

Vodacom Group Limited

(Incorporated in the Republic of South Africa)

Registration number: 1993/005461/06

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(ADR code VDMCY

ISIN US9258D2009)

("Vodacom" or "the Company")

ACQUISITION OF A FURTHER 17.2% INTEREST IN VODACOM TANZANIA

1. Introduction

Vodacom shareholders are advised that Vodacom has entered into an agreement with Cavalry Holdings Limited ("Cavalry") and its shareholders, under the terms of which Vodacom will acquire an additional indirect 17.2% interest in Vodacom Tanzania Limited ("Vodacom Tanzania") through the subscription for new shares in Cavalry (and consequently diluting Cavalry's existing shareholders' interest in Cavalry from 100% to 51%) (the "Transaction"). The Transaction will result in Vodacom increasing its total economic interest in Vodacom Tanzania from 65% to 82.2%. Cavalry's existing shareholders will retain an indirect 17.8% interest in Vodacom Tanzania. The Transaction is expected to close before the end of the financial year, subject to the fulfilment of a number of conditions precedent.

2. Background information on Cavalry

Cavalry is a private investment holding company and an indirect shareholder of Vodacom Tanzania through its interest in Vodacom Tanzania's existing strategic partner.

3. Information on Vodacom Tanzania

Vodacom Tanzania is the number one mobile operator in Tanzania that offers voice, data and mobile money services with 10 023 000 mobile customers as at 30 September 2013. Vodacom Tanzania has been in existence since 1999.

4. Rationale for the Acquisition

The Transaction allows Vodacom to increase its exposure to one of Vodacom's key investments in sub-Saharan Africa. Vodacom Tanzania has been Vodacom's most successful investment outside of South Africa to date. For the six months ended 30 September 2013, service revenue grew 19.1% and the mobile customer base of 10.0 million represents the largest operation in Vodacom's international segment. Tanzania is an attractive telecoms market with mobile penetration only at 57% as at 30 September 2013. This Transaction will increase Vodacom's effective exposure to this high growth market. In addition, a new shareholders agreement in relation to Cavalry and an updated shareholders agreement in relation to the governance of Vodacom Tanzania have been entered into by the relevant parties, both of which shall become effective upon completion of the Transaction.

5. Purchase consideration

The consideration payable for the subscription of new shares in Cavalry is ZAR2 460 million, payable in cash at completion. There is no deferred compensation. Vodacom will fund the acquisition through available cash resources and existing debt facilities.

6. Conditions precedent and representations and warranties

As noted above, the Transaction is subject to conditions precedent typical of a transaction of this nature, *inter alia*:

- 6.1 The approval by the South African Reserve Bank ("SARB"); and
- 6.2 Satisfactory completion of a due diligence exercise on Cavalry and its subsidiaries on terms satisfactory to Vodacom.

7. Pro forma financial effects

The pro forma financial effects of the Transaction are presented for illustrative purposes only and because of their nature may not give a fair reflection of the Company's financial position nor of the effect on future earnings after the Transaction. Set out below are the unaudited pro forma financial effects of the Transaction, based on the interim results for the six months ended 30 September 2013. The directors of Vodacom are responsible for the preparation of the unaudited pro forma financial information:

	Before the Transaction	After the Transaction	% change
Basic earnings per share (cents)	442.5	443.4	0.2
Headline earnings per share (cents)	438.8	439.7	0.2
Net asset value (Rbn)	22.0	19.5	(11.6)
Tangible net asset value (Rbn)	27.3	24.7	(9.4)

- a) *The figures in the "Before the Transaction" are based on the reviewed results of Vodacom for the six months ended 30 September 2013.*
- b) *The basic earnings per share and headline earnings per share figures in the "After the Transaction" column have been calculated on the basis that the acquisition was effected on 1 April 2013. The impact on net profit attributable to equity holders for the six months ended 30 September 2013 was a net increase of R13 million.*
- c) *The net asset value and net tangible asset value figures in the "After the Transaction" column have been calculated on the basis that the acquisition was effected on 30 September 2013.*
- d) *The taxation impact of the Transaction is immaterial.*
- e) *There are no post balance sheet events which need to be taken into account in the pro forma financial effects.*

8. Fairness opinion

Cavalry is classified as a related party to Vodacom in terms of the JSE Listings Requirements. The Transaction is classified as a small related party transaction and the board of directors of Vodacom (the "Board") is therefore required to obtain an opinion from an independent professional expert acceptable to the JSE regarding the fairness of the Transaction to Vodacom shareholders. The Board has appointed UBS South Africa (Pty) Limited ("UBS") to provide an opinion as to the whether the terms and conditions of the Proposed Transaction are fair to Vodacom shareholders. Subject to the conditions set out in UBS's opinion letter, UBS has provided an opinion that the terms and conditions of the transaction are fair to Vodacom shareholders. The opinion letter is available for inspection at the offices of Vodacom (Vodacom Corporate Park, 082 Vodacom Boulevard, Midrand, 1685) for a period of 28 days from the date of this announcement.

26 November 2013

Sponsor: UBS South Africa (Pty) Limited