Vodacom Group Limited
(Incorporated in the Republic of South Africa)
Registration number: 1993/005461/06
(ISIN: ZAE000132577 Share Code: VOD)
(ISIN: US92858D2009 ADR code: VDMCY)
('Vodacom')

Preliminary results
for the year ended 31 March 2016

16 May 2016

Shameel Joosub
Vodacom Group CEO commented:

I am very pleased with our performance this year, with strong execution of our strategy delivering solid results. The acceleration in network investment over the past two years is a true success story of effective capital investment to ensure growth in revenue and customers. The demand for data continues to be our key driver. Overall revenue grew 7.5% with a slight decline in customers to 61.3 million, as a result of customer registration requirements in our International operations.

In South Africa, our network superiority has played a significant part in offering better value to our 34.2 million customers, 2.1 million up from last year. We spent R8.7 billion to upgrade our network infrastructure which includes more than doubling our LTE/4G sites to over 6 000. This enabled us to increase LTE/4G coverage across South Africa to 58% (from 35%) to satisfy exceptional growth in demand for data. Affordability of devices and data bundles led to a 46.8% increase in data traffic as data bundle sales jumped 85.9%. Our personalised "Just 4 You" offers, part of our wider pricing transformation strategy, assisted in improved voice revenue trends, while at the same time reducing effective price per minute by 16.9%.

Our International operations grew strongly with service revenue up by 16.2% compared to 10.0% growth in 2015. This was achieved in an environment of heightened security regulations where unregistered customers of all operators were suspended. Service revenue from International operations accounted for 26.6% of the Group equivalent. Notably, Lesotho exceeded R1 billion in revenue for the first time.

Looking ahead, we will continue to explore spectrum opportunities. South Africa is falling behind on broadband roll out and access. Due to the country's dependency on mobile data, it is key to secure access to spectrum to unlock this growth potential and fulfil the growing data demands of the population. The proposed acquisition of Neotel lapsed in March due to regulatory complexities and certain conditions not being fulfilled. Our ambitions to increase the rollout of fibre-based broadband services to homes and businesses remain. We will also continue to drive our customer experience and network advantage by investing heavily in resources and infrastructure. As was the case a year ago, we remain cautiously optimistic while being fully cognisant of the various changing regulatory and macroeconomic environments.

Highlights

Group revenue up 7.5% (6.0%*) and Group service revenue up 7.4% (5.8%*)

South Africa revenue increased 5.2%

International operations revenue grew 16.6% (9.4%*); representing 22.9% of Group revenue

Group data revenue up 28.5%, supported by strong network investment

Group EBITDA grew 12.8% (10.2%*) to R30 345 million with a 1.8 ppts margin expansion to 37.9%

Group capital expenditure of R12 875 million, focused on rapidly expanding LTE/4G coverage and increasing data speeds

Headline earnings per share ('HEPS') up 2.7% to 883 cents per share, negatively impacted by remeasurement of foreign currency denominated intergroup loans and one-off BEE charges

Final dividend per share of 400 cents, taking the total dividend to 795 cents per share for the year

	Year ended 31 March		Year-on-year % change	
Rm	2016	2015	Reported	Normalised*
Revenue	80 077	74 500#	7.5	6.0
Service revenue	66 763	62 167	7.4	5.8
EBITDA	30 345	26 905	12.8	10.2
EBIT	21 696	19 516	11.2	
Operating profit	21 059	19 235	9.5	
Capital expenditure	12 875	13 305	(3.2)	
Operating free cash flow	17 054	14 003	21.8	
Free cash flow	9 807	7 763	26.3	
Headline earnings per share (cents)	883	860	2.7	

Notes:
* Normalised growth adjusted for trading foreign exchange gains/losses and at a constant currency (using current year as base), (collectively 'foreign exchange').
\# South Africa and Group revenue numbers have been restated. This change is further explained in note 11 of the preliminary condensed consolidated financial statements.
Refer to below for a reconciliation of adjustments.
All growth rates quoted are year-on-year growth rates unless otherwise stated.

Operating review

South Africa
Service revenue increased 4.9% to R49 320 million as the business returned to growth following the 50% cut in mobile termination rates ('MTRs') last year. The successful execution of our strategy resulted in ARPU trend improvement, boosted by impressive data growth as a result of our accelerated investment programme. Revenue grew at 5.2% to R62 279 million, underpinned by a 6.2% increase in equipment revenue with 10.5 million devices sold in the year of which 61.6% were smart devices.

Active customers increased by 6.4%, adding 2.1 million customers in the year. The ARPU trend improved largely as a result of lower declines in voice revenue as customers opt into more attractively priced Just 4 You offers, coupled with the continued increase in data revenue as customers trade up their devices to either 3G or 4G. Total ARPU declined 0.9% year-on-year to R112. Adjusting for the prior year voucher release of R325 million, ARPU was almost flat, down 0.1%. We have seen great success with the next evolution in our bundle strategy, with personalised offers for customers through our Just 4 You campaign. These personalised offers optimise spend for customers, while achieving ARPU uplift. Prepaid bundle purchases increased to over 1 billion. The success of these offers, as well as the migration to better value price plans, has resulted in improving trends on voice revenue. Active prepaid customers increased 7.6% to 29.3 million. We have migrated 85% of contract customers to new price plans with better value offerings. As a result, contract in-bundle spend increased to 71.3% (2015: 69.3%). Active contract customers were flat at 4.9 million; contract churn fell from 9.2% a year ago to 8.5% while contract ARPU increased 4.5% to R397.

Data revenue increased 27.7% to R17 287 million as strong growth in the demand for data continues. Data traffic growth of 46.8% was underpinned by three success factors:
- Improved access to more affordable devices - active smart devices on the network increased 22.8% to 14.1 million, driven mainly by the sale of low cost Vodacom branded devices, which account for 25.7% (2015: 16.8%) of total device sales.
- Increased data coverage - the number of active data users on the network expanded 12.7% to 18.7 million customers.
- Our compelling data offers through Just 4 You - this propelled growth in data bundle sales by 85.9% with average monthly data usage increasing 49.8% to 350MB per customer; we continue to see good ARPU growth with customers migrating from 2G to 3G and 3G to 4G, growing by 20.5% and 19.7% respectively.

