

Vodacom Group Limited

Trading update for the quarter ended 31 December 2023

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)

Vodacom Group Limited trading update for the quarter ended 31 December 2023 (the quarter)

02 February 2024

Highlights

- Group revenue increased 26.8% to R38.9 billion, positively impacted by the acquisition of Vodafone Egypt.
- Group service revenue growth including Vodafone Egypt on a pro-forma basis was 8.8%^, at the higher-end of our medium-term target.
- Customers across the Group, including Safaricom, reached 200 million for the first time with more than 75 million of our customers using a financial service.
- South Africa service revenue grew 1.9%, due to a strong comparative period in the prior year.
- Egypt grew service revenue 29.1% in local currency, with Egypt financial services customers up 55.5% to 7.5 million.
- International service revenue increased 10.7% (6.5%^), as our network investment accelerated data revenue growth.
- Group financial services revenue increased 31.0% (19.6%^) to R3.4 billion, with US\$98.2 billion transacted through our mobile money platforms in the quarter.

Rm	Quarter ended 31 December		YoY % change
	2023	2022	Reported
Group service revenue	31 117	23 998	29.7
South Africa	15 689	15 393	1.9
Egypt	7 941	1 821	^
International	7 719	6 975	10.7
Group revenue	38 921	30 705	26.8
South Africa	22 798	21 915	4.0
Egypt	8 399	1 876	^
International	8 027	7 126	12.6

Service revenue (Rm)	Quarter ended 31 December		YoY % change
	2023	2022	Reported
Group	31 117	23 998	29.7
Egypt	(7 941)	(1 821)	
Group excluding Egypt	23 176	22 177	4.5
Foreign exchange rate movements	—	274	
Group normalised*	23 176	22 451	3.2
Egypt pro-forma and constant currency	7 941	6 151	
Group pro-forma (comparable with medium-term target)^	31 117	28 602	8.8

Notes:

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 includes:

* 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. Results comparable with our medium-term targets or 'pro-forma' results have been presented for the Group as if the effective date of the Egypt acquisition was 1 April 2022, thus showing the segment's financial information on a full quarter period basis. Amounts marked with a ^ in this document represent pro-forma growth as defined above.

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 2023 compared to the quarter ended 31 December 2022.

Vodacom Group Limited

Trading update for the quarter ended 31 December 2023

Shameel Joosub, Vodacom Group CEO commented:

During the third quarter Vodacom Group celebrated a number of key milestones including Vodacom Mozambique's 20-year anniversary, the trialing of 5G in the DRC and the announcement of Project Kuiper, a strategic collaboration with Amazon's low Earth orbit satellite (LEO) communications initiative.

Having operated in Mozambique for two decades, its anniversary highlights the contribution Vodacom has made to digital and financial inclusion in the country and more broadly across our footprint. A prime example of this impact across our footprint is in our financial services business, which connects more than 75 million customers and facilitates \$1.1 billion a day in mobile money transaction value. Project Kuiper adds to our satellite partnerships that will extend the reach of 4G and 5G services to more of our customers in Africa and in particular in areas that may otherwise be operationally challenging or prohibitively expensive to serve via traditional fibre or microwave solutions.

Vodacom Group, including Safaricom, has now reached the 200 million customer mark for the first time, having reached 100 million customers in 2018. As a purpose-led company, the transformational impact we have on our customers and the economies in countries where we operate provides a strong foundation upon which we are able to ensure sustainable growth of our businesses.

Boosted by our acquisition of Vodafone Egypt, where revenue growth continues to accelerate, Group revenue increased 26.8% during the quarter to R38.9 billion. On a pro-forma basis, which includes Egypt as if it was owned from 1 April 2022, revenue growth was 9.6%. In Egypt, local currency revenue growth of 31.5% was underpinned by a strong performance from our mobile data, fixed and financial services, including a 40.7% improvement in data traffic. In South Africa, we delivered satisfactory revenue growth of 4.0% considering the strong comparative as a result of heightened loadshedding in the prior year quarter.

Across our International business segment it was pleasing to see that our network investment contributed to a 25.4% increase in 4G sites, which ultimately supported an acceleration of local currency revenue growth. As we combine network investment with our focus on digital inclusion and pioneering handset financing and rural coverage models, we expect these will unlock further meaningful growth opportunities across our eight markets.

