

Vodacom Group Limited

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(Vodacom)

News release

Vodacom Group Limited trading update for the quarter ended 31 December 2020

02 February 2021

Highlights

- Group service revenue grew by 3.9% (4.2%*), driven by strong growth in South Africa and improved growth from our International operations.
- Group revenue growth of 6.4% (6.7%*) in the quarter was ahead of Group service revenue growth and supported by equipment and non-service revenue in South Africa.
- South Africa service revenue was up 5.4% reflecting strong demand for new services and connectivity.
- International service revenue declined by 1.4% (-0.3%*), with M-Pesa supporting a notable sequential improvement in the year-on-year decline of normalised service revenue.

Rm	Quarter ended 31 December		YoY % change	
	2020	2019	Reported	Normalised*
Group service revenue	19 627	18 899	3.9	4.2
South Africa	14 306	13 567	5.4	5.4
International	5 543	5 622	(1.4)	(0.3)
Group revenue	25 134	23 626	6.4	6.7
South Africa	19 729	18 183	8.5	8.5
International	5 685	5 789	(1.8)	(0.7)

Shameel Joosub, Vodacom Group CEO commented:

In the wake of a second wave of COVID-19 infections across most of the world, Vodacom Group remains committed to assisting governments curb the spread of the pandemic whilst at the same time focusing on the economic recovery in each of the markets where we operate through the execution of a six-point plan. This plan includes expanding network coverage and resilience, accelerating support to governments, enhancing digital accessibility and digital adoption, supporting the strategies of our customers as they adapt to the “new normal” and promoting financial inclusion.

In South Africa, 23 million customers took advantage of discounts and the greater value offered through a highly successful summer “ShakeOff 2020” campaign and our recently launched VodaBucks loyalty programme with an additional 1.45 million customers connecting to our leading network during the quarter. Supported by a significant increase in demand for our Airtime Advance product and a healthy increase in insurance policies, our Financial Services business remains a very strong performer having increased revenue by 24.3%, as the business continues to scale. Our partnership with Alipay will add new dimensions to our Financial Services’ proposition and in particular VodaPay, which will become our single lifestyle super app.

Notes:

Certain financial information presented in this results announcement constitutes *pro-forma* financial information in terms of the JSE Listings Requirements. The applicable criteria, on the basis of which this *pro-forma* financial information has been prepared, is set out in the supplementary information on pages 13 to 14.

The *pro-forma* financial information has not been audited or reviewed or otherwise reported on by external auditors.

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

All growth rates quoted are year-on-year and refer to the quarter ended 31 December 2020 compared to the quarter ended 31 December 2019.

Amounts marked with an * in this document represent normalised growth which presents performance on a comparable basis. This excludes merger acquisition and disposal activities where applicable and adjusting for trading foreign exchange and foreign currency fluctuation on a constant currency basis (using the current year as base) to show a like-for-like comparison of results.

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Group service revenue increased 4.2%, on a normalised basis, supported by our ongoing investment into an ecosystem of connectivity, financial and digital services. This ecosystem approach promotes engagement with customers and creates more opportunities to add value. In South Africa, service revenue grew 5.4%, with both our Consumer and Vodacom Business segments contributing to growth, despite our material data price reductions on 1 April 2020.

Normalised growth across our International operations showed a marked improvement in the quarter. Revenues from M-Pesa increased 10.1%, largely the result of a 7.7% increase in customers, with almost 16 million people - or just under half of our International customer base - now making use of our M-Pesa platform. Including Safaricom, monthly M-Pesa transactions were US\$24.2 billion, up 57.8% year-on-year. Also, the positive societal impact of the M-Pesa platform continues to expand. As an example, in Mozambique, NGOs are now able to distribute cash through M-Pesa, with over 300 000 households expected to benefit from this initiative.

In addition to our ongoing COVID-19 response and ensuring that we continue to invest significantly in our network to accommodate rapid shifts in customer behaviour, participating in the Independent Communications Authority of South Africa's (ICASA) High Demand Spectrum auction is a key strategic priority for the Group in the quarter ahead. We see the assignment of spectrum as instrumental in extending coverage, improving quality of service and lowering the cost to communicate in South Africa. Any further delays to this process will likely have a negative impact on consumers.

To further enhance customer experience, we invested R3.4 billion in our network across the Group in the quarter - including the expansion of 4G coverage, speeds and capacity. In South Africa alone, we invested R2.7 billion to support data demand and shifts in customer behaviour patterns with a need to work, entertain and educate from home.