Enterprise continues to deliver strong growth as we leverage network reliability and our leading mobile brand to move more deeply into fixed-line. Enterprise service revenue (including mobile) now contributes 22.8% of South African service revenue. Fixed-line and business managed services increased 26.5% year-on-year and now comprises 14.9% of total Enterprise service revenue. Growth was supported by the increased demand for fixed services (particularly IP-VPN offers as well as cloud and hosting services) as customers sign up for cloud solutions such as SAP HANA software and Microsoft Office 365. We entered into a strategic partnership with IBM in the second half of the year to provide hosting solutions and the first global cloud in Africa. Our collaboration with IBM, our extensive fixed and mobile infrastructure, our Pan African and global footprint and our investment in data centre infrastructure, provides the ideal platform and environment to deliver cloud services to large and multinational enterprises. Internet of things ('IoT'), previously called machine-to-machine, connections increased 28.2% to 2.3 million.

EBITDA increased 9.5% to R25 016 million with strong revenue growth and EBITDA margin expanding 1.6 ppts to 40.2% due to a strong focus on cost efficiencies. Growth was impacted by a R531 million foreign exchange gain (2015: R114 million loss) which has been offset by a one-off BEE charge of R127 million included in staff expenses in the current year and a R308 million voucher release in the previous year. At an individual employee level, we have instilled a cost-conscious culture across the business driving good progress through our cost savings programme "Fit for growth". Total expenses grew 2.5%, well below revenue growth of 5.2%. We have made several structural changes to deliver cost containment, such as optimising SIM card distribution costs and buying back our customer bases (from Nashua Mobile (Pty) Limited in the prior year, and more recently from Altech Autopage (Pty) Limited), which has reduced on-going commissions paid. Other cost saving initiatives included optimising network operational costs through maintenance contract renegotiations, self-providing more of our transmission services and outsourcing our network maintenance staff to realise scale benefits.

Capital expenditure of R8.7 billion allowed us to substantially widen 3G and LTE/4G data coverage, improve voice quality and increase data speeds. We have more than doubled the number of LTE/4G sites in the year to over 6 000 sites. 3G coverage increased to 99% of the population and LTE/4G coverage to 58%, up from 35% a year ago. We extended our high-speed transmission to 89% of our sites. Vodacom claimed top spot in MyBroadband's 2016 War Drive, which tested the download speeds of South Africa's mobile operators' mobile data networks. During the year, our fibre deployment has also started gaining traction as we start to accelerate deployment to more estates. We also focused more of our capital spend on new billing systems to allow us to transition from a predominately mobile company to a unified communications provider and we aim to complete the migration of our contract customers by the end of this year.

Our strategic focus on delivering the best customer experience has resulted in a record lead of 15 points over our nearest competitor as measured through our Net Promoter Score. We have expanded our Travel Saver roaming offer from 27 to 180 countries and enabled free calls to our call centres while roaming. We are also improving our in-store experience to ensure that a customer walks out with a working device with all of their data transferred and free bonus data to ensure that they have no bill shock when setting up their new device.

The Group and Neotel confirmed that the agreement between the parties had lapsed due to regulatory complexities in concluding the transaction as well as certain conditions not being fulfilled. Accordingly, the parties agreed that the proposed restructured transaction could no longer be progressed.

International

Service revenue in our International operations, which account for 26.6% of Group service revenue, increased by 16.2% (9.6%*) with growth in all markets. We are particularly proud of Vodacom Lesotho having now achieved revenue of over R1 billion. The International operations continue to benefit from increased voice revenue of 14.0% as well as 31.9% growth in data revenue driven by continued network investment. Mobile data revenue now comprises 22.6% (2015:19.9%) of International service revenue.

Active customers decreased 8.1% to 27.1 million, largely due to the customer registration requirements in DRC and Mozambique. In the DRC, the Government ordered all unregistered customers to be disconnected in December 2015. Vodacom has suspended customers with no registration records and communicated to such customers the requirement to register to avoid disconnection. In Mozambique, there has been a phased suspension since November 2015 and a disconnection programme for unregistered customers agreed by the Government and operators.

Mobile data revenue grew 31.9%, (excluding M-Pesa, 42.2%) supported by an increase of 73.1% in data traffic and 1.8% in active data customers to 10.1 million (also impacted by customer registration requirements), reflecting strong demand for mobile data services in all our markets. We continue to focus on our commercial and network offering to drive data growth, ensuring customers have access to better low cost smart devices, such as Vodacom Kicka and SmartTab, expanding 3G and LTE/4G network coverage and driving the adoption of data bundles.

M-Pesa revenue continues to grow strongly at 19.3%, fuelled by expansion of the distribution channel and a growing ecosystem. We added 1.2 million customers, increasing the number of active customers to 9.2 million1, an increase of 15.4% from the prior year. In Tanzania, M-Pawa (savings and loan product) is gaining traction with 1.6 million customers actively using the service.

Enterprise service revenue (including mobile) grew 31.1%. Fixed line and business managed services grew at 18.5%, and contributes 53.0% to Group fixed line and business managed services.

EBITDA grew 31.2% (29.9%*) to R5 385 million, contributing 17.7% to Group EBITDA. EBITDA margin increased from 26.1% to 29.3%, with margin improvement across all operations. EBITDA was positively impacted by stronger service revenue as well as cost efficiency initiatives of R705 million, partly offset by significant currency devaluation in Tanzania and Mozambique.

Capital expenditure of R4 090 million represents 22.3% of revenue. We continue to invest significantly in all our markets to strengthen network and service differentiation. To support the significant data growth and wider voice coverage, we added 869 3G, 54 LTE/4G sites and 930 2G sites during the year. The Lesotho service licence was renewed for another 20 years, expiring in 2036. In DRC, we secured a 10 year renewal of our existing spectrum until January 2028, as well as the allocation of additional spectrum in the 1 800MHz and 1 900MHz band.

1. Number of unique customers who have generated revenue related to M-Pesa in the past 90 days, of these 6.8 million have been active in the past 30 days in the International operations.

Accolades

We have made headway in building our brand and earning the confidence of all our stakeholders. This focus had the South African youth once again voting Vodacom as the Coolest Brand in the Generation Next Awards and our My Vodacom App won the Best Mobile App in the Digital Impact Awards. We were also voted the Top Brand in the Telecoms categories for both consumer and business in the Sunday Times Top Brands Survey, being recognised as the Top Employer in the telecoms industry by the Top Employers Institute and named the most reputable telecoms operator in the fifth annual Mail and Guardian Top Companies Reputation Index.

