



# Vodafone Open Office



Tanzania, Dar es Salaam  
25 -26 September 2014

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# Vodacom SA: market leader; data growth

## Market

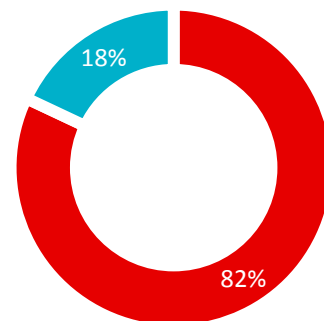
Mobile penetration % <sup>1</sup>	Fixed penetration % <sup>2</sup>	Number of operators	Mobile revenue market share % <sup>3</sup>	Ave. ARPU (US\$) <sup>1</sup>	Average MoU <sup>1</sup>	Average RPM (US\$) <sup>1</sup>
138	7	4	51.9	10.9	121	0.07

## Key financials

	FY 13/14			FY 12/13
	H1	H2	FY	FY
Total revenue (€m)	2,007	1,847	<b>3,855</b>	4,361
EBITDA (€m)	769	709	<b>1,477</b>	1,680
EBITDA margin (%)	38.3	38.4	<b>38.3</b>	38.5
Capex (€m)	202	220	<b>422</b>	466
Operating FCF (€m)	427	714	<b>1,141</b>	1,275

## FY 13/14 split of Vodacom SA service revenue (%)

- Consumer
- Enterprise

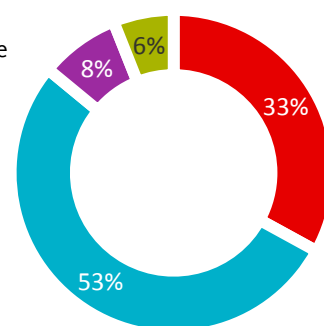


## Organic service revenue growth (YoY) %

	FY 14/15	FY 13/14		
	Q1	Q4	Q3	Q2
Mobile in-bundle	<b>12.9</b>	23.7	9.7	3.4
Mobile out-of-bundle	<b>(6.8)</b>	(12.0)	(0.4)	1.4
Mobile incoming	<b>(43.9)</b>	(14.8)	(24.1)	(23.8)
Other	<b>18.4</b>	21.2	10.2	16.9
<b>Total</b>	<b>(2.0)</b>	<b>0.7</b>	<b>0.6</b>	<b>0.2</b>

## FY 13/14 Vodacom SA service revenue €3.0bn

- Mobile in-bundle
- Mobile out-of-bundle
- Mobile incoming
- Other

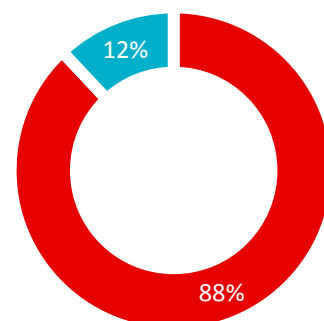


## Key performance indicators

	FY 14/15	FY 13/14		
	Q1	Q4	Q3	Q2
Mobile ARPU (ZAR)	<b>87.3</b>	95.8	105.2	102.5
Mobile churn (%)	<b>51.9</b>	49.0	52.3	58.4
Mobile net adds ('000)	<b>1,916</b>	1,328	1,286	69
Active data users (m)	<b>17.0</b>	15.2	16.2	15.1
Data as a % of service revenue	<b>25.8</b>	24.3	23.6	21.6
Smartphone penetration (%)	<b>22.0</b>	21.5	19.9	19.4
Total voice minutes (m)	<b>12,161</b>	11,846	11,664	11,346

## Q1 FY14/15 South Africa mobile customers 41m

- Prepaid
- Contract



Please note all numbers are those reported by Vodafone Group and will differ from those reported by Vodacom

1. Source: Bank of America Merrill Lynch Global Wireless Matrix 21 April 2014

2. Telkom FY 13/14 results based on 2011 census data

3. Internal estimate of service revenue share at financial Q1 14/15

4. As at 15 September 2014 R1=€0.056 and \$0.090



# Vodacom SA: market leader; data growth

## Key messages:

- Maintaining market share leadership at greater than 50%
- Accelerating capex to enhance network differentiation
- Expanding 3G coverage to where we have voice and investing in 4G to support data revenue growth
- Driving fibre expansion to support growing Enterprise business
- Rolling out new digital services including M-Pesa

