

Vodacom JSE Investor briefing

9 September 2014

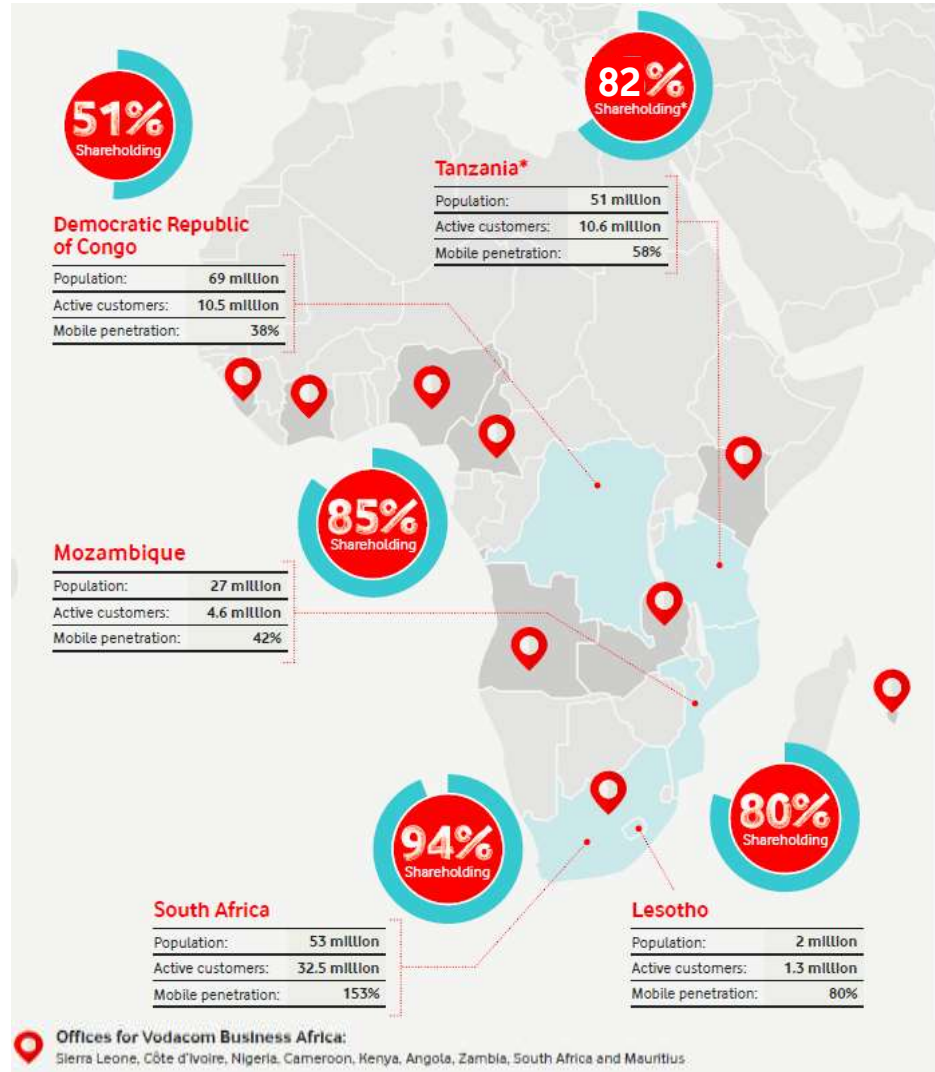


Vodacom Group Limited

Vodacom is a leading African mobile and communication company providing a wide range of services, including mobile voice, messaging, data and converged services to

