

Vodacom Group Limited

Trading update for the quarter ended 30 June 2024

Vodacom Group Limited

(Incorporated in the Republic of South Africa)

Registration number: 1993/005461/06

(ISIN: ZAE000132577 Share Code: VOD)

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(Vodacom or the Group)

Vodacom Group Limited trading update for the quarter ended 30 June 2024 (the quarter)

24 July 2024

Highlights

- Group revenue grew 1.5% to R36.2 billion, impacted by foreign exchange rate headwinds.
- Group service revenue increased 10.0%* on a normalised basis, above our medium-term target.
- South Africa service revenue grew 1.8%, supported by an improved prepaid performance.
- Egypt grew service revenue 43.7% in local currency, with Egypt financial services revenue up 87.0%.
- International service revenue increased 2.3% (5.7%*), supported by excellent growth in Tanzania.
- Group financial services revenue increased 8.7% (16.8%*) to R3.3 billion.
- Transacted US\$400.2 billion through our mobile money platforms, including Safaricom, over the last twelve months.

Rm	Quarter ended 30 June		YoY % change	
	2024	2023	Reported	Normalised*
Group service revenue	28 962	28 976	0.0	10.0
South Africa	15 338	15 064	1.8	1.8
Egypt	6 352	6 844	(7.2)	43.7
International	7 420	7 250	2.3	5.7
Group revenue	36 207	35 667	1.5	10.0
South Africa	21 817	21 406	1.9	1.9
Egypt	6 966	7 075	(1.5)	52.5
International	7 648	7 440	2.8	6.2

Shameel Joosub, Vodacom Group CEO commented

During the first quarter, we officially celebrated Vodacom's 30th birthday, having signed up our first customer on 1 June 1994 when we switched on our network in South Africa. Three decades later, the Vodacom Group serves more than 200 million customers across DRC, Ethiopia, Egypt, Kenya, Lesotho, Mozambique, South Africa and Tanzania – a footprint that covers more than half a billion people and is almost 12 times greater than when we launched.

As a purpose-driven company, I am particularly proud of the extraordinary transformational impact we have on our customers and the economies where we operate. This has provided a strong foundation upon which we are able to ensure sustainable growth of our businesses, while at the same time making a significant contribution in bridging the digital divide and expanding financial inclusion in Africa.

While the economic environment in recent years has been challenging, our strategy to diversify our revenue growth by product and geography is bearing fruit. This is evidenced by the 10.0%* growth in normalised Group service revenue to R29.0 billion in the first quarter - exceeding our medium-term target - as well as the 16.8%* increase in normalised Group financial services revenue to R3.3 billion.

Service revenue from our beyond mobile services (previously categorised as new services and includes digital and financial services, fixed and IoT) contributed R6.0 billion in the quarter, which equates to 20.8% of the group total, and is well on track to reach our target contribution of 25-30% over the medium-term.

Notes:

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 30 June 2024 compared to the quarter ended 30 June 2023.

Certain financial information presented in this trading update 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 14 - 15. The pro forma financial information is presented as:

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

^ Vodafone Egypt Telecommunications SAE (Egypt) was consolidated from 8 December 2022, representing the effective date of the transaction.

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

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Financial services is a clear strategic priority for the Group and remains the largest component of beyond mobile services. We now process US\$400 billion in mobile wallet transaction value annually, highlighting the scale of this business. I was particularly pleased with the growth of M-Pesa services that aim to deepen financial inclusion, such as loans, savings, international money transfer and merchant services. Group financial services revenue of R3.3 billion was also supported by rapid local currency growth of 87.0% in Egypt, and strong growth in South Africa within our insurance and Airtime Advance segments. Our super-apps – VodaPay, Vodafone Cash and M-Pesa – are key to furthering our financial services ambitions as they integrate our own products and services with the best offerings from our partners.

Across our geographic segments, Egypt remains a star performer having grown service revenue at 43.7% in local currency, well above the rate of inflation. South Africa delivered a resilient 1.8% increase in service revenue, while Tanzania and DRC were the significant contributors to the 5.7%* growth in our International business.

South Africa's results was boosted by improved prepaid performance and price adjustments that delivered greater value to customers. Supported by additional data allocations and good growth in smart devices, data traffic grew 31.3% while beyond mobile services increased by 6.3%, contributing R2.6 billion to South Africa's service revenue of R15.3 billion. Having invested R1.9 billion in the quarter, we expect to invest around R11.5 billion of capital expenditure in the current financial year to further enhance customer experience.

