

VODACOM GROUP (PROPRIETARY) LIMITED

INTERIM RESULTS

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2007

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The World... Connected



Operational highlights

Alan Knott-Craig

Chief Executive Officer



Group highlights

For the six months ended September 30, 2007 vs. prior year

Total customers

31.6 million

22.6%



Revenue

R22.8 billion

17.2%



Profit from operations

R5.7 billion

15.1%



EBITDA

R7.6 billion

15.5%



Net profit after tax

R3.7 billion

17.5%



Interim dividend (declared October 2007)

R2.75 billion

10.0%








 **High gross connections: increase of 19.4% year on year to 8.7 million**

Inactive customers – South Africa

- **Current rule**
 - Call forwarding to voicemail is classified as a revenue generating activity
 - Disconnect inactive prepaid SIM cards after (6 + 1) months with no revenue generating activity on the network
- **Supplementary rule**
 - Disconnect inactive prepaid SIM cards after (12 + 1) months if only call forwarding to voicemail and no other activity
- **Impact of supplementary rule**
 - Disconnection of 2.9 million prepaid SIM cards in September 2007
 - Prepaid churn is expected to increase

South Africa


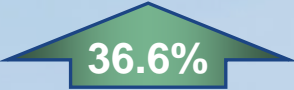


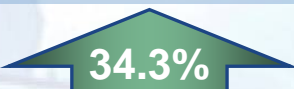
For the six months ended September 30, 2007 vs. prior year

		H1 2008
• Total customers		23.3 million
• Gross connections		5.8 million
• Churn %		45.9%
• Mobile penetration %		86.8%
• Profit from operations		R5.4 billion



Tanzania






For the six months ended September 30, 2007 vs. prior year

		H1 2008
• Total customers	 41.8%	3.7 million
• Gross connections	 36.6%	1.2 million
• Churn %	 11.6 pts	46.8%
• Mobile penetration %	 4.7 pts	17.3%
• Profit from operations	 34.3%	R180 million



Democratic Republic of Congo (DRC)






For the six months ended September 30, 2007 vs. prior year

		H1 2008
• Total customers	 56.8%	3.2 million
• Gross connections	 63.3%	1.2 million
• Churn %	 13.3 pts	43.3%
• Mobile penetration %	 4.4 pts	11.0%
• Profit from operations	 29.3%	R172 million



Lesotho

For the six months ended September 30, 2007 vs. prior year

		H1 2008
• Total customers	 39.5%	332 thousand
• Gross connections	 45.5%	80 thousand
• Churn %	 2.6 pts	17.9%
• Mobile penetration %	 7.4 pts	22.1%
• Profit from operations	 64.7%	R56 million



Mozambique

For the six months ended September 30, 2007 vs. prior year

		H1 2008
• Total customers	↑ 55.5%	1.1 million
• Gross connections	↑ 19.6%	391 thousand
• Churn %	↓ 15.5 pts	57.3%
• Mobile penetration %	↑ 3.0 pts	13.7%
• Loss from operations	↓ 59.4%	R56 million
• Loss from operations (excluding impairment)	↓ 25.0%	R75 million



Innovative non-voice products in South-Africa

Vodafone live! / 3G / HSDPA

- Over 1.2 million Vodafone live! users
- Over 265 thousand data card and USB modem users

New products and services

- Changing media landscape: mobile advertising and marketing
- Mobile advertising launched on June 1, 2007

Retail SMS 51.8% and bulk SMS 5.1% of data revenue

Mobile TV / DVB-H

- More than 35 thousand unique Mobile TV users
- 26 TV channels
- More than 4 thousand DSTV pay TV customers

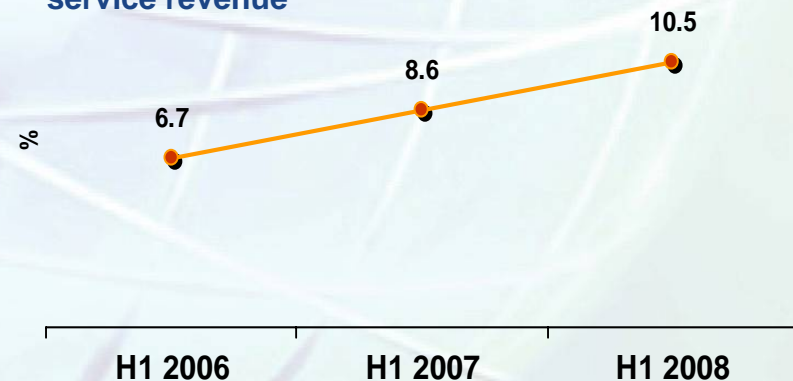
Brand and marketing

- Voted no 1 brand in telecommunication
- Voted no 3 brand overall
- Voted no 1 advertising company

