

Vodacom Group Limited
(Incorporated in the Republic of South Africa)
Registration number: 1993/005461/06
(ISIN: ZAE000132577 Share Code: VOD)
(ISIN: ZAG000103466 JSE Code: VOD007)
('Vodacom')

Preliminary results
for the year ended 31 March 2013

Shameel Joosub,
Vodacom Group CEO commented:

"The Group delivered a solid performance this year with our active customer base growing to 51.7 million and 10.9% increase in EBITDA to R25 billion. This was achieved in the face of tough competition across all our markets.

The outstanding features of the year's performance were sustained strong growth in data services of 22.2%, with increased smartphone adoption driving demand, and good growth in service revenue in our International markets of 22.3%*. In South Africa, poor performance among independent service providers, persistent economic weakness and on-going cuts in MTRs hampered service revenue growth. But strong commercial execution, which included heavily revised pricing and new prepaid and contract offerings helped to offset these factors.

Over the past five years, Vodacom has spent R38 billion on network investment, R28 billion of which was in South Africa. In just the last year alone we spent R9.5 billion across the Group and R7.0 billion in South Africa. It's thanks to this intense investment activity that we've got the footprint, capacity and technology to capitalise on the smart device revolution. Crucially, it has also enabled us to operate more efficiently and expand our margins despite comprehensive price reductions. We also demonstrated good cost discipline and built on scale benefits across the Group, with the overall result of increased margins.

Supported by the 23.0% growth in headline earnings per share and in line with our payout target of 90% of headline earnings per share, the Board declared a final dividend of 430 cents. This brought the total dividend to 785 cents for the year, up 10.6%. I'm pleased that we've been able to provide healthy shareholder returns while simultaneously also investing heavily to maintain our network and commercial advantage."

Salient features

Group revenue up 4.5%. Excluding the sale of Gateway Carrier Services and foreign currency impact, revenue was up 5.3%* and service revenue was up 2.9%*.

Group data revenue up 22.2%; active data customers increased 22.5% to 18.5 million as we continued to drive smartphone penetration.

International operations maintained strong momentum; service revenue was up 22.3%* supported by customer growth and increased adoption of data and financial services.

Group EBITDA margin expanded 2.1ppts to 36.1% and EBITDA up 10.9% to R25 253 million.

Group capital expenditure up 9.2% to R9 456 million supporting expanded 3G coverage and network renewal projects.

Group operating free cash flow up 7.2%, despite significant network expansion and investment in working capital to finance smartphones and tablets.

Headline earnings per share ('HEPS') up 23.0%, as a result of strong operating profit growth and secondary tax on companies ('STC') falling away.

Final dividend per share of 430 cents; total dividends per share for the year of 785 cents, up 10.6%.

Rm	Year ended 31 March		Year on year % change	
	2013	2012	Reported	Normalised*
Service revenue	59 336	58 245	1.9	2.9
Revenue	69 917	66 929	4.5	5.3
EBITDA	25 253	22 763	10.9	10.3
Operating profit	18 897	16 617	13.7	12.4
Capital expenditure	9 456	8 662	9.2	
Operating free cash flow	18 158	16 934	7.2	
Free cash flow	12 136	10 921	11.1	
Headline earnings per share (cents)	872	709	23.0	

* Represents normalised growth at a constant currency (using current year as base) from on-going operations. Refer below for a reconciliation of normalised growth.

Operating review

South Africa

Revenue increased 2.9% to R58 607 million driven by the 24.6% growth in equipment revenue from smartphone and tablet sales. Service revenue declined by 0.4% to R48 234 million, with the growth in data services and the success of our new prepaid offers offset by lower out of bundle usage, impact of less calling card customers on the network, a weaker performance from the independent service providers and continued cuts in mobile termination rates ('MTRs'). Excluding the impact of MTRs, service revenue increased 2.4%. Adjusting for the impact of MTRs and leap year/Easter

holidays, fourth quarter service revenue growth was stable in comparison with the third quarter.

Active customers were up 4.9% to 30.3 million, increasing by 1.4 million customers in the year. The contract customer base expanded by 5.6% to 5.9 million mainly from mobile broadband and telemetry customer additions. The higher prevalence of lower usage telemetry and data SIMs, the reduction in MTRs and lower out of bundle spend from contract customers led to a 9.4% reduction in ARPU to R328. Vodacom Smart and Red, our new range of integrated contract price plans, was launched in early March and is expected to stabilise contract ARPU. The prepaid customer base increased 4.7% to 24.4 million and ARPU declined 16.5% to R76. During the last quarter the rate of ARPU decline slowed following the actions taken to reduce the volumes of unprofitable, low usage calling card customers.

Data revenue increased 16.3% to R8 882 million, contributing 18.4% to service revenue compared to 15.8% a year ago. Fourth quarter data revenue growth was above 20% as we focused on accelerating take-up of data services with new promotions. Data traffic grew 39.5% which more than offset a 17.9% reduction in the average effective price per megabyte ('MB'). Growth was driven by higher penetration of smartphones and increased mobile internet usage. We have made a considerable investment in working capital to drive affordability of smartphones and tablets through handset financing, with an additional 1.2 million smartphones now active on our network. This brought the total number of smartphones to 6.0 million and average monthly usage increased 43.4% to 139MB. We now have 14.4 million active data customers, up 18.1%.

As a result of our continued focus on cost efficiencies across our business, EBITDA growth of 5.4% outpaced revenue growth and the EBITDA margin expanded almost one percentage point to 38.2%. Despite significant inflationary pressures and higher publicity expenditure, we were able to reduce operating expenses through increased efficiencies in our network, call centre and terminal logistics areas and further benefits achieved from purchasing through the Vodafone Procurement Company.