Egypt's strong performance was underpinned by clear NPS leadership and network differentiation, evidenced by its network being ranked "Best in Test" by umlaut (part of Accenture). Commercial momentum was strong in Egypt, with a 47.9% increase in financial services customers to 8.7 million and a 34.7% improvement in data traffic. With service revenue of R6.4 billion, Egypt now accounts for 21.9% of the Group's total, ending the quarter with 47.4 million customers, up 6.1%.

Across our International business our investments into new spectrum in DRC, Mozambique and Tanzania and a 19.7% increase in 4G sites across the portfolio are evident in the 5.7%* normalised growth in service revenue to R7.4 billion. DRC delivered high single-digit US dollar growth and Tanzania continued to deliver excellent local currency results, while normalised M-Pesa and data revenue growth was strong at 10.9%* and 15.5%*, respectively. Our International business customer base reached 55.0 million, up 6.4%, supported by strong commercial execution and a further R1.1 billion network investment in the quarter. Data traffic grew by 29.6% while smartphone users were up 0.5 million in the quarter to reach 16.4 million as we look to accelerate smartphone penetration with innovative financing options, including a new daily repayment model.

From a mergers and acquisitions perspective, our proposed acquisition of a joint control stake in South African fibre operator Maziv is currently before the Competition Tribunal for consideration. We firmly believe that this transaction will accelerate fibre reach in South Africa, fostering economic development and helping bridge South Africa's digital divide.

On that note, we will relentlessly continue to pursue our purpose of connecting people for a better future. I firmly believe that the continued execution of our strategy has the potential to create immense economic value in the markets where we operate, which in turn will help address inequality. In particular, we will continue to drive access to smartphones, financial services, healthcare and education to every person across our markets, while unlocking growth in critical sectors such as agriculture and energy.

While we are mindful of an evolving macro-economic environment across our footprint, including foreign exchange rate risk, the Group is well positioned to capitalise on opportunities once the global economy shifts from its current cautious optimism to sustainable growth.

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Group review

Connecting for a better future to deliver on our targets

Our footprint and technology reach millions of consumers, empowering them to connect for a better future through our connectivity, digital, and financial solutions. Our expertise, geographic presence and scale contribute to our role in the continent's socioeconomic development, addressing challenges related to inequality, unemployment and poverty. Our ability to positively influence this operating context is supported by our purpose of empowering people and protecting the planet, as we remain committed to maintaining trust in everything we do. This purpose-approach unlocks sustainable and compelling growth opportunities across our markets, which we enable through our strategy, the System of Advantage.

The System of Advantage comprises ten connected elements and sets out to deliver exceptional value to our customers. Our strategy is designed to grow with our customers as we strive to be a strategic partner of choice and an integral part of their lives, homes and offices. Our medium-term targets remain unchanged, as follows:

- Group service revenue growth of high single-digit growth;
- Group EBITDA growth of high single-digit growth; and
- Group capital expenditure of 13.0% – 14.5% as a % of Group revenue.

These targets are on average, over the next three years, and are on a normalised basis in constant currency, based on prevailing economic conditions, but excluding spectrum purchases, exceptional items and any other merger and acquisition activity. The targets do not account for potential hyperinflation adjustments. Egypt is included in the base year (FY2024) at the prevailing exchange rate of ZAR/EGP of 2.6.

First quarter Group service revenue growth tracking ahead of medium-term target

Group service revenue was flat on a reported basis at R29.0 billion, impacted by the devaluation of the Egyptian pound in March 2024. On a normalised basis, Group service revenue growth was 10.0%* in the quarter, above our medium-term target. This growth was supported by a resilient performance in South Africa and excellent local currency growth in Egypt. In aggregate, our beyond mobile services, which include digital and financial, fixed and IoT amounted to R6.0 billion and contributed 20.8% of Group service revenue, up from 19.8% in the first quarter of the prior year.

Leading African fintech operator

Financial services revenue Rm	Quarter ended 30 June		% change	
	2024	2023	Reported	Normalised*
South Africa	846	777	8.9	8.9
Egypt	445	369	20.6	87.0
International	1 970	1 855	6.2	10.9
Consolidated Group	3 261	3 001	8.7	16.8

Group financial services revenue was R3.3 billion in the quarter, up 8.7% (16.8%*), reflecting good growth across our segments. In South Africa, financial services growth was supported by our insurance business and improved Airtime Advance trends. In our International business, normalised M-Pesa revenue grew 10.9%*, supported by Tanzania and the DRC. Our advanced financial services such as loans, savings, international money transfer, insurance and merchant services aim to deepen financial inclusion across our markets. For the International business segment these advanced services reached 40% of M-Pesa revenue in the quarter. In Egypt, financial services revenue was up 87.0% in local currency, supported by strong customer growth.