Group data revenue



Group data revenue as a % of service revenue



Acquisitions of subsidiaries

- On August 31, 2007 the Group increased its interest in the equity of Smartphone SP (Proprietary) Limited from 70% to 100%
- On September 1, 2007 the Group increased its interest in the equity of Smartcom (Proprietary) Limited from 88% to 100%

Vodacom BEE equity transaction

- Our envisaged BEE transaction has been impacted by pending shareholder activity for the past four months
- We are now pleased to announce that the Vodacom Group Board has given the go ahead to proceed with the envisaged BEE equity transaction of R7.5 billion

Regulatory

- Regulatory environment affecting the future potential earnings of the company:
 - Convergence Bill
 - Interconnect and wholesale rate regulations / mobile termination rates
 - Customer registrations (RICA)
- EASSY cable delayed due to uncertainty as to landing rights

Current affairs

- Vodacom Converged Solutions in place
 - Converged network services; managed hosting services; mobile and application services
 - Integrated into Vodacom South Africa
- WiMax launch due early next year
- Self provisioning of fiber rings underway. As at end October 2007, 15 km completed and as at November 15, 2007, 23 km completed
- Yebo radio launched on November 3, 2007. Destined for distribution channel, staff and streaming to handsets
- Earth station for international traffic completed in Midrand
- Acquisitions for latest expansions underway

Financial review

Leon Crouse

Chief Financial Officer



Group income statement

For the six months ended September 30

R million	H1 2006	H1 2007	H1 2008	% change
Revenue	16,175	19,466	22,815	17.2%
Operating expenses excluding depreciation, amortisation and impairment	(10,612)	(12,888)	(15,215)	(18.1%)
EBITDA	5,563	6,578	7,600	15.5%
Depreciation and amortisation	(1,406)	(1,575)	(1,904)	(20.9%)
Impairment	68	(38)	18	n/a
Profit from operations	4,225	4,965	5,714	15.1%
Net finance (costs) / income	(383)	4	(445)	n/a
Profit before tax	3,842	4,969	5,269	6.0%
Taxation	(1,455)	(1,855)	(1,611)	13.2%
Net profit	2,387	3,114	3,658	17.5%




Effective tax rate 30.6% vs. 37.3% prior year, due to interim dividend declared in October 2007

Group revenue

By country

R million	H1 2006	H1 2007	H1 2008	% change
South Africa, including holding companies	14,764	17,580	20,299	15.5%
Tanzania	611	775	1,086	40.1%
DRC	649	898	1,108	23.4%
Lesotho	77	105	139	32.4%
Mozambique	74	108	183	69.4%
	16,175	19,466	22,815	17.2%

 Revenue driven by strong customer growth

 Non-South African operations contributing 11.0% (H1 2007: 9.7%)

Group revenue

Composition

R million	H1 2006	H1 2007	H1 2008	% change
Airtime, connection & access	9,581	11,313	12,947	14.4%
Data	893	1,443	2,096	45.3%
Interconnection	3,186	3,723	4,304	15.6%
Equipment sales	1,910	2,312	2,393	3.5%
International airtime	485	555	952	71.5%
Other sales and services	120	120	123	2.5%
	16,175	19,466	22,815	17.2%

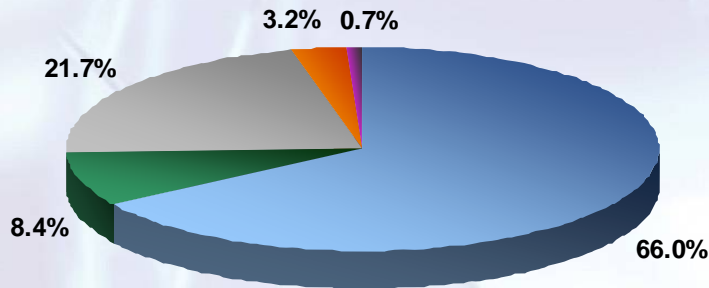
 Revenue growth, excluding equipment sales was 19.1% (H1 2007: 20.3%)

Group revenue (excluding equipment sales)

By revenue type

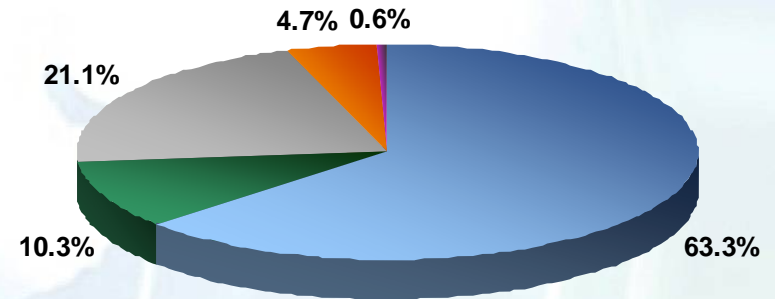
Revenue analysis – H1 2007

R17,154 million (excluding equipment sales)



