

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 31 December 2016

1 February 2017

#### Salient features

Group service revenue up 1.3% to R17 443 million with revenue up 1.2% to R21 222 million, normalised growth, excluding currency translation effects, was 4.4%\* and 3.9%\* respectively

We added 1.6 million Group active customers during the quarter, 690 000 in South Africa and 876 000 in our international operations, to now reach 65.2 million active customers across the Group

Group data revenue increased 18.4% to R6 533 million, representing 37.5% of service revenue

South Africa service revenue grew 5.5% to R13 410 million, driven by strong data revenue growth of 22.0%

International service revenue declined 8.2% (+3.4%\*) to R4 206 million; impacted by customer registration processes and currency volatility

Rm	Quarter ended	Yoy % change	
	December 2016	Reported	Normalised*
Group revenue	21 222	1.2	3.9
South Africa	17 142	4.9	4.9
International	4 316	(8.9)	3.0
Group service revenue	17 443	1.3	4.4
South Africa	13 410	5.5	5.5
International	4 206	(8.2)	3.4

Shameel Joosub, Vodacom Group CEO commented:

I am pleased with what we achieved in the quarter. Performance was driven by strong customer growth in South Africa and strong data demand. In our International operations the effect of customer disconnections in Q4 of the prior year are still impacting its performance. Group service revenue growth of 1.3% was impacted by the strengthening of the rand to reporting currencies in our International operations, excluding which, normalised growth was 4.4%\*.

Strong growth in South Africa was delivered through our strategy of sustained investment in network infrastructure, growing data demand and successful execution of our pricing strategy. This includes the continued impact of our segmented pricing offers, a key highlight of this quarter. Combined with our network advantage and delivering value for money propositions, this contributed to almost 700 000 new customers joining our network in South Africa this quarter, showcasing the success of our focus on bundle adoption through 'Just 4 You,' our youth proposition under the NXTLVL banner and our summer campaign. Strong growth in data demand outstripped declining voice revenues with service revenue growth of 5.5% to R13.4 billion in South Africa.

In our International operations, we added 876 000 customers in the quarter mirroring the positive trend that we reported in front at our Interim Results, as we continue to claw back many of the customers disconnected during Q4 of the prior year. Challenging conditions in the DRC were offset by a better performance in Tanzania and sustained growth in Mozambique resulting in a 3.4%\* increase in normalised International service revenue.

The strong demand for data continues with traffic growth of 44.8% in South Africa and 61.7% across our International operations. Data now comprises 40.8% (from 35.3% a year ago) of service revenue in South Africa and 25.2% (from 22.5% a year ago) in the International operations. To support this continued growth and to strengthen our network and service differentiation, we invested R2.7 billion in our infrastructure including R2.1 billion in South Africa where we expanded 4G coverage to 70% of the population and 3G to 99%. Including the current period, capital expenditure across the Group will total at R40.6 billion over a three-year period with R27.4 billion in South Africa alone.

As part of our effort to continuously reduce the cost to communicate in South Africa through our bundle pricing strategy, voice and data prices fell by 17.6% and 15.4% respectively as significantly more prepaid and contract customers benefitted from using bundles. Over the past four years we have reduced the price of data by more than 60%. Another significant win in helping bridge the digital divide was the introduction of a 4G device below the key R1 000 price-point to add to the success of the Smart Kicka 2, a low-priced yet high quality 3G smartphone.

The unavailability of spectrum, further delayed by the publication of the White Paper by the Ministry of Telecommunications and Postal Services in October last year, remains a concern. We have been involved in a number of positive engagements with relevant industry stakeholders as we seek to find a workable solution to make broadband even more accessible and affordable for South Africans. This is the express objective of the White Paper and Vodacom is aligned with this goal.

\* Normalised growth adjusted at a constant currency using the current year as the base. Refer below for a reconciliation of adjustments. All growth rates quoted are year-on-year growth rates and refer to the quarter ended 31 December 2016 compared to the quarter ended 31 December 2015, unless stated otherwise.

## Operating review

### South Africa

Service revenue growth was sustained at 5.5% to R13 410 million underpinned by solid customer net additions and continued growth in data demand. The declining trend in equipment revenue reversed to a growth of 1.6%. Device sales volumes increased as a result of improved selling prices, which were aided by the stronger rand against major currencies. This resulted in overall revenue growth of 4.9% to R17 142 million.

Our segmented pricing offers, catering for specific customer needs continues to deliver strong results. Nearly a million youth customers have registered for our youth proposition 'NXTLVL', while 'Just 4 You' personalised offers continue to boost bundle sales and engagement.