Revenue from new services - financial and digital services, fixed and IoT - is well on track to reach our target contribution of 25-30% over the medium-term. In the quarter, the contribution of new service revenue exceeded 20% for the first time, equating to R6.2 billion. Financial services remains the largest component of new services having grown 31.0% to R3.4 billion in the quarter, largely on the back of scaling new products and strong customer growth of 12.0%.

We remain Africa's largest mobile money platform by transaction value processed, with a value of close to US\$100 billion in the quarter. Our super-app roll-out across the footprint remains a major focus for the Group. In South Africa, VodaPay reached 4.8 million registered users, with our summer campaign driving strong user engagement on the platform.

Looking ahead, we are fully alert to the financial constraints on customers caused by the high cost of living and remain committed to delivering innovations that enhance the value we deliver to customers to help alleviate cost of living pressures. We are also mindful of an evolving macro-economic environment across our footprint, including foreign exchange rate risk, and expect that our business model will continue to demonstrate its resilience.

Longer term, we will relentlessly 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.

Vodacom Group Limited

Trading update for the quarter ended 31 December 2023

Group review

Third quarter Group service revenue growth remains at the higher end of medium-term target

Service revenue (Rm)	Quarter ended 31 December		
	2023	2022	% change
Group	31 117	23 998	29.7
Egypt	(7 941)	(1 821)	
Group excluding Egypt	23 176	22 177	4.5
Foreign exchange rate movements	–	274	
Group normalised*	23 176	22 451	3.2
Egypt pro-forma and constant currency	7 941	6 151	
Group pro-forma (comparable with medium-term target)^	31 117	28 602	8.8

Group service revenue grew 29.7% in the quarter to R31.1 billion, positively impacted by the acquisition of Vodafone Egypt (Egypt) in December 2022. Excluding the contribution of Egypt, Group service revenue growth was 4.5% or 3.2%* on a normalised basis, supported by an improved performance in our International business.

Our medium-term targets include Egypt on a pro-forma and constant currency basis, as if it was owned from 1 April 2022. On a target comparable basis, Group service revenue growth was 8.8%^ in the quarter, consistent with the prior quarter and at the higher end of our medium-term range. This reflects strong local currency growth in Egypt of 29.1% and good growth in new services. In aggregate, our new services, which include digital and financial, fixed and IoT amounted to R6.2 billion and contributed 20.1% of Group service revenue, up from 19.2% in the third quarter of the prior year.

Leading African fintech operator

Financial services revenue Rm	Quarter ended 31 December		% change	
	2023	2022	Reported	Pro-forma^
South Africa	809	779	3.9	
Egypt	547	85	^	
International	2 085	1 762	18.3	
Consolidated Group	3 441	2 626	31.0	19.6

Group financial services revenue was R3.4 billion in the quarter, up 31.0%. On a pro-forma basis, growth was 19.6%^ reflecting excellent momentum in Egypt, where financial services revenue almost doubled in local currency. In South Africa, financial services growth was supported by our insurance business. In our International business, normalised M-Pesa revenue grew 14.5%* in the third quarter, supported by Tanzania and the DRC. New financial services such as loans and merchant services reached 37.0% of M-Pesa revenue in the quarter.

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, savings, investments, lending and insurance 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. Alongside 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 16.6% to 336 000.

Alongside the super-app roll-out, our active merchant base continued to scale meaningfully in South Africa and across International business. In South Africa, active merchants reached 11 225, up 40.9%. Our merchant base across our International business more than doubled to 340 000. This growth reflects our focus on scaling new financial services as we expand our addressable commission pool beyond peer-to-peer payments and withdrawals into both online and offline commerce.

Our mobile money platforms, including Safaricom, processed US\$98.2 billion of transaction value in the last quarter, representing clear leadership in the African fintech space.

Committed to Maziv transaction

On 10 November 2021, the Group announced a major step forward in scaling our fibre offering in South Africa. Through the announced acquisition of an initial 30% 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.

Vodacom Group Limited

Trading update for the quarter ended 31 December 2023

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 next regulatory step is for the transaction to be presented to the Competition Tribunal where the full merits of the transaction will be reviewed for final approval. Looking forward to the Competition Tribunal hearing in May 2024, Vodacom intends 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.