## Notes:



# Vodacom International: data adoption

## Country operational indicators<sup>1</sup>

	Mobile penetration %	2G Coverage %	Population (million) <sup>2</sup>	Number of operators	Mobile service revenue market share (%) <sup>3</sup>	Average ARPU (US\$)	Average MoU	Average RPM (US\$)
Tanzania	57.9	82.0	50.8	4	46.6	4.0	158	0.02
DRC	37.6	61.0	69.4	5	34.3	3.0	37	0.07
Mozambique	41.7	44.0	26.5	3	40.9	4.6	131	0.03
Lesotho	79.9	92.5	2.1	2	65.6	4.1	48	0.08

## Key financials

	FY 13/14			FY 12/13
	H1	H2	FY	FY
Total revenue (Rm)	6,720	7,636	<b>14,356</b>	11,583
EBITDA (Rm)	1,806	2,450	<b>4,256</b>	2,739
EBITDA margin (%)	26.9	32.1	<b>29.6</b>	23.6
Capex (Rm)	1,781	2,138	<b>3,919</b>	2,864
Capex intensity (5)	26.5	28.0	<b>27.3</b>	24.7

## Organic service revenue growth (YoY) %

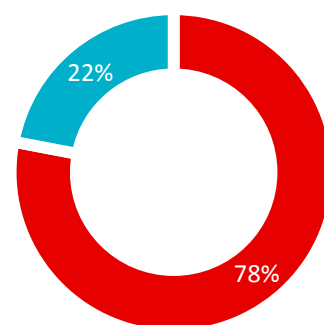
	FY 14/15	FY 13/14		
	Q1	Q4	Q3	Q2
Voice outgoing revenue	<b>(0.7)</b>	8.7	2.6	14.1
Voice incoming revenue	<b>17.1</b>	32.5	20.3	20.6
Mobile messaging revenue	<b>11.9</b>	15.0	35.6	16.3
Mobile data revenue	<b>39.1</b>	72.9	83.6	81.4
Other service revenue	<b>4.3</b>	50.1	4.6	21.5
<b>Service revenue</b>	<b>7.8</b>	24.9	15.1	20.0

## Key performance indicators

	FY 14/15	FY 13/14		
	Q1	Q4	Q3	Q2
M-Pesa customers <sup>4</sup> (m)	<b>4,800</b>	4,408	4,403	4,289
Mobile net adds ('000)	<b>1,117</b>	949	1,348	1,413
Active data users (m)	<b>8,310</b>	7,675	7,456	6,065
Data as a % of service revenue	<b>19.9</b>	19.7	18.9	19.3

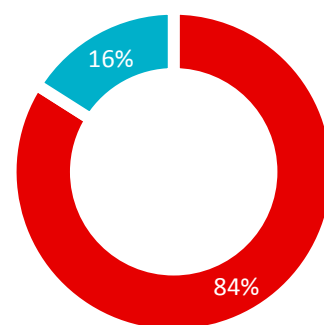
## FY 13/14 Vodacom Group service revenue £3.9bn

- South Africa
- International



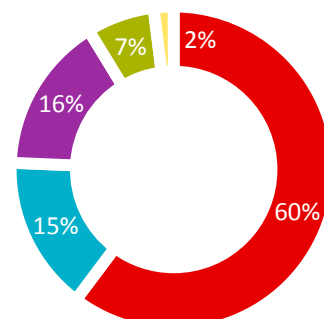
## FY 13/14 Vodacom Group EBITDA £1.7bn

- South Africa
- International



## Q1 FY 14/15 Vodacom Group mobile customers 68m

- South Africa
- DRC
- Tanzania
- Mozambique
- Lesotho



Please note all numbers are those reported by Vodacom Group.

- Vodacom operating company key indicators
- Economic Intelligence Unit 2014 estimates
- World Cellular Information Service (previously Ovum)
- 30 day active customers



# Vodacom International: data adoption

## Key messages:

- Increasing contribution to the Vodacom Group
- Strong economic growth across portfolio
- Continued strong performance as we expand network quality coverage and capacity
- Best customer experience through wide availability of touchpoints both for voucher reloads and M-Pesa
- Accelerating data adoption
- Rapid deployment of M-Pesa

