



A CULTURE OF MOBILITY

Vodacom Group (Proprietary) Limited

for the year ended March 31, 2006

June 5, 2006

Content

Alan Knott-Craig
Chief Executive Officer

Operational highlights



Leon Crouse
Chief Financial Officer

Financial review



Operational highlights







Alan Knott-Craig

Chief Executive Officer



Group highlights

For the year ended March 31, 2006 vs. prior year

<p>Total customers</p> <p>23.5 million</p> <p>51.9%</p> <p style="text-align: right;"></p>	<p>Revenue</p> <p>R34.0 billion</p> <p>24.6%</p> <p style="text-align: right;"></p>	<p>Profit from operations</p> <p>R8.9 billion</p> <p>36.9%</p> <p style="text-align: right;"></p>
<p>Profit from operations margin</p> <p>26.0%</p> <p>2.3% pts</p> <p style="text-align: right;"></p>	<p>Net profit after tax</p> <p>R5.1 billion</p> <p>32.0%</p> <p style="text-align: right;"></p>	<p>Dividends</p> <p>R4.5 billion</p> <p>32.4%</p> <p style="text-align: right;"></p>

 **High gross connections: increase of 50.9% year on year to 11.8 million**

 **Low churn: decrease of 7.2% points year on year to 19.6%**




Vodacom South Africa tariff reductions

Contract packages: Happy hours (Monday to Friday: 5pm – 8pm)

Business	13.4% - 21.6%	
Talk packages	16.8% - 29.1%	
Weekender & Family	17.2% - 35.2%	

Vodacom South Africa tariff reductions (continued)

Prepaid packages

Vodago & Smartstep	Happy hours	41.6% - 51.3%	
4U Prepaid	Peak On-net	8.0%	
	Peak Off-net	16.9%	
	Happy hours	54.2%	

Data packages

- From 03/04 to 04/05 up to $\pm 90\%$ reduction in data tariffs
- Currently in-bundle data ranging from R0.47 to R1.75 per MB
- This will decrease to range from R0.39 to R1.40 from June 1, 2006

Consistent delivery on strategy

Revenue growth

- Market penetration
- Market share
- The continuous introduction of new high-utility services
- High speed mobile data - HSDPA
- Brand and distribution
- Continued search for new opportunities in Africa

Margin management

- Leveraging economies of scale
- Optimising efficiencies
- Productivity up 38.9% to 4,308 customers per employee

Strategy underpinned by:



Market leadership



Strong brand



Strong distribution

Vodacom South Africa customer registration

- **Proposed requirement**

Obligation to register new and historic customers will become effective on June 30, 2006 in terms of the Regulation of Interception of Communications and Provision of Communication-related Information Act (“RICA”)

- **Proposed RICA requirements**

Prohibit use of handsets and SIM cards on network if not registered

Following information to be captured in respect of SIM cards and / or handsets:

- Full names and surname
- ID number
- Residential address and business and postal address

Face to face verification of details

Registration period of 12 months starting June 30, 2006 for total historical customer base

Mobile TV

- Convergence of broadcasting and telecoms
- Access to content very important
- Mobile TV technologies
 - 3G (\pm 13,000 customers watched Zuma verdict on their Vodacom cellphones)
 - MBMS
 - DVB-H
- Launched 3G Mobile TV in December 2005
- Trial DVB-H, together with Multichoice



South Africa – market share 58%

Population 46.9 million, penetration 70.6%

	2005	2006	% change	
• Total customers	12.8 million	19.2 million	49.3%	↑
• Revenue	R25,041 million	R31,069 million	24.1%	↑
• Profit from operations	R6,618 million	R8,602 million	30.0%	↑
• ARPU	R163	R139	14.7%	↓
• Customers per employee	3,247	4,619	42.3%	↑
• Capex per customer	R1,515	R1,257	17.0%	↓
• Capex as a % of revenue	11.1%	14.1%	3.0% pts	↑

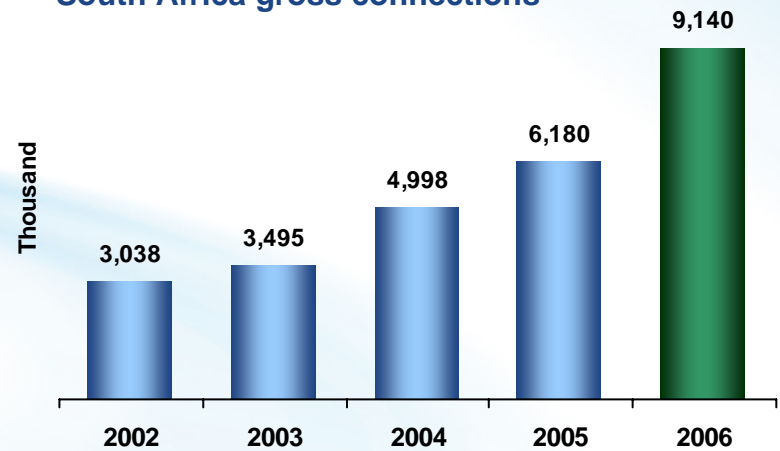
 **Gross connections: 8.4 million prepaid and 702 thousand contract customers**

 **Increase of 2% points in market share to 58%**

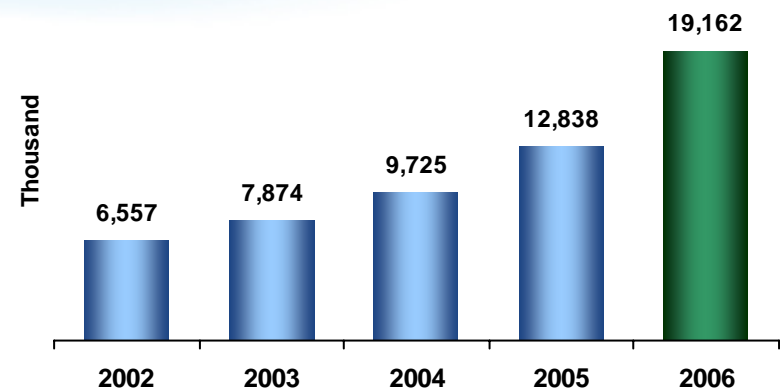
Strong South Africa operational indicators

- Gross connections up 47.9% year on year to a record high of 9.1 million
- Customers up 49.3% year on year to 19.2 million
- Total traffic increased by 20.0% year on year to 17.1 billion minutes

South Africa gross connections



South Africa customers



South Africa market estimated at 43 million by 2011

- Vodacom strategically placed for continued market leadership

Lowest cost operator

Extensive distribution

Market share defence

Key market and focus

Strong recognised brand

Established management team

- Potential for further growth

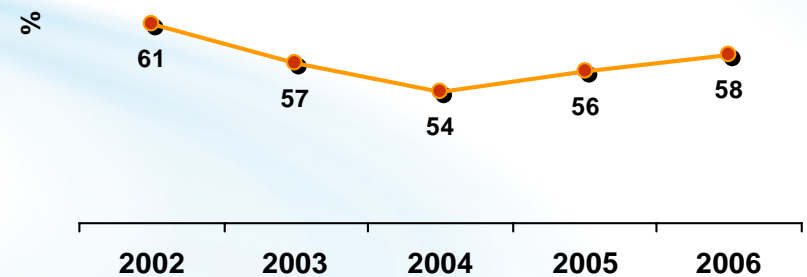
Continued growth in voice revenues

Continued data and associated technologies

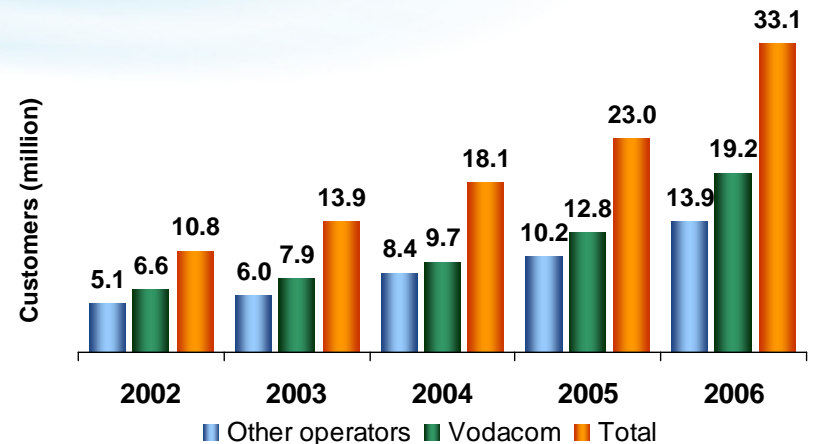
focus: 3G, HSDPA, BlackBerry®, Mobile TV and

