

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")

13 November 2023

Vodacom Group Limited interim results for the six months ended 30 September 2023 and dividend declaration (short-form announcement)

Highlights

- Group revenue of R72.8 billion was up 35.5%, positively impacted by the acquisition of Vodafone Egypt.[^]
- Group service revenue growth of 42.2% or 7.9% excluding Vodafone Egypt.
- Group service revenue growth including Vodafone Egypt on a *pro-forma* basis (target comparable) was 9.0%, at the higher-end of our medium-term target.
- Group EBITDA growth of 35.1% or 5.5% on a pro-forma basis.
- Serving a combined 196.2 million customers across the Group, including Safaricom on a 100% basis.
- Financial services customers, including Safaricom on a 100% basis, 73.5 million, transacting US\$1 billion per day.
- Financial services revenue increased 39.9% to R6.2 billion contributing 10.5% to Group service revenue.
- Interim dividend of 305cps, consistent with our policy.

Group statutory performance measures

Rm	Six months ended		% change
	30 September	2022	Reported
Revenue	72 798	53 713	35.5
Service revenue	59 350	41 729	42.2
Net profit from associates and joint ventures	1 348	1 466	(8.0)
Operating profit	17 013	13 268	28.2
Net profit	9 968	8 072	23.5
Earnings per share (cents)	434	457	(5.0)
Headline earnings per share (cents)	438	457	(4.2)
Interim dividend per share (cents)	305	340	(10.3)

Group additional performance measures

Rm	Six months ended		% change
	2023	2022	Reported
EBITDA	27 286	20 200	35.1
EBITDA margin (%) ¹	37.5	37.6	(0.1ppt)
Capital expenditure ²	9 542	7 599	25.6
Capital intensity (%) ²	13.1	14.1	(1.0ppt)
Operating free cash flow ³	7 168	4 806	49.1
Free cash flow ³	(181)	2 028	(108.9)
Financial services revenue ⁴	6 176	4 414	39.9

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 six months ended 30 September 2023 compared to the six months ended 30 September 2022, unless stated otherwise.

[^] Vodafone Egypt Telecommunications SAE (Vodafone 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 Vodafone Egypt acquisition was 1 April 2022, thus showing the segment's financial information on a full interim period basis.

Growth rates for Safaricom are in local currency and year-on-year, unless otherwise stated. Safaricom results announcements are available at: <https://www.safaricom.co.ke/investor-relations-landing/reports/financial-report/financial-results>

Shameel Joosub, Vodacom Group CEO commented:

The encouraging revenue trend highlighted in the Vodacom Group's performance in the first three months of the financial year continued into the second quarter - highlighting a strong operating performance. However, higher interest rates, elevated levels of inflation and currency volatility across our markets had an impact on the Group's earnings. We remain committed to delivering on our purpose-led strategy that aims to enhance societal value and deliver value to our customers.

We connect for a better future and focus on creating a digital society and ensuring inclusion for all, while mindful of the impact we have on our planet. Evidence of this commitment includes the recent recognition of our exceptional customer service - having being declared the winner of the Ask Afrika Orange Index Award - and Vodacom South Africa officially being named as the country's 'Most Reliable Network' and 'Best In Test' ahead of competitors by independent benchmarking organisation 'Umlaut', which is part of Accenture. 'Umlaut' has also ranked Vodafone Egypt, Vodacom Mozambique and Safaricom as 'Best In Test', while customers across our markets have ranked Vodacom first in network Net Promoter Scores (NPS). Accolades aside, our substantial investments underpin our market leadership and value strategy for the 10.4 million new customers joining our network over the last 12 months to reach a total base of 196.2 million customers across our markets. We expect our investments to continue to fuel our growth into an addressable market of more than 500 million people.

In terms of purpose-led initiatives that deliver positive societal impact where we operate, education is a critical area in which Vodacom continues to make significant strides. By working together with regulators, governments and industry stakeholders, we can ensure that digital education enables all learners and teachers regardless of who they are, where they are and what they can afford, to access quality education and, ultimately, participate in the global digital economy. Supporting this goal are our education solutions across our markets which have reached 2.3 million learners through these and other education platforms.

In South Africa, Vodacom not only responded to the country's power crisis with an increased investment in network resilience but has also recently concluded a landmark agreement with Eskom in the form of a 'Virtual Wheeling Platform' that aims to drive private sector investment into new energy generation. Given our commitment to making a positive impact on the country's power grid and renewable energy mix, our agreement with Eskom serves as a blueprint for other corporates to adopt.

I'm particularly pleased with accelerated growth driven into our financial services portfolio by an ever-expanding mobile money ecosystem, Vodafone Egypt's performance and the resilience of Vodacom South Africa, which substantiates our massive network investments so that we keep customers connected through extended periods of loadshedding. These elements contributed to the 35.5% increase in Group revenue to R72.8 billion, with Vodafone Egypt providing the biggest boost to growth given it did not form part of Vodacom Group's first half performance in the past financial year. Revenue from new services such as financial and digital services, fixed and IoT contributed R11.7 billion, equivalent to 19.8% of Group service revenue, almost one-fifth of the Group's total revenue and is well on track to reach our target contribution of 25-30% over the medium-term.