Capital expenditure during the year was R6 967 million (11.9% of revenue). The majority of the capital expenditure was concentrated on transmission, the radio access network ('RAN') renewal project and adding new 3G base stations to the network. We now have over 6 000 sites connected with high speed transmission. We added 904 new 3G base stations and 467 new 2G base stations in the year, bringing the total number of 3G base stations to 6 167, and 2G base stations to 9 348. In October 2012, we launched South Africa's first LTE network, with just over 600 sites operational at 31 March 2013.

International

International segment's service revenue grew 11.0%. Excluding the sale of Gateway Carrier Services and the impact of movements in foreign currency, service revenue increased 22.3%*, driven by a larger customer base and increased take-up of data services. The International operations now contribute 19.0% to Group service revenue compared to 17.4% a year ago.

Data revenue grew 106.9% supported by 40.9% growth in active data customers to 4.1 million, 19.3% of the customer base. 3G services have been launched in DRC and lower priced daily and weekly data bundles have been introduced in all our operations, to stimulate further demand. Mobile financial services also continue to grow, with active M-Pesa customers up 57.5% to 4.9 million. With 51.6% of Tanzania's customer base actively using M-Pesa, the service now contributes 14.1% to Tanzania's service revenue, up from 8.4 % a year ago. Building on this success, we launched M-Pesa in DRC in the last quarter.

The International operations have reached a turning point in terms of profitability, with EBITDA up 87.5% (67.8%*), as our operations continue to realise better scale benefits combined with a focus on cost containment. EBITDA margin improved almost ten percentage points to 23.6% (2012: 14.0%) and the total contribution to Group EBITDA increased to 10.8% (2012: 6.4%).

Capital investment increased substantially, up 70.6% to R2 864 million (24.7% of revenue) due to continued expansion of voice and data network coverage and capacity. RAN renewal projects are underway across all our operations.

The Group sold its investments, supplier agreements and assets in Gateway Carrier Services in August 2012, which formed part of the Group's International reportable segment, for US\$35 million. These results include service revenue of US\$155 million (2012: US\$386 million) and EBITDA loss of US\$3 million (2012: US\$3 million) relating to this operation.

Strategy update

Following a period of restructuring, we have refocused the business on executing our well-defined strategic priorities, with detailed plans for delivery in each case.

In South Africa, where we are competing hard to maintain and grow market share in a market that has reached saturation in mobile voice penetration, our focus is on clear differentiation through best network experience, best service and best value.

In our International markets, where penetration rates remain low and we are competing for customers and building scale, our focus is on expanding coverage and driving penetration through network quality, distribution reach, meaningful products and competitive value.

We continue to invest in specific growth opportunities, chiefly in extending the immense benefits of high speed data access to more customers, growing our enterprise offering and leveraging the success of services such as M-Pesa. We are also investigating opportunities to grow our exposure to attractive markets elsewhere in Africa.

Underpinning our strategic priorities are our significant investments in our networks, the fundamental enablers of a differentiated customer experience, and in driving operating efficiencies, which free up the capital we need to invest in our goal of attaining or retaining market leadership in each of our markets.

Our customers

Our customers' experience of our network, service and products determines the strength of our brand. Our success to date has centred on network leadership, but we are working on extending this lead to include value and service. We have adopted a new approach to pricing in all our markets, which offer clear benefits to customers and at the same time is expected to stabilise ARPU. In South Africa we introduced new Vodacom Smart and Red contract integrated plans, with larger bundles of minutes, messaging and data. In the prepaid market we launched Free4Sho, a new platform with three price plans giving more choice to customers. In our International markets, we introduced integrated bundles as well as daily and weekly price plans to drive the penetration of data services.

Our network strategy is to differentiate our brand by offering customers the widest coverage, fastest speeds and best data experience through the widespread deployment of 3G, HSPA+, LTE and high capacity backhaul. We continue to invest significantly - R9.5 billion in the last year - in widening our coverage, supporting the rapid growth in data traffic and delivering faster internet speeds. We added 1 752 3G and 1 406 2G sites across the Group and made great progress in upgrading our base stations to single RAN, which is not only more efficient in using spectrum and power but also improves network quality.

We improved customer service across all our channels. We launched new retail stores geared to offer better customer experience and hassle-free smartphone start up. We also made noticeable improvements in our online channel as well as our self-service applications. Calls to customer care reduced by almost 25% in South Africa as we achieved better first call resolution of customer calls.

Our growth

Delivering growth in our International operations is underpinned by widening our distribution, rolling out our successful mobile money transfer service to all our operations, investing to gain a clear network advantage, especially in data and having the right people in place to deliver on our brand values of customer service, network differentiation and giving value for money.

Our International operations have continued to grow strongly, led by Tanzania, DRC and Mozambique. We have significantly increased our level of investment in these markets, which has translated into market share gains, improved margins and stronger cash flow generation. These markets still offer attractive long-term opportunities with mobile penetration below 40% and strong GDP growth prospects. We are focused on increasing the penetration of data and financial services, and are also actively looking to enter new markets elsewhere in Africa.

Mobile data is our single biggest growth opportunity with smartphone and tablet penetration at low levels in all our markets. Critical to our strategy is to build enough network capacity to support lower usage charges, to offer a range of affordable smartphones and tablets and to ensure customers leave our stores fully connected with email and applications working. In the last year we grew data revenue by 22.2% with Group active data customers now at 18.5 million.

Financial services are another key driver of revenue growth, given the high levels of financial exclusion and limited financial infrastructure in our markets. Since we launched M-Pesa in Tanzania, over half of our customers now use the service for money transfer, airtime purchases and third-party payments. We recently launched the service in DRC and will be extending it to our other markets this year.

Our enterprise business continues to grow, posting 28.7% higher converged managed business services revenue. We have made a substantial investment in resources and in our network to better support corporate as well as small and medium enterprises. We have already launched several Vodafone product offerings, with the successful OneNet converged offering for small and medium enterprises to come this year.