Medium-term targets unchanged

Our multi-product strategy, called the System of Advantage, aims to deliver diversified, differentiated offerings to our customers, further strengthening and growing our relationships with them. The Vodafone Egypt acquisition, which completed in December 2022, is advancing our strategic connectivity and financial services ambitions through one of Africa's premier telecom operators. In our results announcement for the financial year ended 31 March 2023, we set out upgraded medium-term targets that reflect the integration of Vodafone Egypt into the Group and our System of Advantage. These remain unchanged, as follows:

- Group service revenue growth of mid-to-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, including Vodafone Egypt on a pro-forma basis but excluding spectrum purchases, exceptional items and any other merger and acquisition activity.

Vodacom Group Limited

Trading update for the quarter ended 31 December 2023

Operating review

South Africa

Summary financial information for the quarter ended

	31 Dec 2023	30 Sep 2023	31 Dec 2022	YoY % change Reported
Revenue (Rm)	22 798	21 863	21 915	4.0
Service revenue (Rm)	15 689	15 606	15 393	1.9
Capital expenditure (Rm)	3 034	1 991	2 681	13.2
Customers (thousand)	51 256	47 256	44 668	14.7

Revenue of R22.8 billion increased by 4.0%, supported by strong growth in equipment revenue. Service revenue grew 1.9% (2Q: 4.1%) to R15.7 billion, reflecting a strong comparative period for consumer mobile. Growth in the quarter was supported by new services and a successful summer campaign. More than 15 million customers enjoyed cash and rewards this summer by downloading and spending in the VodaPay app as well as sharing prizes and Vodabucks with friends and family. New services such as financial and digital services, fixed and IoT were up 10.0% and contributed R2.6 billion, equivalent to 16.3% of South Africa's service revenue. We expect service revenue growth in the fourth quarter to be stronger than the third quarter result supported by an improved performance in Vodacom Business.

Mobile contract customer revenue increased 2.5% to R5.9 billion, supported by a price-up in the first quarter. Mobile contract ARPU was flat at R299 as we lapped a strong comparative period in the consumer contract segment. In the prior year quarter, our best in class network availability supported above trend data traffic growth during a period of heightened loadshedding. Loadshed hours in the quarter under review were around 40% lower year-on-year. In Vodacom Business, results were impacted by a recalibration of spend by corporate customers for employees returning to their offices. We added 58 000 contract customers in the quarter, to reach a contract base of 6.8 million, up 1.6%.

Our prepaid segment delivered a satisfactory result given the challenging macroeconomic backdrop and a strong comparative period associated with higher levels of loadshedding last year. Mobile prepaid revenue grew 0.7% as our summer campaign and advanced CVM capabilities supported engagement and increased data usage. Seasonally strong prepaid net additions of 3.9 million included low ARPU net additions and resulted in the prepaid base reaching 44.4 million, up 17.1%. The strong growth in customers impacted prepaid ARPU, which at R55 was down 9.8%. Adjusted for the impact of the low ARPU customers, our existing customer base generated a stable prepaid ARPU.

Data traffic growth was 31.0% in the quarter, normalising from higher growth rates in recent quarters as the extent of loadshedding moderated. Data customers of 27.7 million were up 8.5%, representing 67.6% penetration of our one-month active customer base. Smart devices on our network were up by 8.6% to 32.0 million, while the average usage per smart device increased 21.3% to 3.9GB per month. The number of 4G and 5G devices on our network increased 16.6% to 24.1 million. Prepaid data revenue of R3.3 billion in the quarter was up 10.5%. This growth reflects the success of our data-led propositions focused on providing affordable offers to the most price-sensitive, lower-income customers.

Service revenue from financial services was up 3.9% to R809 million, with a customer base of 14.6 million. Revenue growth was supported by our insurance business, with policies of 2.6 million spanning contract, device, funeral and life cover. Our Airtime Advance product facilitated R3.3 billion in airtime, amounting to 46.3% of total prepaid recharges. VodaPay continues to gain traction with more than 4.8 million registered users. The summer campaign also supported strong user engagement on the platform, with daily unlocks and bundle upsizing.