## Notes:



# Egypt: market leader; strong distribution

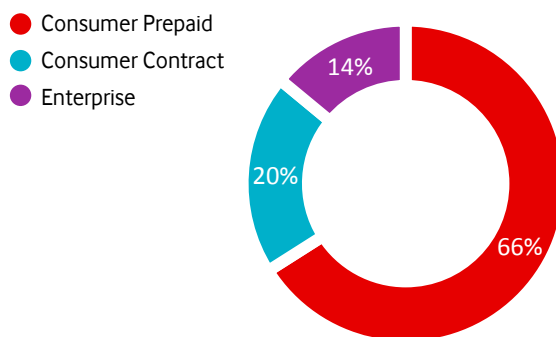
## Market

Mobile penetration % <sup>1</sup>	Fixed penetration % <sup>1</sup>	Number of operators	Revenue market share % <sup>2</sup>	Ave. ARPU (US\$) <sup>1</sup>	Average MoU <sup>1</sup>	Average RPM (US\$) <sup>1</sup>
118	11	3	39	3.85	188	0.02

## Key financials

	FY 13/14			FY 12/13
	H1	H2	FY	FY
Total revenue (€m)	602	560	<b>1,163</b>	1,259
EBITDA (€m)	264	252	<b>517</b>	569
EBITDA margin (%)	43.9	45.0	<b>44.4</b>	45.2
Capex (€m)	78	140	<b>218</b>	210
Operating FCF (€m)	190	152	<b>342</b>	358

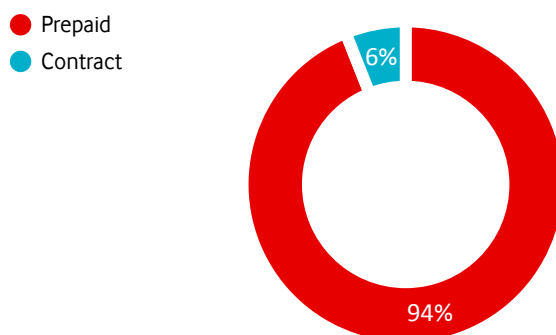
## FY 13/14 service revenue €1,108m



## Organic service revenue growth (%)

	FY 14/15		FY 13/14	
	Q1	Q4	Q3	Q2
Mobile in-bundle	<b>47.6</b>	57.1	42.3	45.5
Mobile out-of-bundle	<b>(13.5)</b>	(10.4)	(6.0)	(9.4)
Mobile incoming	<b>2.7</b>	4.4	4.6	12.2
Fixed line and carrier	<b>18.6</b>	20.5	22.7	5.0
Other	<b>(14.5)</b>	(20.6)	(35.1)	(38.0)
<b>Total</b>	<b>(0.7)</b>	<b>2.0</b>	<b>1.1</b>	<b>(0.8)</b>

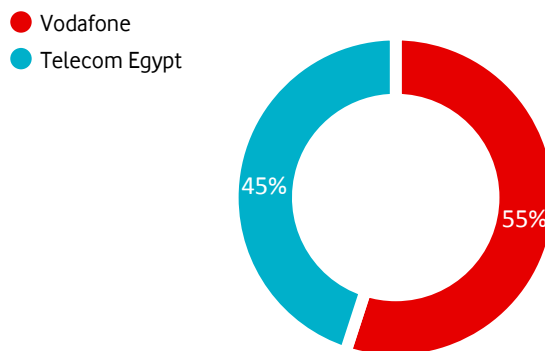
## Q1 FY 14/15 mobile customers 42m



## Key performance indicators

	FY 14/15		FY 13/14	
	Q1	Q4	Q3	Q2
Mobile ARPU (EGP)	<b>23.3</b>	22.5	23.2	23.6
Mobile net adds ('000)	<b>(110)</b>	156	389	909
Active data users (m)	<b>7,525</b>	7,330	6,199	5,838
Data as a % of service revenue	<b>18.1</b>	17.1	16.0	16.4
International visitors (k)	<b>1,494</b>	1,370	1,137	1,261
Total voice minutes (m)	<b>23,358</b>	22,290	22,346	22,165

## Vodafone Egypt ownership structure



1. Bank of America Merrill Lynch Global Wireless Matrix 21 April 2014

2. Internal estimate of total revenue share of three operators





# Egypt: market leader; strong distribution

## Key messages:

- Economy stabilising with reform measures being implemented
- Maintaining market leadership at 39%
- Data growth of 18% of service revenue and growing at 30%
- Retail footprint >250 stores providing competitive advantage
- Entry of 4<sup>th</sup> mobile player end of fiscal year
- Unified license: opportunity of an international gateway
- EGP 3bn Project Spring investment to provide differentiated network