Our operations

Supporting our strategy to deliver a better service to customers and offer competitive value is our drive to standardise and simplify our processes, and extract greater efficiencies. Our substantial investment in renewing our radio access network and providing our own transmission is allowing us to reduce our network running costs.

We are also transforming our IT and billing systems to reduce costs and are in the process of mapping our customer journeys to ensure process efficiencies. We continue to enhance our return on customer acquisition costs by reducing the spend on unprofitable calling card customers, better device return management and greater efficiencies in distribution, particularly in Tanzania where an increasing amount of airtime is purchased directly through M-Pesa.

We again benefitted from leveraging Vodafone's scale benefits, moving more of our purchases to the Vodafone Procurement Company. Overall, tight operating expense control has allowed us to keep Group operating expenses flat and reduce operating costs as a percentage of service revenue from 24.4%¹ to 24.0%¹.

1. Operating expenses excludes trading foreign exchange and Gateway Carrier Services.

Our people

We continue to invest in making sure we have the right people with the right mind-set to achieve our strategy. It is important that our people feel motivated and engaged to the extent that they stretch themselves beyond their daily function, and that they are empowered to change what is not working while remaining accountable.

Specific focus was given to a smooth leadership transition in the second half of last year with the change in CEO and CFO. We intensified our focus on talent management, developing and acquiring the skills necessary to deliver our growth priorities. We increased our investment in graduate training programmes, particularly those focused on women to build a pipeline of future leaders. Our overall Engagement index, the primary measure to indicate employee's commitment, increased two percentage points to 75 for the Group.

Our reputation

Our reputation is not only determined by the value we deliver to our customers, employees and shareholders but also by our reputation in the communities we serve and within broader society in the countries in which we operate.

We are working closely with governments to align our investments to national development objectives, to maximise the impact we can make. Given the importance of ICT infrastructure, particularly broadband access, in driving GDP growth and addressing socioeconomic challenges, we are committed to playing a supporting role commensurate with our leading market positions and the trust our stakeholders place in us.

We have invested R9.5 billion this year in our networks, a large portion allocated to expanding our 3G network. We have also increased our investments in our flagship health and education projects, which employ mobile technologies to provide better access to these critical services.

Financial review
Summary financial information

Rm	Year ended 31 March			% change	
	2013	2012	2011	12/13	11/12
Service revenue	59 336	58 245	54 052	1.9	7.8
Revenue	69 917	66 929	61 197	4.5	9.4
EBITDA	25 253	22 763	20 594	10.9	10.5
Operating profit	18 897	16 617	13 696	13.7	21.3
Net profit	13 224	10 203	7 979	29.6	27.9
Operating free cash flow	18 158	16 934	14 837	7.2	14.1
Free cash flow	12 136	10 921	8 757	11.1	24.7
Capital expenditure	9 456	8 662	6 311	9.2	37.3
Net debt	8 007	7 667	9 458	4.4	(18.9)
Basic earnings per share (cents)	887	694	561	27.8	23.7
Headline earnings per share (cents)	872	709	656	23.0	8.1
Contribution margin (%)	56.5	54.8	54.9		
EBITDA margin (%)	36.1	34.0	33.7		
Operating profit margin (%)	27.0	24.8	22.4		
Effective tax rate (%)	28.3	36.0	36.9		
Net profit margin (%)	18.9	15.2	13.0		
Net debt/EBITDA (times)	0.3	0.3	0.5		
Capex intensity (%)	13.5	12.9	10.3		

Service revenue

Rm	Year ended 31 March			% change	
	2013	2012	2011	12/13	11/12
South Africa	48 234	48 427	46 392	(0.4)	4.4
International	11 258	10 143	7 957	11.0	27.5
Corporate and eliminations	(156)	(325)	(297)	52.0	(9.4)
Service revenue	59 336	58 245	54 052	1.9	7.8

Group revenue for the year was up 4.5% to R69 917 million. Excluding the sale of Gateway Carrier Services and the impact of movements in foreign currency, revenue was up 5.3%* (6.8% excluding only the impact of MTRs). Group normalised service revenue growth (excluding the sale of Gateway Carrier Services and the impact of movements in foreign currency) was up 2.9%*, mainly driven by growth in Tanzania, the Democratic Republic of Congo and Mozambique. Continued demand for data services pushed data revenue up 22.2% to R9 998 million, now contributing 16.8% of Group service revenue up from 14.0% a year ago. During the year we reviewed our internal controls in the International operations around revenue reporting, and ensured alignment across the Group to policy. Service revenue was reduced by approximately R300 million and recognised as deferred revenue as a result of this process.

Total expenses¹

Rm	Year ended 31 March			% change	
	2013	2012	2011	12/13	11/12
South Africa	36 182	35 737	33 758	1.2	5.9
International	8 837	8 970	7 348	(1.5)	22.1
Corporate and eliminations	(377)	(476)	(468)	20.8	(1.7)
Total expenses ¹	44 642	44 231	40 638	0.9	8.8

Group total expenses¹ increased 0.9% (2.3%*) to R44 642 million. This was well below revenue growth of 4.5% (5.3%*). These expenses include a net foreign exchange loss on the revaluation of foreign-denominated trading items of R195 million (2012: R146 million). Cost containment was achieved through Vodafone procurement scale benefits realised across our operations and greater efficiencies in network operating costs in South Africa, coupled with reduced interconnect costs.

