

VODACOM GROUP LIMITED

Incorporated in the Republic of South Africa

('Vodacom Group' or 'Vodacom')

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

ZAE000132577

TRADING STATEMENT FOR THE QUARTER ENDED 31 DECEMBER 2010

KEY HIGHLIGHTS

SOLID GROUP PERFORMANCE

Group revenue up 5.6%(*) (3.9% reported)

Group service revenue up 4.8%(*) (4.0% reported)

Group customers of 41.6 million, adding 2.2 million in the quarter

STRONG COMMERCIAL SUCCESS IN SOUTH AFRICA

Revenue up 4.7%

Service revenue up 3.7%(*) (4.8% reported)

Customers of 25.3 million, adding 1.4 million in the quarter

More value offered with average effective price per minute down 22.4%

Outgoing voice traffic up 36.2% to 6.3 billion minutes

HIGH DEMAND FOR MOBILE DATA SERVICES IN SOUTH AFRICA

Data revenue growth of 33.8%(*) (50.5% reported)

54.6% increase in data usage

8.7 million data users, 36.2% of the active customer base

2.1 million active data bundle users, up 245 000 from previous quarter

IMPROVED GROWTH TRENDS IN INTERNATIONAL OPERATIONS

Service revenue up 13.2%(*) (0.3% reported)

Customers of 16.3 million, adding 784 000 in the quarter

Challenging trading conditions in the DRC and Gateway

PIETER UYS, CHIEF EXECUTIVE OFFICER, COMMENTED:

"I'm pleased with the Group service revenue growth of 4.8%(*), against the backdrop of strong competition and headwinds from lower mobile termination rates. Our strategy of focusing on operational delivery and offering increased value to customers has paid off with Group customers increasing by more than two million to 41.6 million. In South Africa, the data business was a star performer with growth in mobile connect cards and smartphones driving a 33.8%(*) increase in overall data revenue. The International operations also continued to respond well to management actions with service revenue growth of 13.2%(*)."

GROUP

Group revenue and service revenue for the three months ended 31 December 2010 increased by 5.6%(*) and 4.8%(*) respectively, with continued robust performance in South Africa and a 36.2%(*) growth in Group data revenue. Reported Group revenue and service revenue growth was 3.9% and 4.0% respectively.

Group customers increased 2.2 million in the quarter, resulting in total Group customers of 41.6 million at 31 December 2010.

SOUTH AFRICA

The South African operations posted solid revenue growth of 4.7% to R14 072 million, despite the 15.6% decline in interconnect

revenue. Service revenue growth of 7.3%(*) (excluding the impact of MTR reduction) was supported mainly by the increasing contribution from data revenue and stronger customer and usage growth stimulated by focused promotional activity during the quarter.

Data revenue increased 33.8%(*) to R1 746 million as demand for data services remained high. Data users increased by 780 000 in the quarter to reach 8.7 million at 31 December 2010, of which 2.1 million were active data bundle users. Active smartphones on the network were up 71.8% to 3.1 million and mobile connect cards were up 52.2% to 1.0 million on the previous year. Increased value offers to stimulate usage and higher adoption of data bundles resulted in a 13.9% drop in the effective price per megabyte.

The South African customer base grew by 1.4 million in the quarter to 25.3 million due to successful commercial initiatives. Prepaid customers closed at 20.3 million adding 1.2 million in the quarter. Contract customer growth remained strong, adding 200 000 to close at 5.0 million customers.

Total ARPU increased 17.9% year on year to R165, largely as a result of higher minutes of use and the lower customer base resulting from the change in the disconnection rule, offset by a reduction in the average effective price per minute of 22.4%. Prepaid ARPU was up 22.4% to R93 and contract ARPU declined 10.3% to R408 due to the strong growth of lower-end contract packages.

We continue to invest in expanding our data coverage and enhancing our customers' experience. We are also planning an additional R200 million spend in the upcoming quarter as an intensified drive to improve the customer experience and brand identity.

INTERNATIONAL

Revenue in the International operations increased by 12.6%(*) to R2 056 million. Including the effect of foreign exchange movements, revenue declined 0.5%. Service revenue growth was up 13.2%(*) (reported 0.3%) with strong performance from the operations in Tanzania, Mozambique and Lesotho, but trading conditions remain challenging in the DRC and Gateway operations.

The International operations recorded customer growth of 22.0% year on year to 16.3 million, adding approximately 784 000 customers in the quarter.

(*) All amounts in this document marked with an "(*)" represent underlying growth which excludes the impact of accounting reclassifications and is stated at constant currencies.