Vodafone live!, etc

South Africa market share

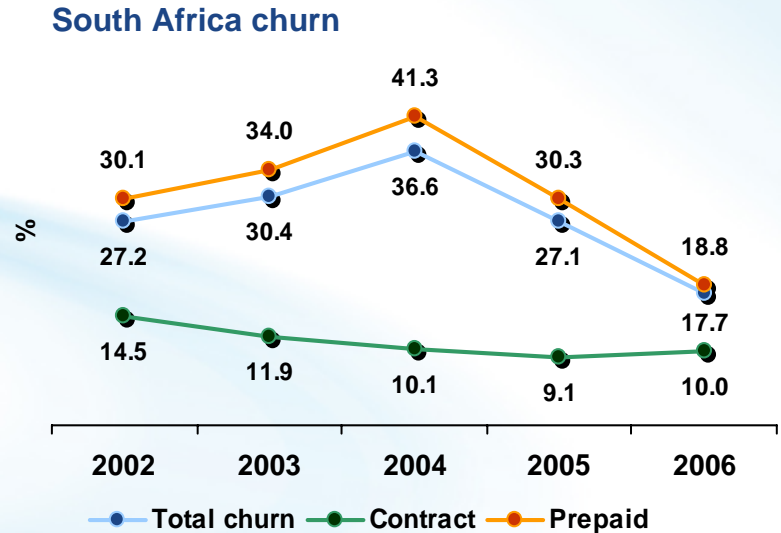


Impressive mobile market growth



Improved South Africa churn

- Contract churn slightly higher at 10.0%
- Prepaid churn decreased to 18.8%
- Contract inactive customers increased from 1.5% in March 2005 to 2.4%
- Prepaid inactive customers increased from 9.0% in March 2005 to 9.6% in March 2006



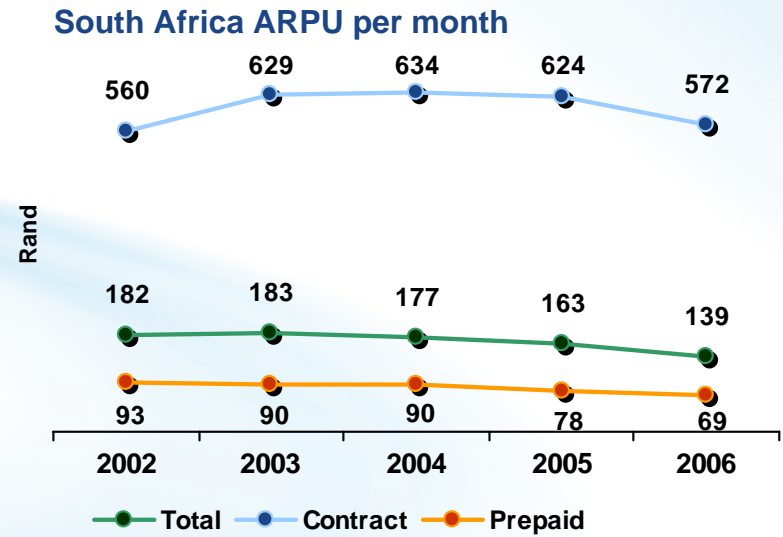
Lower South Africa ARPU

- Prepaid ARPU decreased 11.5% year on year to R69
- Contract ARPU decreased 8.3% year on year to R572
- Total ARPU decreased 14.7% year on year to R139

Lower incoming revenue per customer

Lower average usage

Customer mix

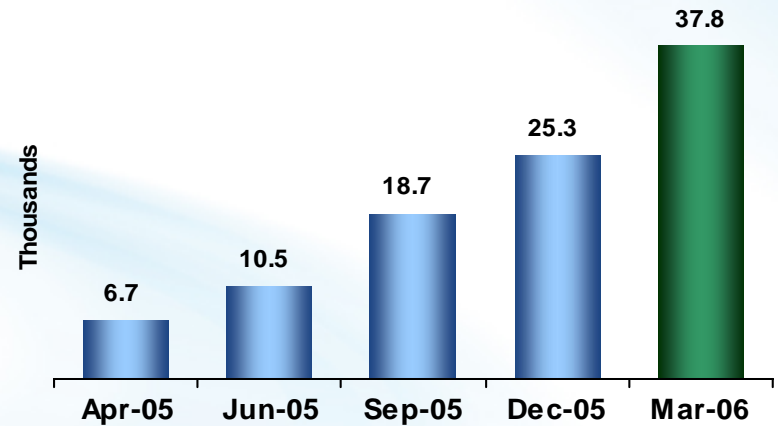


3G and Vodafone live!

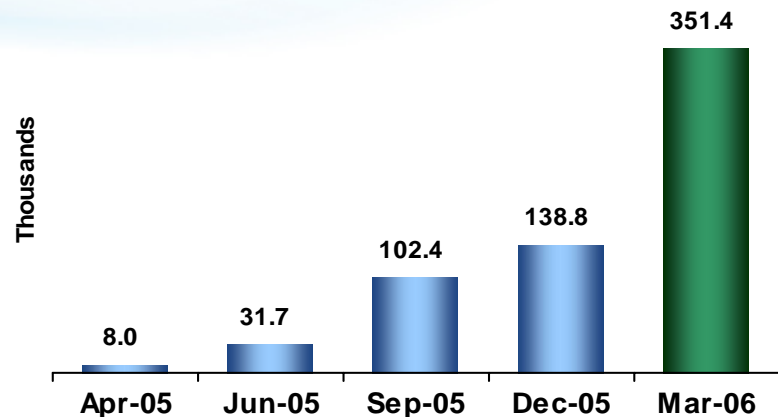
- Over 32 thousand increase in 3G Vodafone mobile connect cards from March 2005 to 38 thousand
- Over 179 thousand 3G active handsets

- Over 351 thousand Vodafone live! users
- Over 12 thousand Mobile TV users

3G Vodafone mobile connect cards










Vodafone live! users



Tanzania – market share 58%

Population 39.2 million, penetration 9.2%

	2005	2006	% change	
• Total customers	1,201,000	2,091,000	74.1%	
• Revenue	R959 million	R1,312 million	36.8%	
• Profit from operations	R183 million	R263 million	43.7%	
• ARPU	R81	R67	17.3%	
• Customers per employee	3,532	4,774	35.2%	
• Capex per customer	R1,131	R719	36.4%	
• Capex as a % of revenue	24.4%	24.3%	0.1% pts	