## Notes:



# Safaricom: growth across all segments

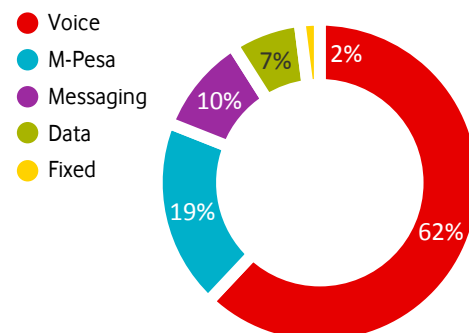
## Market

Mobile penetration (%) <sup>1</sup>	Fixed penetration (%) <sup>1</sup>	Number of operators	Subscriber Market Share (%) <sup>1</sup>	Ave. ARPU (US\$) <sup>2</sup>	MoU <sup>1</sup>	Average RPM (US\$) <sup>2</sup>
78.2	<1%	4	67.8	6.45	80.3	0.03

## Key financials

	FY13/14			FY 12/13
	H1	H2	FY	FY
Total revenue (Kshs m)	69,201	75,471	<b>144,672</b>	124,288
EBITDA (Kshs m)	28,853	32,090	<b>60,943</b>	49,239
<i>EBITDA margin (%)</i>	<i>41.7</i>	<i>42.5</i>	<i>42.1</i>	<i>39.6</i>
Capex (Kshs m)	10,524	17,257	<b>27,781</b>	24,876
Free cash flow (Kshs m)	13,736	8,956	<b>22,692</b>	14,512

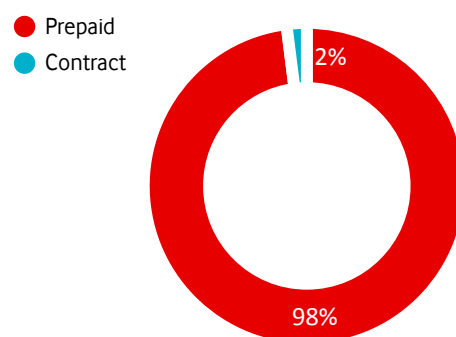
## FY 13/14 service revenue Kshs 138.4bn



## Organic service revenue growth (YOY) %

	FY 13/14			FY 12/13
	H1	H2	FY	FY
Voice	12.0	10.7	<b>11.6</b>	12.6
M-Pesa	19.8	23.2	<b>21.6</b>	29.5
Mobile data	43.1	45.1	<b>40.6</b>	20.9
Fixed	20.8	22.7	<b>21.8</b>	54.0
Messaging	48.7	23.8	<b>34.2</b>	30.4
<b>Total</b>	<b>18.1</b>	<b>16.4</b>	<b>17.2</b>	<b>17.8</b>

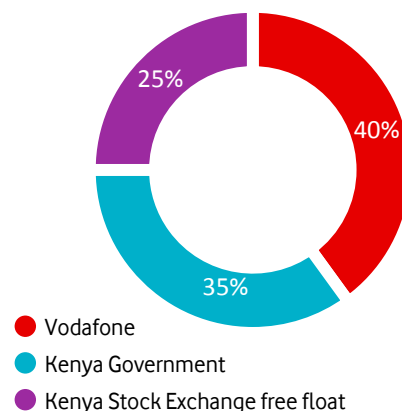
## FY 13/14 mobile customers 21.6m



## Key performance indicators

	FY 13/14			FY 12/13
	H1	H2	FY	FY
Mobile ARPU (Kshs)	434.3	445.2	<b>439.9</b>	407.7
Mobile churn (%)	9.2	10.4	<b>19.3</b>	30.5
Mobile net adds ('000)	1,399	747	<b>2,146</b>	347
30 day active data users (m)	8.5	9.6	<b>9.6</b>	7.1
Data as a % of service revenue	6.4	7.0	<b>6.7</b>	5.6
Smartphone penetration (%)	7.3	8.9	<b>8.9</b>	6.3
Minutes of use	111.4	113.2	<b>111.0</b>	109.8

## Safaricom ownership structure



Data Revenue and users is mobile data only

1. Source based as at 31<sup>st</sup> March 2014 from the quarterly sector statistics report published by the Communications Authority of Kenya

