

Vodacom Group Limited

Trading update for the quarter ended 30 June 2016

Vodacom Group Limited

(Incorporated in the Republic of South Africa)

(Registration number 1993/005461/06)

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(Vodacom)

News release

Vodacom Group Limited trading update for the quarter ended 30 June 2016

21 July 2016

Salient features

- Group service revenue up 7.3% (4.6%*) to R16 806 million with revenue up 5.8% (3.4%*) to R19 902 million
- Group active customers declined 2.6% to 61.8 million, impacted by new customer registration processes in our International markets
- Group data revenue increased 19.4% to R5 786 million, representing 34.4% of service revenue
- South Africa sustained robust service revenue growth of 5.6% to R12 426 million
- South Africa delivered strong active customer growth, up 5.4% to 35.1 million, adding just under 1 million customers in the quarter
- International service revenue increased 13.5% (2.8%*) to R4 479 million; impacted by new customer registration processes
- Group capital expenditure for the three month period at R2 705 million, equivalent to 13.6% of Group revenue

Rm	Quarter ended June 2016	Yoy % change	
		Reported	Normalised*
Group revenue	19 902	5.8	3.4
South Africa	15 443	4.0	4.0
International	4 620	12.8	1.9
Group service revenue	16 806	7.3	4.6
South Africa	12 426	5.6	5.6
International	4 479	13.5	2.8

Shameel Joosub, Vodacom Group CEO commented:

Our strong performance last year has continued into the first quarter of our new financial year and is reflective of the successful execution of our well-planned strategy. Despite the tougher economic environment in most of the countries in which we operate, the Group delivered robust service revenue growth of 7.3%.

One of the major highlights this quarter is the stellar number of customer additions in South Africa in both postpaid and prepaid, where we added almost one million customers. This can largely be attributed to the significant investments that we continue to make in infrastructure to sustain our competitive advantage to deliver the best network, superior customer service and great value to our customers through innovation such as our personalised Just 4 You offers. A combination of these factors also means that our net promoter scores continue to track well ahead of our competitors and shows that our CARE initiative, aimed at maximising the customer experience, is gathering momentum. A prime example of this is the expanded functionality that we have built into the MyVodacom App. Customer demand for data remains robust with data revenue growth of 18% in South Africa as we continue to drive a worry-free experience through in-bundle offers having introduced an innovative solution that more effectively notifies customers when bundles are depleted. The 16% reduction in effective price per megabyte underscores our commitment to providing customers with great value, as does the recent launch of new Vodacom branded devices, which includes our first premium smartphone, the Smart Platinum 7.

As expected, our International operations have been impacted by new customer registration processes which was offset by currency gains. This resulted in growth of 13.5% (2.8%*). We remain committed to actively bedding down new customer registration processes in the various markets in which we operate. M-Pesa is performing very well in our International operations with an increase in active customers of 34.7% to 10.6 million¹. M-Pesa revenue has grown 47.5% to R500 million. Importantly, both Mozambique and the DRC have reached a critical mass of 1.4 million customers each.

* Normalised growth adjusted at a constant currency using the current year as the base. Refer to page 9 for a reconciliation of adjustments.

All growth rates quoted are year-on-year growth rates and refer to the quarter ended 30 June 2016 compared to the quarter ended 30 June 2015, unless stated otherwise.

1. The number of unique customers who have generated revenue related to M-Pesa in the past 90 days, of these 8.3 million have been active in the past 30 days in the International operations.

Vodacom Group Limited

Trading update for the quarter ended 30 June 2016

We welcome the announcement made by the Independent Communications Authority of South Africa on 15 July 2016, inviting operators to participate in an auction of much-needed spectrum. This is a major progressive step for the economy, South Africa's telecommunications industry and the country as a whole. The allocation of spectrum will be transformative from a broadband access perspective and is expected to make reaching the goals set out by government's SA Connect policy more achievable.

Operating review

South Africa

South Africa sustained robust service revenue growth of 5.6% to R12 426 million, despite increasing pressure on consumer spending. Growth was supported by strong customer additions, high demand for data services and improved voice revenue growth trends. Revenue was up 4.0% to R15 443 million as a result of a 3.9% decline in equipment revenue. This was driven by lower sales volumes, albeit improved from previous quarter. In the prior year the tablet and entry smartphone segment was boosted by strong sales volumes of the Vodacom branded 3G tablet and Smart Kicka smartphone.