Revenue analysis – H1 2008

R20,422 million (excluding equipment sales)



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

■ Data
■ International airtime

 Airtime contribution down 2.7% points to 63.3%

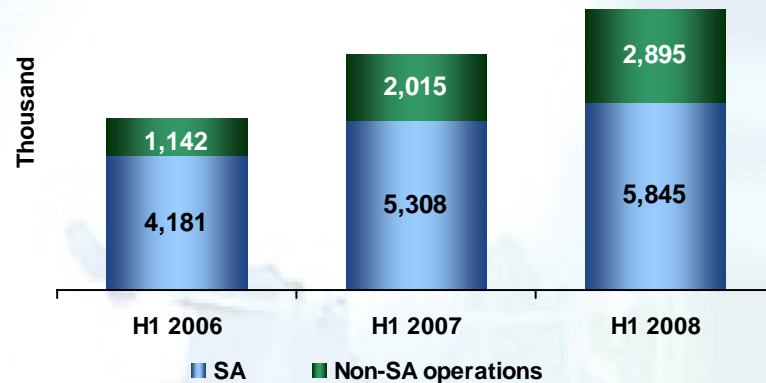
 Interconnect contribution down 0.6% points to 21.1%

 Data contribution up 1.9% points to 10.3%

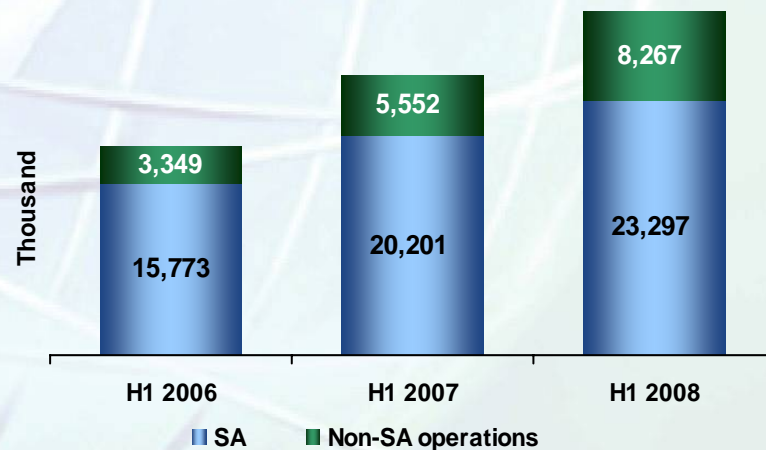
Group operational indicators

- Gross connections up 19.4% year on year to a high of 8.7 million
- Customers up 22.6% year on year to 31.6 million
- Total traffic in South Africa increased by 14.0% year on year to 11.0 billion minutes vs. customer growth of 15.3%