Operating review**South Africa****Summary financial information for the quarter ended**

	31 December 2020	30 September 2020	31 December 2019	YoY % change Reported
Revenue (Rm)	19 729	19 459	18 183	8.5
Service revenue (Rm)	14 306	14 240	13 567	5.4
Capital expenditure (Rm)	2 656	2 360	2 366	12.3
Customers ('000)	44 312	42 862	44 341	(0.1)

Service revenue increased 5.4% (1Q: 6.4%, 2Q: 6.7%¹) to R14.3 billion and was supported by a successful summer campaign that promoted our connectivity, financial and digital services. We had 23 million customers opt into the campaign, which was underpinned by our newly launched loyalty programme, VodaBucks. The loyalty programme rewards customers for achieving their behavioural goals, recharging, buying bundles, or paying their bills. Our summer campaign recorded 271 million device “shakes”, or 5 million shakes per day, and stimulated strong customer engagement via instant rewards. Revenue growth of 8.5% in the quarter, was ahead of service revenue growth and was supported by equipment and non-service revenue.

Mobile contract customer revenue increased 1.6% to R5.2 billion, a resilient performance given the economic backdrop. In the quarter, Vodacom Business continued to deliver growth while consumer contract revenue declined slightly. We posted positive contract customer net additions of 29 000 in the quarter while ARPU declined by 0.7%, reflecting the tough economic backdrop.

In the prepaid segment, mobile customer revenue increased 9.4%. Prepaid net additions were strong at 1.4 million, reflecting the success of our summer campaign which provided more reasons to consume and facilitated our active day's management initiative. ARPU increased 9.3% to R59 supported by increased usage of our connectivity and digital services and the accessibility of airtime via our Airtime Advance product. In the quarter, Airtime Advanced amounted to 40.2% of total prepaid recharges.

Data traffic increased 43.2%, as the growth trend normalised with eased lockdown restrictions for most of the quarter. Data customer net additions were 0.2 million in the quarter as we reached 22.5 million customers and smart devices on our network were up by 4.5% to 23.5 million. The number of 4G devices on our network increased 24.0% to 15.1 million while the average usage per smart device increased 34.9% to 2.1GB per month. Our ConnectU platform continues to promote digital inclusion via zero-rated access to a wide range of websites, including job portals and online learning platforms, with total unique users reaching 13.4 million as at 31 December 2020.

Revenue generated from Financial Services was up 24.3% to R619 million in the quarter, while customers increased 23.8% to 13.1 million. Revenue growth was underpinned by our Airtime Advance product, where we advanced R3.1 billion in airtime, an increase of 27.7%. The number of Airtime Advance customers increased 26.5% to 10.7 million. In the insurance space, policies increased 11.2% to 2.0 million. In partnership with Alipay, we continue to develop our single lifestyle app, VodaPay, which will further promote financial inclusion for our consumers and merchants.

Vodacom Business service revenue grew 6.1% to R3.9 billion in the quarter, with corporate and university data demand moderating from the elevated levels recorded in the first six months of the financial year. Vodacom Business fixed-line revenue grew 10.0%, excluding wholesale transit business, supported by strong growth in cloud and hosting and connectivity revenue. IoT connections were up 18.8% to 5.6 million with revenue increasing 39.1% to R313 million. Also, Vodacom Business finalised an expanded roaming agreement with Cell C related to its contract and mobile broadband customers.

Our fibre customers more than doubled year-on-year to 110 000² homes and businesses connected. Also, our owned fibre roll-out continued, and we passed 139 000 homes and businesses as at 31 December 2020, up 39.8%.

Our capital investment of R2.7 billion was up 12.3%, as we improved capacity to improve the customer experience. Temporary spectrum was allocated until the end of March 2021, aligning with the timing of the High Demand Spectrum auction, and has assisted us in supporting network capacity requirements.

Notes:

1. Underlying growth adjusting for a R142 million loyalty provision in the second quarter of the current financial year.
2. Including Bitstream, which refers to where we act as an internet service provider (ISP) to fibre wholesalers.