Vodacom claimed top spot in MyBroadband's 2016 War Drive, which tested the download speeds of South Africa's mobile operators' mobile data networks and the MyBroadband Awards, based on four consumer surveys, voted Shameel Joosub IT person of the year.

In DRC, Vodacom won the VSAT Innovation for Africa award at the 2015 AfricaCom Awards for its rural coverage system.

Prior year restatement

The Group provides financing to customers to acquire handsets at an additional contractual charge in both the direct and indirect distribution channel. In the indirect channel, the Group historically recognised equipment revenue from finance deals on a gross basis with the corresponding cost in direct expenses. This accounting treatment has been revisited, since, in the indirect channel the Group is not responsible for transferring the handset to the customer and is therefore financing the acquisition of the handset by the customer. As a result, the Group has restated its consolidated income statement to reflect only the finance income on these transactions as revenue. This resulted in a decrease in equipment revenue and a corresponding decrease in direct expenses in previous financial years. The restatement has no impact on EBITDA, earnings or earnings per share.

All prior year numbers have been restated to reflect the change and all growth rates in this document are reflective of the reported numbers. This change is further explained in note 11 of the preliminary condensed consolidated financial statements.

For the 2015 financial year, revenue was reduced by R2 833 million, with an equal decrease in direct expenses.

Quarterly restated numbers, where applicable, are available on Vodacom.com.

Outlook

We are confident that the strategies that we have implemented to differentiate our network experience, to proactively change our pricing to improve in-bundle spend and offer customers more value through segmented and personalised pricing, will continue to sustain revenue growth.

We expect data demand to continue to grow strongly as smart devices become more accessible, content becomes more relevant and our 3G and LTE/4G networks reach more customers. We have proactively accelerated our investment in our networks over the past two years in order to capitalise on this future demand. To support this growth over the long term, we will explore further options and opportunities to secure access to spectrum in all our markets.

We continue to focus on developing our growth areas, by driving greater contribution from our International operations, deepening our Enterprise offers, growing fibre to the home and fibre to the business, accelerating data growth, while expanding on other services such as M-Pesa, insurance and the Internet of things.

Our markets are expected to remain highly competitive and regulatory and macroeconomic risks to persist. The challenges in South Africa's macro environment will continue to keep customer spend under pressure. In our International operations, customer registration will continue to have a dampening effect on customer growth. Volatile currency rates will have further impact on these operations. Although not immune to these risks, we believe that through the execution of our strategies, we will continue to show resilience in all our operations.

With these factors in mind, we revise our medium-term targets upwards to low to mid single digit Group service revenue growth, mid to high single digit Group EBITDA growth and Group capital expenditure of 12 - 14% of Group revenue over the next three years. These targets are on average, over the next three years and are presented on a normalised* basis, and exclude any M&A activities and spectrum purchases. In addition, we assume broadly stable currencies in each of our markets and stable macro and regulatory environments.

Financial review

Summary financial information

	Year ended 31 March		% change	Normalised*
Rm	2016	2015	15/16	% change
Service revenue	66 763	62 167	7.4	5.8
Revenue	80 077	74 500#	7.5	6.0
EBITDA	30 345	26 905	12.8	10.2
EBIT	21 696	19 516	11.2	
Operating profit	21 059	19 235	9.5	
Net profit	12 910	12 510	3.2	
Operating free cash flow	17 054	14 003	21.8	
Free cash flow	9 807	7 763	26.3	
Capital expenditure	12 875	13 305	(3.2)	
Net debt	21 287	16 760	27.0	
Basic earnings per share (cents)	881	864	2.0	
Headline earnings per share (cents)	883	860	2.7	
Contribution margin (%)	60.5	58.9	1.6 ppts	
EBITDA margin (%)	37.9	36.1	1.8 ppts	
EBIT margin (%)	27.1	26.2	0.9 ppts	
Operating profit margin (%)	26.3	25.8	0.5 ppts	
Effective tax rate (%)	31.5	29.9	1.6 ppts	
Net profit margin (%)	16.1	16.8	(0.7 ppts)	
Net debt/EBITDA (times)	0.7	0.6	0.1 times	
Capital intensity (%)	16.1	17.9	(1.8 ppts)	

Service revenue

	Year ended 31 March		% change
Rm	2016	2015	15/16
South Africa	49 320	47 032	4.9
International	17 763	15 291	16.2
Corporate and eliminations	(320)	(156)	(105.1)
Service revenue	66 763	62 167	7.4

Group service revenue increased 7.4% (5.8%*) to R66 763 million, underpinned by improved trends in voice revenue and data revenue growth of 28.5%. Data revenue contributes 31.9% of Group service revenue compared to 26.7% a year ago. Revenue grew at 7.5% (6.0%*) to R80 077 million supported by strong demand for devices, particularly smartphones.

In South Africa, service revenue returned to growth increasing 4.9% mainly due to the growth in mobile data and fixed-line services, and improving voice revenue growth trends.

In the International operations, service revenue grew 16.2% (9.6%*) supported by increased voice and the continued take-up of data services as we accelerated our network investment programme.

South Africa and Group revenue numbers have been restated. This change is further explained in note 11 of the preliminary condensed consolidated financial statements.

Total expenses1

	Year ended 31 March		% change
Rm	2016	2015	15/16
South Africa	37 294	36 391	2.5
International	13 191	11 569	14.0
Corporate and eliminations	(504)	(409)	23.2
Total expenses1	49 981	47 551	5.1

Group total expenses increased 5.1% to R49 981 million less than revenue growth of 7.5%, as our cost programme assisted in offsetting higher costs relating to site growth, inflation and foreign exchange impact. These expenses include a net trading foreign exchange gain on the revaluation of foreign currency denominated trading items of R383 million (2015: R174 million loss).

In South Africa, total expenses increased 2.5%. Excluding the impact of trading foreign exchange, total expenses increased by 4.3%. The increase was also impacted by a one-off BEE charge of R127 million included in staff expenses.

In the International operations, total expenses increased by 14.0% (4.7%*), less than revenue growth as a result of cost efficiency initiatives of R705 million. Growth was also impacted by a write-off of current assets in the DRC in the prior year of R405 million.

