

# LIQUIDITY AND CAPITAL RESOURCES

Net debt increased by R8 708 million to R16 760 million. The main contributors to the increase in net debt was the acquisition of an additional 17.2% stake in Tanzania, the acquisition of Vodacom's customer base from Nashua and increased capex as a result of our accelerated capex programme.

Compared to the same period last year, 92.3% (2014: 93.7%) of debt was denominated in rand. R5 731 million (2014: R4 402 million) of debt matures in the next 12 months and 87.6% (2014: 77.5%) of interest bearing debt (including bank overdrafts) was at floating rates.

During the year a loan with a nominal value of R2 576 million was raised from Vodafone Investments Luxembourg s.a.r.l. ('Vodafone') to finance an additional stake of 17.2% in Tanzania. The loan which is unsecured, matures on 25 April 2019 and bears interest payable quarterly at three-month JIBAR plus 1.2%. An additional loan was raised from Vodafone with a nominal value of R8 000 million, to finance capex, working capital requirements and refinance existing short-term borrowings, extending our debt maturity profile. The loan is repayable on 26 November 2019 and bears interest quarterly at three-month JIBAR plus 1.5%. The DRC raised external loans totalling US\$75 million to fund capex, working capital requirements and to repay short-term borrowings. The loans are repayable between 2 October 2019 and 12 December 2019 and bear interest quarterly at three-month LIBOR plus 2.45% to approximately 3.10%.

## Net debt

Rm	Year ended 31 March			Movement	
	2015	2014	2013	14/15	13/14
Bank and cash balances	9 250	6 127	6 528	3 123	(401)
Bank overdrafts	(380)	(335)	(340)	(45)	5
Borrowings and net derivative financial instruments	(25 630)	(13 844)	(14 195)	(11 786)	351
<b>Net debt</b>	<b>(16 760)</b>	<b>(8 052)</b>	<b>(8 007)</b>	<b>(8 708)</b>	<b>(45)</b>
<b>Net debt/EBITDA (times)</b>	<b>0.6</b>	<b>0.3</b>	<b>0.3</b>		

## Cash flow

### Free cash flow

Rm	Year ended 31 March			% change	
	2015	2014	2013	14/15	13/14
Cash generated from operations	26 198	28 901	25 320	(9.4)	14.1
Cash capital expenditure <sup>1</sup>	(12 195)	(9 491)	(7 162)	28.5	32.5
<b>Operating free cash flow</b>	<b>14 003</b>	<b>19 410</b>	<b>18 158</b>	<b>(27.9)</b>	<b>6.9</b>
Tax paid	(4 979)	(5 298)	(5 323)	(6.0)	(0.5)
Net finance costs paid	(1 152)	(892)	(667)	29.1	33.7
Net dividends paid to minority shareholders	(109)	(35)	(32)	>200.0	9.4
<b>Free cash flow</b>	<b>7 763</b>	<b>13 185</b>	<b>12 136</b>	<b>(41.1)</b>	<b>8.6</b>

Operating free cash flow declined by 27.9% to R14 003 million. Operating free cash flow was impacted by lower EBITDA, increased capex, and timing differences associated with accounts payable in South Africa. Free cash flow decreased by 41.1% as a result of the decline in operating free cash flow, as well as increased net finance costs due to an increase in average net debt for the year.



Our business



Strategic review



Performance review

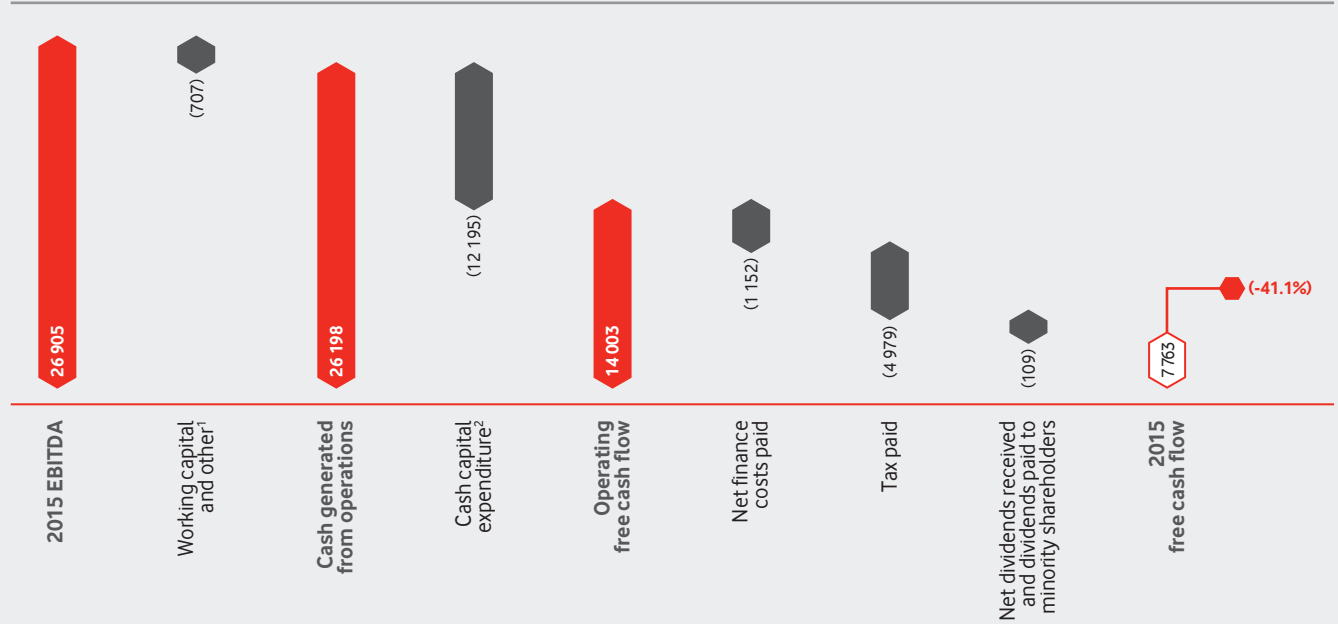


Governance review



Administration

## Group free cash flow (Rm)



### Notes:

1. Working capital includes R511 million favourable cash flow movement due to an increase in amounts due to m-pesa account holders.
2. Cash capital expenditure comprises the purchase of property, plant and equipment and intangible assets, other than licence and spectrum payments, net of cash flow from disposals.