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Operating review (continued)

International

Summary financial information for the quarter ended

	31 December 2020	30 September 2020	31 December 2019	YoY % change	
				Reported	Normalised*
Revenue (Rm)	5 685	5 952	5 789	(1.8)	(0.7)
Service revenue (Rm)	5 543	5 751	5 622	(1.4)	(0.3)
Capital expenditure (Rm)	699	718	845	(17.3)	
Customers ('000)	39 415	38 600	38 241	3.1	

The normalised service revenue growth trend for our International operations improved sequentially to -0.3% in the quarter (1Q: -5.3%, 2Q: -5.2%). The improvement reflects some progress on economic and commercial activity levels and improved M-Pesa platform monetisation. Consistent with the outlook provided at our interim results at 30 September 2020, we see scope for consumer spend to recover over the medium term as trading and economies re-open from lockdowns. Reported service revenue declined 1.4% (1Q: 10.7%, 2Q: 1.5%) reflecting rand strength in the period and asset disposals from our Vodacom Business Africa (VBA) segment.

Our customer base increased 3.1% to 39.4 million, with net additions of 815 000 in the quarter adding to the commercial progress of the second quarter. The customer base growth rate was negatively impacted by the barring of service to 2.9 million SIM cards in Tanzania, in the final quarter of the previous financial year, in accordance with local regulation.

Data services remain a key lever of growth and central to our commitment of connecting for a better future. Pleasingly, in the quarter, normalised data revenue growth improved to 6.0% year-on-year reflecting our sustained network investment and targeted campaigns. Data customer net additions were 302 000 in the quarter to end the period at 20.7 million data customers. Of these customers, only 11.2 million were on smartphones, highlighting the scope for data growth going forward. We continue to drive the adoption of affordable smartphone devices by leveraging partnerships with global tech firms and innovative financing options. Overall data traffic growth for the quarter was strong at 52.2%.

M-Pesa revenue for International was up 10.1% to R1.2 billion in the quarter, with normalised revenue growth improving to 7.8%. The improvement in the third quarter normalised growth rate relative to the six-month period ended September 2020 was supported by a reinstatement of peer-to-peer (P2P) fees in Mozambique during October 2020 and ongoing platform adoption as customers and governments embraced digital ways of working. Further, the DRC reinstated P2P fees in January 2021, supporting the growth outlook for International M-Pesa revenue. In the quarter, M-Pesa customers across our International operations increased 7.7% to 16.0 million, representing 46.9% of our customer base. Monthly M-Pesa transactions, including Safaricom, was US\$24.2 billion, up 57.8%.

Our capital investment of R699 million was focused mainly on expanding the 4G network, while we also invested in our transmission networks to retain our network lead in all our markets.

Safaricom

Results for Vodacom's associate investment in Safaricom Plc are disclosed on a bi-annual basis and therefore not included in the quarterly update. From an M-Pesa perspective, Safaricom reinstated P2P fees from January 2021. As such, all our International markets, including Safaricom, were charging for P2P transactions from January 2021.

Operating review (continued)

Regulatory matters

ICASA – Invitation to Apply

ICASA issued two separate Invitations to Apply (ITA) on 2 October 2020 regarding the assignment of High Demand Spectrum (HDS) in South Africa. The first ITA sets out ICASA's licensing process for the purpose of operating a wireless open access network (WOAN). The second ITA sets out the licensing process for exclusive use of HDS including: spectrum lots and associated reserve prices and obligations; spectrum caps and floors; and the auction format. As a result of the two licensing processes, South Africa's HDS bandwidth will increase from 609 MHz to 1015 MHz.

Subsequent to the invitations, ICASA received a court application on 22 December 2020, filed by Telkom, in respect of the ITAs for the HDS and the WOAN. The filing comprised three parts, with Part B *inter alia* seeking to interdict ICASA from assessing or adjudicating applications received in respect of the two ITAs. Telkom requested that the relief sought in Part B be set down for hearing on 9 February 2021. In addition to Telkom, e.tv and MTN have also lodged court filings in respect of the auction.

In December 2020, Vodacom and five other local telecommunication companies submitted applications in response to the exclusive use ITA. ICASA intends to conduct an auction for the licensing of HDS by no later than 31 March 2021. We welcome progress on spectrum assignment, seeing it as instrumental in extending coverage, improving quality of service and lowering the cost to communicate in our largest market.