Vodacom Business service revenue decreased by 0.3% to R4.3 billion, with pressure on wholesale revenue. Excluding wholesale revenue, Vodacom Business service revenue was up 4.5%, improving modestly from the interim period. Cloud, hosting and security supported growth in the quarter, with revenue for this segment up 37.9%. IoT also remains an important new service growth driver for Vodacom Business, delivering revenue of R333 million and connections up 12.3% to 8.0 million.

Fixed service revenue was up 8.5% or 16.3% 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 183 904, while our own fibre passed 165 879 homes and businesses.

We invested R3.0 billion in the quarter to expand network capacity, manage energy resilience, enhance our IT platforms and leverage the spectrum assets we acquired in the prior financial year. We remain on track to spend around R11.0 billion on capital expenditure in the current financial year.

Vodacom Group Limited

Trading update for the quarter ended 31 December 2023

Operating review (continued)

Egypt

Summary financial information for the quarter ended

	Reported (Rm)		Pro-forma information ¹ (EGPm)		
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022	YoY % change Reported
Revenue	8 399	1 876	13 852	10 534	31.5
Service revenue	7 941	1 821	13 094	10 142	29.1
Capital expenditure	1 439	302	2 367	1 418	66.9
Customers (thousand)	47 752	45 083	47 752	45 083	5.9

In Egypt we delivered service revenue of R7.9 billion, which contributed 25.5% of Group service revenue in the quarter. In the prior year, Egypt was consolidated for only part of the quarter from 8 December 2022 to 31 December 2022. In local currency, service revenue was up 29.1%, slightly accelerating from the second quarter growth rate of 28.4%, despite a challenging and evolving macroeconomic backdrop. The result was supported by strong data revenue growth, excellent Vodafone Cash traction and ongoing fixed line momentum.

Egypt ended the quarter with 47.8 million customers, up 5.9%, supported by clear NPS leadership. ARPU growth of 22.4% reflected strong commercial momentum, demand for data and good traction with our entertainment propositions. In late December 2023, we implemented a price-up in mobile of around 15%, which is expected to support the growth outlook for Egypt. In early January, we also increased residential fixed line prices by 30%.

Data metrics were strong in the quarter, building on our successful summer campaign in the prior quarter and consistent network investment. Data traffic was up 40.7%, with data customers growing 12.9% to 28.9 million. Smart devices on our network were up by 5.3% to 32.4 million.

Growing financial services is a key priority for the Group and in Egypt. Financial services revenue for Egypt was R547 million for the quarter and was up 97.2% in local currency. This result was supported by strong user growth of 55.5% to 7.5 million and increased mobile wallet limits implemented by the Central Bank of Egypt in November 2023. The revised wallet limits supported an acceleration in mobile money transaction values. Financial services contributed 6.9% of Egypt's service revenue up from 4.5% in the prior year quarter.

Capital investment for the quarter amounted to R1.4 billion, equating to an intensity ratio of 17.1%. Year-to-date capital expenditure was R3.6 billion, up 36.8% in local currency, supporting the strong data demand and revenue growth outlook in the market. We expect capital intensity for the financial year to trend slightly below the year-to-date ratio of 15.6%.

1. For information purposes only.

Vodacom Group Limited

Trading update for the quarter ended 31 December 2023

Operating review (continued)

International business

Summary financial information for the quarter ended

	31 Dec 2023	30 Sep 2023	31 Dec 2022	YoY % change	
				Reported	Normalised*
Revenue (Rm)	8 027	7 712	7 126	12.6	8.3
Service revenue (Rm)	7 719	7 481	6 975	10.7	6.5
Capital expenditure (Rm)	970	1 056	1 133	(14.4)	
Customers (thousand)	53 749	53 684	48 147	11.6	

Service revenue for our International business was R7.7 billion, up 10.7%. Normalised growth was 6.5%* and improved from the second quarter (3.1%), as the DRC returned to double-digit local currency growth and Tanzania continued to deliver excellent results. The segment result was supported by network investment and our purpose-led focus on digital and financial inclusion. Data revenue growth was strong at 28.9% (24.7%*), while M-Pesa revenue was up 18.3% (14.5%*). Mozambique's performance was impacted by price transformation, a tough macroeconomic backdrop and central bank delays in the launch of new M-Pesa products.

Our customer base reached 53.7 million, up 11.6%, supported by strong commercial execution over the last twelve months. In the quarter, net adds were impacted by a subscriber clean up in the DRC as we migrated to a new billing platform. Despite the customer additions, voice revenue declined by 9.2%* reflecting repricing initiatives in Mozambique. With mobile penetration at around 70% across our International business, we have accelerated our 4G site roll-out, including to rural base stations. We have also entered into strategic collaborations with satellite partners AST SpaceMobile and Amazon's Project Kuiper to expand our coverage over the longer term.

Data revenue was R2.1 billion, up 24.7%* on a normalised basis and contributed 26.9% of International business service revenue in the quarter. This was underpinned by our CVM campaigns and network investment, particularly into 4G capacity, which supported a further acceleration of data traffic growth to 49.5%. We added 262 000 data customers to reach a base of 24.1 million, representing 53.7% penetration of our 30-day active base. Smartphone adoption remains a key focus area to drive digital inclusion and data usage. We added 0.6 million smartphone users in the quarter to reach 15.8 million, as we look to accelerate smartphone penetration with innovative financing options.

M-Pesa revenue grew 18.3% to R2.1 billion, supported by customer growth and new service adoption, such as facilitating lending and merchant services. We added 0.7 million M-Pesa customers in the quarter, with penetration of our one-month active base at 48.3%. New growth areas such as lending and savings products continue to gain traction, contributing 80% of the growth in the quarter. We facilitated loans of R5.0 billion in the quarter, more than doubling year-on-year, and supported by products such as 'Songesha' in Tanzania. M-Pesa transaction values processed on our platform over the last twelve months, including Safaricom, were US\$367.6 billion.

Capital expenditure was R1.0 billion in the quarter, down 14.4% as investment was phased into the first half of the financial year. Year-to-date capital expenditure was up 19.8% to R3.5 billion, with 4G sites up 25.4%. This investment is critical to providing affordable data pricing and unlocking the potential of fixed-wireless access across our markets. We also continued to invest in our transmission networks to enhance our network lead in all our markets. Looking ahead, we will leverage the spectrum assets we secured in the DRC, Mozambique and Tanzania over the last twelve months to extend coverage and enhance customer experience.

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.

Vodacom Group Limited

Trading update for the quarter ended 31 December 2023

Regulatory matters

ICASA – Assignment of High Demand Spectrum (HDS)

An auction for high demand spectrum was concluded on 17 March 2022 and Vodacom secured 110 MHz of High Demand Spectrum (HDS) including 2 x 10 MHz in the 700 MHz spectrum band, 80 MHz in the 2 600 MHz spectrum band, and 10 MHz in the 3 500 MHz spectrum band, for an amount of R5.4 billion. The spectrum licence was effective on 1 July 2022 and Vodacom paid R3.2 billion in the first half of the prior financial year for this spectrum. The outstanding amount was paid in the quarter on 30 October 2023, with the spectrum fully available for use.

South Africa – Maziv acquisition

On 10 November 2021, the Group announced an investment into a joint venture incorporated as Maziv (Proprietary) Limited (Maziv) that will house the material fibre network assets of Vodacom South Africa and CIVH. The operating companies of Maziv include Dark Fibre Africa (Proprietary) Limited (DFA) and Vumatel (Proprietary) Limited. During October 2022, ICASA approved the transaction subject to the incorporation of conditions relating to the provision of open-access network services, along with limitations on ownership and control, into DFA's licences. In August 2023, the Competition Commission advised the Competition Tribunal that the transaction not be recommended. The next regulatory step is for the transaction to be presented to the Competition Tribunal where the full merits of the transaction will be reviewed for final approval. The Competition Tribunal hearing is set for May 2024.

Vodacom Group Limited

Trading update for the quarter ended 31 December 2023

Supplementary information

Financial review

Revenue for the quarter ended 31 December 2023

Rm	South Africa	YoY % change	Egypt	International	YoY % change	Corporate/ Eliminations	Group	YoY % change
Mobile contract revenue	5 879	2.5	1 311	729	27.9	(4)	7 915	20.0
Mobile prepaid revenue	6 833	0.7	4 992	6 259	9.3	1	18 085	32.7
Customer service revenue	12 712	1.5	6 303	6 988	11.0	(3)	26 000	28.6
Mobile interconnect	438	2.8	787	311	(3.4)	(87)	1 449	66.9
Fixed service revenue	1 158	8.5	446	361	15.0	(100)	1 865	32.4
Other service revenue	1 381	(0.1)	405	59	40.5	(42)	1 803	20.3
Service revenue	15 689	1.9	7 941	7 719	10.7	(232)	31 117	29.7
Equipment revenue	5 195	8.3	62	184	114.0	(2)	5 439	11.3
Non-service revenue	1 914	11.0	396	123	89.2	(68)	2 365	29.8
Revenue	22 798	4.0	8 399	8 026	12.6	(302)	38 921	26.8

Revenue for the quarter ended 31 December 2022^

Rm	South Africa	Egypt	International	Corporate/ Eliminations	Group
Mobile contract revenue	5 735	294	570	(3)	6 596
Mobile prepaid revenue	6 783	1 116	5 727	–	13 626
Customer service revenue	12 518	1 410	6 297	(3)	20 222
Mobile interconnect	426	219	322	(99)	868
Fixed service revenue	1 067	107	314	(79)	1 409
Other service revenue	1 382	85	42	(10)	1 499
Service revenue	15 393	1 821	6 975	(191)	23 998
Equipment revenue	4 797	5	86	(3)	4 885
Non-service revenue	1 725	50	65	(18)	1 822
Revenue	21 915	1 876	7 126	(212)	30 705

Vodacom Group Limited

Trading update for the quarter ended 31 December 2023

Supplementary information (continued)

Historical financial review

Revenue for the quarter ended

Rm	31 Dec 2023	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022
South Africa	22 798	21 863	21 406	21 612	21 915	20 920	20 268
Egypt	8 399	7 793	7 075	6 376	1 876	^	^
International	8 027	7 712	7 440	7 017	7 126	6 984	6 038
Corporate and eliminations	(303)	(237)	(254)	(253)	(212)	(247)	(250)
Group revenue	38 921	37 131	35 667	34 752	30 705	27 657	26 056

Revenue YoY % change for the quarter ended

%	Reported			Normalised*	
	31 Dec 2023	30 Sep 2023	30 Jun 2023	31 Dec 2023	
South Africa	4.0	4.5	5.6	4.0	
International	12.6	10.4	23.2	8.3	
Group revenue	26.8	34.3	36.9	4.8	

Service revenue for the quarter ended

Rm	31 Dec 2023	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022
South Africa	15 689	15 606	15 064	15 160	15 393	14 989	14 496
Egypt	7 941	7 468	6 844	6 155	1 821	^	^
International	7 719	7 481	7 250	6 788	6 975	6 778	5 854
Corporate and eliminations	(232)	(181)	(182)	(180)	(191)	(192)	(196)
Group service revenue	31 117	30 374	28 976	27 923	23 998	21 575	20 154

Service revenue YoY % change for the quarter ended

%	Reported			Normalised*	
	31 Dec 2023	30 Sep 2023	30 Jun 2023	31 Dec 2023	
South Africa	1.9	4.1	3.9	1.9	
International	10.7	10.4	23.8	6.5	
Group revenue	29.7	40.8	43.8	3.2	

Financial services revenue

Rm	Quarter ended 31 December		% change	
	2023	2022	Reported	Normalised*
South Africa	809	779	3.9	
Egypt	547	85	^	^
International	2 085	1 762	18.3	14.5
Tanzania	914	714	28.0	29.3
DRC	680	481	41.4	32.8
Mozambique	440	524	(16.0)	(21.1)
Lesotho	51	43	18.6	18.6
Consolidated Group	3 441	2 626	31.0	11.3

Vodacom Group Limited

Trading update for the quarter ended 31 December 2023

Supplementary information (continued)

Historical key indicators

South Africa for the quarter ended

	31 Dec 2023	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022	YoY % change
Customers¹ (thousand)	51 256	47 256	44 812	44 230	44 668	14.7
Prepaid	44 415	40 473	38 088	37 552	37 937	17.1
Contract	6 841	6 783	6 724	6 678	6 731	1.6
Data customers² (thousand)	27 655	25 803	25 967	25 519	25 493	8.5
IoT connections³ (thousand)	8 017	7 953	8 048	7 490	7 137	12.3
Traffic⁴ (millions of minutes)	16 120	16 417	15 653	15 958	17 008	(5.2)
Outgoing	13 227	13 587	12 920	13 128	14 112	(6.3)
Incoming	2 893	2 830	2 733	2 830	2 896	(0.1)
MOU per month⁵	109	118	117	120	127	(14.2)
Prepaid	104	113	112	112	120	(13.3)
Contract	146	153	149	166	169	(13.6)
Total ARPU⁶ (rand per month)	89	94	94	94	97	(8.2)
Prepaid	55	59	58	58	61	(9.8)
Contract	299	303	300	295	299	–

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

	31 Dec 2023	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022	YoY % change
Closing customers¹ (thousand)	47 752	47 022	46 222	45 493	45 083	5.9
Prepaid	42 310	41 703	41 015	40 358	40 027	5.7
Contract	5 442	5 319	5 207	5 135	5 056	7.6
Data customers² (thousand)	28 909	28 154	27 096	26 264	25 611	12.9
ARPU³ (local currency per month)	82	79	73	68	67	22.4
Prepaid ARPU	74	71	65	61	60	23.3
Contract ARPU	148	139	131	124	122	21.3

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.
- 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.
- ARPU is calculated by dividing the average total service revenue by the average monthly customers during the period.

Vodacom Group Limited

Trading update for the quarter ended 31 December 2023

Historical key indicators (continued)

International for the quarter ended

	31 Dec 2023	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022	YoY % change
Customers¹ (thousand)	53 749	53 684	51 679	50 228	48 147	11.6
Tanzania	19 126	18 502	17 316	16 735	16 292	17.4
DRC	21 444	21 784	21 853	21 040	19 184	11.8
Mozambique	11 580	11 867	10 880	10 742	10 904	6.2
Lesotho	1 599	1 531	1 630	1 711	1 767	(9.5)
Data customers² (thousand)	24 072	23 810	23 048	22 485	21 803	10.4
Tanzania	9 951	9 745	9 214	8 748	8 445	17.8
DRC	6 818	7 136	7 139	7 209	6 495	5.0
Mozambique	6 336	6 101	5 853	5 696	5 942	6.6
Lesotho	967	828	842	832	921	5.0
MOU per month³						
Tanzania	292	302	281	265	286	2.1
DRC	22	22	21	24	29	(24.1)
Mozambique	110	100	98	93	102	7.8
Lesotho	73	66	60	56	74	(1.4)
Total ARPU⁴ (rand per month)						
Tanzania	42	43	43	40	42	—
DRC	47	45	44	43	50	(6.0)
Mozambique	43	45	50	47	54	(20.4)
Lesotho	66	60	55	52	54	22.2
Total ARPU⁴ (local currency per month)						
Tanzania (TZS)	5 611	5 690	5 415	5 238	5 558	1.0
DRC (US\$)	2.5	2.4	2.4	2.4	2.8	(10.7)
Mozambique (MZN)	148	154	173	168	196	(24.5)

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.

Vodacom Group Limited

Trading update for the quarter ended 31 December 2023

Supplementary information (continued)

Historical key indicators (continued)

Average quarter-to-date exchange rates

	31 Dec 2023	30 Sep 2023	31 Dec 2022	YoY % change	Quarterly % change
US\$/ZAR	18.74	18.64	17.61	6.4	0.5
ZAR/MZN	3.41	3.43	3.63	(6.1)	(0.6)
ZAR/TZS	133.84	133.10	132.51	1.0	0.6
EUR/ZAR	20.17	20.27	17.97	12.2	(0.5)
ZAR/EGP	1.65	1.66	1.32	25.0	(0.6)
ZAR/KES	8.11	7.74	6.93	17.0	4.8

Financial services key indicators

Active customers¹ for the quarter ended

Thousand	31 Dec 2023	30 Sep 2023	31 Dec 2022	% change
South Africa	14 607	13 715	14 669	(0.4)
Egypt	7 462	6 682	4 798	55.5
International M-Pesa	21 667	20 976	19 575	10.7
Tanzania	9 715	9 311	7 960	22.0
DRC	5 002	4 628	4 534	10.3
Mozambique	5 945	6 126	6 072	(2.1)
Lesotho	1 005	911	1 009	(0.4)
Consolidated Group	43 736	41 373	39 042	12.0

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

US\$bn	31 Dec 2023	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022	% change
Total (100% basis) ²	367.6	370.6	360.6	364.8	366.7	0.2

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.

Vodacom Group Limited

Trading update for the quarter ended 31 December 2023

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.
- 'Pro-forma' results have been presented for the Group as if the effective date of the Vodafone Egypt acquisition was 1 April 2022, thus showing the segment's financial information on a full quarter basis.

Collectively, the 'pro-forma financial information'

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 31 December 2023 as presented in the tables below, as well as the constant currency information, along with the respective notes, has not been reported/reviewed on by the Group's auditors.

Reconciliation of normalised values for the quarter ended 31 December 2023

Rm	Reported	Translation FX ¹	Mergers, Acquisitions & Disposals ²	Normalised*
Revenue				
Group	38 921	–	(8 399)	30 522
International	8 027	–	–	8 027
Service revenue				
Group	31 117	–	(7 941)	23 176
International	7 719	–	–	7 719
Data revenue				
International	2 077	–	–	2 077
Financial services revenue				
Group	3 441	–	(548)	2 893
International (M-Pesa)	2 085	–	–	2 085

Reconciliation of normalised values for the quarter ended 31 December 2022

Rm	Reported	Translation FX ¹	Mergers, Acquisitions & Disposals ²	Normalised*
Revenue				
Group	30 705	25	(1 615)	29 115
International	7 126	283	–	7 409
Service revenue				
Group	23 998	22	(1 568)	22 452
International	6 975	274	–	7 249
Data revenue				
International	1 612	53	–	1 665
Financial services revenue				
Group	2 626	46	(73)	2 599
International (M-Pesa)	1 762	59	–	1 821

Vodacom Group Limited

Trading update for the quarter ended 31 December 2023

Supplementary information (continued)

Pro-forma financial information (continued)

Reconciliation of normalised growth for the quarter ended 31 December 2023

%	Reported % change ³	Translation FX ppts	Mergers, Acquisitions & Disposals ²	Normalised* % change
Revenue				
Group	26.8	(0.1)	(21.9)	4.8
International	12.6	(4.3)	–	8.3
Service revenue				
Group	29.7	(0.1)	(26.4)	3.2
International	10.7	(4.2)	–	6.5
Data revenue				
International	28.8	(4.1)	–	24.7
Financial services revenue				
Group	31.0	(1.8)	(17.9)	11.3
International (M-Pesa)	18.3	(3.8)	–	14.5

Reconciliation of Vodafone Egypt pro-forma quarterly growth

	31 December 2022			31 December 2023		
EGPm	Reported	Mergers, acquisitions & disposals ⁴	Pro-forma*	Reported	Reported % change	Pro-forma^ % change
Revenue	2 680	7 854	10 534	13 852	–	31.5
Service revenue	2 601	7 541	10 142	13 094	–	29.1
Capex	432	986	1 418	2 367	–	66.9

Reconciliation of Vodafone Egypt pro-forma quarterly growth

	31 December 2022				31 December 2023		
Rm	Reported	Mergers, acquisitions & disposals ⁴	Translation FX ¹	Pro-forma*	Reported	Reported % change	Pro-forma^ % change
Service revenue	1 821	4 583	(253)	6 151	7 941	–	29.1

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 12. 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 2023 (which is derived by dividing the individual subsidiary's translated rand value with the functional currency for the period) to 31 December 2022 numbers, thereby giving a user a view of the performance, which excludes exchange variances.
2. Vodafone Egypt Telecommunications SAE (Vodafone Egypt) was consolidated from 8 December 2022 representing the effective date of the transaction. No comparative information or growth rates are included.
3. The percentage change relates to the year-on-year percentage growth calculated as the percentage change between the quarter ended 31 December 2023 and quarter ended 31 December 2022 values.
4. Vodafone Egypt results, which have been obtained from the management accounts, have been presented as if the effective date of the Vodafone Egypt acquisition was 1 April 2022, thus showing the segment's financial information on a full quarter basis.

Vodacom Group Limited

Trading update for the quarter ended 31 December 2023

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.

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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 2023 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 31 December 2023

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), P Klotz¹, P Mahanyele-Dabengwa,
JH Reiter¹, NC Nqweni, JWL Otty², KL Shuenyane,
CB Thomson, LS Wood² (Alternate F Bianco³)

1. Swedish 2. British 3. Italian

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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