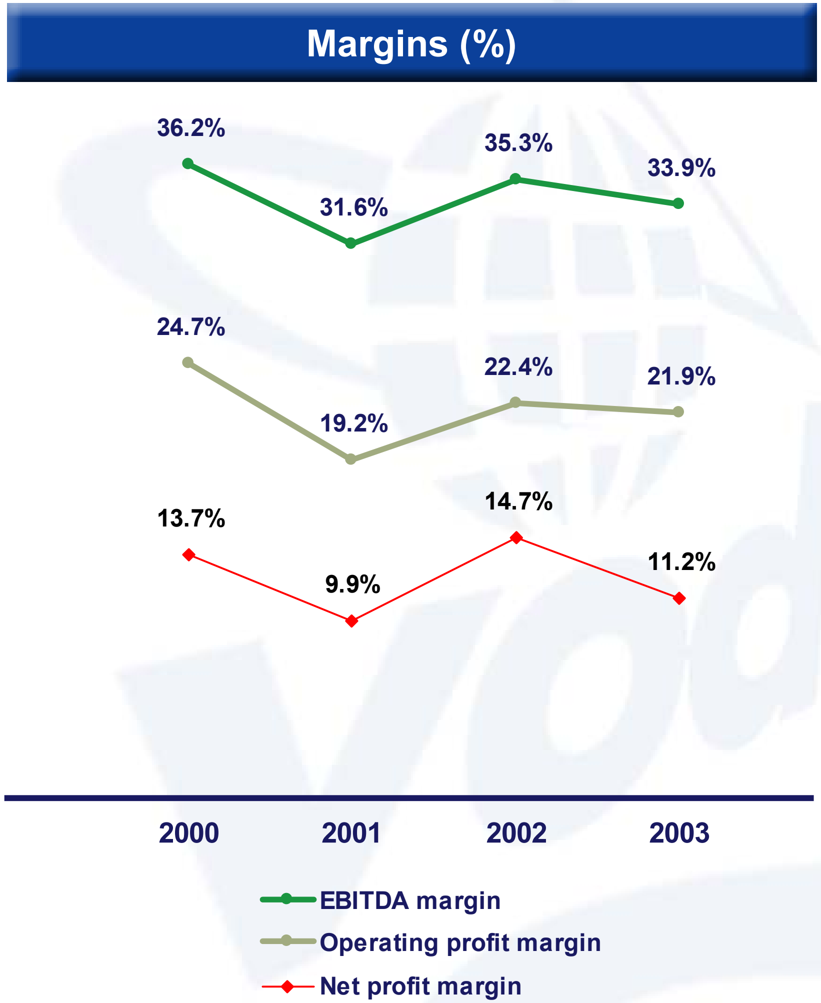


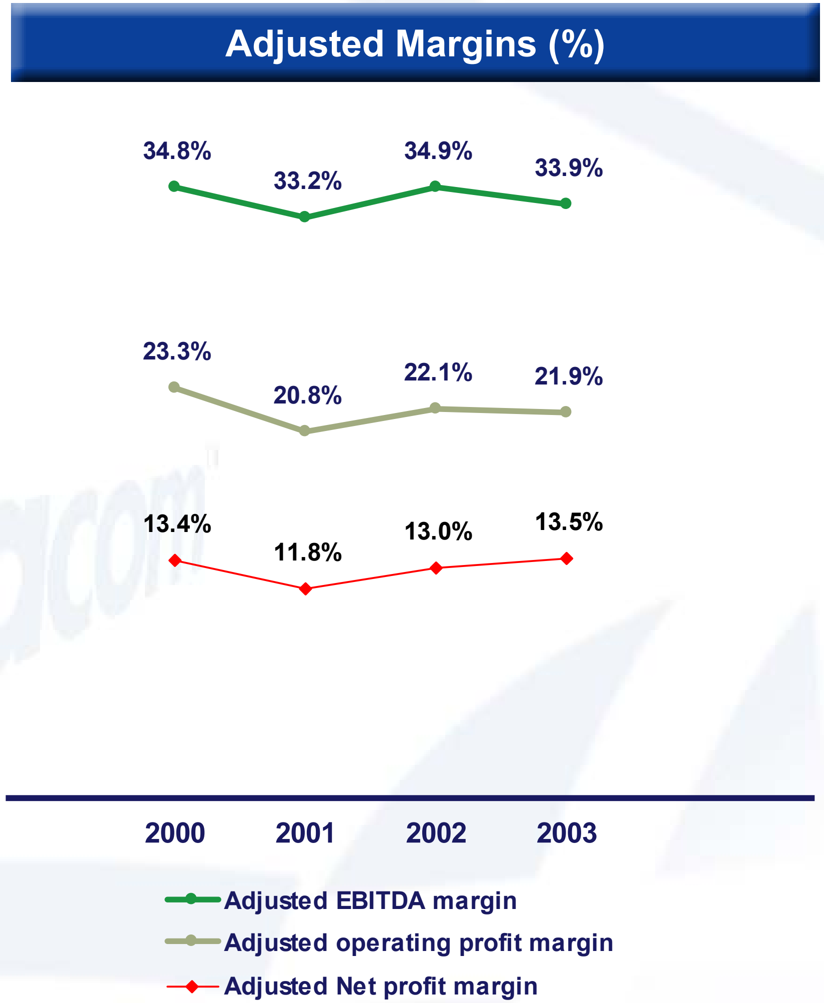
Excluding after tax effects of gains/(losses) on FEC and liability revaluation and integration costs, disposals of operations and impairment.