Lesotho licence update

In December 2019, the Lesotho Communications Authority (LCA) issued a notice of enforcement proceedings against Vodacom Lesotho on the basis of its opinion of non-independence of the company's previous external auditors. In February 2020, the LCA directed Vodacom Lesotho to show cause on why Vodacom Lesotho's communications licence should not be withdrawn. In May 2020, following several engagements with the LCA, Vodacom Lesotho made written representations against the revocation of its licence. In September 2020, the LCA notified Vodacom Lesotho that it was to be fined M134 million (R134 million), of which 70% was suspended for five years. Vodacom Lesotho notified the LCA of its intention to challenge the lawfulness of this decision. On 8 October 2020, the LCA issued a notice of revocation of the operating licence of Vodacom Lesotho. On 9 October 2020, Vodacom Lesotho launched an application in the Lesotho High Court to have both determinations of the LCA imposing the fine M134 million and revoking its operating licence, respectively, reviewed and set aside. The Lesotho High Court has, in the meantime, issued an interim order interdicting the LCA from, *inter alia*, enforcing the payment of the said fine and revoking Vodacom's Lesotho's operating licence. The matter was heard in the High Court in December 2020, and judgement is pending.

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Financial review

Revenue for the quarter ended

Rm	31 December 2020	30 September 2020	31 December 2019	YoY % change	
				Reported	Normalised*
South Africa	19 729	19 459	18 183	8.5	8.5
International	5 685	5 952	5 789	(1.8)	(0.7)
Corporate and eliminations	(280)	(297)	(346)	(19.1)	(19.1)
Group revenue	25 134	25 114	23 626	6.4	6.7

Service revenue for the quarter ended

Rm	31 December 2020	30 September 2020	31 December 2019	YoY % change	
				Reported	Normalised*
South Africa	14 306	14 240	13 567	5.4	5.4
International	5 543	5 751	5 622	(1.4)	(0.3)
Corporate and eliminations	(222)	(237)	(290)	(23.4)	(23.4)
Group service revenue	19 627	19 754	18 899	3.9	4.2

Revenue for the quarter ended 31 December 2020

Rm	South Africa	YoY % change	International	YoY % change	Corporate/ Eliminations	Group	YoY % change
Mobile contract revenue	5 169	1.6	354	4.7	(1)	5 522	1.8
Mobile prepaid revenue	6 548	9.4	4 526	1.1	1	11 075	5.9
Customer service revenue	11 717	5.8	4 880	1.3	–	16 597	4.5
Mobile interconnect	431	(3.6)	349	(2.0)	(121)	659	2.3
Fixed service revenue	931	11.0	287	(31.2)	(89)	1 129	(0.3)
Other service revenue	1 227	1.3	27	(18.2)	(12)	1 242	0.2
Service revenue	14 306	5.4	5 543	(1.4)¹	(222)	19 627	3.9
Equipment revenue	4 054	6.5	81	(27.0)	(14)	4 121	5.4
Non-service revenue	1 369	69.4	61	8.9	(44)	1 386	69.4
Revenue	19 729	8.5	5 685	(1.8)	(280)	25 134	6.4

Included in service revenue:

M-Pesa revenue	–	–	1 168	10.1	–	1 168	10.1
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Note:

1. Service revenue growth was negatively impacted by asset disposals from our Vodacom Business Africa (VBA) segment. In the current quarter, VBA contributed fixed service revenue of R126 million, compared with R262 million in the third quarter of the previous financial year.

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Supplementary information (continued)

Financial review (continued)

Revenue for the quarter ended 31 December 2019

Rm	South Africa	International	Corporate/ Eliminations	Group
Mobile contract revenue	5 087	338	(2)	5 423
Mobile prepaid revenue	5 983	4 478	–	10 461
Customer service revenue	11 070	4 816	(2)	15 884
Mobile interconnect	447	356	(159)	644
Fixed service revenue	839	417	(124)	1 132
Other service revenue	1 211	33	(5)	1 239
Service revenue	13 567	5 622	(290)	18 899
Equipment revenue	3 808	111	(10)	3 909
Non-service revenue	808	56	(46)	818
Revenue	18 183	5 789	(346)	23 626

Included in service revenue:

M-Pesa revenue	–	1 061	–	1 061
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Supplementary information (continued)

South Africa key indicators

	31 December 2020	30 September 2020	31 December 2019	YoY % change
Customers¹ (thousand)	44 312	42 862	44 341	(0.1)
Prepaid	38 136	36 715	38 279	(0.4)
Contract	6 176	6 147	6 062	(1.9)
Data customers² (thousand)	22 483	22 300	22 878	(1.7)
Internet of Things connections³ (thousand)	5 559	5 459	4 678	18.8
Traffic⁴ (millions of minutes)	17 448	17 709	16 228	7.5
Outgoing	14 640	14 835	13 664	7.1
Incoming	2 808	2 874	2 564	9.5
MOU per month⁵	133	143	122	9.0
Prepaid	122	133	113	8.0
Contract	195	199	180	8.3
Total ARPU⁶ (rand per month)	92	98	87	5.7
Prepaid	59	64	54	9.3
Contract	293	296	295	(0.7)