Gross connections



Closing customers

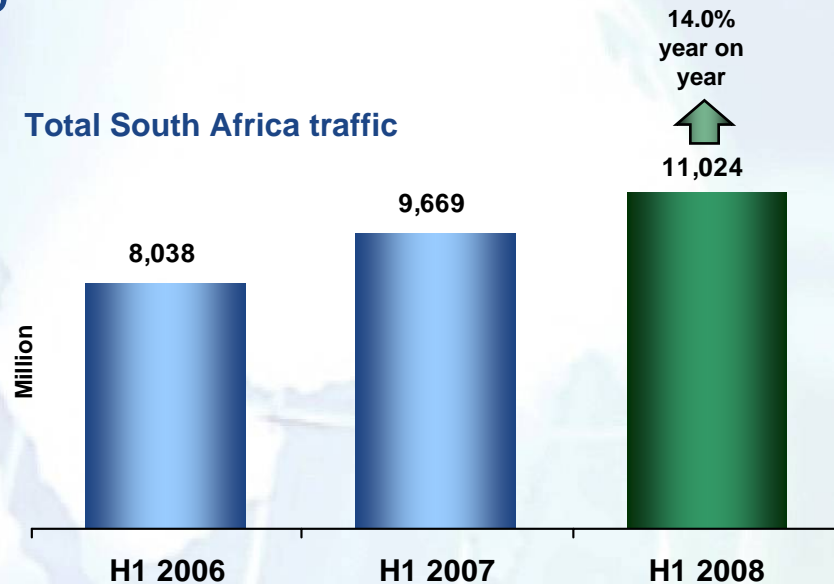


Factors affecting trends and margins

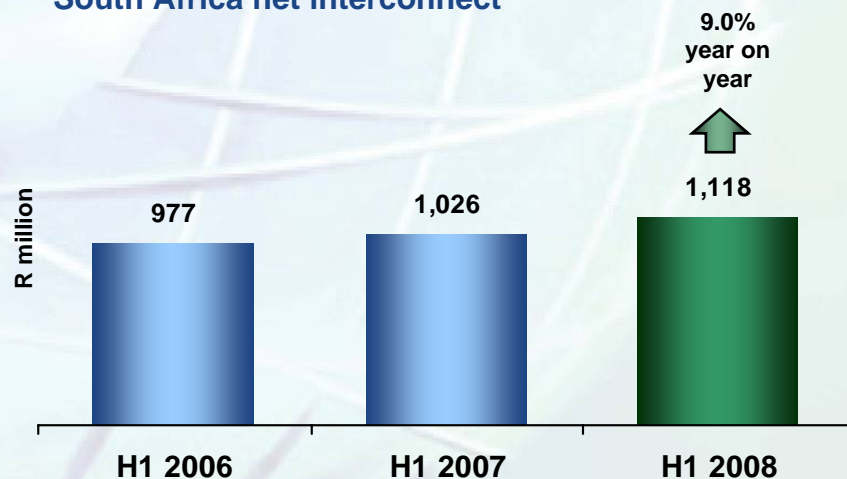
- South Africa traffic mix

- Outgoing traffic increased 14.2% year on year to 7.4 billion minutes:
 - Outgoing fixed increased by 3.8% to 624 million
 - Outgoing mobile increased by 15.3% to 6.8 billion
- Incoming traffic increased 13.6% year on year to 3.6 billion minutes:
 - Incoming fixed increased by 4.0% to 1.3 billion
 - Incoming mobile increased by 19.5% to 2.4 billion
- Mobile to mobile traffic increased by 16.4% to 9.1 billion minutes
- Mobile/fixed traffic increased by 3.9% to 1.9 billion minutes

Total South Africa traffic

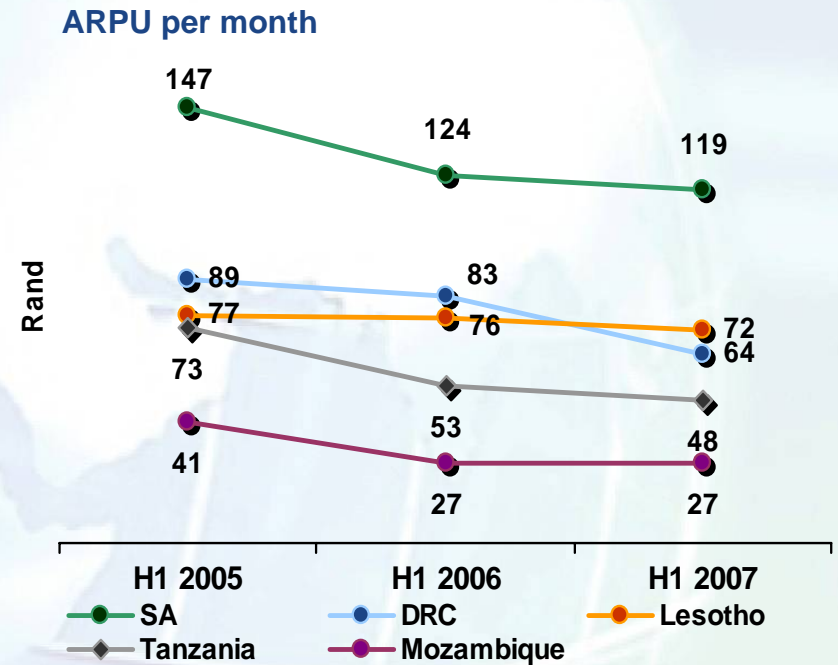


South Africa net interconnect



ARPU by country

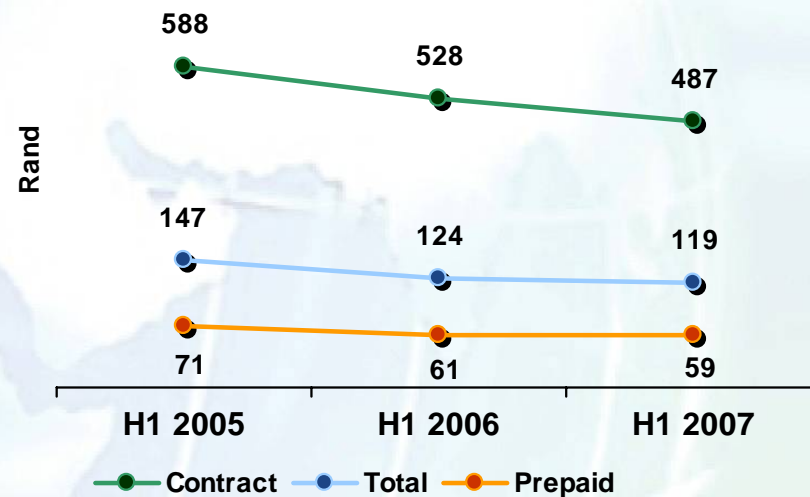
- Declining ARPUs
- SA decreased 4.0% to R119
- DRC decreased 22.9% to R64
- Lesotho decreased 5.3% to R72
- Tanzania decreased 9.4% to R48
- Mozambique stable at R27
- Vodacom Group consolidated ARPU decreased 7.2% year on year from R111 to R103