	2000	2001	2002	2003
Profit after tax	1,315	1,309	2,403	2,327
Integration costs	(129)	213	(56)	-
After tax (@ 30%) effects of all FEC and IAS 39 adjustments	94	39	(246)	340
Adjusted profit after tax	**1,280**	**1,561**	**2,101**	**2,667**

And sale of non-core businesses

Profitability and margins



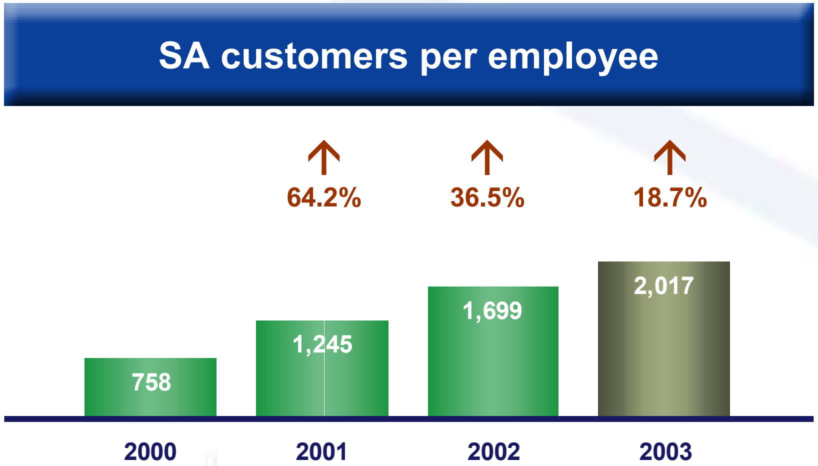


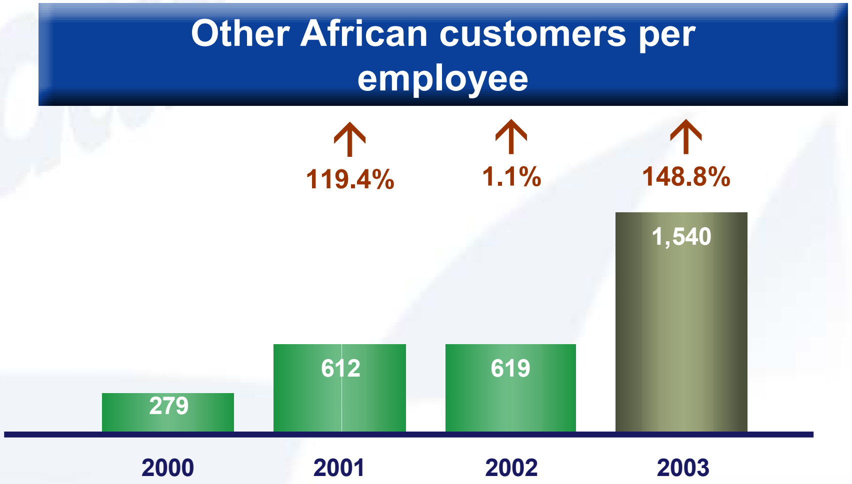
 Operational margins show consistent trends

Increasing efficiencies

- Improving efficiencies
  - → Customers per employee ratio at highest level
  - → Driving capex to revenue ratio down
  - → Indirect costs contained

- Lower costs
  - → Network capex per customer down in SA by 2.9% to R1,933
  - → Convenience selling reduces churn
  - → No prepaid handset subsidies



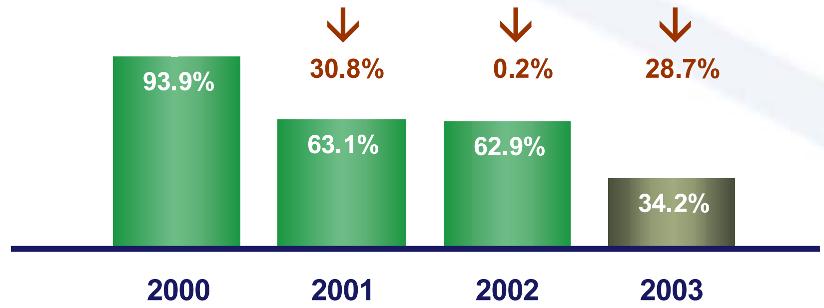


 For all efficiency indicators in all operations

Strong cashflows and balance sheet

Operating cash flow (Rm)

Net debt to EBITDA (%)



Net debt includes interest and non-interest bearing debt, shareholder loans, bank overdraft net of cash and cash equivalents.