 Substantial growth in customers and profitability

 Competitive market

 Regulatory and fiscal environment stabilised

Democratic Republic of Congo (DRC) – market share 48%

Population 59.5 million, penetration 5.5%

	2005	2006	% change	
• Total customers	1,032,000	1,571,000	52.2%	↑
• Revenue	R1,075 million	R1,334 million	24.1%	↑
• Profit from operations	R50 million	R117 million	134.0%	↑
• ARPU	R98	R86	12.2%	↓
• Customers per employee	1,958	3,279	67.5%	↑
• Capex per customer	R1,705	R1,273	25.3%	↓
• Capex as a % of revenue	31.2%	20.5%	10.7% pts	↓








 **Entrenched market position in a competitive market**

 **Upcoming elections**

 **Challenging political and fiscal environment**

Lesotho – market share 80%

Population 2.0 million, penetration 12.9%

	2005	2006	% change	
• Total customers	147,000	206,000	40.1%	
• Revenue	R137 million	R170 million	24.1%	
• Profit from operations	R25 million	R51 million	104.0%	
• ARPU	R92	R78	15.2%	
• Customers per employee	2,333	3,071	31.6%	
• Capex per customer	R1,434	R1,092	23.8%	
• Capex as a % of revenue	7.3%	15.2%	7.9% pts	








 Performance improved substantially

 Significant growth in customers

 Paid dividend of R7.5 million

Mozambique – market share 30%

Population 19.4 million, penetration 8.4%

	2005	2006	% change	
• Total customers	265,000	490,000	84.9%	
• Revenue	R103 million	R 158 million	53.4%	
• Loss from operations	(R454 million)	(R144 million)	68.3%	
• ARPU	R52	R36	30.8%	
• Customers per employee	2,431	2,885	18.7%	
• Capex per customer	R2,625	R1,235	53.0%	
• Capex as a % of revenue	109.7%	76.8%	32.9% pts	

 **Competitive network coverage and quality**

 **Significant growth in customers**

 **Rebuilding distribution channel**

Financial review

Leon Crouse

Chief Financial Officer



Accounting changes

For the year ended March 31, 2006

R million	Balance sheet	Profit from operations
Prior year adjustments (before taxation):		
IAS 17: Leases (retained earnings)	93.5	
IAS 38: Intangible assets: cost (at March 31,2005)	2,123.3	
: accumulated depreciation	(1,419.8)	
Current year adjustments:		(26.1)
IAS 16: Property, plant and equipment		(163.4)
IAS 19: Long-term incentives		139.0
IAS 17: Leases		(1.7)

 **Combined effect of IFRS changes had a positive impact of R26.1 million on current year profit from operations**


Note: Prior years restated according to latest IFRS requirements. Impact on profit from operations immaterial

Group income statements

Extracts for the years ended March 31,

R million	2004	2005	2006	% change
Revenue	22,855	27,315	34,043	24.6%
Operating expenses excluding depreciation, amortisation and impairment	(15,098)	(17,725)	(22,234)	(25.4%)
EBITDA	7,757	9,590	11,809	23.1%
Depreciation and amortisation	(2,532)	(2,844)	(2,996)	(5.3%)
Impairment	–	(268)	53	119.8%
Profit from operations	5,225	6,478	8,866	36.9%
Net finance (costs) / income	(451)	21	(659)	n/a
Profit before tax	4,774	6,499	8,207	26.3%
Taxation	(1,722)	(2,613)	(3,078)	(17.8%)
Net profit	3,052	3,886	5,129	32.0%

 Depreciation and amortisation excluding IAS 16 adjustment: R3.2 million; an increase of 11.1%

 Effective tax rate 37.5% vs. 40.2% prior year

Group revenue

By country

R million	2004	2005	2006	% change
South Africa	21,350	25,041	31,069	24.1%
Tanzania	897	959	1,312	36.8%
DRC	476	1,075	1,334	24.1%
Lesotho	119	137	170	24.1%
Mozambique	13	103	158	53.4%
	22,855	27,315	34,043	24.6%

 Revenue driven by strong customer growth

 Other African operations contributed 8.7% (2005: 8.3%)

Group revenue

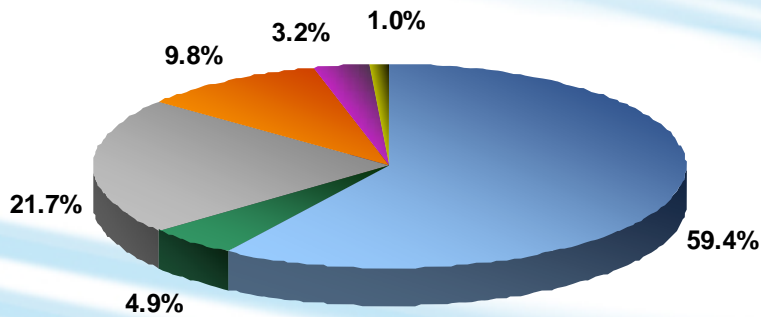
Revenue composition

R million	2004	2005	2006	% change
Airtime, connection & access	12,738	16,191	20,085	24.1%
Data revenue	1,039	1,340	2,038	52.1%
Interconnection	5,785	5,924	6,697	13.0%
Equipment sales	2,275	2,687	3,986	48.3%
International airtime	659	887	971	9.5%
Other sales & services	359	286	266	(7.0%)
	22,855	27,315	34,043	24.6%

Group revenue

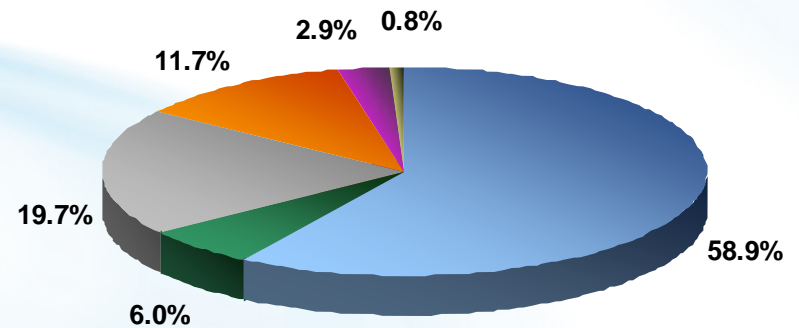
By revenue type

Revenue analysis – 2005
R27,315 million



- Airtime, connection and access
- Interconnection
- International airtime

Revenue analysis – 2006
R34,043 million



- Data revenue
- Equipment sales
- Other sales and services

 Airtime contribution down 0.5% points; revenue up 24.1% to R20.1 billion

 Interconnect contribution down 2.0% points; revenue up 13.0% to R6.7 billion

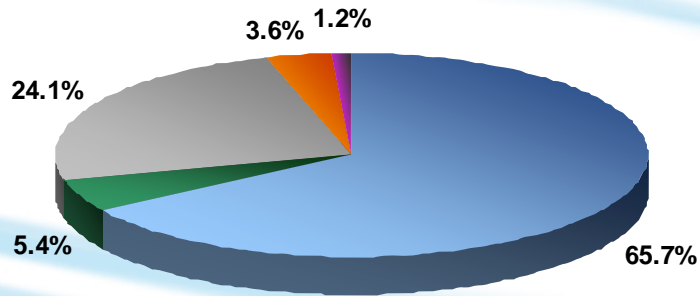
 Data contribution up 1.1% points; revenue up 52.1% to R2.0 billion

Group revenue (excluding equipment sales)

By revenue type

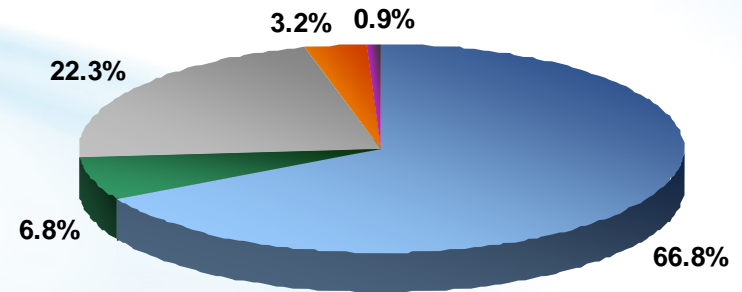
Revenue analysis – 2005

R24,628 million (excluding equipment sales)



