

11 November 2024

Vodacom Group Limited reviewed interim results and dividend declaration for the six months ended 30 September 2024 (short form announcement)

Highlights

- Group revenue of R74 billion was up 1.0% (10.4%*), despite significant foreign exchange headwinds.
- Group service revenue growth was 9.9% on a normalised basis*, at the higher end of our medium-term target.
- Financial services revenue increased 7.8% (17.6%*) to R6.7 billion, contributing 11.4% to Group service revenue.
- Group EBITDA declined 2.7% to R26.6 billion, but grew 8.5% on a normalised basis*.
- Serve a combined 205.6 million customers and 82.9 million financial services customers across the Group, including Safaricom on a 100% basis.
- Interim dividend of 285cps, representing an 86% pay-out ratio.

Group statutory performance measures

Rm	Six months ended 30 September		% change	
	2024	2023	Reported	Normalised*
Revenue	73 538	72 798	1.0	10.4
Service revenue	58 637	59 350	(1.2)	9.9
Net profit from associates and joint ventures	822	1 348	(39.0)	(2.9)
Operating profit	16 127	17 013	(5.2)	9.6
Net profit attributable to equity holders	6 843	8 385	(18.4)	
Net debt to EBITDA	1.1	1.0	(0.1x)	
Earnings per share (cents)	354	434	(18.4)	
Headline earnings per share (cents)	353	438	(19.4)	
Total dividend per share (cents)	285	305	(6.6)	

Group additional performance measures

Rm	Six months ended 30 September		% change	
	2024	2023	Reported	Normalised*
EBITDA	26 562	27 286	(2.7)	8.5
EBITDA margin (%) ¹	36.1	37.5	(1.4ppts)	
Capital expenditure ²	8 809	9 542	(7.7)	
Capital intensity (%) ²	12.0	13.1	(1.1ppts)	
Operating free cash flow ³	5 861	7 178	(18.3)	
Free cash flow ³	(1 076)	(172)	>200	
Financial services revenue ⁴	6 657	6 176	7.8	17.6

Shameel Joosub, Vodacom Group CEO commented

Celebrating Vodacom's 30th birthday, connecting 206 million customers and providing financial services to 83 million customers are some of the significant milestones in the Group's history that I am particularly proud of. These were achieved in the first half of the current financial year, a period that was characterised by significant currency headwinds on the one hand and a resilient operational response on the other to ensure that we continue to deliver on our medium-term financial targets. While our bottom line was impacted by various one-offs, I am confident that we are poised for a stronger second half performance.

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 is presented as:

* 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.

All growth rates quoted are year-on-year and refer to the six months ended 30 September 2024 compared to the six months ended 30 September 2023, unless stated otherwise.

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

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

On 1 June 1994 we signed up our very first customer when the first of our networks in South Africa went live. Fast forward to 2024, we now serve 205.6 million customers across a footprint that also includes DRC, Egypt, Ethiopia, Kenya, Lesotho, Mozambique and Tanzania, covering more than half a billion people.

While the industry and the company have had to adapt to evolving regulatory pressures and customer needs, Vodacom's purpose was unchanged for the past three decades, which is to make sure that everyone is connected.

At the same time as delivering great value to customers, we have remained resolute in delivering societal value through a wide range of initiatives that change the lives of people. Our m-mama programme is a prime example of what can be achieved when innovative technology is developed and deployed to address societal challenges. Thus far, m-mama has saved many lives by facilitating an emergency transport service for expectant mothers in Tanzania and Lesotho.

Our "System of Advantage" focuses on ensuring that we have the right strategy and people to drive the sustainability of the company well into the future. At the core of our offering is connectivity, where we remain market leaders and are driving digital inclusion. As pioneers of mobile financial services, which now contributes significantly to Africa's financial inclusion, it remains our ambition to grow and diversify our beyond mobile revenues to exceed 25% of Group service revenue in the medium-term.

Our latest interim results showcases our product and geographic diversification with Group service revenue increasing by 9.9%* on a normalised basis, at the top end of our medium-term target. On a reported basis Group service revenue declined 1.2% to R58.6 billion, due to currency headwinds. Group EBITDA grew by 8.5%* on a normalised basis and we remain on track to invest 13% to 14.5% of revenue into capital expenditure, in line with our medium-term targets.

Beyond mobile, which includes digital and financial services, fixed and IoT, contributed 21.1% to Group service revenue, underpinned by mobile financial services such as payments, savings, loans and merchant offerings. Our mobile money platforms, including Safaricom, processed US\$421.3 billion of transaction value over the last twelve months, cementing our leadership as an African FinTech company.

In the past five years alone, we have invested almost R80.0 billion across our markets, with a concerted effort to accelerate rural coverage. This has resulted in Vodacom securing its network leadership in most markets where we operate and to an additional 10.9 million customers joining our network over the last twelve months.