Notes:

- Customers are based on the total number of mobile customers using any service during the last three months. This includes customers paying a monthly fee that entitles them to use the service even if they do not actually use the service and those customers who are active whilst roaming.
- Data customers are based on the number of unique users generating billable data traffic during the month. Also included are users on integrated tariff plans, or who have access to corporate APNs, and users who have been allocated a revenue generating data bundle during the month. A user is defined as being active if they are paying a contractual monthly fee for this service or have used the service during the reported month.
- Internet of Things (IoT) connections, is the remote wireless interchange between two or more predefined devices or a central station without direct relationship with an end customer, in order to support a specific business process or product.
- Traffic comprises total traffic registered on Vodacom's mobile network, including bundled minutes, promotional minutes and outgoing international roaming calls, but excluding national roaming calls, incoming international roaming calls and calls to free services.
- Minutes of Use (MOU) per month is calculated by dividing the average monthly minutes (traffic) during the period by the average monthly customers during the period.
- Total ARPU is calculated by dividing the sum of the customer and incoming revenue for the period by the average monthly active customers during the period. Prepaid and contract only include the revenue generated from Vodacom mobile customers.

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Supplementary information (continued)

International key indicators

	31 December 2020	30 September 2020	31 December 2019	YoY % change
Customers¹ (thousand)	39 415	38 600	38 241	3.1
Tanzania	15 171	14 958	15 597	(2.7)
DRC	14 818	14 470	13 402	10.6
Mozambique	7 744	7 677	7 522	3.0
Lesotho	1 682	1 495	1 720	(2.2)
Data customers² (thousand)	20 744	20 442	20 593	0.7
Tanzania	7 881	7 742	8 369	(5.8)
DRC	6 850	6 912	6 330	8.2
Mozambique	5 068	4 948	4 984	1.7
Lesotho	945	840	910	3.8
30-day active M-Pesa customers³ (thousand)	15 988	15 562	14 847	7.7
Tanzania	7 447	7 449	7 477	(0.4)
DRC	2 963	2 781	2 316	27.9
Mozambique	4 805	4 670	4 305	11.6
Lesotho	773	662	749	3.2
MOU per month⁴				
Tanzania	213	234	169	26.0
DRC	33	34	36	(8.3)
Mozambique	143	135	141	1.4
Lesotho	79	72	84	(6.0)
Total ARPU⁵ (rand per month)				
Tanzania	37	40	37	–
DRC	44	48	46	(4.3)
Mozambique	57	58	61	(6.6)
Lesotho	63	63	70	(10.0)
Total ARPU⁵ (local currency per month)				
Tanzania (TZS)	5 467	5 437	5 826	(6.2)
DRC (US\$)	2.8	2.8	3.1	(9.7)
Mozambique (MZN)	271	245	260	4.2

Notes:

- Customers are based on the total number of mobile customers using any service during the last three months. This includes customers paying a monthly fee that entitles them to use the service even if they do not actually use the service and those customers who are active whilst roaming.
- Data customers are based on the number of unique users generating billable data traffic during the month. Also included are users on integrated tariff plans, or who have access to corporate APNs, and users who have been allocated a revenue generating data bundle during the month. A user is defined as being active if they are paying a contractual monthly fee for this service or have used the service during the reported month.
- M-Pesa customers are based on the number of unique customers who have generated revenue related to M-Pesa during the last month.
- Minutes of Use (MOU) per month is calculated by dividing the average monthly minutes (traffic) during the period by the average monthly customers during the period.
- Total ARPU is calculated by dividing the sum of the customer and incoming revenue for the period by the average monthly active customers during the period.