EBITDA

Rm	Year ended 31 March			% change	
	2013	2012	2011	12/13	11/12
South Africa	22 408	21 254	19 653	5.4	8.1
International	2 739	1 461	840	87.5	73.9
Corporate and eliminations	106	48	101	120.8	(52.5)
EBITDA	25 253	22 763	20 594	10.9	10.5

Group EBITDA increased 10.9% (10.3%*) to R25 253 million, and EBITDA margin improved 2.1ppts to 36.1% (2012: 34.0%). South Africa EBITDA grew at 5.4% (5.7%*), well ahead of revenue and the EBITDA margin expanded by 0.9ppts to 38.2% due to cost saving initiatives and reduced interconnect costs offsetting higher publicity expenditure. International EBITDA increased by 87.5% (67.8%*), as our International operations

continue to realise better scale benefits. EBITDA margin improved to 23.6% (2012: 14.0%) and the total contribution to Group EBITDA increased to 10.8% (2012: 6.4%).

Operating profit

Rm	Year ended 31 March			% change	
	2013	2012	2011	12/13	11/12
South Africa	17 640	16 671	15 522	5.8	7.4
International	1 177	(75)	(1 902)	> 200.0	96.1
Corporate and eliminations	80	21	76	> 200.0	(72.4)
Operating profit	18 897	16 617	13 696	13.7	21.3

Group operating profit increased 13.7% (12.4%*) to R18 897 million. Operating profit in South Africa increased 5.8% slightly ahead of EBITDA growth as depreciation and amortisation only increased 5.0%. The International operations delivered operating profit of R1 177 million for the year compared to the operating loss of R75 million in the prior year, which included an impairment loss attributable to the Gateway companies of R199 million.

Net finance charges

Rm	Year ended 31 March			% change	
	2013	2012	2011	12/13	11/12
Finance income	117	109	109	7.3	-
Finance costs	(927)	(748)	(864)	23.9	(13.4)
Remeasurement of loans	(30)	(51)	28	(41.2)	< (200.0)
Gain/(loss) on remeasurement and other	40	(14)	(167)	> 200.0	(91.6)
Gain/(loss) on derivatives	113	20	(164)	> 200.0	112.2
Net finance charges	(687)	(684)	(1 058)	0.4	(35.3)

Net finance charges remained relatively stable at R687 million. Increased finance costs due to higher average net debt balances were offset by gains on the forward exchange derivative contracts entered into for hedging our currency exposure on network equipment and services, as well as handset purchases in foreign currencies.

Taxation

The tax expense of R5 210 million for the year decreased 9.1% compared to prior year mainly due to the removal of secondary tax on companies ('STC') from the tax expense. The tax expense in the prior year included an STC charge of R806 million. The Group's effective tax rate decreased from 36.0% to 28.3% mainly as a result of replacement of STC with dividend withholding tax.

Earnings

HEPS increased 23.0% to 872 cents (2012: 709 cents). The increase in basic earnings per share ('EPS') to 887 cents (2012: 694 cents) was favourably impacted by the profit on disposal of Gateway Carrier Services of R224 million (US\$30 million) compared to the impairment losses of R199 million in the prior year. Both HEPS and EPS were favourably impacted by the change from STC to dividend withholding tax which is no longer included in the income statement expense.

Capital expenditure

Rm	Year ended 31 March			% change	
	2013	2012	2011	12/13	11/12
South Africa	6 967	6 976	5 100	0.1	36.8
International	2 864	1 679	1 208	70.6	39.0
Corporate and eliminations	(375)	7	3	< (200.0)	133.3
Capital expenditure	9 456	8 662	6 311	9.2	37.3
Capex intensity ¹ (%)	13.5	12.9	10.3		

The Group's capital expenditure for the period was R9 456 million, 9.2% higher than a year ago. Capital expenditure in South Africa of R6 967 million was mainly invested in increasing our 3G coverage, expanding our high speed transmission capability, the renewing of our radio access network infrastructure and information services investment to improve customer experience. In our International operations we continue to spend on both capacity and coverage to support the growth in customers and the take-up of data services, increasing capital expenditure by 70.6% to R2 864 million. Capital expenditure at Corporate mainly relates to an elimination of an intercompany disposal of properties to the South African operations.

1. Capital expenditure as a percentage of revenue.

Statement of financial position

Property, plant and equipment increased by 13.8% to R27 741 million, due to net additions of R7 645 million and foreign currency translation adjustments totalling R1 146 million.

Net debt increased slightly to R8 007 million but our financial gearing remained stable, with net debt to EBITDA at 0.3 times. 91.7% (2012: 87.8%) of the debt¹ is denominated in rand. R6 630 million (2012: R2 413 million) of the debt¹ matures in the next 12 months and 62.6% (2012: 55.9%) of interest bearing debt (including bank overdrafts) is at floating rates.

A three-year loan with a nominal value of R3 billion was raised from Vodafone in March 2013 to extend the maturity of our debt profile by refinancing existing short-term borrowings as well as finance capital expenditure and working capital requirements. The Group continued to roll its R750 million three-month commercial paper issued under its R10 billion domestic medium-term note programme.

Net debt

Rm	As at 31 March			Movement	
	2013	2012	2011	12/13	11/12
Bank and cash balances	6 528	3 781	870	2 747	2 911
Bank overdrafts	(340)	(409)	(331)	(69)	78
Borrowings and derivative financial instruments	(14 195)	(11 039)	(9 997)	3 156	1 042
Net debt	(8 007)	(7 667)	(9 458)	340	(1 791)
Net debt/EBITDA (times)	0.3	0.3	0.5		

Cash flow

Free cash flow

Rm	As at 31 March			% change	
	2013	2012	2011	12/13	11/12
Cash generated from operations	25 320	24 502	21 385	3.3	14.6
Cash capital expenditure ²	(7 162)	(7 568)	(6 548)	(5.4)	15.6
Operating free cash flow	18 158	16 934	14 837	7.2	14.1
Tax paid	(5 323)	(5 192)	(4 982)	2.5	4.2
Net finance (costs paid)/income received	(667)	(771)	(1 026)	(13.5)	(24.9)
Net dividends received/dividends paid to minority shareholders	(32)	(50)	(72)	(36.0)	(30.6)
Free cash flow ³	12 136	10 921	8 757	11.1	24.7

Operating free cash flow increased 7.2% to R18 158 million in the period supported by good EBITDA growth of 10.9%, offset by an investment in working capital in South Africa to finance devices to increase adoption of high end smartphones and tablets.