Revenue analysis – 2006

R30,057 million (excluding equipment sales)



■ Airtime, connection and access
■ Interconnection
■ Other sales and services

■ Data revenue
■ International airtime

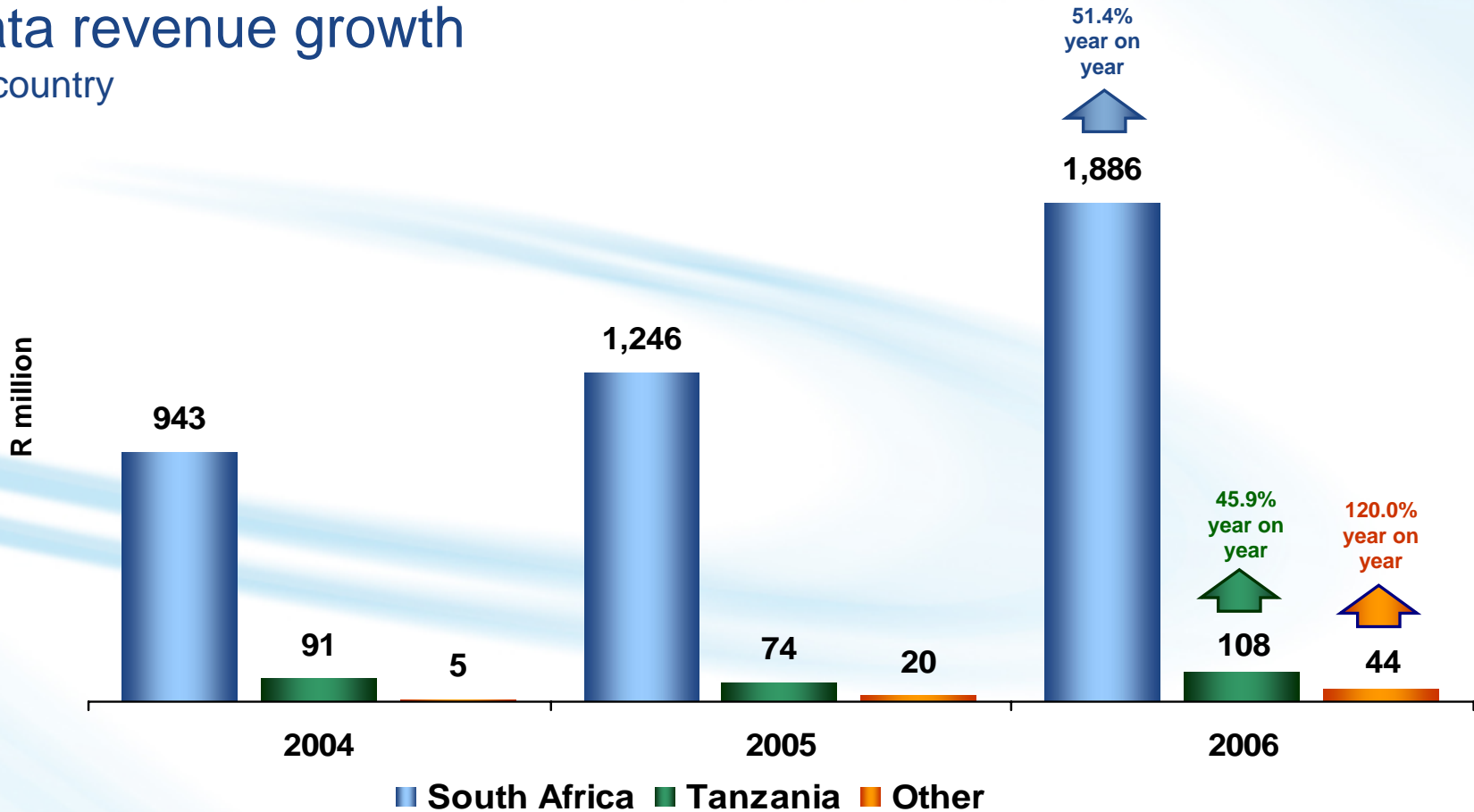
 Airtime contribution up 1.1% points; revenue up 24.1% to R20.1 billion


 Interconnect contribution down 1.8% points; revenue up 13.0% to R6.7 billion

 Data contribution up 1.4% points; revenue up 52.1% to R2.0 billion

Data revenue growth

By country



 South Africa data revenue up 51.4%, due to customer growth and new technologies (3G, HSDPA, Vodafone live!, BlackBerry®, Mobile TV)

 Tanzania data revenue up 45.9% due to customer growth and increased data spend by customers

EBITDA growth and margin analysis

- Strong EBITDA performance**

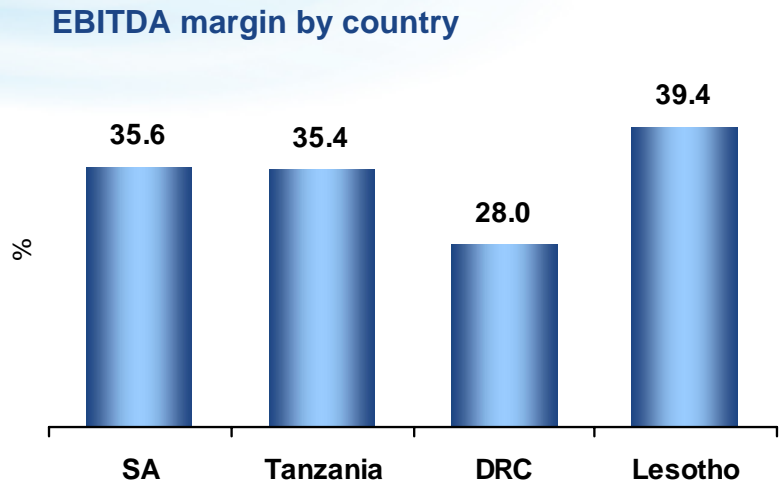
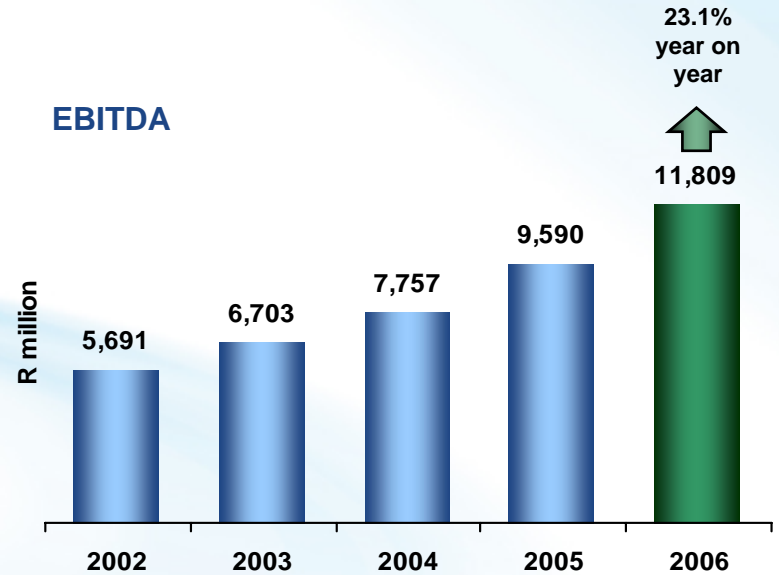
Increased 23.1% year on year to R11.8 billion
 EBITDA margin decreased 0.4% points year on year to 34.7%
 EBITDA margin 39.9%, when excluding cellular phone and equipment sales