South Africa ARPU

- Contract ARPU decreased 7.8% year on year to R487
- Prepaid ARPU decreased 3.3% year on year to R59
- Total ARPU decreased 4.0% year on year to R119

South Africa ARPU per month



EBITDA and margin analysis

EBITDA performance

- Increased 15.5% year on year to R7.6 billion
- EBITDA margin decreased 0.5% points year on year to 33.3%
- EBITDA margin 38.3%, when excluding cellular phone and equipment sales

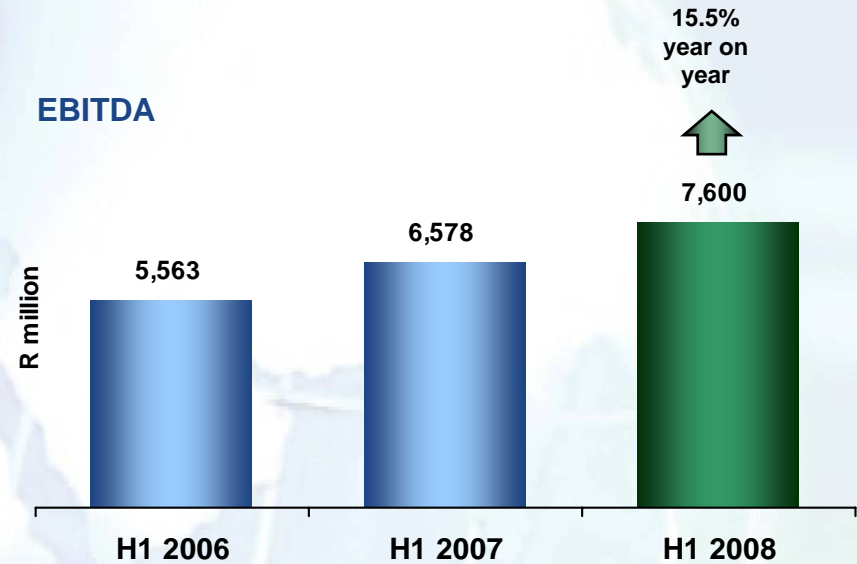
South Africa EBITDA

- Increased 14.9% year on year to R6.9 billion
- EBITDA margin decreased 0.2% points year on year to 34.0%

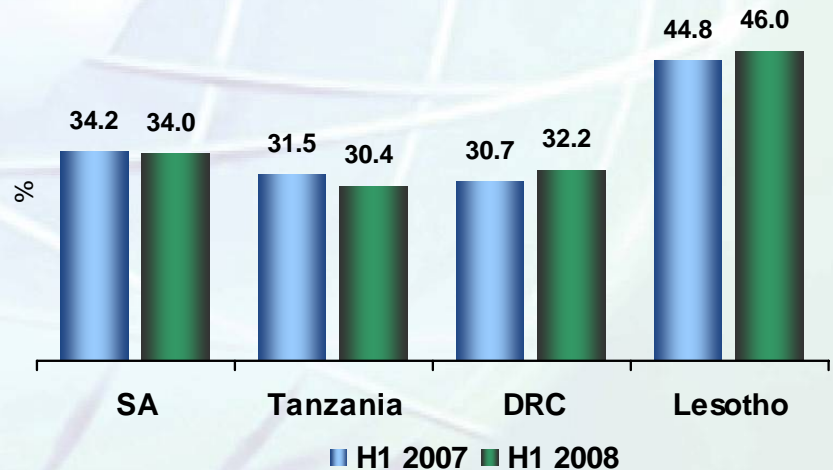
EBITDA for non-South African operations

- Increased 40.7% year on year to R719 million
- Non-South African operations contributed 9.5% of total vs. 7.8% for the same period in the previous financial year
- Tanzania EBITDA margin decreased: increase in excise duty on airtime; inflated fuel prices; competition

EBITDA



EBITDA margin by country



Group profit from operations

By country

R million	H1 2006	H1 2007	H1 2008	% change
South Africa	4,060	4,745	5,389	13.6%
Tanzania	115	134	180	34.3%
DRC	47	133	172	29.3%
Lesotho	26	34	56	64.7%
Mozambique	(25)	(138)	(56)	59.4%
Holding companies	2	57	(27)	(147.4%)
	4,225	4,965	5,714	15.1%
Profit from operations margin (%)	26.1%	25.5%	25.0%	(0.5% pts)