1. Debt includes interest bearing debt, non-interest bearing debt, bank overdrafts and commercial paper.
2. Cash capital expenditure comprises the purchase of property, plant and equipment and intangible assets, other than license and spectrum payments, net of cash from disposals.
3. Free cash flow definition has been aligned to our parent to include net dividends received/paid to minority shareholders.

Declaration of final dividend No. 8 - payable from income reserves

Notice is hereby given that a gross final dividend number 8 of 430 cents per ordinary share in respect of the financial year ending 31 March 2013 has been declared payable in cash on Monday 1 July 2013 to shareholders recorded in the register at the close of business on Friday 28 June 2013. There is no secondary tax on company ("STC") credits available for utilisation. The number of ordinary shares in issue at date of this declaration is 1 487 954 000. The dividend will be subject to a local dividend withholding tax rate of 15% which will result in a net final dividend to those shareholders not exempt from paying dividend withholding tax of 373.91304 cents per ordinary share.

Last day to trade shares <i>cum</i> dividend	Friday 21 June 2013
Shares commence trading <i>ex</i> dividend	Monday 24 June 2013
Record date	Friday 28 June 2013
Payment date	Monday 1 July 2013

Share certificates may not be dematerialised or rematerialised between Monday 24 June 2013 and Friday 28 June 2013, both days inclusive.

On Monday 1 July 2013, the final dividend will be electronically transferred into the bank accounts of all certificated shareholders where this facility is available. Shareholders who hold dematerialised shares will have their accounts at their CSDP or broker credited on Monday 1 July 2013.

Vodacom Group Limited tax reference number is 9316/041/71/5.

Outlook

The on-going investments we are making in deepening our competitive advantage and in driving growth and efficiency, will position the Group to improve our performance in the year ahead. Competition in markets will no doubt intensify. Our response, especially to pricing pressure, will focus on delivering an improved experience and better value to our customers according to our strategy.

We expect economic growth in South Africa to be slow, and we will need to work hard to keep costs flat in an environment of rising inflation. The growth rates in our International markets are likely to be robust given the outlook for economic growth and low penetration of voice and data services.

Over the medium-term (three years) we aim to deliver low single digit service revenue growth and mid to high single digit EBITDA growth through delivery on our cost efficiency programmes. We expect capital expenditure to be between 11% and 13% of Group revenue as we sustain a high level of investment in maintaining our network leadership.

For and on behalf of the Board

Peter Moyo
Chairman
17 May 2013

Shameel Joosub
Chief Executive Officer

Ivan Dittrich
Chief Financial Officer

Midrand

Condensed consolidated income statement
for the year ended 31 March

Rm	Notes	Reviewed 2013	Audited 2012	Audited 2011
Revenue	3	69 917	66 929	61 197
Direct expenses		(30 385)	(30 265)	(27 600)
Staff expenses		(4 349)	(4 318)	(4 024)
Publicity expenses		(1 960)	(1 804)	(2 086)
Other operating expenses		(7 948)	(7 844)	(6 928)
Depreciation and amortisation		(6 364)	(5 882)	(5 355)
Impairment losses	4	(14)	(199)	(1 508)
Operating profit		18 897	16 617	13 696
Profit on sale of subsidiary		224	-	-
Finance income		117	109	109
Finance costs		(927)	(748)	(864)
Net profit/(loss) on remeasurement and disposal of financial instruments		123	(45)	(303)
Profit before tax		18 434	15 933	12 638
Taxation		(5 210)	(5 730)	(4 659)
Net profit		13 224	10 203	7 979
Attributable to:				
Equity shareholders		12 991	10 156	8 245
Non-controlling interests		233	47	(266)
		13 224	10 203	7 979

Cents	Notes	Reviewed 2013	Audited 2012	Audited 2011
Basic earnings per share	5	887.4	694.0	561.5
Diluted earnings per share	5	885.3	691.2	560.4

Condensed consolidated statement of comprehensive income
for the year ended 31 March

Rm	Reviewed 2013	Audited 2012	Audited 2011
Net profit	13 224	10 203	7 979
Other comprehensive income	815	315	(449)
Foreign currency translation differences, net of tax	823	389	(502)
(Loss)/Gain on hedging instruments in cash flow hedges, net of tax	(8)	(74)	53
Total comprehensive income	14 039	10 518	7 530
Attributable to:			
Equity shareholders	13 982	10 583	7 739
Non-controlling interests	57	(65)	(209)
	14 039	10 518	7 530

Condensed consolidated statement of financial position
as at 31 March

Rm	Notes	Reviewed 2013	Audited 2012	Audited 2011
Assets				
Non-current assets		34 434	30 678	27 982
Property, plant and equipment		27 741	24 367	21 577
Intangible assets		5 332	5 123	5 215
Financial assets		198	201	189
Trade and other receivables		196	227	264
Finance lease receivables		726	447	307
Deferred tax		241	313	430
Current assets		21 157	17 552	13 453
Financial assets		1 170	695	273
Inventory		861	832	799
Trade and other receivables		10 971	11 379	10 773
Finance lease receivables		1 437	691	462
Tax receivable		190	174	276
Cash and cash equivalents		6 528	3 781	870
Total assets		55 591	48 230	41 435
Equity and liabilities				
Fully paid share capital		*	*	*
Treasury shares		(1 389)	(1 530)	(1 384)
Retained earnings		21 342	20 121	17 864
Other reserves		847	(61)	(858)
Equity attributable to owners of the parent		20 800	18 530	15 622
Non-controlling interests		416	400	558
Total equity		21 216	18 930	16 180
Non-current liabilities		9 620	10 932	8 743
Borrowings	10	7 881	9 012	7 280
Trade and other payables		222	352	258
Provisions		536	551	510
Deferred tax		981	1 017	695
Current liabilities		24 755	18 368	16 512
Borrowings		6 290	2 004	2 783
Trade and other payables		17 780	15 406	13 005
Provisions		283	355	298
Tax payable		46	172	87
Dividends payable		16	22	8
Bank overdrafts		340	409	331
Total equity and liabilities		55 591	48 230	41 435

* Fully paid share capital of R100.