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Supplementary information (continued)

Historical financial review

Revenue for the quarter ended

Rm	31 December 2020	30 September 2020	30 June 2020	31 March 2020	31 December 2019	30 September 2019	30 June 2019
South Africa	19 729	19 459	17 255	17 493	18 183	17 358	16 559
International	5 685	5 952	5 794	5 558	5 789	5 869	5 276
Corporate and eliminations	(280)	(297)	(319)	(320)	(346)	(365)	(308)
Group revenue	25 134	25 114	22 730	22 731	23 626	22 862	21 527

Revenue yoy % change for the quarter ended

	Reported			Normalised*
	31 December 2020	30 September 2020	30 June 2020	31 December 2020
%				
South Africa	8.5	12.1	4.2	8.5
International	(1.8)	1.4	9.8	(0.7)
Corporate and eliminations	(19.1)	(18.6)	(3.6)	(19.1)
Group revenue	6.4	9.9	5.6	6.7

Service revenue for the quarter ended

Rm	31 December 2020	30 September 2020	30 June 2020	31 March 2020	31 December 2019	30 September 2019	30 June 2019
South Africa	14 306	14 240	13 378	13 348	13 567	13 220	12 577
International	5 543	5 751	5 658	5 397	5 622	5 668	5 112
Corporate and eliminations	(222)	(237)	(275)	(293)	(290)	(318)	(256)
Group service revenue	19 627	19 754	18 761	18 452	18 899	18 570	17 433

Service revenue yoy % change for the quarter ended

	Reported			Normalised*
	31 December 2020	30 September 2020	30 June 2020	31 December 2020
%				
South Africa	5.4	7.7	6.4	5.4
International	(1.4)	1.5	10.7	(0.3)
Corporate and eliminations	(23.4)	(25.2)	(7.4)	(23.4)
Group service revenue	3.9	6.4	7.6	4.2

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Supplementary information (continued)

Historical key indicators

South Africa for the quarter ended

	31 December 2020	30 September 2020	30 June 2020	31 March 2020	31 December 2019	30 September 2019	30 June 2019
Customers¹ (thousand)	44 312	42 862	39 433	41 312	44 341	43 857	43 774
Prepaid	38 136	36 715	33 340	35 231	38 279	37 830	37 853
Contract	6 176	6 147	6 093	6 081	6 062	6 027	5 921
Data customers² (thousand)	22 483	22 300	21 226	21 891	22 878	21 420	19 930
Internet of Things connections³ (thousand)	5 559	5 459	5 422	5 289	4 678	4 574	4 537
Traffic⁴ (millions of minutes)	17 448	17 709	16 428	15 823	16 228	16 324	15 695
Outgoing	14 640	14 835	13 951	13 172	13 664	13 784	13 255
Incoming	2 808	2 874	2 477	2 651	2 564	2 540	2 440
MOU per month⁵	133	143	142	123	122	124	120
Prepaid	122	133	133	113	113	113	109
Contract	195	199	190	188	180	194	191
Total ARPU⁶ (rand per month)	92	98	99	88	87	85	85
Prepaid	59	64	64	55	54	53	53
Contract	293	296	288	286	295	291	290

Notes:

- Customers are based on the total number of mobile customers using any service during the last three months. This includes customers paying a monthly fee that entitles them to use the service even if they do not actually use the service and those customers who are active whilst roaming.
- Data customers are based on the number of unique users generating billable data traffic during the month. Also included are users on integrated tariff plans, or who have access to corporate APNs, and users who have been allocated a revenue generating data bundle during the month. A user is defined as being active if they are paying a contractual monthly fee for this service or have used the service during the reported month.
- Internet of Things (IoT) connections, is the remote wireless interchange between two or more predefined devices or a central station without direct relationship with an end customer, in order to support a specific business process or product.
- Traffic comprises total traffic registered on Vodacom's mobile network, including bundled minutes, promotional minutes and outgoing international roaming calls, but excluding national roaming calls, incoming international roaming calls and calls to free services.
- Minutes of Use (MOU) per month is calculated by dividing the average monthly minutes (traffic) during the period by the average monthly customers during the period.
- Total ARPU is calculated by dividing the sum of the customer and incoming revenue for the period by the average monthly active customers during the period. Prepaid and contract only include the revenue generated from Vodacom mobile customers.