EBITDA

	Year ended 31 March		% change
Rm	2016	2015	15/16
South Africa	25 016	22 837	9.5
International	5 385	4 104	31.2
Corporate and eliminations	(56)	(36)	(55.6)
EBITDA	30 345	26 905	12.8

Group EBITDA increased 12.8% (10.2%*) with the Group EBITDA margin up 1.8 ppts to 37.9% (2015: 36.1%). South Africa EBITDA increased 9.5% (6.7%*) with a margin improvement of 1.6 ppts to 40.2%. Growth was impacted by a R531 million foreign exchange gain (2015: R114 million loss) which has been offset by a one-off BEE charge of R127 million in the current year and a R308 million voucher release in the previous year. In our International operations, EBITDA grew 31.2% (29.9%*) with the EBITDA margin expanding 3.2 ppts to 29.3%.

Operating profit

	Year ended 31 March		% change
Rm	2016	2015	15/16
South Africa	19 215	17 699	8.6
International	1 890	1 569	20.5
Corporate and eliminations	(46)	(33)	(39.4)
Operating profit	21 059	19 235	9.5

Group operating profit increased 9.5% to R21 059 million mainly due to EBITDA growth, partly offset by higher depreciation and amortisation of R8 735 million as we accelerated our capex investment over the past two years.

In South Africa, operating profit increased 8.6% to R19 215 million due to strong EBITDA growth partly offset by a 10.5% increase in depreciation and amortisation. International operations' operating profit increased 20.5% to R1 890 million with growth in EBITDA, offset by depreciation and amortisation increasing 25.2%, and a loss of R234 million (2015: R180 million) recognised from our associate investment in Helios Towers Tanzania.

1. Excluding depreciation, amortisation, impairment losses, BEE charge/income and net loss from associate and joint venture.

Net finance charges

	Year ended 31 March		% change
Rm	2016	2015	15/16
Finance income	716	346	106.9
Finance costs	(2 196)	(1 737)	26.4
Net (loss)/gain on remeasurement and disposal of financial instruments	(735)	7	<(200.0)
Net finance charges	(2 215)	(1 384)	60.0

Net finance charges increased 60.0% to R2 215 million due to higher finance costs from increased average debt coupled with marginally higher cost of debt of 7.4% (2015: 7.2%) and a R735 million net loss on the remeasurement of financial instruments. The net loss on remeasurement of financial instruments includes a R362 million net loss on derivatives deemed not effectively hedged in accordance with our hedge accounting policy and a net loss mainly from the remeasurement of foreign denominated cash balances and intergroup loans. The net loss on remeasurement of these intergroup loans were previously accounted for within equity, however due to improved profitability and cash flows in these operations, these loans are now deemed serviceable and remeasurement gains and losses are reflected in net finance charges.

Taxation

The tax expense of R5 934 million is 11.1% higher than the prior year (2015: R5 341 million). This increase consists of 6.4% due to improved profitability, after adjusting for unrecognised tax losses, and 4.0% in relation to the one-off benefit from a deferred tax release in Tanzania in the prior year. The Group's effective tax rate increased to 31.5% from 29.9%. The adjustment to deferred tax in the prior year for Tanzania contributed 1.2 ppts of the increase. Unrecognised tax assets relating to the DRC and Vodacom Payment Services (Pty) Limited contributed 0.2 ppts, and the loss from associate contributed 0.1 ppts to the increase. The remainder is contributed by various non-deductible expenses, including BEE charges and non-recoverable withholding taxes.

Earnings

Basic earnings per share increased 2.0% to 881 cents while headline earnings per share grew 2.7%, or 23 cents, to close at 883 cents for the year. The strong contribution to growth from EBITDA of 234 cps was mostly offset by increased depreciation on the back of our accelerated investment programme (-79 cps). Net finance costs increased due to higher net debt (-6 cps) and revaluation losses (-51 cps) on derivative instruments, an unrealised foreign exchange loss from the re-measurement of the USD denominated inter-group loan in Mozambique coupled with revaluation losses from foreign currency denominated cash balances. This was due to the devaluation of the reporting currencies in the Group against the US dollar, euro, British pound and the rand. The one-off BEE charges adversely affected HEPS by 9 cps.

Capital expenditure

	Year ended 31 March		% change
Rm	2016	2015	15/16
South Africa	8 747	8 646	1.2
International	4 090	4 654	(12.1)
Corporate and eliminations	38	5	>200.0
Capital expenditure	12 875	13 305	(3.2)
Capital intensity1 (%)	16.1	17.9	(1.8) ppts

The Group's capital expenditure decreased by 3.2% to R12 875 million and is 16.1% of revenue. In South Africa, capital expenditure was directed at accelerating our 3G and LTE/4G coverage to 99% and 58% respectively. We increased the number of sites self-provided for high-speed transmission to 88.5%. In our International operations, the focus remained on increasing both coverage and capacity thereby adding 869 3G, 54 4G sites and 930 2G sites.

1. Capital expenditure as a percentage of revenue.

Statement of financial position

Property, plant and equipment increased 10.5% to R39 744 million and intangible assets increased by 25.2% to R9 517 million compared to the prior year. The combined increase comprises net additions of R13 157 million, the positive impact of translating foreign assets of R603 million and transfers to non-current assets held for sale of R165 million, offset by depreciation and amortisation of R8 735 million.

Net debt increased R4 527 million to R21 287 million. The increase in non-current debt supports investment in our accelerated investment programme. During the year, we refinanced R4 000 million current debt that became due with a facility obtained from Vodafone Luxembourg and obtained an additional R2 000 million which was used to settle short-term overnight borrowings.

Effective 16 March 2016, the Group acquired its Altech Autopage mobile customer base from Autopage for a consideration of R717 million. Of this total consideration, R144 million represents deferred consideration which was outstanding as at 31 March 2016. The fair value of the net identifiable assets acquired amounted to R349 million. The goodwill of R368 million represents future synergies, and is allocated to the Group's South Africa cash-generating unit.