From a financial performance perspective, I am particularly pleased with the manner in which our Egyptian business navigated its way through a material currency devaluation to produce R13.0 billion in service revenue, underpinned by a stellar 44.1% growth in local currency. This was supported by strong customer engagement in connectivity and excellent growth in Vodafone Cash, and contributed to a 5.9% increase in customers to 48.3 million in Egypt.

In South Africa, we now service 49.2 million customers, an increase of 4.2%. Driven primarily by beyond mobile services, the consumer segment and prepaid mobile data, service revenue in South Africa grew 1.3% to R31.1 billion despite pressure in the wholesale segment. Beyond mobile services increased 8.1%, contributing R5.5 billion or 17.7% of service revenue. By containing costs below inflation and delivering revenue growth, South Africa grew EBITDA by 2.3% while operating profit increased 2.4% on the back of a moderated investment into energy resilience given the recent stability of the national electricity grid.

Excellent service revenue growth in Tanzania of 19.1%, and 9.0% growth in DRC, were the drivers of our commercial performance in our International business. On a normalised basis our International business grew service revenue at 6.2%*, with the customer base up 4.5% to 56.1 million. While this helped offset one-off costs in DRC and the impact of repricing in Mozambique, EBITDA from this portfolio declined 20.0%. This was disappointing given the commercial momentum in the segment, however we do expect an improved EBITDA performance from this segment in the second half.

Safaricom delivered an excellent result in Kenya, while our Ethiopian greenfield operation faced a material currency impact in the period. In Kenya, service revenue growth of 12.9% was supported by strong adoption of our 4G services and sustained M-Pesa growth. M-Pesa's 16.6% growth in revenue was supported by business payments. In Ethiopia, we reached 6.1 million customers, up 47.1%, reflecting strong commercial momentum. As an associate of the Group, Safaricom's contribution of R1.3 billion to operating profit was impacted by the currency reforms in Ethiopia. In contrast, Safaricom's underlying net profit result demonstrated strong growth.

Headline earnings per share declined 19.4% to 353 cents per share (cps). This was largely attributable to the currency depreciation in Ethiopia (53cps) and one-off costs in our International business. Given the expected phasing impact of the currency depreciation in Ethiopia on headline earnings for the full financial year, the Board declared an interim dividend of 285cps equating to an 86% pay-out. The Group's dividend policy remains unchanged and based on a pay-out of at least 75% of headline earnings.

From a mergers and acquisitions perspective, our proposed acquisition of a 30 to 40 percent stake in South African fibre operator Maziv was prohibited by the Competition Tribunal in October 2024. The Transaction was designed to assist Maziv in growing its fibre footprint into lower income areas and would have been highly beneficial for South Africa. We await the Competition Tribunal's detailed reasons for prohibiting the Transaction, before considering all options available to Vodacom, which may include an appeal in the Competition Appeal Court.

Looking ahead and despite the pressures associated with this economic cycle, we will continue to invest in and execute on our strategy. It is pleasing that our markets continue to deliver strong operational momentum, despite the material currency devaluations in Egypt and Ethiopia. While we remain mindful of an evolving macro-economic environment across our footprint, including foreign exchange rate risk, I believe that the Group is well positioned to capitalise on opportunities once the global economy shifts from its current cautious optimism to sustainable growth. This means that we will relentlessly continue to pursue our purpose of connecting people for a better future.

Declaration of interim dividend number 31 – payable from income reserves

Notice is hereby given that a gross interim dividend number 31 of 285 cents per ordinary share in respect of the six months ended 30 September 2024 has been declared payable on Monday, 2 December 2024 to shareholders recorded in the register at the close of business on Friday, 29 November 2024. 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 228 cents per ordinary share.

Last day to trade shares cum dividend	Tuesday, 26 November 2024
Shares commence trading ex-dividend	Wednesday, 27 November 2024
Record date	Friday, 29 November 2024
Payment date	Monday, 2 December 2024

Share certificates may not be dematerialised or rematerialised between Wednesday, 27 November 2024 and Friday, 29 November 2024, both days inclusive.

On Monday, 2 December 2024, 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, 2 December 2024.

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

Dividend policy

The company has 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 Egypt.

For and on behalf of the Board

Sakumzi Justice Macozoma	Shameel Aziz Joosub	Raisibe Morathi
Chairman	Chief Executive Officer	Chief Financial Officer

Midrand
8 November 2024

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/1H25SENS.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 consolidated interim financial statements of Vodacom Group Limited set out on pages 20 to 38 of the full announcement were reviewed by the Group's auditors Ernst & Young Inc, who have expressed an unmodified review report.

Sponsor

Nedbank Corporate and Investment Banking, a division of Nedbank Limited