

# News release

22 July 2010

## TRADING STATEMENT FOR THE QUARTER ENDED 30 JUNE 2010

### Key highlights

- **Robust South African performance**
  - Service revenue up 4.4% (8.2% excluding the MTR impact)
  - 15.7% increase in the contract customer base
  - Prepaid customer growth impacted by a change in the disconnection policy and RICA<sup>1</sup>
- **Excellent progress in mobile broadband**
  - 43.2% growth in Group data revenue to R1 350 million (33.9% excluding rule change<sup>2</sup>)
  - 54.5% increase in South African data traffic
  - Continued investment in mobile broadband and fibre networks
- **International operations slowly recovering**
  - Almost one million net customer additions
  - Revenue in constant currency stable on prior year

### Pieter Uys, Chief Executive Officer, commented:

“This was a positive start to our financial year with overall Group service revenue increasing 3.1% in constant currency. Our continued focus on broadband leadership paid off with Group data revenue growing 43.2%.

Excluding the impact of mobile termination rates ('MTRs'), South Africa's service revenue growth of 8.2% reflected robust growth in data revenue and gains on the voice side. Lower MTRs had a negative impact of approximately R393 million on revenue in the quarter. We pressed ahead with actions to deliver greater value to customers launching prepaid promotions and reducing data and voice contract tariffs.

We are pleased to see that the actions we have taken in our key international markets are slowly paying off. We added almost one million customers in the quarter and revenue in constant currency was stable year on year.”

### Vodacom Group Limited

Incorporated in the Republic of South Africa

('Vodacom Group' or 'Vodacom')

Registration number 1993/005461/06, Share Code VOD ISIN ZAE000132577

[www.vodacom.com](http://www.vodacom.com)

#### Investor Relations

Belinda Williams

+27 11 653 5195

#### Media Relations

Richard Boorman

+27 11 653 5794

---

1. Regulation of Interception of Communications and Provision of Communication-Relation Information Act.  
2. 60-day carry over rule introduced in May 2009 for data packages

## Group

Group revenue and service revenue for the three months ended 30 June 2010 increased in constant currency by 3.0% and 3.1% respectively, with continued robust performance in South Africa and a 43.2% growth in Group data revenue. The South African rand strengthened against all the other functional currencies in the international operations, resulting in lower reported Group revenue growth of 0.7% and service revenue growth of 0.6%. The South African mobile operations contributed 87.2% (March 2010: 87.4%) of Group revenue.

Group customers increased 1.1 million in the quarter, excluding the reduction of 3.3 million call-forward SIMs in South Africa on 1 April 2010, as discussed below, resulting in total Group mobile customers of 37.7 million at 30 June 2010. The South African mobile operations contributed 61.4% (March 2010: 65.8%) of Group total mobile customers at 30 June 2010.

## South Africa

The South African operations posted solid revenue growth of 3.8% to R12 567 million, despite the 18.3% decline in interconnect revenue. Service revenue growth of 8.2% (excluding the impact of MTRs) was supported by the increasing contribution from data revenue which now comprises 11.9% of service revenue. Data revenue increased 43.2% to R1 307 million due to data traffic growth of 54.5%, which was driven by more than 50% growth in smartphones, lower device and usage prices and improved coverage through continued investment in 3G and fibre networks. Data revenue growth was impacted by the change in the data carry-over rule in the prior year, excluding this impact data revenue growth was 33.8%.

The South African customer base declined by 3.1 million to 23.2 million in the quarter mainly due to the change in the disconnection policy of 13 months to seven months for call-forward SIMs. Excluding the impact of the disconnection policy, prepaid customers declined by 11.9% year on year due to RICA. Prepaid ARPU increased 19.7% to R79 largely as a result of the lower customer base.

Contract customer growth remained strong, up 15.7% to 4.7 million customers, now representing 20.2% of the South African customer base (March 2010: 17.1%). Contract ARPU declined 7.4% to R411 due to the strong growth of lower-end contract packages and reduced out-of-bundle spend.

During the quarter, various new value offerings were introduced such as free contract bundle minutes and lower prepaid tariff plans, resulting in an increase in outgoing traffic of 4.6% (excluding Night shift and Extra time free minutes).