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

REVENUE FOR THE QUARTERS ENDED

Rm	December 2010	September 2010	December 2009	Year on year % change	Quarterly % change
South Africa	14 072	13 130	13 439	4.7	7.2
International	2 056	2 080	2 066	(0.5)	(1.2)
Corporate and	(95)	(100)	(80)	(18.8)	5.0

eliminations					
Revenue	16 033	15 110	15 425	3.9	6.1

KEY PERFORMANCE INDICATORS FOR THE QUARTERS ENDED
SOUTH AFRICA

	December 2010	September 2010	December 2009	Year on year % change	Quarterly % change
Customers (thousand) 1	25 302	23 873	27 102	(6.6)	6.0
Prepaid 2	20 310	19 074	22 753	(10.7)	6.5
Contract	4 992	4 799	4 349	14.8	4.0
Churn (%) 3	32.7	35.9	41.5		
Prepaid 2	38.3	42.5	47.5		
Contract	10.3	9.6	8.8		
Traffic (millions of minutes) 4	8 402	7 352	6 655	26.3	14.3
Outgoing	6 307	5 351	4 632	36.2	17.9
Incoming	2 095	2 001	2 023	3.6	4.7
MOU per month 5	114	105	80	42.5	8.6
Prepaid 2	92	79	55	67.3	16.5
Contract	202	207	220	(8.2)	(2.4)
Total ARPU (rand per month) 6	165	162	140	17.9	1.9
Prepaid 2	93	90	76	22.4	3.3
Contract	408	411	455	(10.3)	(0.7)

INTERNATIONAL

	December 2010	September 2010	December 2009	Year on year % change	Quarterly % change
Customers (thousand) 1	16 288	15 504	13 352	22.0	5.1
Tanzania	8 665	8 421	6 878	26.0	2.9
DRC	3 847	3 638	3 522	9.2	5.7
Mozambique	2 953	2 676	2 312	27.7	10.4
Lesotho	823	769	640	28.6	7.0
Churn (%) 3					
Tanzania	41.5	41.9	43.3		
DRC	80.8	91.1	157.5		
Mozambique	45.3	65.3	61.1		
Lesotho	24.6	20.2	19.5		
MOU per month 5					
Tanzania	58	55	74	(21.6)	5.5

DRC	74	77	37	100.0	(3.9)
Mozambique	43	49	33	30.3	(12.2)
Lesotho	32	33	49	(34.7)	(3.0)
Total ARPU (rand per month) 6					
Tanzania	20	21	28	(28.6)	(4.8)
DRC	32	39	35	(8.6)	(17.9)
Mozambique	23	22	27	(14.8)	4.5
Lesotho	62	60	73	(15.1)	3.3
Total ARPU (local currency) 6					
Tanzania (TZS)	4 330	4 393	5 060	(14.4)	(1.4)
DRC (USD)	4.7	5.3	4.7	-	(11.3)
Mozambique (MZN)	115	109	109	5.5	5.5

HISTORICAL KEY PERFORMANCE INDICATORS FOR THE QUARTERS ENDED
REVENUE

	Decem- ber 2010	Septem- ber 2010	June 2010	March 2010	Decem- ber 2009	Septem- ber 2009	June 2009
Rm							
South Africa	14 072	13 130	12 567	12 621	13 439	12 264	12 107
Internatio- nal	2 056	2 080	1 922	1 893	2 066	2 211	2 250
Corporate and eliminatio- ns	(95)	(100)	(83)	(79)	(80)	(104)	(53)
Revenue	16 033	15 110	14 406	14 435	15 425	14 371	14 304

SOUTH AFRICA

	Decem- ber 2010	Septem- ber 2010	June 2010	March 2010	Decem- ber 2009	Septem- ber 2009	June 2009
Customers (thousand) 1	25 302	23 873	23 161	26 262	27 102	28 204	28 735
Prepaid 2	20 310	19 074	18 489	21 765	22 753	24 045	24 696
Contract	4 992	4 799	4 672	4 497	4 349	4 159	4 039

Churn (%) ³	32.7	35.9	87.2	42.9	41.5	35.6	34.1
Prepaid ²	38.3	42.5	105.0	49.6	47.5	40.1	38.3
Contract	10.3	9.6	9.5	9.1	8.8	8.2	9.2
Traffic (millions of minutes) ⁴	8 402	7 352	6 371	6 379	6 655	6 745	6 896
Outgoing	6 307	5 351	4 442	4 434	4 632	4 760	4 966
Incoming	2 095	2 001	1 929	1 945	2 023	1 985	1 930
MOU per month ⁵	114	105	86	80	80	78	81
Prepaid ²	92	79	59	53	55	53	58
Contract	202	207	205	214	220	226	222
Total ARPU (rand per month) ⁶	165	162	148	140	140	125	123
Prepaid ²	93	90	79	74	76	66	66
Contract	408	411	411	436	455	461	444