Condensed consolidated statement of changes in equity
for the year ended 31 March

Rm	Equity attributable to owners of the parent	Non- controlling interests	Total equity
1 April 2010	13 738	898	14 636
Total comprehensive income	7 739	(209)	7 530
Dividends declared	(5 212)	(71)	(5 283)
Partial disposal of interest in subsidiaries	156	(60)	96
Repurchase of shares	(962)	-	(962)
Share-based payments	163	-	163
31 March 2011 - Audited	15 622	558	16 180
Total comprehensive income	10 583	(65)	10 518
Dividends declared	(7 900)	(61)	(7 961)
Partial disposal of interest in subsidiaries	191	(172)	19
Shareholder loan conversion to equity	-	140	140
Repurchase and sale of shares	(139)	-	(139)
Share-based payments	173	-	173
31 March 2012 - Audited	18 530	400	18 930
Total comprehensive income	13 982	57	14 039
Dividends declared	(11 770)	(41)	(11 811)
Repurchase, vesting and sale of shares	177	-	177
Share-based payments	(119)	-	(119)
31 March 2013 - Reviewed	20 800	416	21 216

Condensed consolidated statement of cash flows
for the year ended 31 March

Rm	Reviewed 2013	Audited 2012	Audited 2011
Cash flows from operating activities			
Cash generated from operations	25 320	24 502	21 385
Tax paid	(5 323)	(5 192)	(4 982)
Net cash flows from operating activities	19 997	19 310	16 403
Cash flows from investing activities			
Net additions to property, plant and equipment and intangible assets	(7 286)	(7 568)	(6 548)
Disposal of subsidiaries and business combinations	357	(23)	(24)
Other investing activities	(225)	(411)	(9)
Net cash flows utilised in investing activities	(7 154)	(8 002)	(6 581)
Cash flows from financing activities			
Movement in borrowings, including finance costs paid	1 809	(480)	(3 949)
Dividends paid	(11 817)	(7 947)	(5 283)
Repurchase and sale of shares	(88)	(148)	(984)
Partial disposal of interests in subsidiaries, net of cash disposed	-	19	98
Non-controlling interests	-	-	(1)
Net cash flows utilised in financing activities	(10 096)	(8 556)	(10 119)
Net increase/(decrease) in cash and cash equivalents	2 747	2 752	(297)
Cash and cash equivalents at the beginning of the year	3 372	539	951
Effect of foreign exchange rate changes	69	81	(115)
Cash and cash equivalents at the end of the year	6 188	3 372	539

Notes to the preliminary condensed consolidated annual financial statements

1. Basis of preparation

These preliminary condensed consolidated annual financial statements have been prepared in accordance with the framework concepts, the recognition and measurement criteria of International Financial Reporting Standards ('IFRS') and the information required by International Accounting Standard 34: Interim Financial Reporting as issued by the International Accounting Standards Board ('IASB'), the Financial Reporting Guides as issued by the South African Institute of Chartered Accountants Accounting Practices Committee, the Johannesburg Stock Exchange Limited Listings Requirements and the requirements of the Companies Act No 71 of 2008, as amended. They have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value or at amortised cost, and are presented in South African rand, which is the parent Company's functional and presentation currency.

The significant accounting policies and methods of computation are consistent in all material respects with those applied in the previous period, except as disclosed in Note 2. The significant accounting policies are available for inspection at the Group's registered office.

There have been no material changes in judgements or estimates of amounts reported in prior reporting periods.

The preparation of these preliminary condensed consolidated annual financial statements was supervised by the Chief Financial Officer, IP Dittrich CA(SA).

The financial information has been reviewed by Deloitte & Touche whose unmodified review report is available for inspection at the Group's registered office.

2. Changes in accounting policies

The Group adopted the new, revised or amended accounting pronouncements as issued by the IASB, which were effective and applicable to the Group from 1 April 2012, none of which had any impact on the Group's financial results for the period.

Full details on changes in accounting policies will be disclosed in the Group's consolidated annual financial statements for the year ending 31 March 2013, which will be available online by 18 June 2013.

	Reviewed 2013	Audited 2012	Audited 2011
Rm			
3. Segment analysis			
External customers segment revenue	69 917	66 929	61 197
South Africa	58 464	56 716	53 193
International ¹	11 423	10 187	7 984
Corporate	30	26	20
EBITDA	25 253	22 763	20 594
South Africa	22 408	21 254	19 653
International ¹	2 739	1 461	840
Corporate and eliminations	106	48	101
Note:			
1. Refer to Note 13 for detail regarding the disposal of a business.			
Reconciliation of segment results			
EBITDA	25 253	22 763	20 594
Depreciation, amortisation and impairment losses	(6 378)	(6 081)	(6 863)
Other	22	(65)	(35)
Operating profit	18 897	16 617	13 696
Profit on sale of subsidiary	224	-	-
Net finance charges	(687)	(684)	(1 058)
Finance income	117	109	109
Finance costs	(927)	(748)	(864)
Net profit/(loss) on remeasurement and disposal of financial instruments	123	(45)	(303)
Profit before tax	18 434	15 933	12 638
Taxation	(5 210)	(5 730)	(4 659)
Net profit	13 224	10 203	7 979
Total assets	55 591	48 230	41 435
South Africa	35 360	33 960	31 076
International ¹	15 035	11 818	9 743
Corporate and eliminations	5 196	2 452	616