Net debt to net tangible assets (%)

Net debt includes interest and non-interest bearing debt, shareholder loans, bank overdraft net of cash and cash equivalents.

 Increasing cashflow generation and low leverage

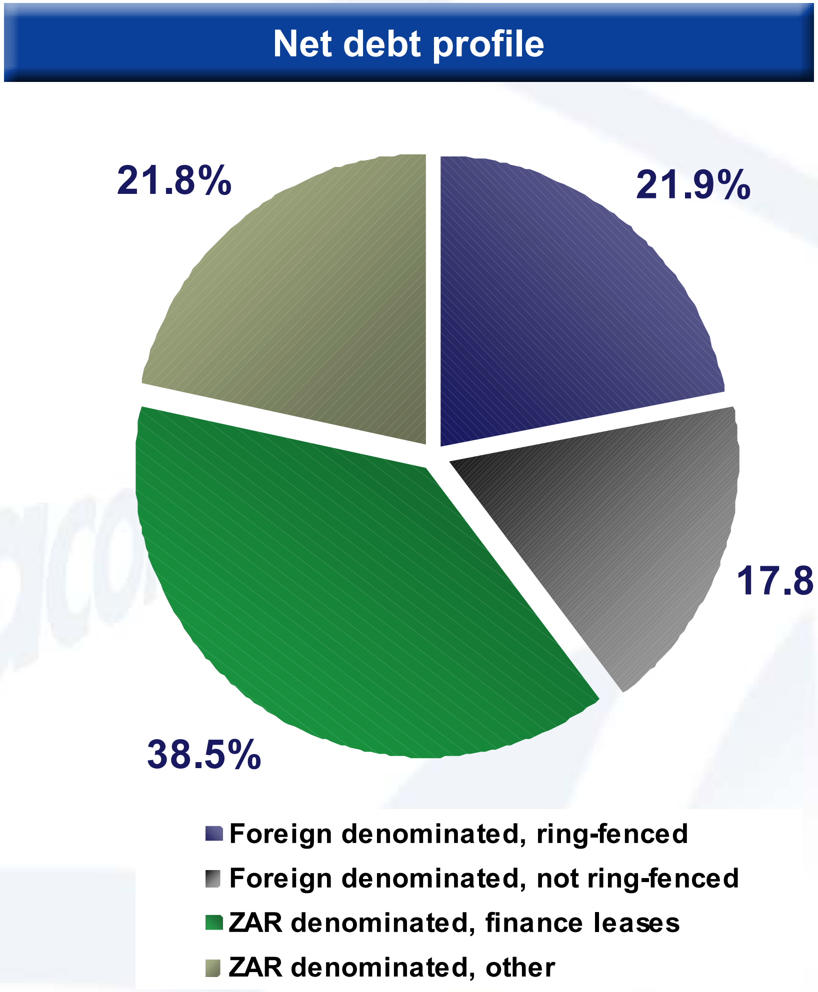
Net debt composition and maturity

	2004	2005	2006	2007	2008	>2009	Total
SA finance leases	13.5	28.3	49.6	77.6	111.8	604.1	884.9
Vodacom Tanzania	65.9	84.6	108.7	111.7	58.7	165.7	595.3
Vodacom Congo	206.7	335.7	-	-	-	-	542.4
SA shareholders loans	920.0	-	-	-	-	-	920.0
Net bank and cash	(647.5)						(647.5)
Net debt	**558.6**	**448.6**	**158.3**	**189.3**	**170.5**	**769.8**	**2,295.1**

Including R1.2b in positive bank and cash balances

Net debt profile

- We aim to secure non-recourse financing for all other African operations
- In South Africa our net debt comprises almost entirely of finance lease liabilities and shareholders loans
- As we only proportionately consolidate Vodacom Congo, 49% of the debt is off balance sheet. This funding is not ring fenced.



 Project finance being sought for Vodacom Congo

Shareholder distributions

- Repaying R920m shareholder loans at June 30, 2003
- Paying an interim dividend in September 2003
- Principle of approximately 3 times cover to decrease in the future

 Shareholders loans being repaid 30 June



Questions?