

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")

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

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 in the full trading update. 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.

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.

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 ^[1]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.

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/2024/jse/isse/VOD/3Q24SENS.pdf> and is also available on our website www.vodacom.com. Copies of the full trading update may be requested by contacting Investor Relations on telephone: +27 (0) 11 653 5000 or email: vodacomir@vodacom.co.za. Sponsor: Nedbank Corporate and Investment Banking, a division of Nedbank Limited