Supplementary information (continued)
Historical key indicators (continued)
International for the quarter ended

	31 December 2020	30 September 2020	30 June 2020	31 March 2020	31 December 2019	30 September 2019	30 June 2019
Customers¹ (thousand)	39 415	38 600	37 676	38 595	38 241	36 587	35 180
Tanzania	15 171	14 958	14 743	15 513	15 597	14 755	14 322
DRC	14 818	14 470	13 909	13 766	13 402	12 995	12 348
Mozambique	7 744	7 677	7 556	7 656	7 522	7 279	7 108
Lesotho	1 682	1 495	1 468	1 660	1 720	1 558	1 402
Data customers² (thousand)	20 744	20 442	19 955	19 983	20 593	19 678	18 964
Tanzania	7 881	7 742	7 714	7 687	8 369	8 166	8 106
DRC	6 850	6 912	6 531	6 594	6 330	6 071	5 660
Mozambique	5 068	4 948	4 884	4 855	4 984	4 656	4 455
Lesotho	945	840	826	847	910	785	743
MOU per month³							
Tanzania	213	234	209	167	169	180	170
DRC	33	34	32	34	36	34	32
Mozambique	143	135	129	128	141	133	127
Lesotho	79	72	67	73	84	85	81
30-day active M-Pesa customers⁴ (thousand)	15 988	15 562	14 686	14 738	14 847	14 297	14 186
Tanzania	7 447	7 449	7 124	6 685	7 477	7 197	7 277
DRC	2 963	2 781	2 504	2 864	2 316	2 228	2 284
Mozambique	4 805	4 670	4 465	4 389	4 305	4 217	4 028
Lesotho	773	662	593	800	749	655	597
Total ARPU⁵ (rand per month)							
Tanzania	37	40	39	32	37	39	37
DRC	44	48	47	46	46	48	44
Mozambique	57	58	60	58	61	62	55
Lesotho	63	63	57	62	70	71	73
Total ARPU⁵ (local currency per month)							
Tanzania (TZS)	5 467	5 437	4 978	4 755	5 826	6 050	5 901
DRC (US\$)	2.8	2.8	2.6	3.0	3.1	3.3	3.1
Mozambique (MZN)	271	245	228	245	260	261	241

Notes:

- Customers are based on the total number of mobile customers using any service during the last three months. This includes customers paying a monthly fee that entitles them to use the service even if they do not actually use the service and those customers who are active whilst roaming.
- Data customers are based on the number of unique users generating billable data traffic during the month. Also included are users on integrated tariff plans, or who have access to corporate APNs, and users who have been allocated a revenue generating data bundle during the month. A user is defined as being active if they are paying a contractual monthly fee for this service or have used the service during the reported month.
- Minutes of Use (MOU) per month is calculated by dividing the average monthly minutes (traffic) during the period by the average monthly customers during the period.
- M-Pesa customers are based on the number of unique customers who have generated revenue related to M-Pesa during the last month.
- Total ARPU is calculated by dividing the sum of the customer and incoming revenue for the period by the average monthly active customers during the period.

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Supplementary information (continued)

Historical key indicators (continued)

Average quarter-to-date exchange rates

	31 December 2020	30 September 2020	31 December 2019	YoY % change	Quarterly % change
USD/ZAR	15.61	16.92	14.70	6.2	(7.7)
ZAR/MZN	4.72	4.20	4.28	10.3	12.4
ZAR/TZS	148.80	137.24	156.59	(5.0)	8.4
EUR/ZAR	18.60	19.78	16.27	14.3	(6.0)
ZAR/KES	7.02	6.39	6.97	0.7	9.9

Pro-forma financial information

The presentation of the *pro-forma* financial information and related reconciliations as detailed below on pages 13 - 14, is the responsibility of the directors of Vodacom Group Limited. This *pro-forma* information, due to its nature, may not be a fair reflection of the Group's results of operations, financial position, changes in equity or cash flows. This *pro-forma* information and the basis on which the historical financial information has been prepared in accordance with the accounting policies of the Group. The purpose of presenting *pro-forma* financial information on a comparable and normalised growth constant currency basis and excluding mergers, acquisition and disposal activity, is to assist the user in understanding the underlying growth trends on a comparable basis. This *pro-forma* information has not been reviewed or reported on by Vodacom's external auditors.

Reconciliation of normalised values for the quarter ended 31 December 2020

Rm	Reported	Translation FX ¹	Mergers, acquisitions and disposals	Normalised*
Revenue				
Group	25 134	–	–	25 134
International	5 685	–	–	5 685
Service revenue				
Group	19 627	–	–	19 627
International	5 543	–	–	5 543
Data revenue				
International	1 011	–	–	1 011
M-Pesa revenue				
International	1 168	–	–	1 168

Reconciliation of normalised values for the quarter ended 31 December 2019

Rm	Reported	Translation FX ¹	Mergers, acquisitions and disposals	Normalised*
Revenue				
Group	23 626	77	(141)	23 526
International	5 789	77	(141)	5 725
Service revenue				
Group	18 899	75	(139)	18 835
International	5 622	75	(139)	5 558
Data revenue				
International	948	6	–	954
M-Pesa revenue				
International	1 061	22	–	1 083