Our financial services strategy is supported by a dual-sided ecosystem across consumers and merchants, bringing these segments together through exceptional and personalised experiences relating to entertainment, e-commerce, payments, and advanced financial services. As key drivers of this strategy, our super-apps – VodaPay, Vodafone Cash and M-Pesa – integrate our own products and services with the best offerings from our partners. In addition to our super-apps, we continue to roll out our agent network to support core mobile financial services products, such as cash-in and cash-out. Our agent network across the International business was up 35.8% to 402 000.

Our merchant base continued to scale meaningfully in South Africa and across International business. In South Africa, active merchants reached 10 917, up 12.8%. Our merchant base across our International business almost doubled to 448 000. This growth reflects our focus on scaling advanced financial services to deepen financial inclusion and expand our addressable commission pool beyond peer-to-peer payments and withdrawals.

Our mobile money platforms, including Safaricom, processed US\$400.2 billion of transaction value over the last twelve months, representing clear leadership in the African fintech space.

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Maziv transaction in the Competition Tribunal phase

On 10 November 2021, the Group announced a major step forward in scaling our fibre offering in South Africa. Through the announced acquisition of a 30% to 40% stake in Maziv (Proprietary) Limited (Maziv), a joint venture that will house fibre assets of Vodacom South Africa and Community Investment Ventures Holdings (Proprietary) Limited (CIVH), we intend to gain exposure to highly attractive and fast-growing businesses and South Africa's largest open access fibre players including Vumatel and Dark Fibre Africa. With our capital injection and strategic support, we believe the transaction will further accelerate the growth of fibre in South Africa to foster economic development and help bridge South Africa's digital divide.

In October 2022, ICASA approved the transaction subject to licence conditions such as open-access. In August 2023, the Competition Commission announced its recommendation to the Competition Tribunal to prohibit the transaction.

The transaction is currently before the Competition Tribunal where the full merits of the transaction are reviewed for final approval. Vodacom has and will continue to showcase the strong public interest and pro-competitive advantages that the transaction would have on the fibre market, and the country as a whole.

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Operating review

South Africa

Summary financial information for the quarter ended

	30 Jun 2024	31 Mar 2024	30 Jun 2023	YoY % change Reported
Revenue (Rm)	21 817	22 236	21 406	1.9
Service revenue (Rm)	15 338	15 263	15 064	1.8
Capital expenditure (Rm)	1 919	3 232	2 858	(32.9)
Customers (thousand)	48 974	51 654	44 812	9.3

Service revenue of R15.3 billion grew 1.8% (FY4Q24: 0.7%) as an improved performance in the prepaid segment was partially offset by pressure in wholesale revenue. Pleasingly, the prepaid growth rate improved through the quarter, supported by price adjustments. Beyond mobile services such as financial and digital services, fixed and IoT were up 6.3% and contributed R2.6 billion, equivalent to 17.2% of South Africa's service revenue.

Mobile contract customer revenue increased 3.6% to R6.0 billion, supported by a price-up in the quarter. The price adjustment was coupled with additional data allocations to improve our value proposition. Mobile contract ARPU was up 1.7% to R305 as the price-up was partly offset by pressure in Vodacom Business. In Vodacom Business, mobile contract revenue was impacted by customers rationalising spend. We added 53 000 contract customers in the quarter, to reach a contract base of 6.9 million, up 2.0%.

Our prepaid segment delivered a good result given the challenging macroeconomic backdrop. Mobile prepaid revenue grew 3.5%, supported by pricing adjustments implemented during the month of May. The price adjustments were implemented on a 'more for more' basis, which lowers the effective price per megabyte of data and supports data affordability. Higher usage supported prepaid data revenue of R3.3 billion in the quarter, up 9.0%. Our prepaid customer base was 10.6% higher year on year at 42.1 million. The net loss of prepaid customers in the quarter was the result of churning inactive customers that were added in the second half of the previous financial year. Prepaid ARPU of R50 was down 13.8%, impacted by the phasing of the inactive customers deleted at the end of the quarter. Had these customers been deleted at the beginning of the quarter, ARPU would have been R56.

Data traffic growth was 31.3% in the quarter, supported by additional data allocations and good growth in smart devices. Data customers of 26.9 million were up 3.5%, with net adds impacted by a reduction in promotional activity. Smart devices on our network were up by 5.1% to 31.1 million, while the average usage per smart device increased 25.2% to 4.5GB per month. The number of 4G and 5G devices on our network increased 9.9% to 24.1 million. Our innovative prepaid handset financing model, Easy2Own, was updated in the quarter with new repayment options. This model is expected to support smartphone device penetration over the medium-term.