Our R4.5 billion investment over four and a half years to mitigate the impacts of loadshedding continues to show a return in South Africa, where we also committed, at the South Africa Investment Conference, to spend R60 billion in five years. These investments have already resulted in industry leading network availability during elevated levels of power outages and ultimately contributed to the 4.0% increase in service revenue in our largest market. Revenue growth in South Africa was supported by our consumer contract segment, excellent growth in fixed and financial services and a resilient performance in the prepaid segment, despite ongoing macroeconomic challenges associated with inflation and loadshedding. Supported by our investment into network resilience, data traffic growth accelerated to 45.2% in the period.

New services in South Africa such as financial and digital services, fixed and IoT were up 18.1% and contributed R5.1 billion to revenue. Revenue from financial services grew 10.8% to R1.6 billion due to a strong performance from our insurance business. Our super-app, VodaPay, continues to gain traction with more than 7.6 million downloads and 4.1 million registered users.

Vodafone Egypt, the largest acquisition in Vodacom Group's history, delivered service revenue of R14.3 billion and contributed 24.1% of Group service revenue, despite challenging macroeconomics. The performance was supported by strong growth in data revenue, customer engagement and content integration. Vodafone Egypt ended the period with 47.0 million customers, up 5.5%, aided by its clear NPS leadership and strong data metrics. Financial services revenue doubled to R804 million or 5.6% of Vodafone Egypt's service revenue. Pleasingly, Vodafone Egypt contributed to Group earnings per share in the period, despite a devaluation of the Egyptian pound since we announced the acquisition in November 2021.

Our International business segment, which comprises the DRC, Lesotho, Mozambique and Tanzania reported service revenue up 16.6% to R14.7 billion, with customers up 22.3%. Strong growth of data revenue and M-Pesa revenue, which were up 34.9% and 26.8% respectively, was offset somewhat by pressure associated with Mozambique's price

transformation programme. M-Pesa revenue growth was driven by continued customer and service adoption, consistent with our commitment to financial inclusion. The strong performance in data revenue was underpinned by increased smartphone adoption and accelerating our 4G network roll-out.

Safaricom delivered excellent results in Kenya, while our Ethiopian greenfield roll-out is progressing as expected. Service revenue in Kenya accelerated to 8.5%, supported by growth in the fixed business and an improved performance of M-Pesa revenue, which grew 16.5%. Further, Safaricom Kenya reported excellent EBITDA growth of 13.0%, supporting an upgrade to its guidance.

Our recently launched Ethiopian business, Safaricom Ethiopia, has made good progress since its commercial launch in October 2022, already reaching 4.1 million customers. More recently we launched M-Pesa, which will no doubt be a game-changer in boosting financial inclusion and economic growth in Africa's second most populous country. At a Vodacom Group level, Safaricom contributed R1.5 billion to operating profit, declining marginally at 1.1%. This was an encouraging outcome, given that we expect Safaricom Ethiopia EBITDA losses to peak in the current financial year.

From a mergers and acquisitions perspective, the Competition Commission recently announced its recommendation to the Competition Tribunal to not recommend Vodacom's proposed purchase of the 30% stake in MAZIV. We are hopeful that the next step in the process, namely the Competition Tribunal process, will yield a different result. I firmly believe that the transaction will foster economic development and help bridge South Africa's digital divide in some of the most vulnerable parts of its society.

Vodacom has a proven track record as a resilient company and will continue to act swiftly so that we have the right measures in place. Looking ahead, the continued execution of our strategy has the potential to create immense economic value in the markets where we operate, helping to address inequality. By providing access to a smartphone, financial services, healthcare and education to every person across our markets we will fulfil our purpose.

Declaration of interim dividend number 29 – payable from income reserves

Notice is hereby given that a gross interim dividend number 29 of 305 cents per ordinary share in respect of the six months ended 30 September 2023 has been declared payable on Monday 4 December 2023 to shareholders recorded in the register at the close of business on Friday 1 December 2023. The number of ordinary shares in issue at the date of this declaration is 2 077 841 204. The ordinary dividend will be subject to a local dividend withholding tax rate of 20%. Accordingly, for those shareholders not exempt from paying dividend withholding tax, the net ordinary dividend will be 244 cents per ordinary share.

Last day to trade shares cum dividend	Tuesday 28 November 2023
Shares commence trading ex-dividend	Wednesday 29 November 2023
Record date	Friday 1 December 2023
Payment date	Monday 4 December 2023

Share certificates may not be dematerialised or rematerialised between Wednesday 29 November 2023 and Friday 1 December 2023, both days inclusive.

On Monday 4 December 2023, the 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 4 December 2023.

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

Dividend policy

Following the acquisition of Vodafone Egypt in the previous financial year, the Company instituted a policy of paying dividends of at least 75% of Vodacom Group headline earnings. At this level of payout, Vodacom offers one of the highest dividend pay-out policies on the JSE. 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

10 November 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 the JSE's cloudlink at <https://senspdf.jse.co.za/documents/2023/jse/isse/VOD/HY24SENS.pdf> and is also available on our website www.vodacom.com. 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. The Interim results for the six months ended 30 September 2023 were reviewed by the Group's auditors Ernst & Young Inc, who have expressed an unmodified review report. The review report is available in the full announcement. Sponsor: Nedbank Corporate and Investment Banking, a division of Nedbank Limited