Our superior network and value propositions continue to draw new customers, with **total active customers** up 5.4% to 35.1 million. Active prepaid customers increased 883 thousand in the quarter to 30.1 million. This is largely due to the continued success of our Just 4 You propositions. Prepaid ARPU is down 3.2% to R60, affected by the increase in lower ARPU customers. Active contract customers have increased by 51 thousand in the quarter and churn improved to 5.3% as customer satisfaction remains well ahead of our competitors. Contract ARPU increased 5.2% to R401 as data demand continues to grow. We now have 14.9 million customers using bundles and we sold 329 million bundles in the first three months. We continue to improve our lead on net promoter score and we now lead by 16 points to our nearest competitor.

Data revenue increased 18.0% to R4 691 million and now contributes 37.8% to service revenue (Q1 2016: 33.8%). Strong demand for data has resulted in data customers increasing 6.1% to 18.8 million. Data bundle sales increased 52.1%, largely due to the take-up of more affordable daily bundles, resulting in a 15.6% decline in the price per megabyte. Average monthly data usage by customers on smart devices grew by 19.6% to 632MB in the quarter. Active smart devices on the network was up 18.0% to 14.1 million, 3.1 million of which are using LTE/4G. We have introduced a range of new high quality, reasonably priced Vodacom branded devices. These will offset impacts from currency depreciation and improve access to affordable devices. These devices will be available from next quarter.

Enterprise service revenue was up 11.6% and contributes 24.4% (Q1 2016: 22.4%) to South Africa service revenue. Mobile customer revenue was up 9.5% and fixed-line and business managed services increased by 22.6%. The growth in fixed-line and business managed services has primarily been driven by our IPVPN (Internet protocol virtual private network) and cloud and hosting services as enterprises begin to migrate to the cloud at an accelerated rate. Internet of Things (IoT) connections increased 30.6% to 2.5 million. In June we increased our shareholding in X-Link to 100%. This will enable us to execute across the full IoT value chain by developing new IoT verticals, whilst using X-link as managed services provider.

Capital expenditure of R1 893 million has enabled us to further expand our network coverage, increase data speed and reduce our dropped-call rate. Our 3G network covered 99% of the population and LTE/4G 64% (Q1 2016: 41%) of the population.

International

Service revenue grew by 13.5% (2.8%*) contributing 26.7% of Group service revenue. Growth in the International operations have been impacted by new customer registration processes and competition.

Total **active customers** decreased 11.5% to 26.7 million in the quarter. The impact of customer registration processes on new customer activations has negatively affected net customer additions mainly in Mozambique and the DRC. The monthly customer growth trend has started to improve as acquisition procedures become more efficient across all channels. Net customer additions has turned positive towards the latter part of the quarter in most operations.

Data revenue increased 25.7% to R1 095 million. 40.9% (Q1 2016: 34.1%) of active customers are using data. Data is our key growth area and now comprises 24.4% (Q1 2016: 22.1%) of International service revenue supported by increased sales of smart devices and improved network quality and coverage.

M-Pesa continues to gain momentum in all our markets, with active customers of 10.6 million, up 34.7% and revenue up 47.5%. DRC reached a milestone of 1.4 million active M-Pesa customers in the quarter. M-Pesa in Mozambique grew strongly with 30% of the active customer base using the service and with an increase in the number of transactions per customer as the service achieves critical mass in both these operations. In Tanzania, M-Pawa (savings and loan product) customers represent 13.2% of active M-Pesa customers.

We continue to invest significantly in our International operations with **capital expenditure** of R809 million in the quarter. This enables us to strengthen network and service differentiation. Tanzania launched LTE/4G in May, currently operating in the capital.