Net debt

	Year ended 31 March		Movement
Rm	2016	2015	15/16
Bank and cash balances	7 934	9 250	(1 316)
Bank overdrafts	(183)	(380)	197
Current borrowings	(2 284)	(5 351)	3 067
Non-current borrowings	(26 658)	(20 308)	(6 350)
Other financial instruments	(96)	29	(125)
Net debt1	(21 287)	(16 760)	(4 527)
Net debt1/EBITDA (times)	0.7	0.6	

Cash flow

Free cash flow

	Year ended 31 March		% change
Rm	2016	2015	15/16
Cash generated from operations	29 800	26 198	13.7
Cash capital expenditure2	(12 746)	(12 195)	4.5
Operating free cash flow	17 054	14 003	21.8
Tax paid	(5 456)	(4 979)	9.6
Net finance costs paid	(1 713)	(1 152)	48.7
Net dividends paid	(78)	(109)	(28.4)
Free cash flow	9 807	7 763	26.3

Operating free cash flow increased 21.8% to R17 054 million. Operating free cash flow was positively impacted by increased Group EBITDA while cash capital expenditure increased by 4.5% or R551 million. We delivered strong free cash flow, up 26.3% or R2 044 million, supported by our growth in operating free cash flow. This has been partly offset by an increase in cash tax due to our improved profitability and increased net finance costs paid as a result of higher net debt.

1. Debt includes interest bearing debt, non-interest bearing debt and bank overdrafts.
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. Purchases of customer bases are excluded from cash capital expenditure.

Declaration of final dividend number 14 - payable from income reserves

Notice is hereby given that a gross final dividend number 14 of 400 cents per ordinary share in respect of financial year end 31 March 2016 has been declared payable on Monday 27 June 2016 to shareholders recorded in the register at the close of business on Friday 24 June 2016. 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 340.00000 cents per ordinary share.

Last day to trade shares cum dividend	Friday 17 June 2016
Shares commence trading ex-dividend	Monday 20 June 2016
Record date	Friday 24 June 2016
Payment date	Monday 27 June 2016

Share certificates may not be dematerialised or rematerialised between Monday 20 June 2016 and Friday 24 June 2016, both days inclusive.

On Monday 27 June 2016, 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 27 June 2016.

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

Dividend policy

The final dividend of 400 cents per share declared above reflects a full year payment of 90% of reported HEPS in line with policy.

The Board maintains its dividend policy to pay at least 90% of headline earnings, after consideration of the factors below.

The Company intends to pay as much of its after tax profits as will be available after retaining such sums and repaying such borrowings owing to third parties as shall be necessary to meet the requirements reflected in the budget and business plan, taking into account monies required for investment opportunities. There is no fixed date on which entitlement to dividends arises and the date of payment will be determined by the Board or shareholders at the time of declaration, subject to the JSE Listings Requirements.
For and on behalf of the Board

Peter Moyo	Shameel Aziz Joosub	Till Streichert
Chairman	Chief Executive Officer	Chief Financial Officer

Midrand

Condensed consolidated income statement for the year ended 31 March

Rm	Notes	2016 Reviewed	2015 Restated1
Revenue	3, 11	80 077	74 500
Direct expenses	11	(31 594)	(30 589)
Staff expenses		(5 557)	(4 836)
Publicity expenses		(1 986)	(2 008)
Other operating expenses		(10 844)	(10 118)
Black economic empowerment (charge)/income		(55)	47
Depreciation and amortisation		(8 735)	(7 581)
Impairment losses		(14)	-
Net loss from associate and joint venture		(233)	(180)
Operating profit		21 059	19 235
Finance income		716	346
Finance costs		(2 196)	(1 737)
Net (loss)/gain on remeasurement and disposal of financial instruments		(735)	7
Profit before tax		18 844	17 851
Taxation		(5 934)	(5 341)
Net profit		12 910	12 510
Attributable to:			
Equity shareholders		12 917	12 672
Non-controlling interests		(7)	(162)
		12 910	12 510

Cents		2016 Reviewed	2015 Audited
Basic earnings per share	4	881	864
Diluted earnings per share	4	857	845

1. Refer to Note 11.

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

Rm	2016 Reviewed	2015 Audited
Net profit	12 910	12 510
Other comprehensive income1	264	278
Foreign currency translation differences, net of tax	260	279
Gain/(loss) on hedging instruments in cash flow hedges, net of tax	4	(1)
Total comprehensive income	13 174	12 788
Attributable to:		
Equity shareholders	13 779	13 259
Non-controlling interests	(605)	(471)
	13 174	12 788

1. Other comprehensive income can subsequently be recognised in profit or loss on the disposal of foreign operations and/or when a hedged item is recognised in profit or loss.

Condensed consolidated statement of financial position as at 31 March

Rm	Notes	2016 Reviewed	2015 Audited
Assets			
Non-current assets		51 085	45 954
Property, plant and equipment		39 744	35 959
Intangible assets		9 517	7 603
Financial assets		280	605
Investment in associate	8	-	306
Investment in joint venture		4	4
Trade and other receivables		754	763
Finance receivables		761	696
Deferred tax		25	18
Current assets		27 618	25 353
Financial assets		2 641	2 016
Inventory		1 675	1 189
Trade and other receivables		13 275	11 559
Non-current assets held for sale	8	589	94
Finance receivables		1 390	1 122
Tax receivable		114	123
Bank and cash balances		7 934	9 250
Total assets		78 703	71 307
Equity and liabilities			
Fully paid share capital		*	*
Treasury shares		(1 658)	(1 606)
Retained earnings		24 635	23 378
Other reserves		1 181	290
Equity attributable to owners of the parent		24 158	22 062
Non-controlling interests		(1 134)	(419)
Total equity		23 024	21 643
Non-current liabilities		29 909	23 050
Borrowings	9	26 658	20 308
Trade and other payables		815	759
Provisions		164	225
Deferred tax		2 272	1 758
Current liabilities		25 770	26 614
Borrowings	9	2 284	5 351
Trade and other payables		22 845	20 589
Provisions		92	91
Tax payable		344	182
Dividends payable		22	21
Bank overdrafts		183	380
Total equity and liabilities		78 703	71 307

* 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
31 March 2014 - Audited	23 057	686	23 743
Total comprehensive income	13 259	(471)	12 788
Dividends	(11 800)	(109)	(11 909)
Repurchase, vesting and sale of shares	(168)	-	(168)
Share-based payments	99	-	99
Reclassification of BBBEE reserve to liability	(322)	-	(322)
Changes in subsidiary holdings	(2 063)	(525)	(2 588)
31 March 2015 - Audited	22 062	(419)	21 643
Total comprehensive income	13 779	(605)	13 174
Dividends	(11 660)	(78)	(11 738)
Repurchase, vesting and sale of shares	(167)	-	(167)
Share-based payments	192	-	192
Changes in subsidiary holdings	(48)	(32)	(80)
31 March 2016 - Reviewed	24 158	(1 134)	23 024