- South Africa EBITDA**

Increased 22.9% year on year to R11.1 billion
 EBITDA margin decreased 0.3% points year on year to 35.6%

- Improved EBITDA for other African operations**

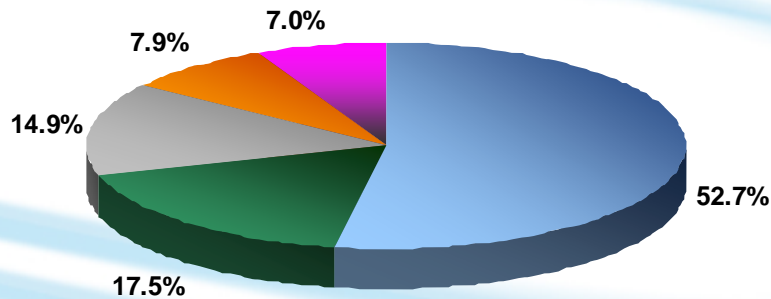
Increased 45.3% year on year to R0.8 billion
 Contributed 6.6% of total vs. 5.6% for the same period in the previous financial year
 Mozambique EBITDA is negative R129 million



Group operating expenses

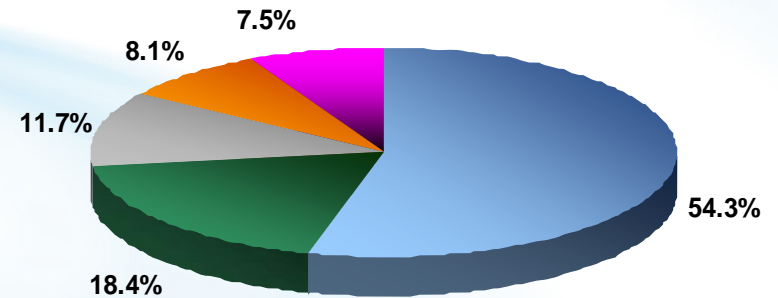
By expense type

Operating expense analysis – 2005
R20,837 million



■ Direct network operating costs ■ Payments to other operators
■ Depreciation, amortisation and impairment ■ Staff expenses
■ Other

Operating expense analysis – 2006
R 25,177 million

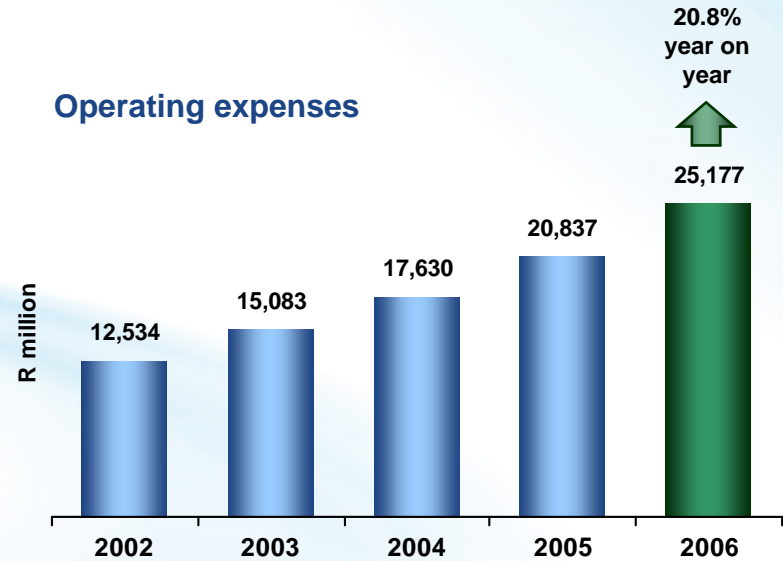


-  Direct network operating cost contribution up by 1.6% points; costs up 24.6% to R13.7 billion
-  Payments to other operators contribution up 0.9% points; costs up 26.9% to R4.6 billion
-  Depreciation, amortisation and impairment contribution down 3.2% points; costs down 5.4% to R2.9 billion. Impairment R268 million vs. R53 million net reversal

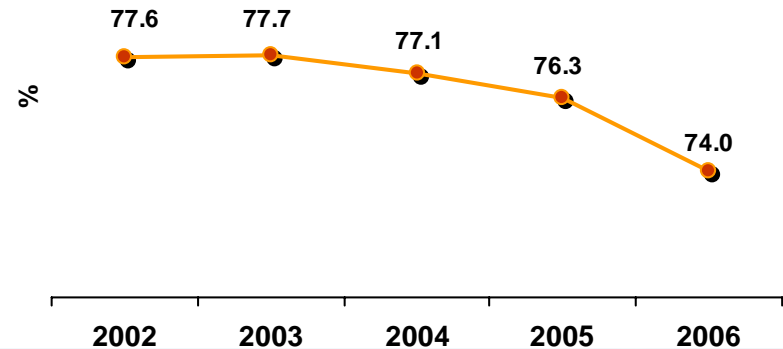
Group operating expenses

- **Depreciation, amortisation and impairment**
Decreased with 5.4% year on year to R2.9 billion
- **Staff expenses**
Increased 23.5% to R2.0 billion
Total headcount increased by 9.3% to 5,459
- **Cost of connection and retention up 25%**
- **Expenses, excluding depreciation, amortisation and impairment up 25.4%**
- **Cost associated with new technologies such as transmission and Vodafone partnership costs – full year effect**

Operating expenses



Operating expenses as a percentage of revenue



Group profit from operations

By country

R million	2004	2005	2006	% change
South Africa	5,272	6,618	8,602	30.0%
Tanzania	135	183	263	43.7%
DRC	10	50	117	134.0%
Lesotho	1	25	51	104.0%
Mozambique	(88)	(454)	(144)	68.3%
Holding companies	(105)	56	(23)	n/a
	5,225	6,478	8,866	36.9%
Profit from operations margin (%)	22.9%	23.7%	26.0%	2.3% pts

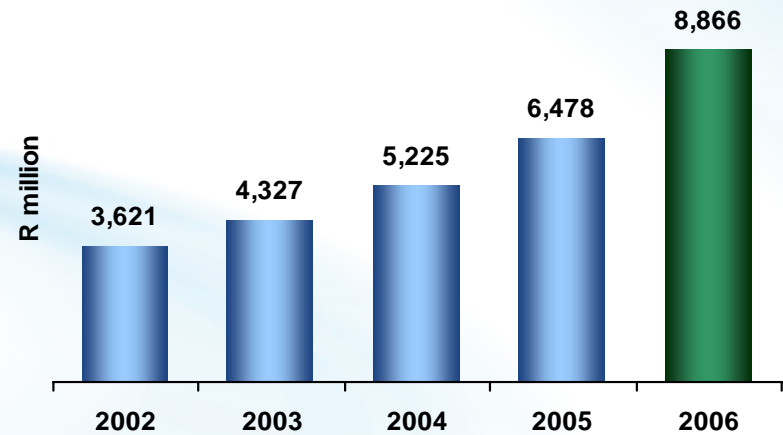
 **Customer growth of 51.9% to 23.5 million**