Vodacom Group Limited

Trading update for the quarter ended 30 June 2016

Financial review

Revenue for the quarter ended¹

Rm	30 June	31 March	30 June	Yoy % change		Quarterly % change	
	2016	2016	2015	Reported	Normalised*	Reported	Normalised*
South Africa	15 443	15 640	14 845	4.0	4.0	(1.3)	(1.3)
International	4 620	5 086	4 095	12.8	1.9	(9.2)	(1.6)
Corporate and eliminations	(161)	(173)	(134)	(20.1)	(20.1)	(6.9)	(6.9)
Revenue	19 902	20 553	18 806	5.8	3.4	(3.2)	(1.3)

Service revenue for the quarter ended

Rm	30 June	31 March	30 June	Yoy % change		Quarterly % change	
	2016	2016	2015	Reported	Normalised*	Reported	Normalised*
South Africa	12 426	12 503	11 762	5.6	5.6	(0.6)	(0.6)
International	4 479	4 903	3 945	13.5	2.8	(8.6)	(1.3)
Corporate and eliminations	(99)	(111)	(47)	(110.6)	(110.6)	(10.8)	(10.8)
Service revenue	16 806	17 295	15 660	7.3	4.6	(2.8)	(0.7)

Revenue for the quarter ended 30 June 2016

Rm	South Africa	Yoy % change	International	Yoy % change	Corporate/ Eliminations	Group	Yoy % change
Mobile contract revenue	5 738	5.7	345	29.7	(1)	6 082	6.8
In bundle ^{2,3}	4 129	7.7	55	(12.7)	–	4 184	7.3
Out of bundle ⁴	1 609	0.9	290	42.9	(1)	1 898	5.7
Mobile prepaid revenue	5 149	5.3	3 280	13.0	1	8 430	8.2
In bundle ^{2,4}	1 189	30.7	469	60.1	–	1 658	37.8
Out of bundle ⁵	3 960	(0.5)	2 811	7.7	1	6 772	2.7
Mobile customer revenue	10 887	5.5	3 625	14.4	–	14 512	7.6
Mobile interconnect	455	(9.5)	380	13.4	(36)	799	(1.1)
Other service revenue	1 084	15.6	474	7.5	(63)	1 495	9.7
Service revenue	12 426	5.6	4 479	13.5	(99)	16 806	7.3
Equipment revenue	2 732	(3.9)	85	(13.3)	(17)	2 800	(4.2)
Non-service revenue	285	19.2	56	7.7	(45)	296	32.1
Revenue	15 443	4.0	4 620	12.8	(161)	19 902	5.8
Included in service revenue							
Mobile voice	5 774	(2.0)	2 424	13.0	–	8 198	2.0
Mobile data	4 691	18.0	1 095	25.7	–	5 786	19.4
Mobile messaging	607	(4.0)	112	(28.7)	–	719	(8.9)

Notes:

1. Prior year South Africa and Group revenue numbers have been restated. This change is further explained in our annual results for the year ended 31 March 2016 available on www.vodacom.com.
2. Mobile in bundle revenue: Represents revenue from bundles that include a specified number of minutes, messages or megabytes of data that can be used for no additional charge, with some expectation of recurrence.
3. Mobile in bundle revenue – Contract: Revenue from all bundles and add-ons lasting 30 days or more.
4. Mobile in bundle revenue – Prepaid: Revenue from bundles lasting seven days or more.
5. Out of bundle: Revenue from minutes, messages or megabytes of data which are in excess of the amount included in customer bundles.

Vodacom Group Limited

Trading update for the quarter ended 30 June 2016

Revenue for the quarter ended 30 June 2015

Rm	South Africa	International	Corporate/ Eliminations	Group
Mobile contract revenue	5 430	266	(1)	5 695
In bundle	3 835	63	1	3 899
Out of bundle	1 595	203	(2)	1 796
Mobile prepaid revenue	4 891	2 903	–	7 794
In bundle ¹	910	293	–	1 203
Out of bundle	3 981	2 610	–	6 591
Mobile customer revenue	10 321	3 169	(1)	13 489
Mobile interconnect	503	335	(30)	808
Other service revenue	938	441	(16)	1 363
Service revenue	11 762	3 945	(47)	15 660
Equipment revenue ²	2 844	98	(20)	2 922
Non-service revenue	239	52	(67)	224
Revenue²	14 845	4 095	(134)	18 806
Included in service revenue				
Mobile voice	5 891	2 146	(2)	8 035
Mobile data	3 975	871	–	4 846
Mobile messaging	632	157	–	789

Notes:

1. The International and Group prepaid in bundle and out of bundle revenue has been restated in line with Group policy.
2. South Africa and Group equipment revenue and revenue numbers have been restated. This change is further explained in our annual results for the year ended 31 March 2016 available on www.vodacom.com.