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

Rm	Note	2016 Reviewed	2015 Audited
Cash flows from operating activities			
Cash generated from operations		29 800	26 198
Tax paid		(5 456)	(4 979)
Net cash flows from operating activities		24 344	21 219
Cash flows from investing activities			
Net additions to property, plant and equipment and intangible assets		(13 229)	(12 282)
Business combinations	10	(573)	(1 018)
Other investing activities		122	169
Net cash flows utilised in investing activities		(13 680)	(13 131)
Cash flows from financing activities			
Movement in borrowings, including finance costs paid		388	9 610
Dividends paid		(11 736)	(11 909)
Repurchase and sale of shares		(167)	(168)
Acquisition of additional interest in subsidiary		(129)	(2 576)
Net cash flows utilised in financing activities		(11 644)	(5 043)
Net (decrease)/increase in cash and cash equivalents		(980)	3 045
Cash and cash equivalents at the beginning of the year		8 870	5 792
Effect of foreign exchange rate changes		(139)	33
Cash and cash equivalents at the end of the year		7 751	8 870

1. Basis of preparation

These preliminary condensed consolidated financial statements have been prepared in accordance with the framework concepts, the recognition and measurement criteria of International Financial Reporting Standards ('IFRS') and in accordance with and containing the information required by International Accounting Standard ('IAS') 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 ('SAICA') Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Limited ('JSE') Listings Requirements and the requirements of the Companies Act 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 year, except as disclosed in Note 2. The significant accounting policies are available for inspection at the Group's registered office.

The Group changed the presentation of its statement of cash flows from the direct method to the indirect method in order to align with the Group's ultimate parent, Vodafone Group Plc. This presentation will be reflected in the Group's consolidated annual financial statements for the year ended 31 March 2016, which will be available online by 17 June 2016.

During the year, management revisited the accounting judgements applied in accounting for finance deals. Refer to Note 11 for more details. There have been no other material changes in judgements or estimates of amounts reported in prior reporting periods.

The preparation of these preliminary condensed consolidated financial statements was supervised by the Chief Financial Officer, Dr phil. T Streichert.

These preliminary condensed consolidated financial statements for the year ended 31 March 2016 have been reviewed by PricewaterhouseCoopers Inc., who expressed an unmodified review conclusion. A copy of the auditor's review report is available for inspection at the Group's registered office together with the financial statements identified in the auditor's report.

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 2015, none of which had any material impact on the Group's financial results for the year.

Full details on changes in accounting policies will be disclosed in the Group's consolidated annual financial statements for the year ended 31 March 2016, which will be available online by 17 June 2016.

Rm	Note	2016 Reviewed	2015 Restated1
3. Segment analysis			
External customer segment revenue	11	80 077	74 500
South Africa	11	61 959	58 877
International		18 118	15 623
Inter-segment revenue		-	-
South Africa		(319)	(327)
International		(239)	(124)
Corporate and eliminations		558	451
EBITDA		30 345	26 905
South Africa		25 016	22 837
International		5 385	4 104
Corporate and eliminations		(56)	(36)

1. Refer to Note 11.

Rm	2016 Reviewed	2015 Audited
Reconciliation of segment results		
EBITDA	30 345	26 905
Depreciation, amortisation and impairment losses	(8 749)	(7 581)
Black economic empowerment (charge)/income	(55)	47
Net loss from associate and joint venture	(233)	(180)
Other	(249)	44
Operating profit[1]	21 059	19 235
Total assets	78 703	71 307
South Africa	48 430	46 354
International	25 014	21 861
Corporate and eliminations	5 259	3 092

1. For a reconciliation of operating profit and net profit for the year, refer to the Condensed consolidated income statement.

Cents		2016 Reviewed	2015 Audited
4.	Per share calculations		
4.1	Earnings and dividends per share		
	Basic earnings per share	881	864
	Diluted earnings per share	857	845
	Headline earnings per share	883	860
	Diluted headline earnings per share	860	840
	Dividends per share	795	805

Million		Reviewed	Audited
4.2	Weighted average number of ordinary shares outstanding for the purpose of calculating:		
	Basic and headline earnings per share	1 467	1 466
	Diluted earnings and diluted headline earnings per share	1 469	1 468
4.3	Ordinary shares for the purpose of calculating:		
	Dividends per share	1 488	1 488

Vodacom Group Limited acquired 1 767 453 shares in the market during the year at an average price of R136.81 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 829 million (2015: R11 978 million) of which R41 million (2015: R50 million) was offset against the forfeitable share plan reserve, R5 million (2015: R5 million) expensed as staff expenses and R123 million (2015: R124 million) paid to Wheatfields Investments 276 (Pty) Limited, a wholly-owned subsidiary holding treasury shares on behalf of the Group.

Rm		2016 Reviewed	2015 Audited
4.4	Headline earnings reconciliation		
	Earnings attributable to equity shareholders for basic earnings per share	12 917	12 672
	Adjusted for:		
	Net loss/(profit) on disposal of property, plant and equipment and intangible assets	50	(110)
	Impairment losses	14	-
		12 981	12 562
	Tax impact of adjustments	(18)	32
	Non-controlling interests' share in adjustments	(6)	10
	Headline earnings for headline earnings per share	12 957	12 604
	Dilutive effect of potential ordinary shares in subsidiary	(333)	(268)
	Headline earnings for diluted headline earnings per share	12 624	12 336

5. Related parties

The amounts disclosed in Notes 5.1 and 5.2 include significant balances and transactions with the Group's parent, associate and joint venture.

Rm		2016 Reviewed	2015 Audited
5.1	Balances with related parties		
	Borrowings	24 256	21 201
5.2	Transactions with related parties		
	Dividends declared	(7 689)	(7 786)
	Finance costs	(1 765)	(1 103)

5.3 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 ending 31 March 2016, which will be available online by 17 June 2016.

Mr IP Dittrich, Chief Financial Officer and executive director, stepped down from the Board with effect from 31 July 2015. He has been succeeded by Dr T Streichert who was appointed as executive director with effect from 1 August 2015. Mr HMG Dowidar, non-executive director, stepped down from the Board with effect from 30 September 2015, and was replaced by Mr M Pieters, who was appointed to the Board on 1 October 2015.