 **Revenue growth of 24.6% vs. operating expenses growth of 20.8%**

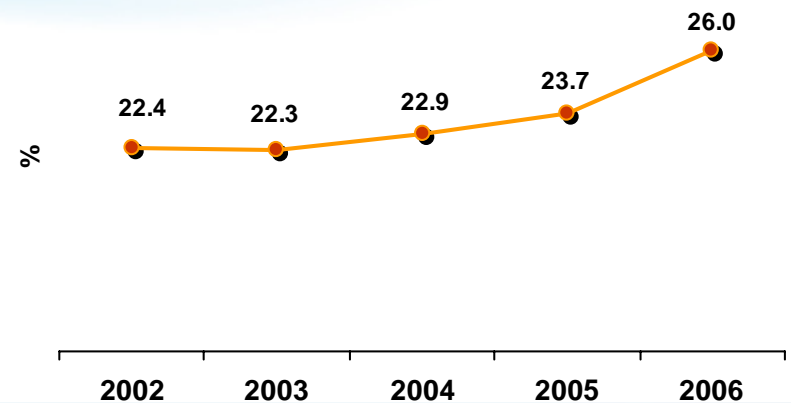
Profit from operations and margin

- Profit growth of 36.9% year on year to R8.9 billion
- South Africa (30.0% year on year growth to R8.6 billion)
Exceptional customer growth of 49.3%
Operating expenses increased 22.7% vs. revenue growth of 24.1%
- Tanzania (43.7% year on year growth)
74.1% growth in customers
Profit margin increased to 20.0% (2005: 19.1%)
- DRC (134.0% year on year growth)
52.2% growth in customers
Profit margin increased to 8.8% (2005: 4.7%)
- Lesotho (104.0% year on year growth)
40.1% growth in customers
Profit margin increased to 30%
- Mozambique (68.3% year on year smaller loss)
84.9% increase in customers
Net impairment reversal of R53 million

Profit from operations



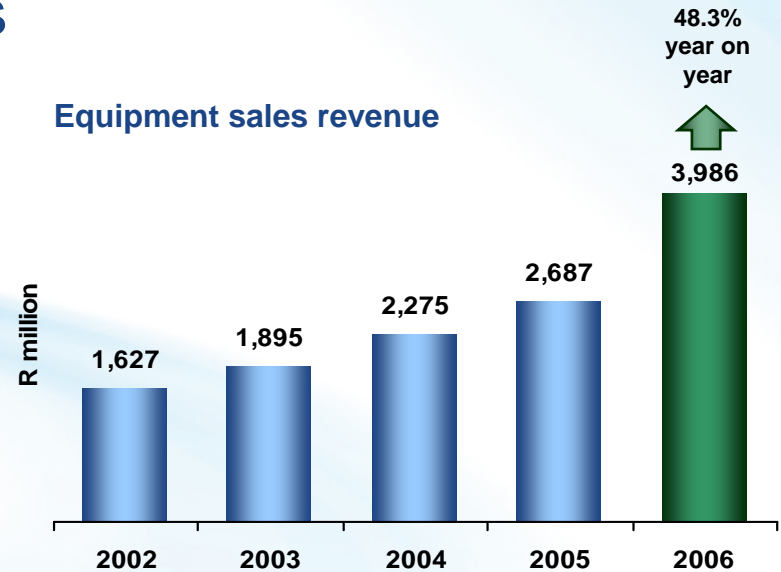
Profit from operations margin



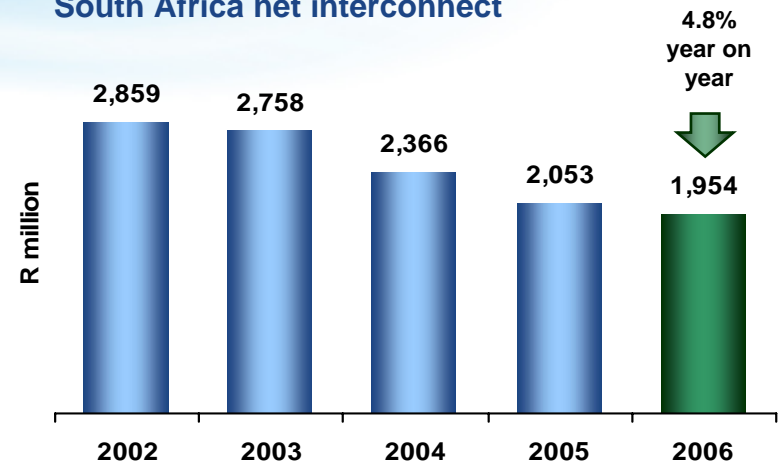
Factors affecting trends and margins

- Low margin equipment sales**
 58.3% year on year increase in equipment sale volumes to 3.8 million units
- South Africa net interconnect revenue decreased 4.8% year on year to R1.9 million**
 Margin dropped by 6.6% pts to 33.7%
- Gross South Africa customer connections of 9.1 million**
 Prepaid customer connections of 8.4 million; an increase of 51.3%
 Contract customer connections of 0.7 million; an increase of 15.1%
- Gross other African customer connections of 2.7 million, an increase of 67.1% year on year**

Equipment sales revenue



South Africa net interconnect



Factors affecting trends and margins (continued)

- **South Africa traffic mix**

Outgoing traffic increased 23.0% year on year to 11.4 billion minutes

Incoming traffic increased 14.5% year on year to 5.7 billion minutes

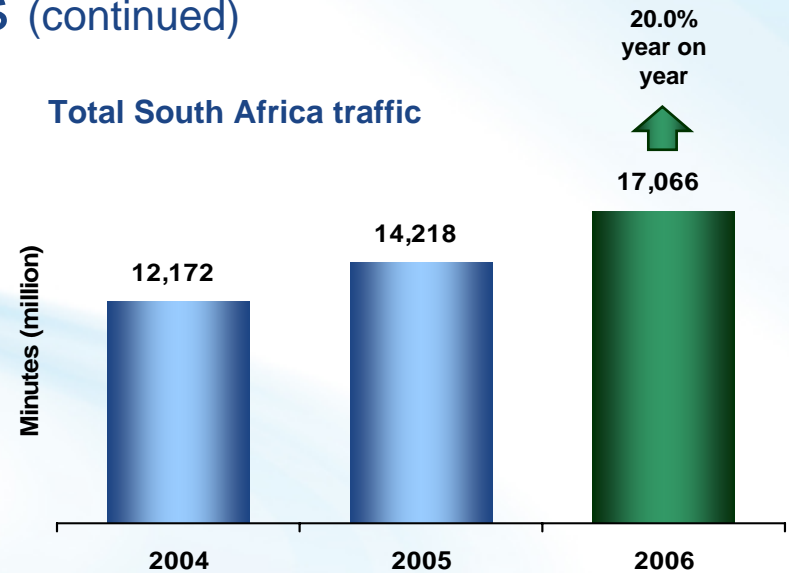
Mobile to mobile traffic increased 26.1% to 13.5 billion minutes

Mobile / fixed traffic increased 1.7% to 3.6 billion minutes

On-net traffic increased by 30.7% to 6.5 billion minutes

- **Highly competitive markets**

Total South Africa traffic

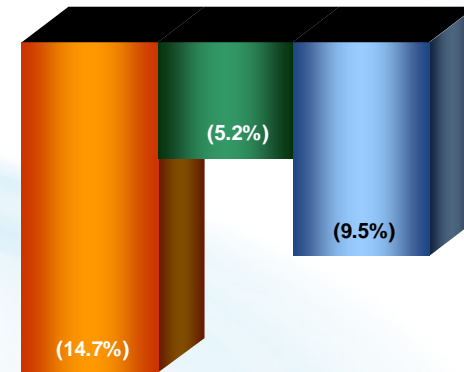


South Africa ARPU per month

Customer mix impact on total and contract ARPU

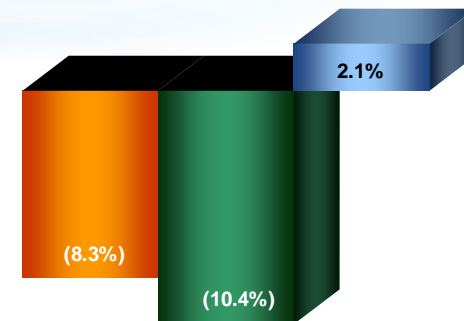
- Total ARPU decreased by 14.7% from R163 to R139 per month year on year
- Contract ARPU decreased by 8.3% from R624 to R572 per month year on year