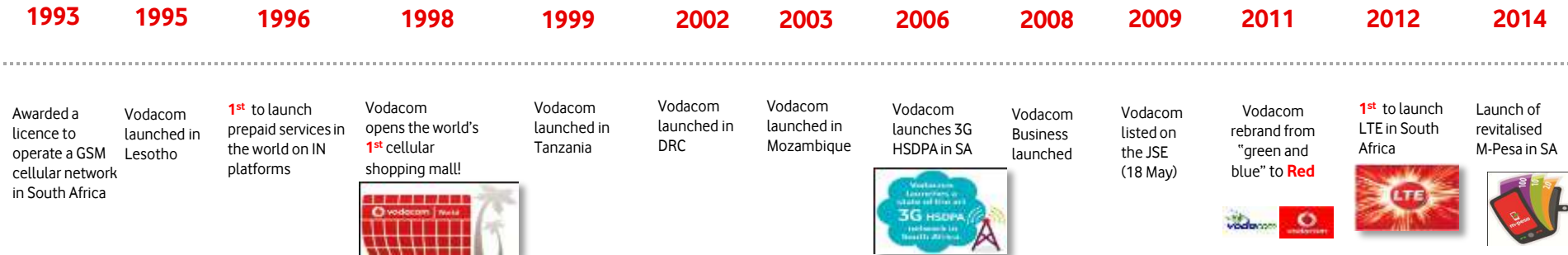
57.5 million
customers.

- Our roots are in South Africa
- We have networks in Tanzania, DRC, Mozambique and Lesotho
- We offer business managed services to enterprises in over 40 countries across Africa
- Vodacom is majority owned by Vodafone
- We are listed on the JSE



History - Milestones

History – Consistent track record of innovation



What we do

- We give people the power to connect with each other – and to learn, work, play, be entertained and broaden their horizons – wherever and however they choose
- At the last count, over 59.6 million customers use our services in 5 countries picked us as their preferred service provider because we stand for great coverage, a reliable connection and good value – as well as a passion for improving the customer experience and the communities within which we operate
- Our core services are voice, messaging and data, which are all available on contract or prepaid



Who leads us



Finance

Ivan Ditttrich (41)

Chief Financial Officer

Joined Vodacom in June 2012



CEO

Shameel Joosub
(43)

Chief Executive Officer

Joined Vodacom in
March 1994

International

Romeo Kumalo (42)

Chief Operating Officer:
International

Joined Vodacom in August 2004



Customer operations

Gary Hagel (47)

Chief Officer:

Customer operations

Joined Vodacom in February 2014

Legal and regulatory

Nkateko Nyoka (51)

Chief Officer:

Legal and Regulatory

Joined Vodacom in October 2007



Technology

Andries Delport (49)

Chief Technology Officer

Joined Vodacom in June 1996

Consumer

Phil Patel (42)

Consumer Business Unit

Joined Vodacom in July 2012/
Vodafone in March 2004



Human resources

Matimba Mbungela (42)

Chief Human Resources Officer

Joined Vodacom in January 2003



Enterprise

Vuyani Jarana (43)

Enterprise Business Unit

Joined Vodacom in December 1995

Corporate Affairs

Maya Makanjee (52)

Chief Officer:
Corporate Affairs

Joined Vodacom in June 2012



Strategy

Nell Gough (53)

Chief Officer:

Strategy and New business

Joined Vodacom in August 2011/
Vodafone in March 2003



How we do business

- We buy licences that give us rights to spectrum bands and we build networks over which we provide calls, SMS and mobile internet services to customers
- Customers pay for the services and we use the cash flow generated to reinvest in the business and provide a good return to our shareholders
- Our reinvestment in the business allows us to make continuous improvements to our network, strengthen our brand, and develop our stores and websites to attract new customers and retain existing ones
- Our assets are – **Networks, Distribution, Supplier relationships, People, Brand**



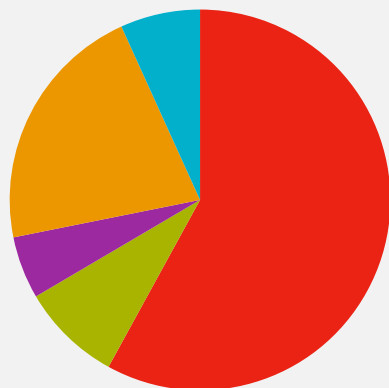
How we create value

- Our strategy is all about **creating value** for all our stakeholders
- **Products, services and penetration**
 - Innovative products for emerging market economies, M-pesa - a mobile-phone based money transfer and microfinancing service that allows users with a national ID card or passport to deposit, withdraw, and transfer money easily with a mobile device
- Record of generating **sustainable profits**
- Mobile drives **socioeconomic value and growth**
- **Everyone benefits**



