

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 "Vodacom Group" or the "Group")

15 May 2023

## Preliminary results for the year ended 31 March 2023 (short-form announcement)

### Highlights

- Group revenue of R119.2 billion was up 16.0% (4.9%\*), positively impacted by the acquisition of Vodafone Egypt and rand depreciation against our basket of International currencies.^
- Group service revenue growth of 17.2% or 7.2% (3.5%\*) excluding Vodafone Egypt, supported by data and financial services revenue.
- Financial services revenue increased 29.2% (14.3%\*) to R9.9 billion, contributing 10.5% to Group service revenue.
- Group EBITDA growth of 13.2% or 6.0% (3.6%\*) excluding Vodafone Egypt, reflecting a clear improvement in second-half profitability.
- Serving a combined 185.8 million customers across the Group, including Safaricom on a 100% basis.
- Financial services customers, including Safaricom on a 100% basis, 70.6 million, transacting US\$1 billion per day.
- Free cash flow up 18.3%.
- Full year dividend of 670cps and declared a final dividend of 330cps, consistent with our new policy.

### Group statutory performance measures

Rm	Year ended 31 March		% change	
	2023	2022	Reported	Normalised*
Revenue	119 170	102 736	16.0	4.9
Service revenue	93 650	79 936	17.2	3.5
Net profit from associates and joint ventures	2 607	3 056	(14.7)	11.4
Operating profit	29 252	28 236	3.6	(0.9)
Net profit	18 111	17 734	2.1	
Earnings per share (cents)	948	1 013	(6.4)	
Headline earnings per share (cents)	948	1 013	(6.4)	
Total dividend per share (cents)	670	850	(21.2)	

### Group additional performance measures

Rm	Year ended 31 March		% change	
	2023	2022	Reported	Normalised*
EBITDA	45 144	39 888	13.2	3.6
EBITDA margin (%) <sup>1</sup>	37.9	38.8	(0.9ppt)	
Capital expenditure <sup>2</sup>	16 490	14 642	12.6	
Capital intensity (%) <sup>2</sup>	13.8	14.3	(0.5ppt)	
Operating free cash flow <sup>3</sup>	25 111	22 693	10.7	
Free cash flow <sup>3</sup>	18 524	15 660	18.3	
Financial services revenue <sup>4</sup>	9 856	7 626	29.2	14.3

#### Notes:

1. EBITDA margin is EBITDA as a percentage of revenue.
2. Detail relating to capital expenditure is contained in the full announcement. Capital intensity is capital expenditure as a percentage of revenue.
3. A reconciliation of operating free cash flow and free cash flow is set out in the full announcement.
4. The combination of South Africa financial services revenue, Egypt financial services revenue and International M-Pesa revenue.

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 includes:

\* Normalised growth 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 the announcement represent normalised growth as defined above.

All growth rates quoted are year-on-year and refer to the year ended 31 March 2023 compared to the year ended 31 March 2022, unless stated otherwise.

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

Growth rates for Safaricom are in local currency and year-on-year, unless otherwise stated. Safaricom results announcements are available at: [www.safaricom.co.ke/investor-relation/financials/reports/financial-results](http://www.safaricom.co.ke/investor-relation/financials/reports/financial-results).

## **Shameel Joosub, Vodacom Group CEO commented:**

In a year defined by the global economic slowdown and financial market uncertainty, Vodacom Group has delivered a satisfactory set of results, showcasing the resilience of our strategy and our track-record in adapting quickly to changes across operating environments. Given the numerous external pressures, it is particularly pleasing to have delivered a 17.2% increase in Group service revenue (up 7.2% excluding Vodafone Egypt) with net profit up 2.1%.

The war in Ukraine, which followed hard on the heels of a global health crisis, resulted in supply-chain disruption and inflationary pressures. These factors have contributed to a higher cost of living, a sharp rise in interest rates and foreign exchange rate volatility across our markets.

Guided by our purpose-led approach, we responded by absorbing inflationary pressures where possible and sought to deliver even greater value to customers in an attempt to assist more vulnerable communities impacted by economic hardship.

At the same time, we diversified and accelerated our growth profile by completing the acquisition of a 55% stake in Vodafone Egypt for R43.6 billion, the largest acquisition in the Vodacom Group's history and one that expands our population reach to over 500 million people across Africa. Since consolidating Vodafone Egypt on 8 December 2022, it has contributed R8.0 billion to Group service revenues, prompting an upgrade in the Group's medium-term service revenue and EBITDA growth targets.

The Group remains committed to spending 13% to 14.5% of its overall revenue on capital expenditure that ultimately results in an enhanced customer experience through sustained investments in technology and network infrastructure.

A prime example of this promise is the pledge made at the recent South Africa Investment Conference of R60 billion of capital investment over the next five years in South Africa alone having delivered on a R50 billion pledge made in 2018 over the previous five years. These substantial investments have and will contribute significantly to enhancing network resilience to keep customers connected through the likes of elevated levels of loadshedding, the acceleration of 5G coverage, as well as our rural coverage programme to help bridge the digital divide.

Vodacom responded to South Africa's power crisis with increased investment in power resilience, which has ensured network availability and contributed to an accelerated demand for data, up 45.4% in the fourth quarter. The sustained levels of loadshedding have been disastrous for the South African economy and the industry as a collective. Since 2020, Vodacom South Africa has spent over R4 billion in back-up power solutions such as batteries and generators and a further R300 million in the past financial year on additional running costs in the form of diesel, security and maintenance.

We remain confident that the 'virtual wheeling' pilot project that we're pioneering with Eskom, South Africa's power utility company, will be signed off in the near term and that this will have a significantly positive impact on the country's power grid and ultimately on the over 20 000 towers across the industry that require reliable power supply to operate optimally.