## International

The international operations recorded strong customer growth of 15.8% year on year to 14.6 million, adding almost one million customers in the quarter mainly from Tanzania where the market has responded well to the newly introduced tariff plans.

Revenue in the international mobile operations in constant currency declined by 0.4%. Including the effect of foreign exchange movements, revenue declined 14.5% to R1 922 million. The international segment revenue has been restated to include Gateway of R709 million (US\$94 million) in the quarter.

The quarterly information has not been audited or reviewed by Vodacom's external auditors.

## Revenue for the quarters ended

Rm	June 2010	March 2010	June 2009	Year on year % change	Quarterly % change
South Africa	12 567	12 621	12 107	3.8	(0.4)
International <sup>1</sup>	1 922	1 880	2 247	(14.5)	2.2
Corporate and eliminations	(83)	(66)	(50)	(66.0)	(25.8)
<b>Total revenue</b>	<b>14 406</b>	<b>14 435</b>	<b>14 304</b>	<b>0.7</b>	<b>(0.2)</b>

## Key performance indicators for the quarters ended

### South Africa

	June 2010	March 2010	June 2009	Year on year % change	Quarterly % change
<b>Customers (thousand)<sup>2</sup></b>	<b>23 161</b>	<b>26 262</b>	<b>28 735</b>	<b>(19.4)</b>	<b>(11.8)</b>
Prepaid <sup>6</sup>	18 489	21 765	24 696	(25.1)	(15.1)
Contract	4 672	4 497	4 039	15.7	3.9
<b>Churn (%)<sup>3</sup></b>	<b>87.2</b>	<b>42.9</b>	<b>34.1</b>		
Prepaid <sup>6</sup>	105.0	49.6	38.3		
Contract	9.5	9.1	9.2		
<b>Traffic (millions of minutes)<sup>4</sup></b>	<b>6 371</b>	<b>6 379</b>	<b>6 896</b>	<b>(7.6)</b>	<b>(0.1)</b>
Outgoing	4 442	4 434	4 966	(10.6)	0.2
Incoming	1 929	1 945	1 930	(0.1)	(0.8)
<b>Total ARPU (rand per month)<sup>5</sup></b>	<b>148</b>	<b>140</b>	<b>123</b>	<b>20.3</b>	<b>5.7</b>
Prepaid <sup>6</sup>	79	74	66	19.7	6.8
Contract	411	436	444	(7.4)	(5.7)

### International

	June 2010	March 2010	June 2009	Year on year % change	Quarterly % change
<b>Customers (thousand)<sup>2</sup></b>	<b>14 561</b>	<b>13 630</b>	<b>12 571</b>	<b>15.8</b>	<b>6.8</b>
Tanzania	8 009	7 270	5 917	35.4	10.2
DRC <sup>7</sup>	3 419	3 353	4 182	(18.2)	2.0
Mozambique	2 411	2 329	1 925	25.2	3.5
Lesotho	722	678	547	32.0	6.5
<b>Churn (%)<sup>3</sup></b>					
Tanzania	42.9	42.3	47.9		
DRC <sup>7</sup>	77.5	50.9	59.8		
Mozambique	76.9	68.9	48.3		
Lesotho	17.2	17.4	20.0		
<b>Total ARPU (rand per month)<sup>5</sup></b>					
Tanzania	22	25	35	(37.1)	(12.0)
DRC <sup>7</sup>	39	31	39	–	25.8
Mozambique	22	23	36	(38.9)	(4.3)
Lesotho	62	63	65	(4.6)	(1.6)
<b>Total ARPU (local currency)<sup>5</sup></b>					
Tanzania (Tanzanian shilling)	4 127	4 472	5 511	(25.1)	(7.7)
DRC (USD) <sup>7</sup>	5.2	4.3	4.7	10.6	20.9
Mozambique (Metical)	98	96	114	(14.0)	2.1