Rm		2016 Reviewed	2015 Audited
6.	Capital commitments		
	Capital expenditure contracted for but not yet incurred	3 987	2 205
7.	Capital expenditure incurred		
	Capital expenditure additions including software	12 875	13 305

8. Investment in associate

During the year, the Board approved a plan to exit its investment in its associate, Helios Towers Tanzania Limited ('Helios') through a sale of shares to Helios Towers Africa, LTD ('HTA'). The Group expects to complete the sale within the next financial year. The investment was classified as a non-current asset held for sale, and the associated shareholder's loan was classified to current assets. The investment is presented in the International segment. The Group has not recognised any impairment losses in respect of its investment, since the proceeds are expected to exceed the carrying value of the investment and loan receivable.

9. Borrowings

During the current year, the Group obtained an additional loan from Vodafone Investments Luxembourg s.a.r.l. with a nominal value of R2 000 million which was utilised to settle short-term overnight borrowings. The loan bears interest payable quarterly at three-month JIBAR plus 1.15%, is unsecured, and is repayable on 16 July 2018.

A loan from Old Mutual Specialised Financing (Pty) Limited and Minervois Trading No. 2 (Pty) Limited with a nominal value of R1 000 million was repaid on 30 September 2015. The repayment was funded by a drawdown of R1 000 million on an overall loan facility of R4 000 million from Vodafone Investments Luxembourg s.a.r.l. that was approved during the year. The new loan facility is unsecured and has a three year tenure with a repayment date of 28 September 2018. The loan bears interest at a fixed rate of 8.64% payable quarterly.

The residual R3 000 million drawdown on the R4 000 million facility was used to refinance a R3 000 million term loan provided by Vodafone Investments Luxembourg s.a.r.l. which matured on 22 March 2016. The repayment date for the new term loan is 22 March 2019 and the loan bears interest at a fixed rate of 9.39% per annum.

10. Business combinations

10.1 Altech Autopage Cellular a division of Altron TMT (Pty) Limited ('Autopage')

Effective 16 March 2016, the Group acquired its Altech Autopage customer base from Autopage for a consideration of R717 million. Of this total consideration, R144 million represents deferred consideration which was outstanding as at 31 March 2016. The fair value of the net identifiable assets acquired amounted to R349 million. The goodwill of R368 million represents future synergies, and is allocated to the Group's South Africa cash-generating unit.

11. Prior year restatement

The Group provides financing to customers to acquire handsets at an additional contractual charge in both the direct and indirect distribution channel. In the indirect channel, the Group historically recognised equipment revenue from finance deals on a gross basis with the corresponding cost in direct expenses. This accounting treatment has been revisited, since, in the indirect channel, the Group is not responsible for transferring the handset to the customer and is therefore financing the acquisition of the handset by the customer. As a result, the Group has restated its consolidated income statement to reflect only the finance income on these transactions as revenue. This resulted in a decrease in equipment revenue and a corresponding decrease in direct expenses in previous financial years. The restatement has no impact on earnings or earnings per share. The amount of the correction was as follows:

Rm	2015 Reviewed
Revenue	(2 833)
Direct expenses	2 833

12. Contingent liabilities

12.1 Guarantees

The Group issued various guarantees, relating to external financial obligations of its subsidiaries, which amounted to R113 million (2015: R113 million).

Foreign denominated guarantees amounting to R1 102 million (2015: R911 million) were issued in support of Vodacom Congo (RDC) SA relating to liabilities included in the consolidated statement of financial position.

12.2 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. The Group has made sufficient provision for any losses arising from tax exposures that are more likely to occur than not.

12.3 Legal contingencies

The Group is currently involved in various legal proceedings and has, in consultation with its legal counsel, assessed the outcome of these proceedings. Following this assessment, the Group's management has determined that adequate provision has been made in respect of these legal proceedings as at 31 March 2016.

12.4 Kenneth Makate vs Vodacom (Pty) Limited

Refer to Note 14.1.

13. Other matters

13.1 Shared Networks Tanzania Limited ('Shared Networks')

Vodacom Tanzania Limited has entered into an agreement with the shareholders of Shared Networks to acquire 100% of their issued share capital for US$15 million. The acquisition will be funded through available cash resources. The transaction remains subject to the fulfilment of a number of conditions precedent, including the requisite regulatory approvals.

13.2 Neotel (Pty) Limited ('Neotel')

The Group and Neotel have confirmed that the agreement between the parties has lapsed due to regulatory complexities in concluding the transaction as well as certain conditions not being fulfilled. Accordingly, the parties have agreed that the proposed restructured transaction can no longer be progressed.

13.3 Call termination rates ('CTR')

The application submitted by Cell C (Pty) Limited ('Cell C') with the High Court to review and set aside the Independent Communications Authority of South Africa's ('Icasa') decision on CTR's has subsequently been withdrawn by Cell C.

13.4 Competition Commission complaint lodged by Cell C

The Group received a complaint from the Competition Commission in which it is alleged that the Group's South African segment has abused their market dominance in contravention of Section 8 of the Competition Act of 1998. Investigations on this complaint are ongoing and the Group is in the process of complying with new information requests in this regard.

13.5 Vodacom Congo (RDC) SA ('Vodacom Congo') and Vodacom International Limited ('VIL')

There are various legal matters relating to the Group's investment in Vodacom Congo, the most recent of which is a claim brought in August 2015 by Mr Alieu Badara Mohamed Conteh in the Commercial Court of Kinshasa/Gombe against VIL and Vodacom Congo, which was dismissed by the courts in December 2015.

13.6 Customer registration

In each country where the Group is subject to customer registration requirements, the industry is engaging with authorities to improve the process to ensure customer registration. The difficulties experienced by the Group in the registration process include; limited number of national identity cards, the inefficiency of a paper based process, and the inability of mass market distribution partners to complete the registration processes correctly. Tanzania and Mozambique have replaced the paper based process with an electronic registration process. The Group is continuing to actively register customers and has action plans in each country to achieve full compliance.

13.7 Implementation of Numbering Plan Regulations 2016

Icasa published Numbering Plan Regulations, in terms of section 68 of the Electronic Communications Act 36 of 2005, as amended, on 24 March 2016. The Group is in the process of implementing these regulations.

13.8 Broad Based Black Economic Empowerment ('BBBEE')

On 29 February 2016, the Department of Trade and Industry ('dti') published the revised draft information and communication technology ('ICT') Sector Code for a 60 day public comment period. This code follows the May 2015 implementation of the revised generic dti Codes on BBBEE, which saw a complete overhaul of the current targets and requirements. The revised codes are expected to be finalised in June 2016, with the effective date being 1 April 2016.