Vodacom Group Limited

Trading update for the quarter ended 30 June 2016

Key indicators

South Africa

	30 June 2016	31 March 2016	30 June 2015	Yoy % change	Quarterly % change
Active customers¹ (thousand)	35 112	34 178	33 309	5.4	2.7
Prepaid	30 148	29 265	28 368	6.3	3.0
Contract	4 964	4 913	4 941	0.5	1.0
Active data customers² (thousand)	18 830	18 704	17 741	6.1	0.7
Internet of Things connections³ (thousand)	2 515	2 264	1 925	30.6	11.1
MOU per month⁴	134	134	124	8.1	–
Prepaid	124	125	113	9.7	(0.8)
Contract	190	191	184	3.3	(0.5)
Total ARPU⁵ (rand per month)	109	112	110	(0.9)	(2.7)
Prepaid	60	62	62	(3.2)	(3.2)
Contract	401	404	381	5.2	(0.7)
Traffic⁶ (millions of minutes)	13 939	13 699	12 181	14.4	1.8
Outgoing	11 575	11 352	9 856	17.4	2.0
Incoming	2 364	2 347	2 325	1.7	0.7

Notes:

- Active customers are based on the total number of mobile customers using any service during the last three months. This includes customers paying a monthly fee that entitles them to use the service even if they do not actually use the service and those customers who are active whilst roaming.
- Active data customers are the number of unique users who have generated revenue related to any data activities in the reported month (this excludes SMS and MMS messaging users). A unique user is a customer who is only counted once regardless of what data services they have utilised.
- Internet of Things (IoT) is a network of connections which allows for a "many-to-many" relationship resulting in a bi-directional flow of information, enabling this ecosystem to operate without human interventions.
- Minutes of use (MOU) per month is calculated by dividing the average monthly minutes (traffic) during the period by the average monthly active customers during the period.
- Total ARPU is calculated by dividing the average monthly service revenue during the period by the average monthly active customers. Prepaid and contract ARPU only include service revenue generated from Vodacom mobile customers.
- Traffic comprises total traffic registered on Vodacom's mobile network, including bundled minutes, promotional minutes and outgoing international roaming calls, but excluding national roaming calls, incoming international roaming calls and calls to free services.

Vodacom Group Limited

Trading update for the quarter ended 30 June 2016

Key indicators (continued)

International

	30 June 2016	31 March 2016	30 June 2015	Yoy % change	Quarterly % change
Active customers¹ (thousand)	26 722	27 127	30 193	(11.5)	(1.5)
Tanzania	12 060	12 375	11 996	0.5	(2.5)
DRC	8 486	8 527	11 922	(28.8)	(0.5)
Mozambique	4 817	4 826	5 031	(4.3)	(0.2)
Lesotho	1 359	1 399	1 244	9.2	(2.9)
Active data customers² (thousand)	10 919	10 055	10 292	6.1	8.6
Tanzania	5 440	5 415	5 501	(1.1)	0.5
DRC	2 885	1 996	2 332	23.7	44.5
Mozambique	2 112	2 112	2 046	3.2	–
Lesotho	482	532	413	16.7	(9.4)
MOU per month³					
Tanzania	158	124	120	31.7	27.4
DRC	50	40	34	47.1	25.0
Mozambique	109	111	97	12.4	(1.8)
Lesotho	79	78	68	16.2	1.3
Total ARPU⁴ (rand per month)					
Tanzania	40	41	36	11.1	(2.4)
DRC	58	52	35	65.7	11.5
Mozambique	56	61	51	9.8	(8.2)
Lesotho	62	59	62	–	5.1
Total ARPU⁴ (local currency per month)					
Tanzania (TZS)	5 876	5 631	6 046	(2.8)	4.4
DRC (USD)	3.9	3.3	2.9	34.5	18.2
Mozambique (MZN)	207	185	154	34.4	11.9