## Historical key performance indicators for the quarters ended

### Revenue

Rm	June 2010	March 2010	December 2009	September 2009	June 2009	March 2009	December 2008
South Africa	12 567	12 621	13 439	12 264	12 107	12 420	12 503
International <sup>1</sup>	1 922	1 880	2 049	2 194	2 247	2 479	2 093
Corporate and eliminations	(83)	(66)	(63)	(87)	(50)	(103)	(40)
<b>Total revenue</b>	<b>14 406</b>	<b>14 435</b>	<b>15 425</b>	<b>14 371</b>	<b>14 304</b>	<b>14 796</b>	<b>14 556</b>

### South Africa

	June 2010	March 2010	December 2009	September 2009	June 2009	March 2009	December 2008
<b>Customers (thousand)<sup>2</sup></b>	<b>23 161</b>	<b>26 262</b>	<b>27 102</b>	<b>28 204</b>	<b>28 735</b>	<b>27 625</b>	<b>26 450</b>
Prepaid <sup>6</sup>	18 489	21 765	22 753	24 045	24 696	23 679	22 583
Contract	4 672	4 497	4 349	4 159	4 039	3 946	3 867
<b>Churn (%)<sup>3</sup></b>	<b>87.2</b>	<b>42.9</b>	<b>41.5</b>	<b>35.6</b>	<b>34.1</b>	<b>36.5</b>	<b>39.4</b>
Prepaid <sup>6</sup>	105.0	49.6	47.5	40.1	38.3	40.9	44.6
Contract	9.5	9.1	8.8	8.2	9.2	10.5	9.9
<b>Traffic (millions of minutes)<sup>4</sup></b>	<b>6 371</b>	<b>6 379</b>	<b>6 655</b>	<b>6 745</b>	<b>6 896</b>	<b>6 189</b>	<b>6 402</b>
Outgoing	4 442	4 434	4 632	4 760	4 966	4 225	4 382
Incoming	1 929	1 945	2 023	1 985	1 930	1 964	2 020
<b>Total ARPU (rand per month)<sup>5</sup></b>	<b>148</b>	<b>140</b>	<b>140</b>	<b>125</b>	<b>123</b>	<b>129</b>	<b>140</b>
Prepaid <sup>6</sup>	79	74	76	66	66	67	77
Contract	411	436	455	461	444	460	473

### International

	June 2010	March 2010	December 2009	September 2009	June 2009	March 2009	December 2008
<b>Customers (thousand)<sup>2</sup></b>	<b>14 561</b>	<b>13 630</b>	<b>13 352</b>	<b>13 384</b>	<b>12 571</b>	<b>11 989</b>	<b>11 321</b>
Tanzania	8 009	7 270	6 878	6 260	5 917	5 667	5 355
DRC <sup>7</sup>	3 419	3 353	3 522	4 404	4 182	4 170	4 042
Mozambique	2 411	2 329	2 312	2 134	1 925	1 634	1 435
Lesotho	722	678	640	586	547	518	489
<b>Churn (%)<sup>3</sup></b>	<b>42.9</b>	<b>42.3</b>	<b>43.3</b>	<b>48.6</b>	<b>47.9</b>	<b>43.3</b>	<b>41.0</b>
Tanzania	42.9	42.3	43.3	48.6	47.9	43.3	41.0
DRC <sup>7</sup>	77.5	50.9	157.5	57.1	59.8	48.8	46.2
Mozambique	76.9	68.9	61.1	66.1	48.3	59.1	73.1
Lesotho	17.2	17.4	19.5	20.8	20.0	18.2	21.1
<b>Total ARPU (rand per month)<sup>5</sup></b>	<b>22</b>	<b>25</b>	<b>28</b>	<b>31</b>	<b>35</b>	<b>43</b>	<b>54</b>
Tanzania	22	25	28	31	35	43	54
DRC <sup>7</sup>	39	31	35	39	39	53	70
Mozambique	22	23	27	34	36	44	51
Lesotho	62	63	73	68	65	67	75
<b>Total ARPU (local currency)<sup>5</sup></b>	<b>4 127</b>	<b>4 472</b>	<b>5 060</b>	<b>5 246</b>	<b>5 511</b>	<b>5 729</b>	<b>7 191</b>
Tanzania (Tanzanian shilling)	4 127	4 472	5 060	5 246	5 511	5 729	7 191
DRC (USD) <sup>7</sup>	5.2	4.3	4.7	4.9	4.7	5.2	7.1
Mozambique (Metical)	98	96	109	119	114	117	133