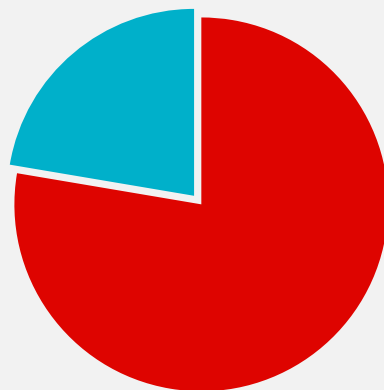
Our financial performance

Service revenue R62.0bn



- Mobile voice 58%
- Mobile interconnect 9%
- Mobile messaging 5%
- Mobile data 21%
- Other service revenue 7%

Service revenue R62.0bn



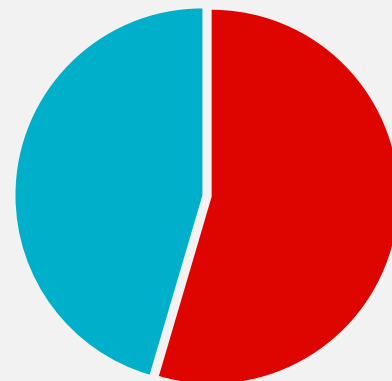
- South Africa 78%
- International 22%

EBITDA R27.3bn



- South Africa 84%
- International 16%

Customers 59.6m



- South Africa 55%
- International 45%





**Strategic objectives,
impact and sustainability
journey (so far)**



Strategic pillars



Customer

Clear NPS leadership

Best value

Best network experience

Best service



Growth

Diversify revenue to deliver growth

Grow data

Grow new services

Grow international

Grow enterprise



Operations

Deliver cost and process efficiency

Process efficiencies

Cost efficiencies



People

Best talent, best practice

Best talent

Best people



Reputation

Transform society and build stakeholder trust

Transforming society

Building trust

Our impact

Since the launch of Vodacom in May 1994, our journey has been remarkable, characterized by a strong track record of innovation

We believe that we can help build a more sustainable future by delivering products and services that enable positive economic, social and environmental outcomes for our stakeholders worldwide

Investing in our business

- Providing a high-quality networks is capital intensive but key a differentiated customer experience, retain and attracting customers.
- We invested **R 10 779 million in capital expenditure (2013: R9 456million)** to build and maintain high quality networks in all our operations

Investing in our people

- We employ 7 225 employees and are committed developing them to meet the requirements of our business.
- One of the most important ways in which we invest in our people is through our talent programmes.
- **We distributed R 4 609 million to our employees (2013: R4 427m)** in salaries, short- and long-term incentives and contributions to pension funds and medical aid schemes.

Contributing to the countries

- We play an important role in helping to develop the economies of the countries in which we operates - we are a major investor, taxpayer, employer and purchaser of local goods and services.
- **Our corporate tax contributions amounted to R 5 194 million (2013: R5 337m)**

Returns for our providers of finance

- **Our equity shareholders and debt funders received R13 149 million (2013: R12 697 million)** of the value we created: R12 098 million in dividends and R1 051 million in interest respectively.
- By investing in and funding Vodacom, we are able to support our growth and deliver the best networks and returns to providers of finance.