Service revenue from financial services was up 8.9% to R846 million, supported by 14.5% growth in the customer base. Service revenue growth was underpinned by our insurance business, Airtime Advance, merchant services and our lending market place. The growth in customers reflects our commitment to driving financial and digital inclusion and providing convenience for our customers. Insurance policies reached 2.7 million and span across contract, device, funeral and life cover. VodaPay continued to gain traction with 6.9 million registered users.

Vodacom Business service revenue declined by 4.2% to R4.1 billion as a result of pressure in wholesale roaming and transit segments. Excluding wholesale revenue, Vodacom Business service revenue was up 4.2%. Cloud, hosting and security supported growth in the quarter, with revenue for this segment up 32.4%. IoT remains an important growth driver for Vodacom Business over the medium-term, but reported a softer quarter with revenue of R322 million, down 13.4% due to project based revenue in the comparative quarter.

Fixed service revenue was up 6.1% or 15.2% excluding low-margin wholesale transit revenue. This result was supported by good fibre revenue growth in both the consumer and Vodacom Business segments. Homes and businesses connected reached 187 737, while our own fibre passed 165 879 homes and businesses.

We invested R1.9 billion into our network in the quarter, lower year on year due to phasing. We expect to spend around R11.5 billion on capital expenditure in FY2025.

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Operating review (continued)

Egypt

Summary financial information for the quarter ended

	Reported (Rm)				Local currency (EGPm)			
	30 Jun 2024	31 Mar 2024	30 Jun 2023	% change	30 Jun 2024	31 Mar 2024	30 Jun 2023	% change
Revenue	6 966	9 235	7 075	(1.5)	17 864	16 898	11 712	52.5
Service revenue	6 352	7 926	6 844	(7.2)	16 287	14 627	11 331	43.7
Capital expenditure	1 043	976	1 165	(10.5)	2 680	1 788	1 924	39.3
Customers ¹ (thousand)	47 362	46 691	44 629	6.1	47 362	46 691	44 629	6.1

In Egypt, we delivered service revenue of R6.4 billion, which contributed 21.9% of Group service revenue in the quarter. In local currency, service revenue was up 43.7%, accelerating from the fourth quarter growth rate of 40.6%. The result was driven by a successful commercial campaign, price adjustments in December 2023, excellent Vodafone Cash traction and ongoing fixed service revenue momentum. Revenue growth of 52.5% was supported by fee income on Vodafone Cash deposits.

Egypt ended the quarter with 47.4 million customers, up 6.1%, supported by clear NPS leadership. ARPU growth of 36.0% reflected a price-up and strong commercial momentum, including a commercial campaign that encouraged upgrades with bundled entertainment propositions. The mobile price-up of around 15% was implemented in December 2023. Data metrics were strong in the quarter, supported by consistent network investment. Data traffic was up 34.7%, with data customers growing 11.1% to 30.1 million. Smartphones on our network were up by 9.8% to 34.8 million.

Service revenue from financial services was R445 million for the quarter and was up 87.0% in local currency. This result was supported by strong user growth of 47.9% to 8.7 million. An increase in wallet limits in the second half of the prior financial year also supported an acceleration in mobile money transaction values. Financial services contributed 7.0% of Egypt's service revenue up from 5.4% in the prior year quarter. In addition, Egypt earns fee income on Vodafone Cash deposits, which is included in non-service revenue.

Capital investment for the quarter amounted to R1.0 billion, equating to an intensity ratio of 15.0%. Pleasingly, Egypt was ranked "Best in Test" by umlaut (part of Accenture) in April 2024, confirming its network leadership position.

Notes:

1. Updated to 90-day customer definition from closing customer definition to align with Vodacom Group disclosure.

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Operating review (continued)

International business

Summary financial information for the quarter ended

	30 Jun 2024	31 Mar 2024	30 Jun 2023	YoY % change	
				Reported	Normalised*
Revenue (Rm)	7 648	7 664	7 440	2.8	6.2
Service revenue (Rm)	7 420	7 408	7 250	2.3	5.7
Capital expenditure (Rm)	1 118	1 244	1 423	(21.4)	
Customers (thousand)	54 966	54 109	51 679	6.4	

Service revenue for our International business was R7.4 billion, with the growth rate of 2.3% impacted by foreign exchange headwinds. Normalised growth was 5.7%* and improved slightly from the fourth quarter of the previous financial year (5.4%*), as the DRC delivered high single-digit US dollar growth and Tanzania continued to deliver excellent local currency results. Mozambique diluted the segment's result as regulatory price reforms were suspended shortly after implementation in the quarter. International business data revenue growth was strong at 11.4% (15.5%*), while M-Pesa revenue was up 6.2% (10.9%*).