Active customers increased 6.7% reaching 36.4 million following a successful summer campaign and our bundle proposition resonated with customers. Customer adoption of affordable bundles continues to improve. During the quarter we sold 418 million bundles up 34.8%. The number of bundle users increased 13.3% to 16.3 million. Active prepaid customers increased 6.8% to 31.2 million largely due to the success of our personalised 'Just 4 You' offers. Prepaid ARPU was down as we continue to attract value seeking customers. Active contract customers increased by 143 000 in the quarter to 5.2 million with contract ARPU up 1.2% to R414. ARPU growth was impacted by the customer disconnections of 75 000 by Altech Autopage (Pty) Limited and consequent revenue deferral release of R102 million in the prior year, excluding which ARPU grew 3.6%.

Voice revenue declined 6.2%, due to the lapping of the 'Just 4 You' launch in the prior year, and a one-off impact from Altech Autopage (Pty) Limited in the prior year. Underlying voice revenue decline was 4.6%.

Data revenue growth improved to 22.0% to R5 473 million. Data now makes up 40.8% of service revenue compared to 35.3% a year ago, with active data customers up 4.9% to 19.3 million. Improvements made to our out-of-data-bundle notification journey have resulted in an improved customer experience by giving customers more control. This together with the success of our pricing strategy of making data more affordable to all customers has resulted in a 49.0% increase in bundle sales and an overall effective price per MB reduction of 15.4%. Smartphone sales volumes accelerated this quarter, up 29.0%, comprising 62.3% of device sales. We added 1.1 million 4G customers in the quarter to reach 4.8 million as devices became more affordable. We launched a new 4G device at sub R1 000 in the quarter. Active smart devices on the network increased 23.1% to 16.6 million with the average monthly data usage on these devices at 667MB contributing to the 44.8% improvement in data traffic.

Enterprise continues to grow with revenue up 13.6% and now contributed 24.5% (2016: 22.2%) of service revenue. Supported by our strategic enterprise partnerships with IBM and SAP HANA. Our fixed-line and business managed services revenue grew 29.1% and our cloud and hosting services delivered strong revenue growth of 25.8%. Our mobile customer revenue delivered strong growth of 12.1% to R2 027 million as we continue to add new customers. Internet of things (IoT) connections increased 29.3% to 2.8 million. We have secured certain mobile, voice and data communications contracts with national and provincial government departments for a period of four years.

1. Growth excluding the impact from the acquisition of Autopage in the prior year.

Capital expenditure of R2.1 billion in the quarter allowed us to expand 4G population coverage to 70.0%, up from 54.1% a year ago. We extended our high-speed transmission to 91.4% of our sites. As data demand continues to grow exponentially we entered into a commercial agreement to roam on the newly built data network of Wireless Business Solution (WBS) for additional capacity.

### International

Service revenue declined 8.2% to R4 206 million, impacted by the improvement of the rand against mainly the US dollar and continued weakness in the Mozambican metical. Normalised for currency translation effects, underlying growth was up 3.4%\*. The improvement in underlying trend was driven by better performance in Tanzania benefitting from the launch of 'Just 4 You' in August, sustained growth in Mozambique through strong commercial execution, offset by challenging trading conditions in the DRC and the impacts from customer registration requirements in the majority of our markets.

Active customers are down 7.5% to 28.8 million as a result of disconnections during the fourth quarter of the prior year, in compliance with customer registration requirements. We have managed to claw back a significant amount of these customers resulting in positive trends in net customer additions, adding 876 000 customers in the quarter.

Mobile data revenue grew 2.6% (12.8%\*) driven by a 12.4% increase in active data customers to 12.6 million, representing 43.8% of the active customer base. Data traffic grew 61.7%, reflecting strong demand for mobile data services in all our markets. Mobile data revenue now comprised 25.2% (2016: 22.5%) of International service revenue.

M-Pesa revenue continues to grow strongly at 12.4% (17.4%\*). We added 1.1 million customers in the quarter to reach 12.0 million. Tanzania continues to improve on the M-Pesa offering with 39% of airtime purchases going through the M-Pesa system in the quarter compared to 32% in the prior year. DRC has more than doubled their number of customers, and in Mozambique 42.6% of customers are now using the service.

2. Number of unique customers who have generated revenue related to M-Pesa in the past 90 days, of these 8.8 million have been active in the past 30 days.