INTERNATIONAL

	Decem- ber 2010	Septem- ber 2010	June 2010	March 2010	Decem- ber 2009	Septem- ber 2009	June 2009
Customers (thousand) ¹	16 288	15 504	14 561	13 630	13 352	13 384	12 571
Tanzania	8 665	8 421	8 009	7 270	6 878	6 260	5 917
DRC	3 847	3 638	3 419	3 353	3 522	4 404	4 182
Mozambique	2 953	2 676	2 411	2 329	2 312	2 134	1 925
Lesotho	823	769	722	678	640	586	547
Churn (%) ³							
Tanzania	41.5	41.9	42.9	42.3	43.3	48.6	47.9
DRC	80.8	91.1	77.5	50.9	157.5	57.1	59.8
Mozambique	45.3	65.3	76.9	68.9	61.1	66.1	48.3
Lesotho	24.6	20.2	17.2	17.4	19.5	20.8	20.0
MOU per month ⁵							
Tanzania	58	55	58	69	74	34	34
DRC	74	77	56	44	37	32	28
Mozambique	43	49	29	28	33	35	42
Lesotho	32	33	31	33	49	34	34
Total ARPU (rand per month) ⁶							
Tanzania	20	21	22	25	28	31	35
DRC	32	39	39	31	35	39	39
Mozambique	23	22	22	23	27	34	36
Lesotho	62	60	62	63	73	68	65
Total ARPU (local)							

currency) 6								
Tanzania								
(TZS)	4 330	4 393	4 127	4 472	5 060	5 246	5 511	
DRC (USD)	4.7	5.3	5.2	4.3	4.7	4.9	4.7	
Mozambique								
(MZN)	115	109	98	96	109	119	114	

NOTES:

1. Customers are based on the total number of mobile customers registered on Vodacom's network, which have not been disconnected, including inactive customers, at the end of the period indicated.
2. 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.
3. Churn is calculated by dividing the annualised number of disconnections during the period by the average monthly total reported mobile customer base during the period.
4. Traffic comprises total traffic registered on Vodacom's mobile 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. Minutes of use ('MOU') per month is calculated by dividing the average monthly minutes (traffic) during the period by the average monthly total reported mobile customers during the period.
6. Total ARPU is calculated by dividing average monthly service revenue by the average monthly total reported mobile customers during the period. Total ARPU excludes revenue from equipment sales and other non-service revenue. Prepaid and contract ARPU only include service revenue generated from Vodacom customers.

REVENUE FOR THE QUARTER ENDED 31 DECEMBER 2010

Rm	South Africa	Yoy % change	Inter-national	Yoy % change	Corporate/ Eliminations	Group	Yoy % change
Mobile voice	7 433	4.0	898	(10.9)	-	8 331	2.2
Mobile inter-connect	1 778	(15.6)	138	(19.3)	(29)	1 887	(16.8)
Mobile messaging ¹	644	(18.0)	59	-	-	703	(16.7)
Mobile data ¹	1 746	50.5	65	109.7	-	1 811	51.9
Other service revenue ²	564	39.3	841	15.7	(49)	1 356	24.4
Service revenue	12 165	4.8	2 001	0.3	(78)	14 088	4.0
Equipment revenue	1 850	13.1	28	(36.4)	(5)	1 873	12.7
Non-service revenue ²	57	(71.4)	27	3.8	(12)	72	(66.4)
Revenue	14 072	4.7	2 056	(0.5)	(95)	16 033	3.9

NOTES:

1. Year to date revenue of R194 million, mainly relating to telemetry, has been reclassified from mobile messaging to mobile data revenue in the quarter (Vodafone alignment).
2. Year to date revenue of R134 million, mainly relating to tower sharing and returned debit order fees, has been reclassified from non-service revenue to other service revenue in the quarter (Vodafone alignment).

AVERAGE QUARTERLY EXCHANGE RATES

	December	September	December	Year on	Quarterly
	2010	2010	2009	year	Quarterly
				% change	% change
USD/ZAR	6.90	7.32	7.51	(8.1)	(5.7)
ZAR/MZN	5.12	4.96	3.92	30.6	3.2
ZAR/TZS	215.19	206.95	177.51	21.2	4.0
EUR/ZAR	9.37	9.45	11.09	(15.5)	(0.8)

FORWARD-LOOKING STATEMENTS

This announcement which sets out the trading statement for Vodacom Group Limited for the quarter ended 31 December 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.

Midrand

2 February 2011

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