Our customer base reached 55.0 million, up 6.4%, supported by strong commercial execution. Voice revenue declined by 4.3%*, representing an improved trend from the prior financial year, specifically in DRC. Data revenue was R2.1 billion, up 15.5%* on a normalised basis and contributed 28.1% of International business service revenue in the quarter. The growth in data was supported by our network investment, particularly into 4G capacity. Data traffic growth was 29.6% and we added 1.1 million data customers to reach a base of 25.3 million. Our smartphone users increased 0.5 million in the quarter to reach 16.4 million, and we will look to accelerate smartphone penetration over the medium-term with innovative financing options, including a new daily repayment model.

M-Pesa revenue was R2.0 billion and grew 10.9%* on a normalised basis. The result was supported by customer growth and the adoption of advanced financial services, such as lending, savings and merchant services. The M-Pesa result was diluted by Mozambique, where the pace of new product approvals continues to impact growth. Our advanced financial services, which aim to deepen financial inclusion, continued to gain traction and contributed 80% of M-Pesa revenue growth in the quarter. We facilitated loans of R5.1 billion in the quarter, more than doubling year on year.

Capital expenditure was R1.1 billion, down 21.4% as we reallocated capital expenditure between the markets in the quarter. Over the last twelve months we have increased 4G sites by 19.7%, supporting the data revenue result. Over the same period we have also invested in new spectrum across DRC, Mozambique and Tanzania.

Safaricom

Results for Vodacom's associate investment in Safaricom Plc (Safaricom) are disclosed on a bi-annual basis. Given the early stage nature of our business in Ethiopia, Safaricom publishes a quarterly update for this market. For the first quarter of FY2025, our 90-day customer base in Ethiopia reached 4.6 million (FY1 Q24: 2.7 million), with total sites built up to 2 900.

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Other matters

South Africa – “Please Call Me”

Mr Makate, a former employee of Vodacom, started legal proceedings in 2008 claiming compensation for a business idea that led to the development of a service known as “Please Call Me”.

In April 2016, the Constitutional Court of South Africa (the Constitutional Court) ordered the parties to negotiate, in good faith, and agree a reasonable compensation amount payable to Mr Makate or, in the event of a deadlock, for the matter to be referred to Vodacom Group’s Chief Executive Officer (the CEO) for determination. In accordance with the Constitutional Court order, and after negotiations failed, the CEO issued his determination on 9 January 2019. However, the CEO’s award of R47 million was rejected by Mr Makate who subsequently brought an application in the High Court for judicial review against the CEO’s determination and award.

The High Court, in a judgment delivered on 8 February 2022, set aside the CEO’s determination and ordered him to reassess the amount employing a set criteria which would have resulted in the payment of a higher compensation amount, for the benefit of Mr Makate, than that determined by the CEO. Vodacom appealed against the judgment and the order of the High Court to the Supreme Court of Appeal (the SCA). The SCA heard the appeal on 9 May 2023 and its judgment was handed down on 6 February 2024.

The minority judgment of the SCA raised Mr Makate’s compensation to approximately R186 million, while the SCA majority judgment would entitle Mr Makate to a minimum compensation amount of R29 billion. The CEO’s determination in 2019 amounted to R47 million. Consequently, the range of the possible compensation outcomes in this matter is very wide.

On 27 February 2024, Vodacom applied for leave to appeal the judgment and order of the SCA to the Constitutional Court, resulting in the suspension of the operation of the judgment and order of the SCA. The decision of the Constitutional Court is awaited. For additional detail please refer to note 26.2 of our annual financial statements for the year ended 31 March 2024.

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Supplementary information

Financial review

Revenue for the quarter ended 30 June 2024

Rm	South Africa	YoY % change	Egypt	YoY % change	International	YoY % change	Corp/ Elims	Group	YoY % change
Mobile contract revenue	5 996	3.6	990	(11.1)	656	4.1	(2)	7 640	1.5
Mobile prepaid revenue	6 618	3.5	4 018	(5.1)	6 073	2.4	–	16 709	0.9
Customer service revenue	12 614	3.5	5 008	(6.4)	6 729	2.6	(2)	24 349	1.1
Mobile interconnect	425	(2.3)	577	(14.5)	282	(9.6)	(72)	1 212	(8.4)
Fixed service revenue	1 189	6.1	400	(5.4)	356	6.9	(66)	1 879	4.2
Other service revenue	1 110	(16.3)	367	(7.6)	53	17.8	(8)	1 522	(13.6)
Service revenue	15 338	1.8	6 352	(7.2)	7 420	2.3	(148)	28 962	–
Equipment revenue	4 501	2.0	39	5.4	123	23.0	(4)	4 659	2.4
Non-service revenue	1 978	2.6	575	196.4	106	17.8	(73)	2 586	20.7
Revenue	21 817	1.9	6 966	(1.5)	7 649	2.8	(225)	36 207	1.5