Note:

1. Refer to Note 13 for detail regarding the disposal of a business.

4. Impairment losses

Net impairment recognised is as follows:

Intangible assets	-	(250)	(1 500)
Property, plant and equipment	21	51	(8)
Available-for-sale financial assets carried at cost	(35)	-	-
Impairment losses	(14)	(199)	(1 508)

	Reviewed 2013	Audited 2012	Audited 2011
Cents			
5. Per share calculations			
5.1 Earnings and dividends per share			
Basic earnings per share	887.4	694.0	561.5
Diluted earnings per share	885.3	691.2	560.4
Headline earnings per share	872.4	708.9	655.5
Diluted headline earnings per share	870.2	706.0	654.3
Dividends per share	805.0	540.0	355.0
	Reviewed 2013	Audited 2012	Audited 2011
5.2 Weighted average number of ordinary shares outstanding for the purpose of calculating:			
Basic and headline earnings per share	1 464	1 463	1 468
Diluted earnings and diluted headline earnings per share	1 468	1 469	1 471
5.3 Ordinary shares for the purpose of calculating:			
Dividends per share	1 488	1 488	1 488

Vodacom Group Limited acquired 1 703 485 shares in the market during the period at an average price of R102.96 per share. Share repurchases did not exceed 1% of Vodacom Group Limited's issued share capital. Dividend per share calculations are based on a dividend declared of R11 978 million (2012: R8 035 million; 2011: R5 282 million) of which R78 million (2012: R50 million; 2011: R25 million) was offset against the forfeitable share plan reserve, R6 million (2012 and 2011: R2 million) expensed as staff expenses and R124 million (2012: R83 million; 2011: R43 million) paid to Wheatfields Investments 276 (Pty) Limited, a wholly-owned subsidiary holding treasury shares on behalf of the Group.

	Reviewed 2013	Audited 2012	Audited 2011
Rm			
5.4 Headline earnings reconciliation			
Earnings attributable to equity shareholders for basic and diluted earnings per share	12 991	10 156	8 245
Adjusted for:			
Profit on sale of subsidiary	(224)	-	-
Net (profit)/loss on disposal of property, plant and equipment and intangible assets	(22)	65	35
Impairment losses (Note 4)	14	199	1 508
	12 759	10 420	9 788
Tax impact of adjustments	7	(62)	(165)
Non-controlling interests in adjustments	4	16	3
Headline earnings for headline and diluted headline earnings per share	12 770	10 374	9 626

6. Forfeitable share plan ('FSP')

During the current period the Group allocated 1 680 373 (2012: 2 033 655; 2011: 3 242 476) shares to eligible employees under its FSP, an equity-settled share-based payment scheme in terms of IFRS 2: Share-based Payment.

7. Related parties

The amounts disclosed in Notes 7.1 and 7.2 include significant balances and transactions with the Group's joint venture, associate and parent, including entities in its group.

	Reviewed 2013	Audited 2012	Audited 2011
Rm			
7.1 Balances with related parties			
Borrowings	6 024	3 022	-
7.2 Transactions with related parties			
Dividends declared	(7 786)	(5 223)	(3 433)
Finance costs	(207)	(75)	-
7.3 Directors' and key management personnel remuneration			

Compensation paid to the Group's Board, prescribed officers and key management personnel will be disclosed in the Group's consolidated annual financial statements for the year ended 31 March 2013, which will be available online by 18 June 2013. Mr IP Dittrich was appointed as the Chief Financial Officer on 15 June 2012 and Mr MS Aziz-Joosub was appointed as the Chief Executive Officer on 6 September 2012. Mr SN Maseko resigned on 14 June 2012, while Messrs PJ Uys and P Bertoluzzo and Ms K Witts resigned on 6 September 2012. Ms S Timuray and Mr JWL Otty were appointed to the board on 6 September 2012.

	Reviewed	Audited	Audited
Rm	2013	2012	2011
8. Capital commitments			
Capital expenditure contracted for but not yet incurred	3 254	2 043	2 547
9. Capital expenditure incurred			
Capital expenditure additions including software	(9 456)	(8 662)	(6 311)

10. Borrowings

Vodafone Investments Luxembourg s.a.r.l.

A loan with a nominal value of R3 000 million was raised to refinance existing short-term borrowings, and finance capital expenditure and working capital requirements. It has a three year term, bears interest payable quarterly at three month JIBAR plus 1.15%, is unsecured and repayable on 22 March 2016.

11. Contingent liabilities

11.1 Guarantees

The Group issued various guarantees, relating to the financial obligations of its subsidiaries, which amounted to R65 million (2012: R57 million; 2011: R53 million).

Vodacom (Pty) Limited provides an unlimited guarantee for borrowings entered into by Vodacom Group Limited. There were no related outstanding borrowings on the statement of financial position at the end of the year (2012: RNil; 2011: R1 655 million).

11.2 Tax matters

The Group is regularly subject to an evaluation by tax authorities of its direct and indirect tax filings. The consequence of such reviews is that disputes can arise with tax authorities over the interpretation or application of certain tax rules applicable to the Group's business. These disputes may not necessarily be resolved in a manner that is favourable to the Group. Additionally, the resolution of the disputes could result in an obligation to the Group.

12. Other significant matters

12.1 Vodacom Congo (RDC) s.p.r.l. ('Vodacom Congo')

The final hearing with regards to the the International Chamber of Commerce arbitration with Congolese Wireless Network s.p.r.l., the other shareholder in Vodacom Congo, was held during October 2012. The Group is awaiting the final outcome.