Notes:

- Active customers are based on the total number of mobile customers using any service during the last three months. This includes customers paying a monthly fee that entitles them to use the service even if they do not actually use the service and those customers who are active whilst roaming.
- Active data customers are the number of unique users who have generated revenue related to any data activities in the reported month (this excludes SMS and MMS messaging users). A unique user is a customer who is only counted once regardless of what data services they have utilised.
- Minutes of use (MOU) per month is calculated by dividing the average monthly minutes (traffic) during the period by the average monthly active customers during the period.
- Total ARPU is calculated by dividing the average monthly service revenue during the period by the average monthly active customers.

Vodacom Group Limited

Trading update for the quarter ended 30 June 2016

Historical financial review

Revenue¹

Rm	30 June 2016	31 March 2016	31 December 2015	30 September 2015	30 June 2015	31 March 2015	31 December 2014
South Africa	15 443	15 640	16 348	15 446	14 845	15 102	15 239
International	4 620	5 086	4 740	4 435	4 095	4 081	4 092
Corporate and eliminations	(161)	(173)	(115)	(136)	(134)	(165)	(86)
Revenue	19 902	20 553	20 973	19 745	18 806	19 018	19 245

Service revenue

Rm	30 June 2016	31 March 2016	31 December 2015	30 September 2015	30 June 2015	31 March 2015	31 December 2014
South Africa	12 426	12 503	12 707	12 348	11 762	11 739	11 856
International	4 479	4 903	4 581	4 334	3 945	3 950	3 975
Corporate and eliminations	(99)	(111)	(64)	(98)	(47)	(62)	(16)
Service revenue	16 806	17 295	17 224	16 584	15 660	15 627	15 815

Historical key indicators

South Africa

	30 June 2016	31 March 2016	31 December 2015	30 September 2015	30 June 2015	31 March 2015	31 December 2014
Active customers² (thousand)	35 112	34 178	34 103	33 745	33 309	32 115	31 379
Prepaid	30 148	29 265	29 206	28 821	28 368	27 202	26 479
Contract	4 964	4 913	4 897	4 924	4 941	4 913	4 900
Active data customers³ (thousand)	18 830	18 704	19 099	17 811	17 741	16 595	16 751
Internet of Things connections⁴ (thousand)	2 515	2 264	2 174	2 057	1 925	1 766	1 677
MOU per month⁵	134	134	138	130	124	129	130
Prepaid	124	125	129	119	113	118	120
Contract	190	191	192	189	184	188	188
Total ARPU⁶ (rand per month)	109	112	116	112	110	113	116
Prepaid	60	62	66	63	62	64	67
Contract	401	404	409	393	381	374	386
Traffic⁷ (millions of minutes)	13 939	13 699	13 964	13 073	12 181	12 158	12 402
Outgoing	11 575	11 352	11 516	10 670	9 856	9 741	9 827
Incoming	2 364	2 347	2 448	2 403	2 325	2 417	2 575

Notes:

1. Prior year South Africa and Group revenue numbers have been restated. This change is further explained in our annual results for the year ended 31 March 2016 available on www.vodacom.com.
2. Active customers are based on the total number of mobile customers using any service during the last three months. This includes customers paying a monthly fee that entitles them to use the service even if they do not actually use the service and those customers who are active whilst roaming.
3. Active data customers are the number of unique users who have generated revenue related to any data activities in the reported month (this excludes SMS and MMS messaging users). A unique user is a customer who is only counted once regardless of what data services they have utilised.
4. Internet of Things (IoT) is a network of connections which allows for a "many-to-many" relationship resulting in a bi-directional flow of information enabling this ecosystem to operate without human interventions.
5. Minutes of use (MOU) per month is calculated by dividing the average monthly minutes (traffic) during the period by the average monthly active customers during the period.
6. Total ARPU is calculated by dividing the average monthly service revenue during the period by the average monthly active customers. Prepaid and contract ARPU only include service revenue generated from Vodacom mobile customers.
7. Traffic comprises total traffic registered on Vodacom's mobile network, including bundled minutes, promotional minutes and outgoing international roaming calls, but excluding national roaming calls, incoming international roaming calls and calls to free services.