Revenue for the quarter ended 30 June 2023

Rm	South Africa	Egypt	International	Corporate/ Eliminations	Group
Mobile contract revenue	5 788	1 114	630	(4)	7 528
Mobile prepaid revenue	6 394	4 235	5 930	1	16 560
Customer service revenue	12 182	5 349	6 560	(3)	24 088
Mobile interconnect	435	675	312	(99)	1 323
Fixed service revenue	1 121	423	333	(73)	1 804
Other service revenue	1 326	397	45	(7)	1 761
Service revenue	15 064	6 844	7 250	(182)	28 976
Equipment revenue	4 414	37	100	(2)	4 549
Non-service revenue	1 928	194	90	(70)	2 142
Revenue	21 406	7 075	7 440	(254)	35 667

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Supplementary information (continued)

Historical financial review

Revenue for the quarter ended

Rm	30 Jun 2024	31 Mar 2024	31 Dec 2023	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022
South Africa	21 817	22 236	22 798	21 863	21 406	21 612	21 915
Egypt	6 966	9 235	8 399	7 793	7 075	6 376	1 876
International	7 649	7 664	8 027	7 712	7 440	7 017	7 126
Corporate and eliminations	(225)	(258)	(303)	(237)	(254)	(253)	(212)
Group revenue	36 207	38 877	38 921	37 131	35 667	34 752	30 705

Revenue YoY % change for the quarter ended

%	Reported			Normalised*
	30 Jun 2024	31 Mar 2024	31 Dec 2023	30 Jun 2024
South Africa	1.9	2.9	4.0	1.9
Egypt	(1.5)	44.8	^	52.5
International	2.8	9.2	12.6	6.2
Group revenue	1.5	11.9	26.8	10.0

Service revenue for the quarter ended

Rm	30 Jun 2024	31 Mar 2024	31 Dec 2023	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022
South Africa	15 338	15 263	15 689	15 606	15 064	15 160	15 393
Egypt	6 352	7 926	7 941	7 468	6 844	6 155	1 821
International	7 420	7 408	7 719	7 481	7 250	6 788	6 975
Corporate and eliminations	(148)	(167)	(232)	(181)	(182)	(180)	(191)
Group service revenue	28 962	30 430	31 117	30 374	28 976	27 923	23 998

Service revenue YoY % change for the quarter ended

%	Reported			Normalised*
	30 Jun 2024	31 Mar 2024	31 Dec 2023	30 Jun 2024
South Africa	1.8	0.7	1.9	1.8
Egypt	(7.2)	28.8	^	43.7
International	2.3	9.1	10.7	5.7
Group revenue	–	9.0	29.7	10.0

Financial services revenue

Rm	Quarter ended 30 June		% change	
	2024	2023	Reported	Normalised*
South Africa	846	777	8.9	8.9
Egypt	445	369	20.6	87.0
International	1 970	1 855	6.2	10.9
Tanzania	912	788	15.7	27.7
DRC	668	537	24.4	25.1
Mozambique	332	486	(31.7)	(31.4)
Lesotho	58	44	31.8	31.8
Consolidated Group	3 261	3 001	8.7	16.8

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Trading update for the quarter ended 30 June 2024

Supplementary information (continued)

Historical key indicators

South Africa for the quarter ended

	30 Jun 2024	31 Mar 2024	31 Dec 2023	30 Sep 2023	30 Jun 2023	YoY % change
Customers¹ (thousand)	48 974	51 654	51 256	47 256	44 812	9.3
Prepaid	42 118	44 851	44 415	40 473	38 088	10.6
Contract	6 856	6 803	6 841	6 783	6 724	2.0
Data customers² (thousand)	26 881	28 786	27 655	25 803	25 967	3.5
IoT connections³ (thousand)	8 439	8 248	8 017	7 953	8 048	4.9
Traffic⁴ (millions of minutes)	15 656	15 199	16 120	16 417	15 653	–
Outgoing	12 727	12 034	13 227	13 587	12 920	(1.5)
Incoming	2 929	3 165	2 893	2 830	2 733	7.2
MOU per month⁵	100	97	109	118	117	(14.5)
Prepaid	94	90	104	113	112	(16.1)
Contract	138	146	146	153	149	(7.4)
Total ARPU⁶ (rand per month)	83	82	89	94	94	(11.7)
Prepaid	50	49	55	59	58	(13.8)
Contract	305	301	299	303	300	1.7

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.