 **Customer growth of 22.6% to 31.6 million**

 **Revenue growth of 17.2%; operating expenses growth of 18.1%; depreciation, amortisation and impairment growth of 16.9%**

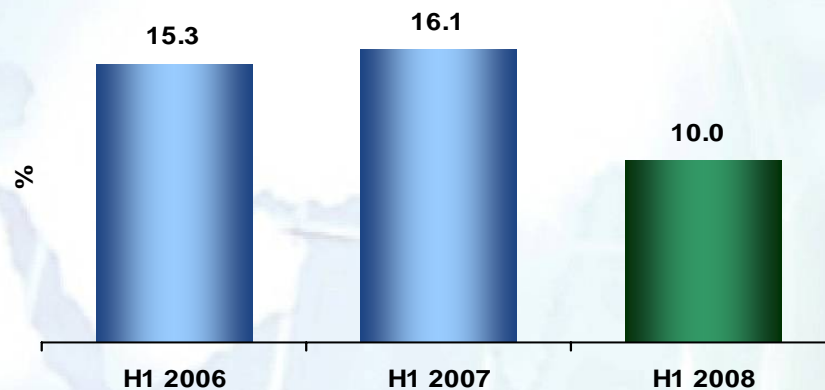
Productivity measures

- Consolidated customers per employee

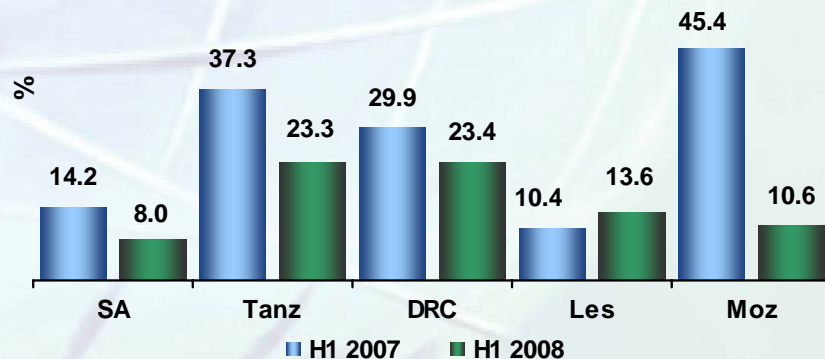
Increased 8.0% year on year to 5,058 based on 6,240 employees

- Consolidated gross capex additions as a % of revenue decreased to 10.0% from 16.1% for the same period in the previous financial year
- Gross capex additions at R2.3 billion vs. R3.1 billion for the same period in the previous financial year