South Africa total ARPU per month



■ ARPU ■ Impact of customer mix on ARPU ■ Average revenue

South Africa contract ARPU per month



■ ARPU ■ Impact of customer mix on ARPU ■ Average revenue

Productivity measures

- Consolidated customers per employee

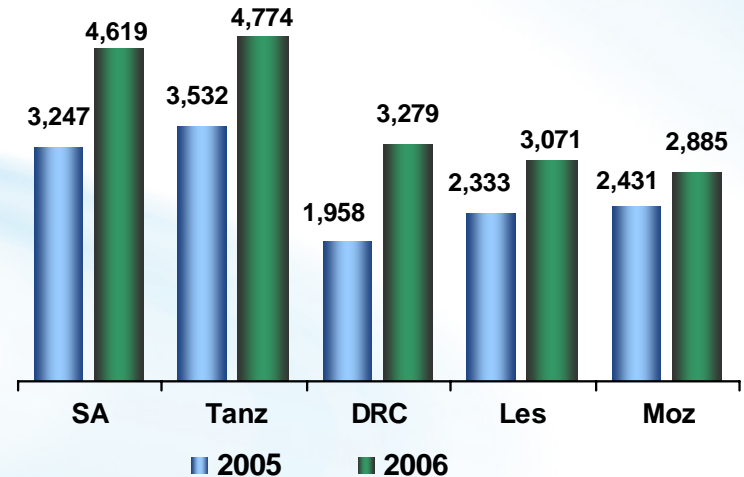
Increased 38.9% year on year to 4,308 based on 5,459 employees

- Consolidated gross capex as a % of revenue increased to 15.1% from 12.8% for the same period in the previous financial year

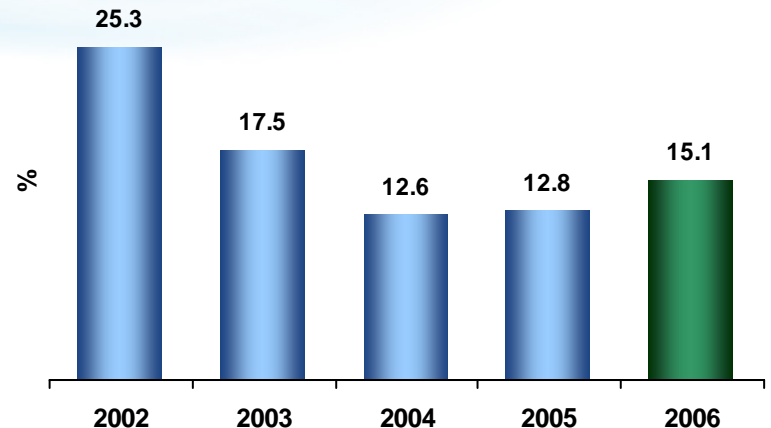
Investment in new technologies

Increased capacity

Customers per employee



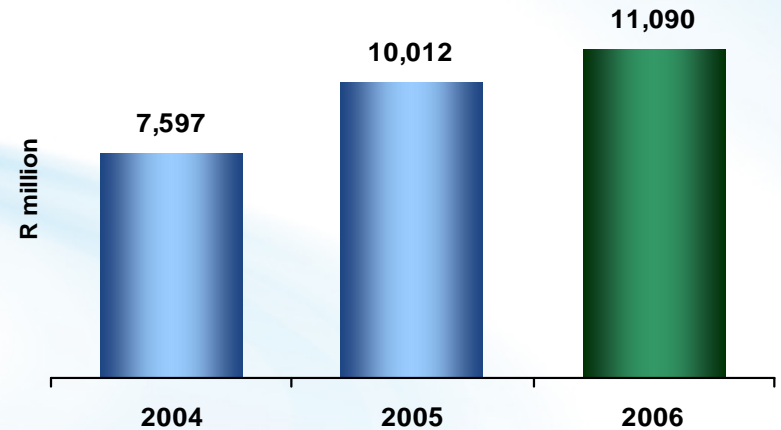
Gross capex additions as a % of revenue



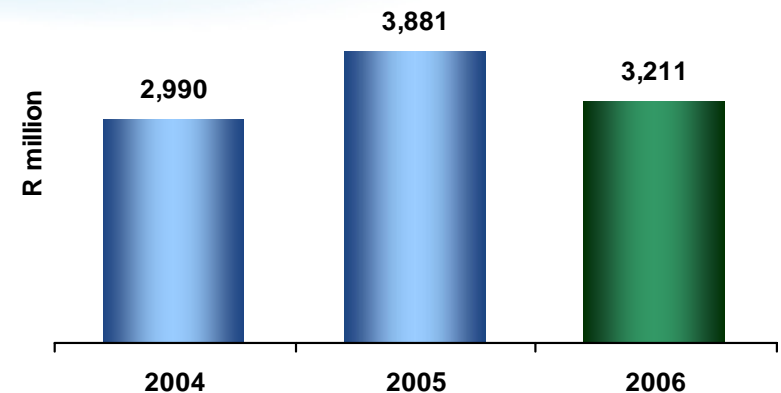
Strong cash generation

- EBITDA increase of R2.2 billion
- Cash generated from operations increased 10.8% to R11.1 billion
- Increase in capex spend of R1.5 billion to R4.8 billion
- Phasing of working capital
- Free cash flow decreased 17.3% to R3.2 billion

Cash generated from operations



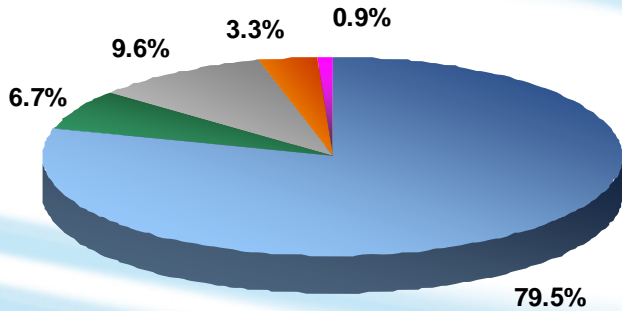
Free cash flow



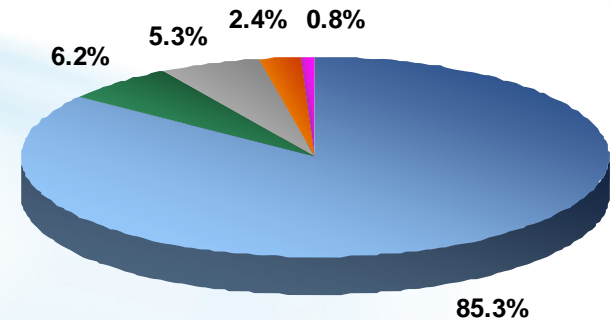
Capex additions and composition

Including software

Capex gross additions – 2005
R3,494 million



Capex gross additions – 2006
R5,138 million



- South Africa
- DRC
- Lesotho and holding companies
- Tanzania
- Mozambique

 Capex as a % of revenue at 15.1% vs. prior year of 12.8%

 South Africa capex gross additions increased 57.9% to R4.4 billion

 Other African capex additions increased 6.3% to R0.7 billion

 3G / HSDPA spend of R903 million vs. prior year of R272 million

Net debt maturity profile

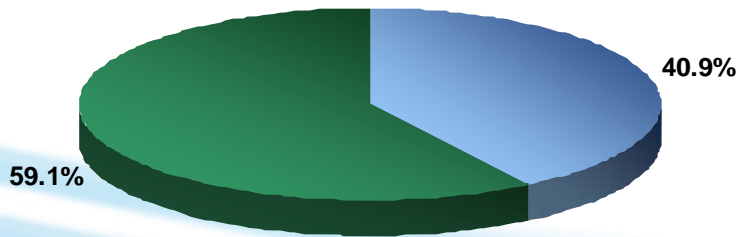
March 31, R million	2007	2008	2009	2010	2011	>2012	Total 2006	Total 2005
South Africa – finance leases	79	114	192	99	162	162	808	858
Tanzania	184	-	-	-	-	91	275	369
DRC	1,343	-	-	-	-	-	1,343	1,361
Lesotho	4	-	-	-	-	-	4	4
Other	39	-	-	-	-	-	39	7
Debt excluding bank overdrafts	1,649	114	192	99	162	253	2,469	2,599
Bank overdrafts							1,386	1,817
Gross debt							3,855	4,416
Bank and cash balances							(3,146)	(3,990)
Net debt							709	426