The power crisis in South Africa, higher interest charges, Ethiopia start-up losses, M&A costs and higher inflation across our markets weighed on net profit growth of 2.1%.

In South Africa, financial services continue to grow at a double-digit rate, supported by our insurance portfolio and Airtime Advance product. I am particularly encouraged by the traction and transaction volume growth that our VodaPay super-app continues to attract through its 5.7 million downloads and 3.3 million registered users. In the coming year we will scale lending, insurance and payment products, including cash-in and cash-out, while creating new business cases for remittances and wealth management. Our digital services, fixed and IoT businesses were also solid performers while wholesale revenue pressures and a strong prior year saw Vodacom Business' service revenue decline marginally by 1.7%.

Our International operations in DRC, Lesotho, Mozambique and Tanzania produced good growth, underpinned by a 31.1% increase in M-Pesa revenue and a 33.2% rise in data revenue. As expected, start-up costs associated with Safaricom Ethiopia have curbed Safaricom's contribution to Group operating profit to R2.8 billion, 9.8% lower than last year. Pleasingly, Safaricom Ethiopia was recently awarded a mobile financial services licence, representing another important milestone in our ambition to transform lives in the country.

Financial services is the key contributor to our new services. This is evidenced by the 29.2% increase in Group financial services revenue to reach R9.9 billion, as we continue to scale our product suite for consumers and merchants. Our International merchant sign-ups increased three-fold in the year, helping us expand our addressable commission pool beyond peer-to-peer payments and withdrawals into both online and offline commerce. We remain Africa's largest mobile money platform by transaction value with M-Pesa now processing an impressive US\$364.8 billion in the year.

Our proposed purchase of a joint venture stake in South African fibre company MAZIV is expected to assist in narrowing the digital divide by enabling affordable access to connectivity in some of the most vulnerable parts of the country through an ambitious fibre roll-out programme. The joint venture will house the material fibre network assets of Vodacom South Africa

and CIVH and having received ICASA approval in October last year, subject to conditions, the transaction remains subject to the Competition Commission's ongoing approval process.

Of the many purpose-led initiatives that we led over the past year, I am particularly proud of our 'Code Like A Girl' programme and m-mama programmes. 'Code Like A Girl' tackles low representation of girls in Science, Technology, Engineering and Mathematics (STEM) education and to get more girls into careers that require coding skills, or to help them get a start as STEM entrepreneurs. Introduced in 2017, we have ramped up efforts this year – particularly in South Africa, Mozambique and Lesotho – and is an investment that contributes to building a more digital, inclusive, sustainable future on the continent.

M-mama is a mobile healthcare service that provides emergency transport for pregnant and post-partum women in Tanzania, which has one of the world's highest maternal mortality rates. M-mama is expected to save the lives of around 17 000 mothers and babies over the next five years, emphasizing what the right partnerships and digital solutions can achieve. Beyond Tanzania, we are working with the Vodafone Foundation and USAID to expand m-mama to more markets in Africa, having already launched it in DRC and Lesotho.

Looking ahead, the operating environment that we face requires an unwavering focus to deliver our strategy, to meet our business objectives and to serve our customers. We continue to ensure that we have the right measures in place – including our commercial initiatives and cost efficiency programmes – to help mitigate the impacts from the global macroeconomic risks.

### Declaration of final dividend number 28 – payable from income reserves

Notice is hereby given that a gross final dividend number 28 of 330 cents per ordinary share in respect of the financial year ended 31 March 2023 has been declared payable on Monday 26 June 2023 to shareholders recorded in the register at the close of business on Friday 23 June 2023. The number of ordinary shares in issue at the date of this declaration is 2 077 841 204. The dividend will be subject to a local dividend withholding tax rate of 20% which will result in a net final dividend to those shareholders not exempt from paying dividend withholding tax of 264 cents per ordinary share.

Last day to trade shares cum dividend	Tuesday 20 June 2023
Shares commence trading ex-dividend	Wednesday 21 June 2023
Record date	Friday 23 June 2023
Payment date	Monday 26 June 2023

Share certificates may not be dematerialised or rematerialised between Wednesday 21 June 2023 and Friday 23 June 2023, both days inclusive.

On Monday 26 June 2023, the final dividend will be electronically transferred into the bank accounts of all certificated shareholders where this facility is available. Shareholders who hold dematerialised shares will have their accounts at their CSDP or broker credited on Monday 26 June 2023.

Vodacom Group Limited tax reference number is 9316/041/71/5.

### Dividend policy

The acquisition of Vodafone Egypt and a proposed initial 30% stake into a South African fibre joint venture, MAZIV, provides a compelling opportunity to accelerate our system of advantage and the Group's growth profile. Accordingly, from the interim period of this financial year, the dividend policy was set at, at least 75% of Vodacom Group headline earnings. The policy and announced acquisitions combine to provide a high pay-out on enhanced growth prospects. Notwithstanding the change in dividend policy, Vodacom Group will still have one of the highest dividend pay-out policies for companies listed on the JSE Limited. Additionally, the policy provides scope for the Group to invest within its 13.0% to 14.5% capital intensity target, de-lever the balance sheet and accommodate the upstreaming and dividend pay-out profiles of Safaricom and Vodafone Egypt.

For and on behalf of the Board

**Sakumzi Justice Macozoma**  
Chairman

**Shameel Aziz Joosub**  
Chief Executive Officer

**Raisibe Morathi**  
Chief Financial Officer

Midrand

**12 May 2023**

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/2023/jse/isse/VOD/ye2023.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). The preliminary financial statements were reviewed by the Group's auditors Ernst & Young Inc, who have expressed an unmodified review opinion. The review opinion is available on Vodacom's website.

Sponsor: Nedbank Corporate and Investment Banking, a division of Nedbank Limited