Egypt for the quarter ended

	30 Jun 2024	31 Mar 2024	31 Dec 2023	30 Sep 2023	30 Jun 2023	YoY % change
Closing customers¹ (thousand)	49 036	48 335	47 752	47 022	46 222	6.1
Prepaid	43 327	42 763	42 310	41 703	41 015	5.6
Contract	5 709	5 572	5 442	5 319	5 207	9.6
90-day customers² (thousand)	47 362	46 691	46 043	45 556	44 629	6.1
Prepaid	41 693	41 170	40 633	40 252	39 442	5.7
Contract	5 669	5 521	5 410	5 304	5 187	9.3
Data customers³ (thousand)	30 100	29 118	28 909	28 154	27 096	11.1
Closing ARPU⁴ (local currency per month)	98	90	82	79	73	34.2
Prepaid ARPU	89	82	74	71	65	36.9
Contract ARPU	165	159	148	139	131	26.0
90-day ARPU⁵ (local currency per month)	102	94	85	81	75	36.0
Prepaid ARPU	93	85	77	74	68	36.8
Contract ARPU	167	160	148	140	131	27.5

Notes:

- A customer is defined as a Subscriber Identity Module (SIM), or in territories where SIMs do not exist, a unique mobile telephone number which has access to the network for any purpose (including data only usage) except telemetric applications.
- 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.
- Closing ARPU is calculated by dividing the average total service revenue by the average closing monthly customers during the period.
- 90-day 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 mobile customers.

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Trading update for the quarter ended 30 June 2024

Historical key indicators (continued)

International for the quarter ended

	30 Jun 2024	31 Mar 2024	31 Dec 2023	30 Sep 2023	30 Jun 2023	YoY % change
Customers¹ (thousand)	54 967	54 109	53 749	53 684	51 679	6.4
Tanzania	20 280	19 563	19 126	18 502	17 316	17.1
DRC	21 739	21 343	21 444	21 784	21 853	(0.5)
Mozambique	11 562	11 658	11 580	11 867	10 880	6.3
Lesotho	1 386	1 545	1 599	1 531	1 630	(15.0)
Data customers² (thousand)	25 296	24 169	24 072	23 810	23 048	9.8
Tanzania	10 617	10 065	9 951	9 745	9 214	15.2
DRC	8 395	7 164	6 818	7 136	7 139	17.6
Mozambique	5 434	6 099	6 336	6 101	5 853	(7.2)
Lesotho	850	841	967	828	842	1.0
MOU per month³						
Tanzania	273	266	292	302	281	(2.8)
DRC	24	23	22	22	21	14.3
Mozambique	82	109	110	100	98	(16.3)
Lesotho	71	68	73	66	60	18.3
Total ARPU⁴ (rand per month)						
Tanzania	39	40	42	43	43	(9.3)
DRC	48	47	47	45	44	9.1
Mozambique	37	39	43	45	50	(26.0)
Lesotho	70	63	66	60	55	27.3
Total ARPU⁴ (local currency per month)						
Tanzania (TZS)	5 495	5 376	5 611	5 690	5 415	1.5
DRC (US\$)	2.6	2.5	2.5	2.4	2.4	8.3
Mozambique (MZN)	125	132	148	154	173	(27.7)

Notes:

1. 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.
2. 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.
3. 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.
4. 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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Trading update for the quarter ended 30 June 2024

Supplementary information (continued)

Historical key indicators (continued)

Average quarter-to-date exchange rates

	30 Jun 2024	31 Mar 2024	30 Jun 2023	YoY % change	Quarterly % change
US\$/ZAR	18.58	18.88	18.66	(0.4)	(1.6)
ZAR/MZN	3.44	3.38	3.43	0.3	1.8
ZAR/TZS	139.94	134.43	126.77	10.4	4.1
EUR/ZAR	20.00	20.50	20.31	(1.5)	(2.4)
ZAR/EGP	2.56	1.89	1.66	54.2	35.4
ZAR/KES	7.06	7.92	7.36	(4.1)	(10.9)

Financial services key indicators

Active customers¹ for the quarter ended

Thousand	30 Jun 2024	31 Mar 2024	30 Jun 2023	% change
South Africa	15 671	15 318	13 691	14.5
Egypt	8 732	8 213	5 903	47.9
International M-Pesa	22 232	22 405	19 627	13.3
Tanzania	10 274	10 169	8 240	24.7
DRC	5 479	5 537	4 398	24.6
Mozambique	5 580	5 769	5 908	(5.6)
Lesotho	899	930	1 081	(16.8)
Consolidated Group	46 635	45 936	39 221	18.9

Mobile money value of transactions for the last twelve month period ended

US\$bn	30 Jun 2024	31 Mar 2024	31 Dec 2023	30 Sep 2023	30 Jun 2023	% change
Total (100% basis) ²	400.2	381.2	367.6	370.6	360.6	11.0

Notes:

- Financial services customers are based on the number of customers who have generated revenue to financial services during the last month.
- Total including International and Safaricom on a 100% basis.