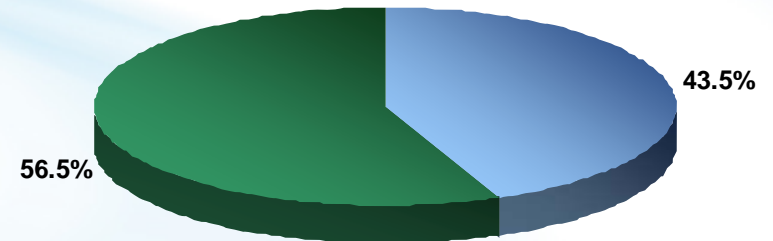
Final dividend of R2.8 billion paid on April 5, 2006

Debt composition

Gross debt composition
including bank overdrafts – 2005
R4,416 million



Gross debt composition
including bank overdrafts – 2006
R3,855 million



■ Foreign denominated ■ ZAR denominated

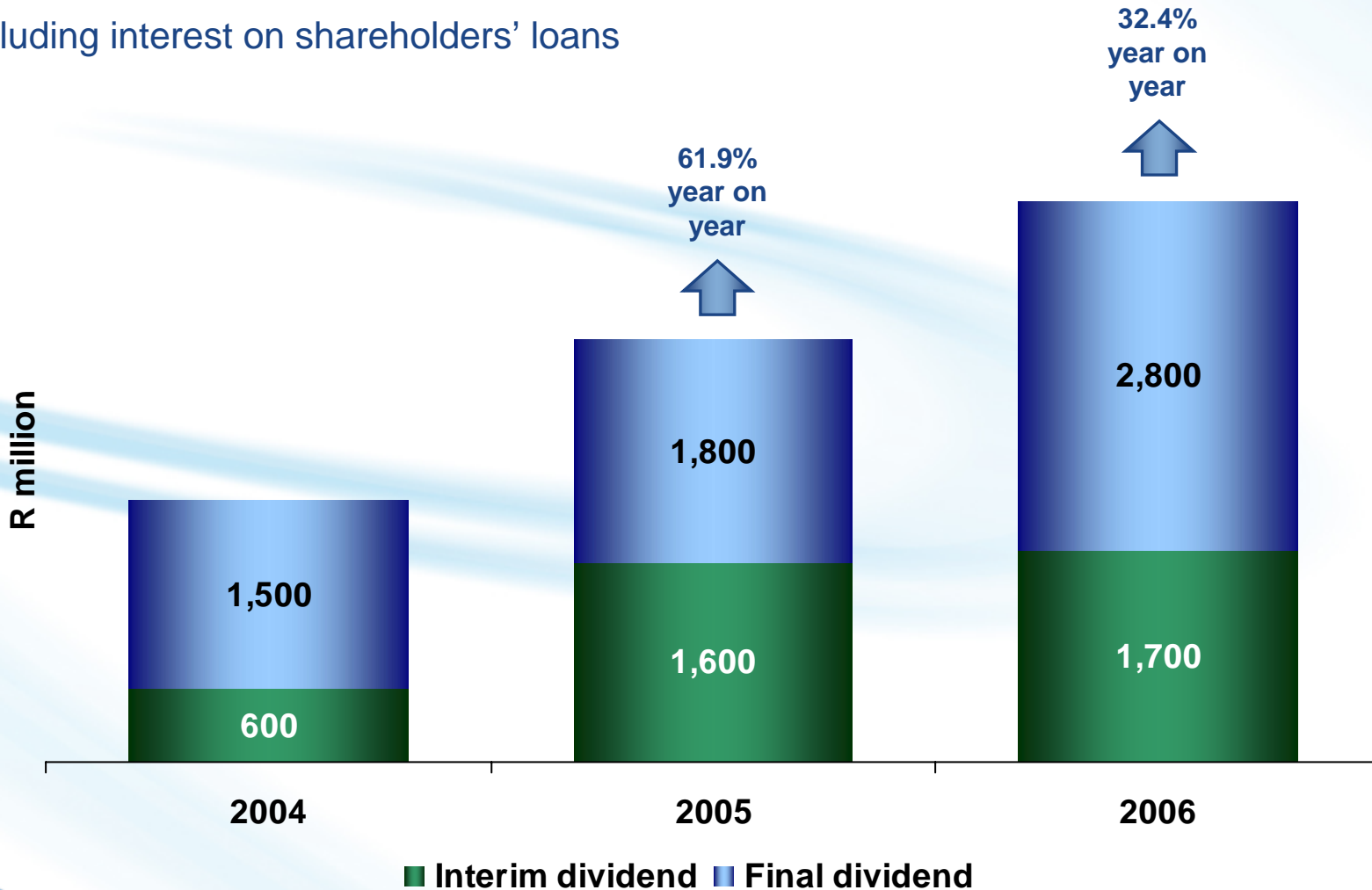
 Net debt to equity ratio 8.2% (2005: 5.4%)

 Foreign denominated ring-fenced of R184 million and foreign denominated, not ring-fenced R1,492 million

 Adjusting for dividends and STC on dividends payable: net debt to equity ratio of 45.9% (2005: 32.0%)

Shareholder distributions

Excluding interest on shareholders' loans



■ Interim dividend ■ Final dividend



The level of future dividend payments is dependent on the extent of investment activities



Questions?

Group balance sheets

Extracts at March 31,

R million	2004	2005	2006	% change
ASSETS				
Non-current assets	12,851	13,889	16,079	15.8%
Current assets	7,323	8,706	8,689	(0.2%)
Total assets	20,174	22,595	24,768	9.6%
EQUITY AND LIABILITIES				
Capital and reserves	7,604	7,888	8,672	9.9%
Non-current liabilities	2,318	3,233	2,236	(30.8%)
Current liabilities	10,252	11,474	13,860	20.8%
Total equity and liabilities	20,174	22,595	24,768	9.6%

Group cash flow statements

Extracts for the years ended March 31,

R million	2004	2005	2006	% change
Cash generated from operations	7,597	10,012	11,090	10.8%
Net cash flows from operating activities	4,790	4,150	4,501	8.5%
Net cash flows utilised in investing activities	(3,000)	(3,374)	(4,791)	(42.0%)
Net cash flows utilised in financing activities	(798)	(195)	(107)	45.1%
Net increase in cash and cash equivalents	992	581	(397)	(168.3%)
Cash and cash equivalents at the beginning of the year	648	1,598	2,173	36.0%
Effect of foreign exchange rate changes	(42)	(6)	(16)	(166.7%)
Cash and cash equivalents at the end of the year	1,598	2,173	1,760	(19.0%)

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