12.2 Vodacom International Limited ('VIL')

The claim brought by Namemco Energy (Pty) Limited against VIL was settled during the year.

13. Acquisitions and disposals of businesses

The Group sold its investments, supplier agreements and assets in Gateway Carrier Services¹, which formed part of the Group's International reportable segment, for US\$35 million. The profit on sale is disclosed as profit on sale of subsidiary.

14. Events after the reporting period

The Board is not aware of any matter or circumstance arising since the end of the reporting period, not otherwise dealt with herein, which significantly affects the financial position of the Group or the results of its operations or cash flows for the period, other than the following:

14.1 Dividend declared after the reporting date and not recognised as a liability

A final dividend of R6 398 million (430 cents per ordinary share) for the year ending 31 March 2013, was declared on Thursday 16 May 2013, payable on Monday 1 July 2013 to shareholders recorded in the register at the close of business on Friday 28 June 2013.

Note:

1. Gateway Communications (Pty) Limited, Gateway Communications SA (Belgium), Gateway Communications UK Limited, Gateway Communications Mozambique Limitada and Gateway Communications SAS (France), as well as the customer contracts of Gateway Communications Africa (UK) Limited.

Reconciliation of normalised growth for the year ended 31 March 2013

	Reported ¹ % change 12/13	Trading foreign exchange ² ppt	Translation foreign exchange ³ ppt	Gateway Carrier Services ⁴ ppt	Normalised % change 12/13
Service revenue					
Group	1.9	-	(2.0)	3.0	2.9
International	11.0	-	(11.3)	22.6	22.3
Revenue					
Group	4.5	-	(1.9)	2.7	5.3
International	11.1	-	(11.6)	21.6	21.1
Total expenses					
Group	0.9	(0.1)	(2.4)	3.9	2.3
EBITDA					
Group	10.9	0.1	(0.7)	-	10.3
South Africa	5.4	0.3	-	-	5.7
International	87.5	(2.4)	(16.1)	(1.2)	67.8
Operating profit					
Group	13.7	0.1	(0.1)	(1.3)	12.4

The reconciliation represents normalised growth excluding foreign exchange gains/losses and at a constant currency (using current year as base) from on-going operations. The presentation of the pro-forma constant currency information from on-going operations is the responsibility of the directors of Vodacom Group Limited. The purpose to presenting this information is to assist the user in understanding the underlying growth trends in these segments. It has been prepared for illustrative purposes only and may not fairly present the financial position, changes in equity, results of operations or cash flows of Vodacom Group Limited. This pro-forma information has been reviewed and reported on by the Group's auditors, being Deloitte & Touche. The unqualified accountant's report thereon is available for inspection at the Company's registered address.

Notes:

1. The reported percentage change relates to the year on year percentage growth between 31 March 2012 and 31 March 2013. The Group's presentation currency is the South African rand. Our International operations include functional currencies in United States dollar, Tanzanian shilling and Mozambican metical.
2. Trading foreign exchange are foreign exchange gains/losses on foreign denominated monetary assets and liabilities resulting from trading activities of entities within the Group.
3. Translation foreign exchange arises from the translation of the results, at average rates, of subsidiaries' functional currencies to Vodacom's presentation currency, being rand. The exchange variances are eliminated by applying the year ended 31 March 2013 average rate (which is derived by dividing the individual subsidiary's translated rand value with the functional currency value for the year) to prior year numbers, thereby giving a user a view of the performance which excludes exchange variances.
4. The Group disposed of its subsidiary, Gateway Carrier Services, during the current reporting period, effective 31 August 2012. We have excluded Gateway Carrier Services from the above calculation to give the user insight into the underlying performance of our on-going operations.

Corporate information

Directors

MP Moyo (*Chairman*), MS Aziz-Joosub (*CEO*), DH Brown, IP Dittrich, M Joseph¹, A Kekana, TM Mokgosi-Mwantembe, PJ Moleketi, JWL Otty², NJ Read², RAW Schellekens³, S Timuray⁴

Company secretary

SF Linford

Registered office

Vodacom Corporate Park, 082 Vodacom Boulevard, Midrand 1685 (Private Bag X9904, Sandton 2146)

Transfer secretary

Computershare Investor Services (Pty) Limited (Registration number: 2004/003647/07) 70 Marshall Street, Johannesburg 2001 (PO Box 61051, Marshalltown 2107)

Media relations

Richard Boorman

Investor relations

Belinda Williams

1. American 2. British 3. Dutch 4. Turkish

17 May 2013

Non-GAAP information

The auditor's report does not necessarily cover all of the information contained in this announcement. Shareholders are therefore advised that in

order to obtain a full understanding of the nature of the auditor's work they should obtain a copy of that report together with the accompanying financial information from the registered office of the company. This announcement contains certain non-GAAP financial information which has not been reviewed or reported on by the Group's auditors. The Group's management believes these measures provide valuable additional information in understanding the performance of the Group or the Group's businesses because they provide measures used by the Group to assess performance. However, this additional information presented is not uniformly defined by all companies, including those in the Group's industry. Accordingly, it may not be comparable with similarly titled measures and disclosures by other companies. Additionally, although these measures are important in the management of the business, they should not be viewed in isolation or as replacements for or alternatives to, but rather as complementary to, the comparable GAAP measures. Refer above for detail relating to EBITDA and headline earnings per share.

Trademarks

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Forward-looking statements

This announcement which sets out the annual results for Vodacom Group Limited for the year ended 31 March 2013 contains 'forward-looking statements', which have not been reviewed or reported on by the Group's auditors, with respect to the Group's financial condition, 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, revenues, financial conditions, 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.

Sponsor: UBS South Africa (Pty) Limited

Debt sponsor: Absa Capital (the investment banking division of Absa Bank Limited and affiliated with Barclays)

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