Gross capex additions as a % of revenue



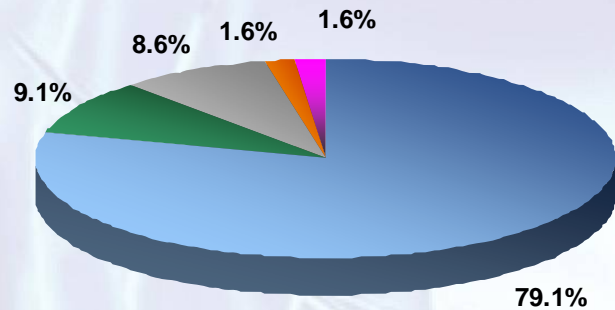
Gross capex additions as a % of revenue



Capex additions and composition

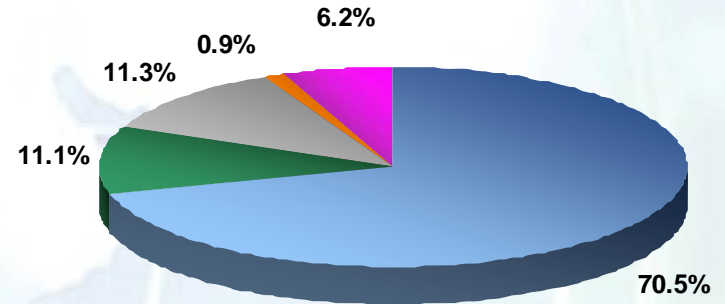
Including software

Capex gross additions – H1 2007
R3,142 million



■ South Africa
■ DRC
■ Lesotho and holding companies

Capex gross additions – H1 2008
R2,289 million



■ Tanzania
■ Mozambique

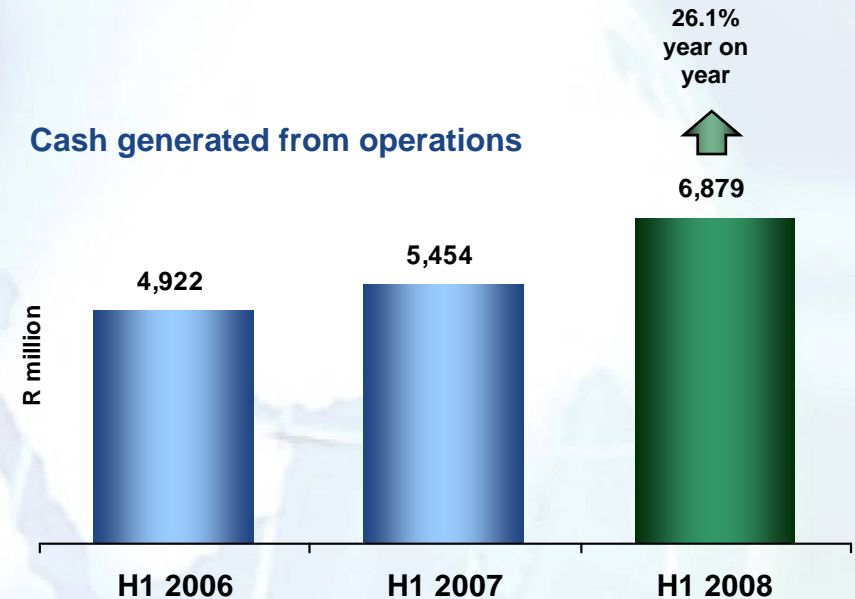
 South Africa capex gross additions decreased by 35.1% to R1.6 billion

 Non-South African capex additions decreased by 10.7% to R551 million

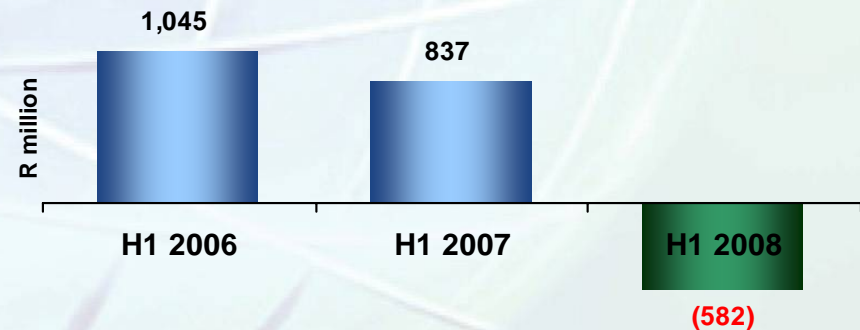
Cash generation

- EBITDA increased by R1.0 billion
- Cash generated from operations increased by 26.1% to R6.9 billion
- Free cash flow decreased from R837 million to negative R582 million
 - Net investments increased by R948 million
 - Capex payments increased by R1.0 billion or 39.9%