In February 2016, the North Gauteng High Court made the following order on the matter of regulatory requirements emanating from the Electronic Communications Act 36 of 2005: Compliance with the 30% equity ownership to be held by historically disadvantaged persons ('HDI') is peremptory and that Icasa does not have any discretion to either waive or relax the immediate requirement to comply with the minimum 30% HDI equity ownership threshold.

13.9 Vodacom Payment Services (Pty) Limited

In March 2016, a decision was taken to phase out the South African M-Pesa product offering during the course of the next financial year.

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 Kenneth Makate ('Mr Makate') vs Vodacom (Pty) Limited ('the Company')

In 2008, Mr Makate instituted legal proceedings to claim compensation for a business idea that led to a product known as 'Please Call Me'. On 1 July 2014, the South Gauteng High Court, Johannesburg ('the High Court') found that Mr Makate had proven the existence of a contract. However, the High Court ruled that the Company was not bound by that contract because the responsible director of product development and services did not have authority to enter into any such agreement on the Company's behalf. The High Court also rejected Mr Makate's claim on the basis that it had lapsed in terms of the Prescription Act 68 of 1969.

The High Court and Supreme Court of Appeal ('the Supreme Court') turned down Mr Makate's application for leave to appeal on 11 December 2014 and 2 March 2015, respectively. Mr Makate applied for leave to appeal in the Constitutional Court. On 26 April 2016, after having heard the application on 1 September 2015, the Constitutional Court granted leave to appeal and upheld Mr Makate's appeal. In doing so, the Constitutional Court ordered that:

- the Company is bound by the agreement concluded between Mr Makate and the then director of product development and services;
- the Company is to commence negotiations in good faith with Mr Makate to determine reasonable compensation; and
- in the event of the parties failing to agree on the reasonable compensation, the matter must be submitted to Vodacom's Chief Executive Officer for determination of the amount within a reasonable time.

Negotiations between the Company and Mr Makate will commence soon, in accordance with the order of the Constitutional Court.

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

A final dividend of R5 952 million (400 cents per ordinary share) for the year ended 31 March 2016, was declared on 13 May 2016, payable on 27 June 2016 to shareholders recorded in the register at the close of business on 24 June 2016. The net dividend after taking into account dividend withholding tax for those shareholders not exempt from dividend withholding tax is 340.00000 cents per share.

15. Fair value hierarchy

The table below sets out the valuation basis of financial instruments measured at fair value:

Rm	2016 Reviewed	2015 Audited
Level one1		
Financial assets and liabilities at fair value through profit or loss, classified as held for trading		
Unit trust investments	187	73
Level two2		
Derivatives designated as fair value hedging instruments		
Derivative financial assets	73	124
Derivative financial liabilities	(169)	(89)
Derivatives designated as cash flow hedging instruments		
Derivative financial liabilities	-	(6)
Level three3		
Financial assets and liabilities at fair value through profit or loss, classified as held for trading		
Equity linked notes	173	173
	264	275

1. Level one classification is used when the valuation is determined using quoted prices in an active market.
2. Level two classification is used when valuation inputs used to determine fair value are observable for the asset/(liability), either directly as prices or indirectly when derived from prices.
3. Level three classification is used when unobservable valuation inputs are used to determine the fair value for the asset/(liability).

Reconciliation of normalised growth

March 2016 %	Reported1 % change	Foreign exchange Trading FX2 ppts	Translation FX3 ppts	Normalised* % change
Revenue				
Group	7.5	-	(1.5)	6.0
International	16.6	-	(7.2)	9.4
Service revenue				
Group	7.4	-	(1.6)	5.8
International	16.2	-	(6.6)	9.6
Total expenses				
International	14.0	(0.7)	(8.6)	4.7
South Africa	2.5	1.8	-	4.3
EBITDA				
Group	12.8	(2.2)	(0.4)	10.2
International	31.2	1.9	(3.2)	29.9
South Africa	9.5	(2.8)	-	6.7

Reconciliation of normalised growth

March 2016 Rm	Reported	Trading FX2	Normalised*
Revenue			
Group	80 077	-	80 077
International	18 356	-	18 356
South Africa	62 279	-	62 279
Service revenue			
Group	66 763	-	66 763
International	17 763	-	17 763
South Africa	49 320	-	49 320
Total expenses			
International	13 192	(147)	13 045
South Africa	37 294	531	37 825
EBITDA			
Group	30 345	(383)	29 962
International	5 385	147	5 532
South Africa	25 016	(531)	24 485

Reconciliation of normalised growth

March 2015 Rm	Reported	Foreign exchange Trading FX2	 Translation FX3	Normalised*
Revenue				
Group	74 500	-	1 037	75 537
International	15 747	-	1 037	16 784
Service revenue				
Group	62 167	-	921	63 088
International	15 291	-	921	16 212
Total expenses				
International	11 569	(53)	938	12 454
South Africa	36 391	(114)	-	36 277
EBITDA				
Group	26 905	174	103	27 182
International	4 104	53	103	4 260
South Africa	22 837	114	-	22 951

The reconciliation presents normalised growth adjusted for trading foreign exchange gains/losses and at a constant currency (using current period 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 of 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, and results of operations or cash flows of Vodacom Group Limited. This pro-forma information has been reviewed and reported on by the Group auditors, being PricewaterhouseCoopers Inc. Their unqualified reporting 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 from 31 March 2015 to 31 March 2016. The Group's presentation currency is the South African rand. Our International operations utilise a number of functional currencies, for example the United States dollar, Tanzanian shilling, Mozambican metical, Nigerian naira and Zambian kwacha.
2. Trading foreign exchange ('FX') 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 ('FX') 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 average rate for the year ended 31 March 2016 (which is derived by dividing the individual subsidiary's translated rand value with the functional currency for the year) to 31 March 2015 numbers, thereby giving a user a view of the performance which excludes exchange variances.

Corporate information

Non-IFRS 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-IFRS financial measures 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 IFRS measures. Refer above for details relating to service revenue, 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 2016 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.

Directors

MP Moyo (Chairman), MS Aziz Joosub (CEO),
T Streichert (CFO)1, DH Brown, M Joseph2, BP Mabelane, TM Mokgosi-Mwantembe, PJ Moleketi, JWL Otty3, M Pieters4, RAW Schellekens4, S Timuray5
1. German 2. American 3. British 4. Dutch 5. Turkish

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SF Linford

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