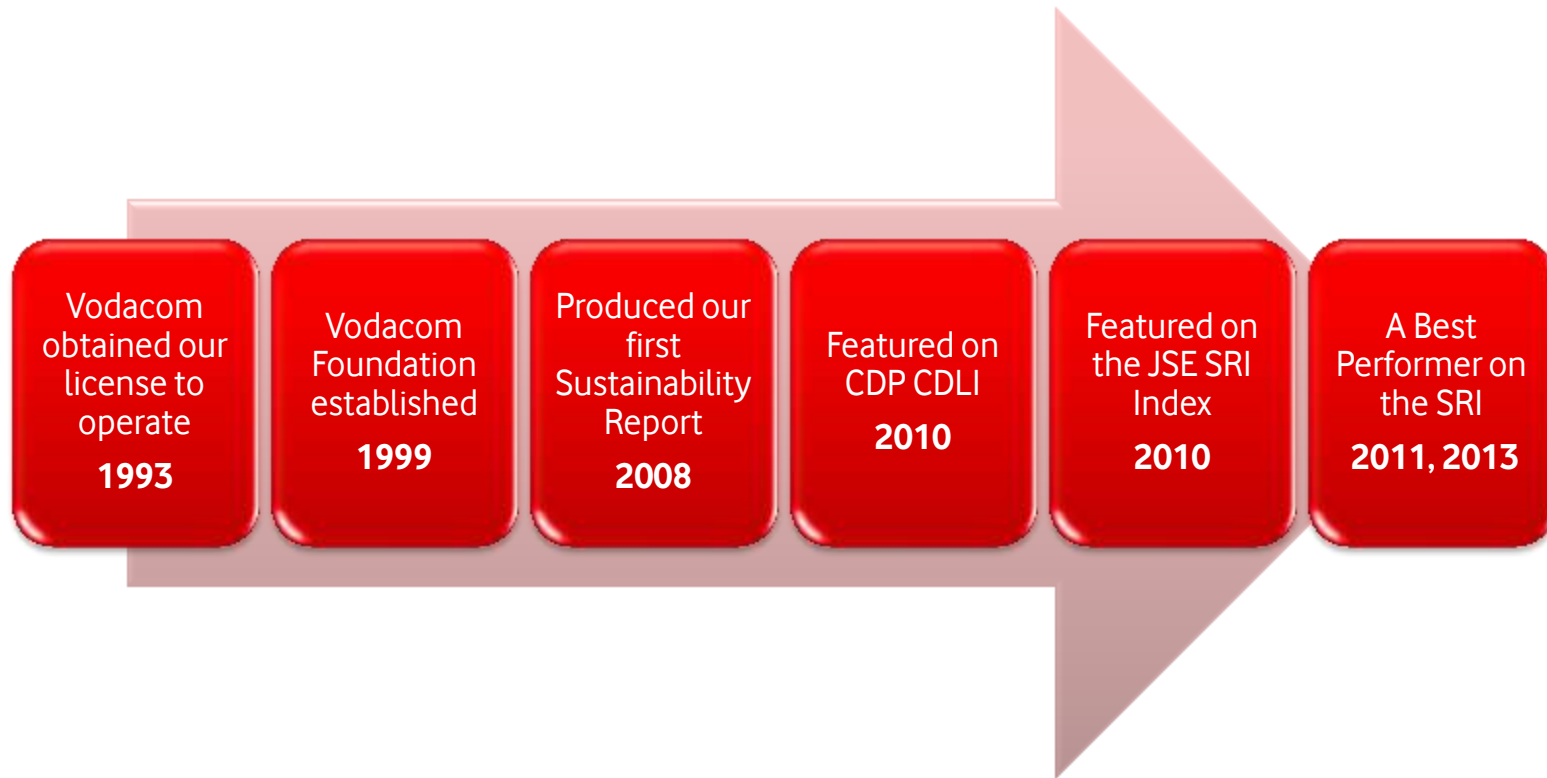


We are more than just a business

- We are aware of the direct environmental impact of our base stations and are working to find ways to lessen our total carbon footprint
- Our Radio Access Network renewal programme will realise electricity savings up to 40%
- In South Africa, all off-grid generators are being converted to hybrid systems to reduce fuel consumption and extend the generator's life
- In Lesotho, we have 21 solar sites out of 165 sites in total
- In Mozambique, 15% of our sites run on solar power
- The Emfihlweni community in KwaZulu-Natal receives electricity from Vodacom. Residents benefit from excess electricity produced by deliberately over-provisioned solar power



Our Sustainability Journey



3

ESG Value Driver Framework



Sustainability-advantaged Growth

New markets & geographies

- To diversify revenue base we're focused on driving the mobile data opportunity and developing new services.
- We're also actively looking for opportunities to expand into new countries.

Growing data and smart phone penetration

- Vodacom Smart Kicks low cost smart phone



Growing enterprise

- OneNet solution for SME's
- Fibre-to-the-business
- Cloud based hosting
- Machine-to-machine (m2m)
- Acquisition of Neotel



Growing new services

- M-pesa



Value Driver Model - Sustainability-advantaged Growth

Investing in high quality networks with a strong focus on energy efficiency



Sustainability-driven Productivity

Operational Efficiency

- We are improving our systems and tracking various metrics enabled us to reduce call volumes to our call centres by almost 7.7% in the year.