Cash generated from operations

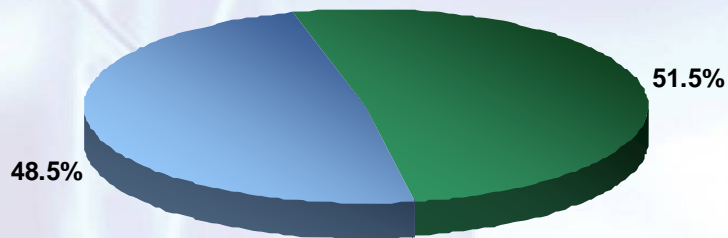


Free cash flow

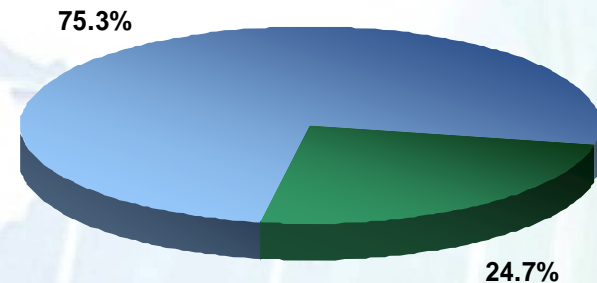


Debt composition

**Gross debt composition
including bank overdrafts – H1 2007
R3,873 million**



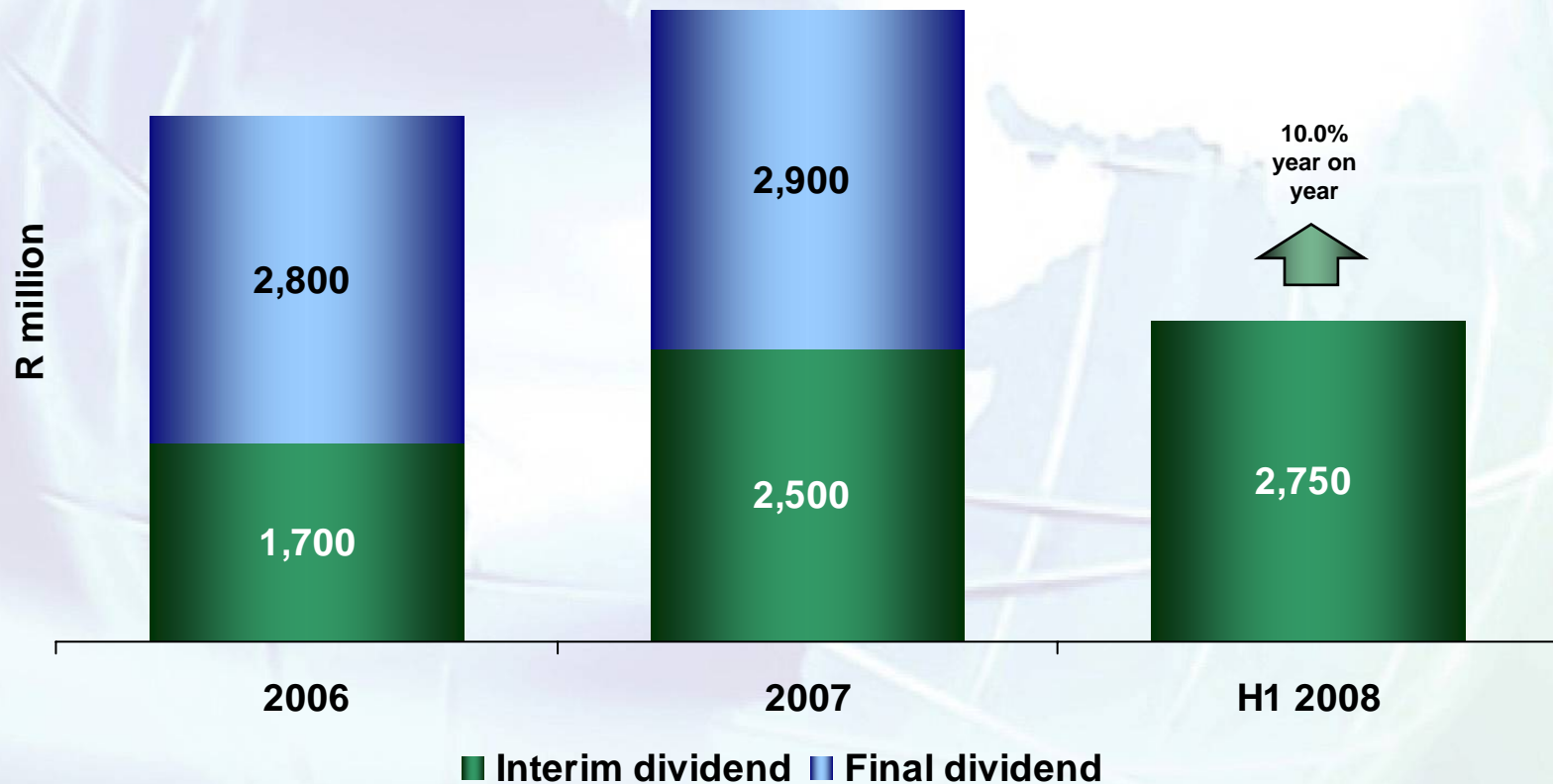
**Gross debt composition
including bank overdrafts – H1 2008
R6,949 million**



■ ZAR denominated ■ Foreign denominated

-  **Net debt: R6,150 million (H1 2007: R3,006 million)**
-  **Net debt to adjusted equity ratio of 56.6% (H1 2007: 37.5%); 118.4% when including the dividend declared in October (H1 2007: 72.6%)**
-  **Net debt to EBITDA ratio of 40.5% (H1 2007: 45.7%)**

Group shareholder distributions



Interim dividend declared in October 2007

Questions?



Group balance sheet

Extracts as at

R million	H1 2007	March 2007	H1 2008	% change
ASSETS				
Non-current assets	18,524	20,844	21,859	4.9%
Current assets	8,062	7,626	9,125	19.7%
Total assets	26,586	28,470	30,984	8.8%
EQUITY AND LIABILITIES				
Equity	9,368	9,647	13,222	37.1%
Non-current liabilities	3,705	3,812	3,607	(5.4%)
Current liabilities	13,513	15,011	14,155	(5.7%)
Total equity and liabilities	26,586	28,470	30,984	8.8%

Group cash flow statement

Extracts for the six months ended

R million	H1 2006	H1 2007	H1 2008	% change
Cash generated from operations	4,922	5,454	6,879	26.1%
Net cash flows from operating activities	1,477	647	1,069	65.2%
Net cash flows utilised in investing activities	(2,231)	(2,646)	(4,641)	(75.4%)
Net cash flows utilised in financing activities	(35)	(112)	4,458	n/a
Net increase in cash and cash equivalents	(789)	(2,111)	886	142.0%
Cash and cash equivalents at the beginning of the period	2,173	1,760	(108)	(106.1%)
Effect of foreign exchange rate changes	(12)	90	(15)	(116.7%)
Cash and cash equivalents at the end of the year	1,372	(261)	763	n/a

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