2. As reported in 31<sup>st</sup> March 2014. US\$ / KES at 31<sup>st</sup> March 2014 was 86.44

As at 15 September 2014 KES1 = €0.0068 and \$0.011



# Safaricom: growth across all segments

## Key highlights<sup>1</sup>:

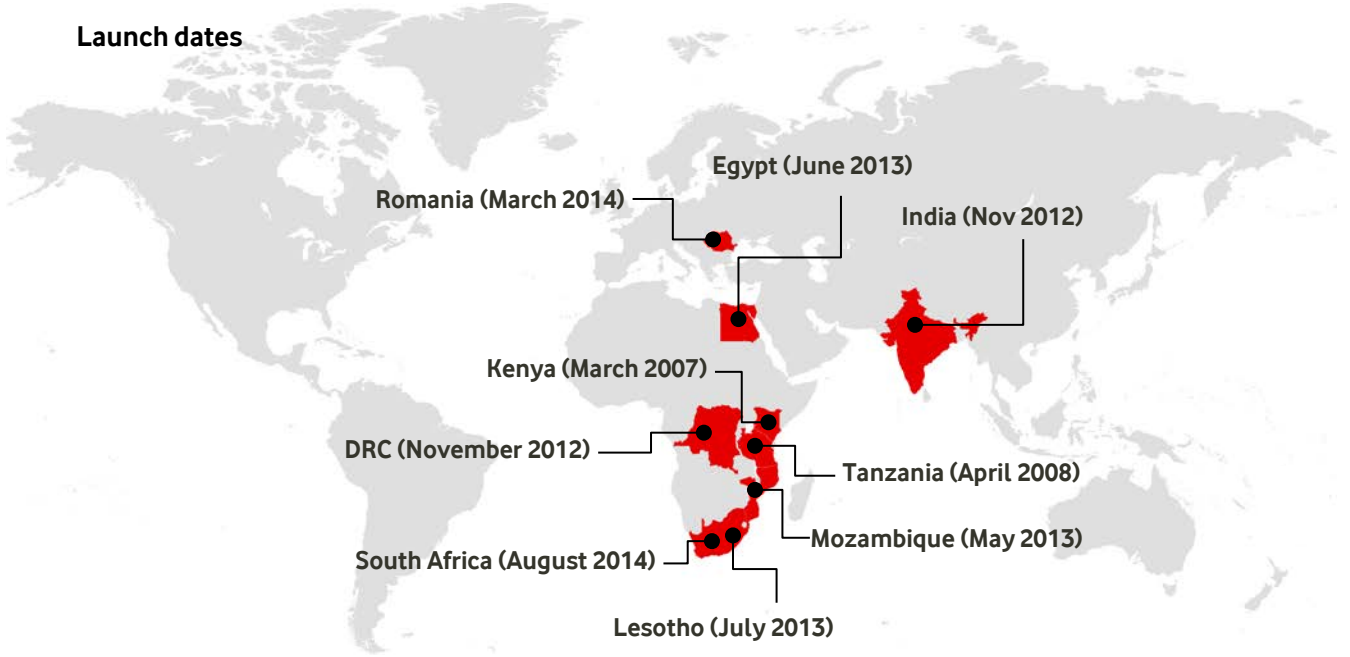
- Sustained commercial and financial performance across all segments
- Data growth driven by increase in usage and smartphone penetration
- Continued investment and innovation in network and services
  - Significant improvements in voice and data service quality based on our ongoing Best Network in Kenya program
  - 770 km of nationwide metro fibre completed, and 640km ongoing
- Deepening financial inclusion:
  - Growth in M-Pesa revenue driven by increase in both usage and active users
  - Kshs 101.3bn of real time payments per month
  - 24% growth in M-Pesa agent outlets to over 81,000
  - 122,000 Lipa na M-Pesa merchants; over 24,000 actively using the service

## Notes:



# M-Pesa: driving mobile financial services

## Launch dates



**16.8m** 30 day active customers

**18%** year on year customer growth

**\$1.38bn** monthly P2P values

**200k** M-Pesa outlets

## India<sup>2</sup>

- Nationwide coverage
- 66,800 agents, over 65% rural footprint
- INR 629m total money flow, and INR 407m monthly P2P values (July '14) +184% yoy<sup>1</sup>
- Over 1.5m registered customers
- Popular services: money transfer and utility and TV payments

## Vodacom Internationals<sup>2</sup>

- 4.8 million<sup>3</sup> customer in international markets using M-Pesa
- 27% customer growth; 34% revenue growth
- Growing eco system across all markets
- Revitalised system for the South African market – August 2014
- Tanzania:
  - > \$1.5 bn in monthly transaction
  - >20% of service revenue
  - > 25% of airtime sales from M-Pesa

1. Year on year growth rate compares coverage in 4 circles in July 2013 and nationwide coverage as at July 2014

2. Numbers as at Q1 14/15

12 3. 30 day active customers



# M-Pesa: driving mobile financial services

## Key messages:

- Success driven by high mobile penetration, extensive distribution network, balanced regulation and low banked population
- Significant revenue contribution once scale is reached
- Gives us differentiation, reduces churn and enhances brand
- Continue to increase product offerings and geographies

## Notes:



