

Vodacom Group Limited  
(Incorporated in the Republic of South Africa)  
(Registration number 1993/005461/06)  
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ISIN: US92858D2009      ADR code: VDMCY  
(Vodacom)

## Vodacom Group Limited trading update for the quarter ended 31 December 2020 (short form announcement)

02 February 2021

### Highlights

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

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

### Shameel Joosub, Vodacom Group CEO commented:

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

In South Africa, 23 million customers took advantage of discounts and the greater value offered through a highly successful summer “ShakeOff 2020” campaign and our recently launched VodaBucks loyalty programme with an additional 1.45 million customers connecting to our leading network during the quarter.

#### Notes:

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

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

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

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

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

Supported by a significant increase in demand for our Airtime Advance product and a healthy increase in insurance policies, our Financial Services business remains a very strong performer having increased revenue by 24.3%, as the business continues to scale. Our partnership with Alipay will add new dimensions to our Financial Services' proposition and in particular VodaPay, which will become our single lifestyle super app.

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

Normalised growth across our International operations showed a marked improvement in the quarter.

Revenues from

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

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

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

This short-form announcement is the responsibility of the directors and is only a summary of the information in the full announcement and does not contain full or complete details. Any investment decision should be based on the full announcement that has been published on SENS [https://senspdf.jse.co.za/documents/2021/jse/isse/VOD/3Q21\\_SENS.pdf](https://senspdf.jse.co.za/documents/2021/jse/isse/VOD/3Q21_SENS.pdf) and is also available on our website [www.vodacom.com](http://www.vodacom.com).

The full announcement is also available at our registered office and our sponsor's office for inspection, at no charge, during office hours. Copies of the full announcement may be requested by contacting Investor Relations on telephone: +27 (0) 11 653 5000 or email: [vodacomir@vodacom.co.za](mailto:vodacomir@vodacom.co.za).

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