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Trading update for the quarter ended 30 June 2024

Pro forma financial information

The presentation of the pro forma financial information and related reconciliations as detailed below on pages 14 - 15, is the responsibility of the directors of Vodacom Group Limited.

- 'Normalised' results have been presented to assist the user in understanding the underlying growth trends and adjusts for:
 - the impact of trading foreign exchanges;
 - the impact of foreign currency translation on a constant currency basis; and
 - the merger, acquisition and disposal activities during the current year and on a constant currency basis in the prior year, where applicable.

The pro forma financial information 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. The pro forma financial information is presented in accordance with the JSE Listings Requirements and the SAICA Guide on pro forma Financial Information.

This pro forma financial information for the quarter ended 30 June 2024 as presented in the tables below, as well as the constant currency information, along with the respective notes, has not been reported on/reviewed by the Group's auditors.

Reconciliation of normalised values for the quarter ended 30 June 2024

Rm	Reported	Translation FX ¹	Normalised*
Revenue			
Group	36 207	–	36 207
Egypt	6 966	–	6 966
International	7 649	–	7 649
Service revenue			
Group	28 962	–	28 962
Egypt	6 352	–	6 352
International	7 420	–	7 420
Data revenue			
International	2 089	–	2 089
Financial services revenue			
Group	3 261	–	3 261
Egypt	445	–	445
International (M-Pesa)	1 970	–	1 970

Reconciliation of normalised values for the quarter ended 30 June 2023

Rm	Reported	Translation FX ¹	Normalised*
Revenue			
Group	35 667	(2 745)	32 922
Egypt	7 075	(2 508)	4 567
International	7 440	(237)	7 203
Service revenue			
Group	28 976	(2 658)	26 318
Egypt	6 844	(2 425)	4 419
International	7 250	(233)	7 017
Data revenue			
International	1 876	(68)	1 808
Financial services revenue			
Group	3 001	(210)	2 791
Egypt (Vodafone Cash)	369	(131)	238
International (M-Pesa)	1 855	(79)	1 776

Vodacom Group Limited

Trading update for the quarter ended 30 June 2024

Supplementary information (continued)

Pro forma financial information (continued)

Reconciliation of normalised growth for the quarter ended 30 June 2024

%	Reported % change ³	Translation FX ppts	Normalised* % change
Revenue			
Group	1.5	8.5	10.0
Egypt	(1.5)	54.0	52.5
International	2.8	3.4	6.2
Service revenue			
Group	–	10.0	10.0
Egypt	(7.2)	50.9	43.7
International	2.3	3.4	5.7
Data revenue			
International	11.4	4.1	15.5
Financial services revenue			
Group	8.7	8.1	16.8
Egypt (Vodafone Cash)	20.6	66.4	87.0
International (M-Pesa)	6.2	4.7	10.9

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 30 June 2024 (which is derived by dividing the individual subsidiary's translated rand value with the functional currency for the period) to 30 June 2023 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 30 June 2024 and quarter ended 30 June 2023 values.

Vodacom Group Limited

Trading update for the quarter ended 30 June 2024

Disclaimer

Additional financial and operational measures

This announcement contains certain financial (i.e. service revenue, enterprise service revenue) and operational (i.e. customers, ARPU) 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.

Trademarks

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Forward-looking statements

This announcement which sets out the quarterly results for Vodacom Group Limited for the quarter ended 30 June 2024 has not been reviewed or reported on by the Group's auditors and contains 'forward-looking statements', 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.

Vodacom Group Limited

Trading update for the quarter ended 30 June 2024

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 or the Group)

Directors

SJ Macozoma (Chairman), MS Aziz Joosub (CEO),
RK Morathi (CFO), GS Kamath¹, P Klotz², P Mahanyele-Dabengwa,
NC Nqweni, JWL Otty², JH Reiter³, KL Shuenyane,
CB Thomson, LS Wood² (Alternate F Bianco⁴)

1. Indian 2. Swedish 3. British 4. Italian

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Transfer Secretary

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Sponsor

Nedbank Corporate and Investment Banking, a division of Nedbank Limited

ADR Depository Bank

JP Morgan Chase Bank

Company Secretary

K Robinson

Investor Relations

JP Davids

Media Relations

B Kennedy