## Notes:

1. The international segment revenue has been restated to include Gateway from 1 April 2010.
2. Customer totals are based on the total number of customers registered on Vodacom's network, which have not been disconnected, including inactive customers, at the end of the period indicated.
3. Churn is calculated by dividing the annualised number of disconnections during the period by the average monthly total reported customer base during the period.
4. Traffic comprises total traffic registered on Vodacom's network, including bundled minutes, promotional minutes and outgoing international roaming calls, but excluding national roaming calls, incoming international roaming calls and calls to free services.
5. Total ARPU is calculated by dividing average monthly recurring revenue by the average monthly total reported customers during the period. Total ARPU excludes revenue from equipment sales and non-service revenue. Prepaid and contract ARPU only includes recurring revenue generated from Vodacom customers.
6. South Africa changed its disconnection policy for call-forward SIMs from 13 months to seven months during the quarter ended 30 June 2010. Prior period numbers have not been restated.
7. The DRC changed its disconnection policy from 215 to 90 inactive days during the quarter ended 31 December 2009. Prior period numbers have not been restated.

## Revenue for the quarter ended 30 June 2010

Rm	South Africa	Yoy % change	International	Yoy % change	Corporate/ Eliminations	Group	Yoy % change
Mobile voice	6 836	3.8	876	(14.9)	–	7 712	1.2
Mobile interconnect	1 639	(18.3)	143	(32.9)	(16)	1 766	(19.9)
Mobile messaging	778	12.3	53	(29.3)	–	831	8.1
Mobile data	1 307	43.2	43	43.3	–	1 350	43.2
Other service revenue	409	34.5	744	(12.0)	(54)	1 099	(4.1)
<b>Service revenue</b>	<b>10 969</b>	<b>4.4</b>	<b>1 859</b>	<b>(15.2)</b>	<b>(70)</b>	<b>12 758</b>	<b>0.6</b>
Equipment revenue	1 421	6.9	30	(11.8)	(6)	1 445	7.0
Non-service revenue	177	(35.2)	33	57.1	(7)	203	(25.9)
<b>Revenue</b>	<b>12 567</b>	<b>3.8</b>	<b>1 922</b>	<b>(14.5)</b>	<b>(83)</b>	<b>14 406</b>	<b>0.7</b>

## Average quarterly exchange rates

	June 2010	March 2010	June 2009	Year on year % change	Quarterly % change
USD/ZAR	<b>7.55</b>	7.51	8.50	<b>(11.2)</b>	0.5
ZAR/MZN	<b>4.52</b>	4.09	3.20	<b>41.3</b>	10.5
ZAR/TZS	<b>188.02</b>	180.30	157.06	<b>19.7</b>	4.3
EUR/ZAR	<b>9.60</b>	10.40	11.57	<b>(17.0)</b>	(7.7)

## Forward-looking statements

This announcement which sets out the trading statement for Vodacom Group Limited for the quarter ended 30 June 2010 contains 'forward-looking statements' with respect to the Group's financial position, results of operations and businesses and certain of the Group's plans and objectives. In particular, such forward-looking statements include statements relating to: the Group's future performance; future capital expenditures, acquisitions, divestitures, expenses, revenue, financial positions, dividend policy, and future prospects; business and management strategies relating to the expansion and growth of the Group; the effects of regulation of the Group's businesses by governments in the countries in which it operates; the Group's expectations as to the launch and roll out dates for products, services or technologies; expectations regarding the operating environment and market conditions; growth in customers and usage; and the rate of dividend growth by the Group.

Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as 'will', 'anticipates', 'aims', 'could', 'may', 'should', 'expects', 'believes', 'intends', 'plans' or 'targets'. By their nature, forward-looking statements are inherently predictive, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future, involve known and unknown risks, uncertainties and other facts or factors which may cause the actual results, performance or achievements of the Group, or its industry to be materially different from any results, performance or achievement expressed or implied by such forward-looking statements. Forward-looking statements are not guarantees of future performance and are based on assumptions regarding the Group's present and future business strategies and the environments in which it operates now and in the future.