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Supplementary information (continued)

Pro-forma financial information (continued)

Reconciliation of normalised growth for the quarter ended 31 December 2020

%	Reported % change ²	Translation FX ppts	Mergers, acquisitions and disposals ³	Normalised* % change
Revenue				
Group	6.4	(0.4)	0.7	6.7
International	(1.8)	(1.3)	2.4	(0.7)
Service revenue				
Group	3.9	(0.4)	0.7	4.2
International	(1.4)	(1.3)	2.4	(0.3)
Data revenue				
International	6.6	(0.6)	-	6.0
M-Pesa revenue				
International	10.1	(2.3)	-	7.8

Notes:

1. 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. The prevailing exchange rates for the current and comparative periods are disclosed on page 13. 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 quarter ended 31 December 2020 (which is derived by dividing the individual subsidiary's translated rand value with the functional currency for the period) to 31 December 2019 numbers, thereby giving a user a view of the performance which excludes exchange variances.
2. The percentage change relates to the year-on-year percentage growth calculated as the percentage change between the quarter ended 31 December 2020 and quarter ended 31 December 2019 values.
3. Mergers, acquisitions and disposals relates to the disposal of subsidiaries as disclosed in Note 8.4 in the preliminary condensed consolidated financial statements for the year ended 31 March 2020.

Disclaimer

Additional financial and operational measures

This announcement contains certain financial (i.e. service revenue, enterprise service revenue) and operational (i.e. customers, ARPUs) measures. The Group's management believes these measures provide valuable additional information in understanding the performance of the Group or the Group's businesses as 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.

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Forward-looking statements

This announcement which sets out the quarterly results for Vodacom Group Limited for the quarter ended 31 December 2020 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, but are not limited to, statements with respect to: expectations regarding the Group's financial condition or results of operations including the confirmation of the Group's targets; expectations for the Group's future performance generally; expectations regarding the operating environment and market conditions and trends; intentions and expectations regarding the development, launch and expansion of products, services and technologies; growth in customers and usage; expectations regarding spectrum licence acquisitions; expectations regarding adjusted EBITDA, capital additions, free cash flow, and foreign exchange rate movements; and expectations regarding the integration or performance of current and future investments, associates, joint ventures, non-controlled interests and newly acquired businesses.

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" (including in their negative form). 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 may or may not occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, the following: changes in economic or political conditions in markets served by operations of the Group; greater than anticipated competitive activity; higher than expected costs or capital expenditures; slower than expected customer growth and reduced customer retention; changes in the spending patterns of new and existing customers; the Group's ability to expand its spectrum position or renew or obtain necessary licences; the Group's ability to achieve cost savings; the Group's ability to execute its strategy in fibre deployment, network expansion, new product and service roll-outs, mobile data, Enterprise and broadband; changes in foreign exchange rates, as well as changes in interest rates; the Group's ability to realise benefits from entering into partnerships or joint ventures and entering into service franchising and brand licensing; unfavourable consequences to the Group of making and integrating acquisitions or disposals; changes to the regulatory framework in which the Group operates; the impact of legal or other proceedings; loss of suppliers or disruption of supply chains; developments in the Group's financial condition, earnings and distributable funds and other factors that the Board takes into account when determining levels of dividends; the Group's ability to satisfy working capital and other requirements; changes in statutory tax rates or profit mix; and/or changes in tax legislation or final resolution of open tax issues.

All subsequent written or oral forward-looking statements attributable to the Company, to any member of the Group or to any persons acting on their behalf are expressly qualified in their entirety by the factors referred to above. No assurances can be given that the forward-looking statements in this document will be realised. Subject to compliance with applicable law and regulations, Vodacom does not intend to update these forward-looking statements and does not undertake any obligation to do so.

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Corporate information

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)

Directors

SJ Macozoma (Chairman), MS Aziz Joosub (CEO), RK Morathi (CFO),
DH Brown, P Klotze¹, P Mahanyele-Dabengwa (Alternate NC Nqweni),
AM O'Leary², JWL Otty³, KL Shuenyane, CB Thomson, LS Wood³ (Alternate F Bianco⁴)

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UBS South Africa (Pty) Limited

ADR Depository Bank

Deutsche Bank Trust Company Americas

Company Secretary

SF Linford

Investor Relations

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