Managing our environmental impact

- As we continue to roll out more base stations and data centres to cater for the growing demand for our services, we need to ensure that we're able to operate as efficiently as possible to minimise both our costs and our impact on the environment.
- We'll be investing over R32 million over the next three years to conserve energy and thereby lower operating costs at some of our core network facilities.



Century City Solar Array



Sustainability-driven Productivity

Delivering efficiencies

- Group wide carbon reduction target
- Investing in newer energy efficient technologies
- Investments in renewable and alternate energy
 - Ultra low cost sites in the DRC
 - Solar sites in Lesotho
 - Community Power



Century City Solar Array



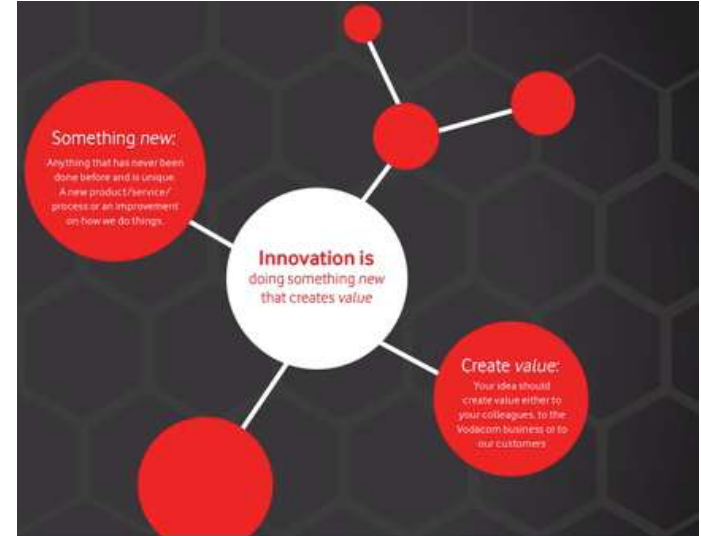
Sustainability-driven Human Capital Management

Investing to be the best employer

- Women in Technology programme
- Innovate Program
- People Survey

Investing in talent and driving diversity

- We have talent programmes
- Our Performance Dialogue programme involves monitoring performance against yearly goals and setting training and development objectives
- We're also focused on improving the representation of women throughout our operations
- To deepen the pool of talented black women in the industry, we launched a one-year leadership programme to mentor females in waiting.



Sustainability-related Risk Management

Operational, Regulatory and Reputational Risk

- There is no opportunity without risk. We have the right structures in place to identify, monitor and manage our risks effectively.
- Risk is managed at three distinct levels in the Group – the line manager at operational level, the Risk Group and the Risk Management Committees within each operation.
- **Principal risks**
 - Regulatory decisions and changes in the regulatory environment could adversely affect our business
 - Failure or significant interruption to telecommunications networks
 - Technological advances in handsets and use of alternative communication services may result in less demand for our traditional service offerings
 - Increased competition may reduce our market share and profitability
 - Inability to obtain additional/renew sufficient spectrum with an adequate return



Sustainability-related Risk Management

Reputational risk

- Our reputation is determined by our interactions with all our stakeholders. Besides meeting the needs of our customers, employees and shareholders, the communities in which we operate look to us to work in such a way that benefits broader society.
- **Smart partnerships** - the Vodacom Foundation has been refocused on three key areas: education, health and safety. We partner with governments and NGOs in delivering key projects in these areas, based on our technology and expertise.



Sustainability-related Risk Management



Source: KPMG report 'Expect the Unexpected'



Sustainability-related Risk Management

- Ten 'megaforces' will influence the manner in which business is conducted and how companies interact with their stakeholders
- The megaforces can be seen to be shaping the future of the business environment globally.
- We have identified how these megaforces will affect our business and developed 10 key priorities that we need to incorporate into our business strategy which ensures that we build resilience, remain sustainable and continue to create value:
 1. Deliver exceptional network quality
 2. Deliver superior customer value whilst protecting data and privacy
 3. Continue to Innovate
 4. Increase penetration in existing markets and expand into new markets
 5. Manage our environmental footprint
 6. Create and sustain value in the communities and markets in which we operate
 7. Providing a stimulating and rewarding environment for our people
 8. Proactively engage with our key stakeholders
 9. Ensure the protection and furtherment of human rights
 10. Embed the highest principles of corporate governance including the promotion of ethical practices and anti-corruption





Thank you