Vodacom Group Limited

Trading update for the quarter ended 30 June 2016

Historical key indicators (continued)

International

	30 June 2016	31 March 2016	31 December 2015	30 September 2015	30 June 2015	31 March 2015	31 December 2014
Active customers¹ (thousand)	26 722	27 127	31 130	31 373	30 193	29 533	29 676
Tanzania	12 060	12 375	12 714	12 521	11 996	12 172	11 810
DRC	8 486	8 527	11 814	12 118	11 922	11 216	11 493
Mozambique	4 817	4 826	5 240	5 464	5 031	4 877	5 049
Lesotho	1 359	1 399	1 362	1 270	1 244	1 268	1 324
Active data customers² (thousand)	10 919	10 055	11 231	10 496	10 292	9 878	9 749
Tanzania	5 440	5 415	5 727	5 553	5 501	5 265	5 160
DRC	2 885	1 996	2 806	2 297	2 332	2 338	2 324
Mozambique	2 112	2 112	2 178	2 219	2 046	1 879	1 817
Lesotho	482	532	520	427	413	396	448
MOU per month³							
Tanzania	158	124	130	123	120	123	154
DRC	50	40	39	43	34	33	45
Mozambique	109	111	105	104	97	89	111
Lesotho	79	78	83	73	68	63	69
Total ARPU⁴ (rand per month)							
Tanzania	40	41	39	38	36	39	43
DRC	58	52	41	39	35	32	30
Mozambique	56	61	54	51	51	51	55
Lesotho	62	59	65	62	62	60	58
Total ARPU⁴ (local currency per month)							
Tanzania (TZS)	5 876	5 631	5 957	6 265	6 046	5 952	6 593
DRC (USD)	3.9	3.3	2.9	3.0	2.9	2.7	2.7
Mozambique (MZN)	207	185	180	157	154	146	156

Notes:

- Active customers are based on the total number of mobile customers using any service during the last three months. This includes customers paying a monthly fee that entitles them to use the service even if they do not actually use the service and those customers who are active whilst roaming.
- Active data customers are the number of unique users who have generated revenue related to any data activities in the reported month (this excludes SMS and MMS messaging users). A unique user is a customer who is only counted once regardless of what data services they have utilised.
- Minutes of use (MOU) per month is calculated by dividing the average monthly minutes (traffic) during the period by the average monthly active customers during the period.
- Total ARPU is calculated by dividing the average monthly service revenue during the period by the average monthly active customers. Prepaid and contract ARPU only include service revenue generated from Vodacom mobile customers.

Vodacom Group Limited

Trading update for the quarter ended 30 June 2016

Reconciliation of normalised growth

The reconciliation represents normalised growth at a constant currency (using the current period as the base) from on-going operations. The presentation of the pro-forma constant currency information from on-going operations is the responsibility of the directors of Vodacom Group Limited. The purpose of presenting this information is to assist the user in understanding the underlying growth trends in these segments. It has been prepared for illustrative purposes only and may not fairly present the financial position, changes in equity, and results of operations or cash flows of Vodacom Group Limited. This information has not been reviewed and reported on by the Group's auditors.

Year-on-year reconciliation

	Reported ¹	Translation foreign exchange ²	Normalised
	% change	ppt	% change
Revenue			
Group	5.8	(2.4)	3.4
International	12.8	(10.9)	1.9
Service revenue			
Group	7.3	(2.7)	4.6
International	13.5	(10.7)	2.8

Quarter-on-quarter reconciliation

	Reported ³	Translation foreign exchange ⁴	Normalised
	% change	ppt	% change
Revenue			
Group	(3.2)	(1.9)	(1.3)
International	(9.2)	(7.6)	(1.6)
Service revenue			
Group	(2.8)	(2.1)	(0.7)
International	(8.6)	(7.3)	(1.3)

Notes:

1. The reported percentage change relates to the quarter to date year-on-year percentage growth between 30 June 2015 and 30 June 2016. The Group's presentation currency is the South African rand. Our International operations utilise a number of functional currencies, for example the United States dollar, Tanzanian shilling, Mozambican metical, Nigerian naira and Zambian kwacha. The prevailing exchange rates for the current and comparative periods are disclosed below.
2. Translation foreign exchange arises from the translation of the results, at average rates, of subsidiaries' functional currencies to Vodacom's presentation currency, being rand. The exchange variances are eliminated by applying the quarter 30 June 2016 average rate (which is derived by dividing the individual subsidiary's translated rand value with the functional currency for the quarter) to 30 June 2015 quarter numbers, thereby giving a user a view of the performance which excludes exchange rate variances. The prevailing exchange rates for the current and comparative quarters are disclosed below.
3. The reported percentage change relates to the quarter to date quarter on quarter percentage growth between 31 March 2016 and 30 June 2016. The Group's presentation currency is the South African rand. Our International operations utilise a number of functional currencies, for example the United States dollar, Tanzanian shilling, Mozambican metical, Nigerian naira and Zambian kwacha. The prevailing exchange rates for the current and comparative periods are disclosed below.
4. Translation foreign exchange arises from the translation of the results, at average rates, of subsidiaries' functional currencies to Vodacom's presentation currency, being rand. The exchange variances are eliminated by applying the quarter 30 June 2016 average rate (which is derived by dividing the individual subsidiary's translated rand value with the functional currency for the quarter) to 31 March 2016 numbers, thereby giving a user a view of the performance which excludes exchange variances. The prevailing exchange rates for the current and comparative quarters are disclosed below.

Vodacom Group Limited

Trading update for the quarter ended 30 June 2016

Average quarterly exchange rates

	30 June 2016	31 March 2016	30 June 2015	Yoy % change	Quarterly % change
USD/ZAR	15.00	15.83	12.08	24.2	(5.2)
ZAR/MZN	3.71	3.05	3.03	22.4	21.6
ZAR/TZS	146.11	138.11	168.43	(13.3)	5.8
EUR/ZAR	16.94	17.45	13.37	26.7	(2.9)

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

Trademarks

Vodafone, the Vodafone logo, Vodafone Mobile Broadband, Vodafone WebBox, Vodafone Passport, Vodafone live!, Power to You, Vodacom, Vodacom M-Pesa, Vodacom Millionaires, Vodacom 4 Less and Vodacom Change the World are trademarks of Vodafone Group Plc (or have applications pending). Other product and company names mentioned herein may be the trademarks of their respective owners.

Forward-looking statements

This update which sets out the quarterly results for Vodacom Group Limited for the three months ended 30 June 2016, contains 'forward-looking statements', which have not been reviewed or reported on by the Group's auditors, with respect to the Group's financial condition, results of operations and businesses and certain of the Group's plans and objectives. In particular, such forward-looking statements include statements relating to: the Group's future performance; future capital expenditures, acquisitions, divestitures, expenses, revenues, financial conditions, dividend policy, and future prospects; business and management strategies relating to the expansion and growth of the Group; the effects of regulation of the Group's businesses by governments in the countries in which it operates; the Group's expectations as to the launch and roll out dates for products, services or technologies; expectations regarding the operating environment and market conditions; growth in customers and usage; and the rate of dividend growth by the Group.

Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as 'will', 'anticipates', 'aims', 'could', 'may', 'should', 'expects', 'believes', 'intends', 'plans' or 'targets'. By their nature, forward-looking statements are inherently predictive, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future, involve known and unknown risks, uncertainties and other facts or factors which may cause the actual results, performance or achievements of the Group, or its industry to be materially different from any results, performance or achievement expressed or implied by such forward-looking statements. Forward-looking statements are not guarantees of future performance and are based on assumptions regarding the Group's present and future business strategies and the environments in which it operates now and in the future.

All subsequent oral or written forward-looking statements attributable to the Group or any member thereof or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statements above and below. Vodacom expressly disclaims any liability in respect of the content of any forward looking statement and also expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein or to reflect any change in their expectations with regard thereto or any change in events, conditions or circumstances on which any such forward-looking statement is based.

Sponsor: UBS South Africa (Pty) Limited

ADR depository bank: Deutsche Bank Trust Company Americas