Capital expenditure of R612 million enabled us to continue to invest in all our markets to strengthen network and service differentiation and to support data growth and wider voice coverage. During the quarter, 2G and 3G sites increased 8.4% and 32.1% respectively.

## Regulatory matters

### South Africa Integrated information and communication technology ICT Policy White Paper (White Paper)

The Ministry of Telecommunications and Postal Services published a White Paper, as approved by cabinet, on 2 October 2016. We support the objectives of the White Paper to make broadband more accessible and affordable for all. However, as it now stands, we do not believe the White Paper will achieve these objectives.

The Group believes the White Paper, as it currently stands, contains a number of policy elements and interventions which are unclear and require more detail. For the White Paper to have legal effect, a number of new laws would need to be promulgated and/or existing laws amended. Consultation with all stakeholders would be required to give effect to these changes.

Initial exploratory meetings for implementation of the policy paper between the Minister and industry were held during November and December with the objective of finding a workable solution to meet South Africa's social and economic objectives.

The Invitation to Apply (ITA) for high demand spectrum issued by ICASA, which is a polar opposite approach to the White Paper, remains subject to legal challenge from the Ministry, the outcome of which is still pending.

### Listing of Vodacom Tanzania

In June 2016, the Parliament of Tanzania passed The Finance Act, 2016 which amends listing requirements under the Electronic and Postal Communication Act, 2010, to introduce mandatory listing requirements and require licensed telecommunications operators to list 25% of their authorised share capital through an initial public offering (IPO) on the Dar es Salaam stock exchange (DSE) within six months from 1 July 2016 (listing requirements).

Vodacom Tanzania submitted its prospectus with the Capital Markets and Securities Authority Tanzania (CMSA) during November 2016 and is awaiting approval before the offering can proceed.

## Financial review

### Revenue for the quarter ended<sup>1</sup>

	31 December	30 September	31 December	Yoy % change	Quarterly % change		
Rm	2016	2016	2015	Reported	Normalised*	Reported	Normalised*
South Africa	17 142	16 003	16 347	4.9	4.9	7.1	7.1
International	4 316	4 429	4 740	(8.9)	3.0	(2.6)	(0.4)
Corporate and eliminations	(236)	(183)	(115)	(105.2)	(105.2)	(29.0)	(29.0)
Revenue	21 222	20 249	20 972	1.2	3.9	4.8	5.3

### Service revenue for the quarter ended

	31 December	30 September	31 December	Yoy % change	Quarterly % change		
Rm	2016	2016	2015	Reported	Normalised*	Reported	Normalised*
South Africa	13 410	13 037	12 707	5.5	5.5	2.9	2.9
International	4 206	4 246	4 581	(8.2)	3.4	(0.9)	1.2
Corporate and eliminations	(173)	(121)	(64)	(170.3)	(170.3)	(43.0)	(43.0)
Service revenue	17 443	17 162	17 224	1.3	4.4	1.6	2.2

Revenue for the quarter ended 31 December 2016

Rm	South Africa	Yoy % change	International	Yoy % change	Corporate/ Eliminations	Group	Yoy % change
Mobile contract revenue	6 097	5.0	222	(34.3)	-	6 319	2.9
In bundle2,3	4 346	4.7	66	-	1	4 413	4.7
Out of bundle5	1 751	5.7	156	(42.6)	(1)	1 906	(1.1)
Mobile prepaid revenue	5 656	4.6	3 148	(5.4)	2	8 806	0.9
In bundle2,4	1 404	28.2	337	(11.3)	-	1 741	18.0
Out of bundle5	4 252	(1.3)	2 811	(4.6)	2	7 065	(2.6)
Mobile customer revenue	11 753	4.8	3 372	(8.0)	(1)	15 124	1.7
Mobile interconnect	470	(0.2)	373	(13.5)	(102)	741	(15.4)
Other service revenue	1 187	15.9	461	(5.1)	(70)	1 578	7.0
Service revenue	13 410	5.5	4 206	(8.2)	(173)	17 443	1.3
Equipment revenue	3 465	1.6	71	(33.6)	(20)	3 516	0.2
Non-service revenue	267	15.6	39	(25.0)	(43)	263	10.0
Revenue	17 142	4.9	4 316	(8.9)	(236)	21 222	1.2

Included in service revenue

Mobile voice	5 892	(6.2)	2 216	(11.9)	(2)	8 106	(7.8)
Mobile data	5 473	22.0	1 059	2.6	1	6 533	18.4
Mobile messaging	642	0.5	102	(15.0)	-	744	(2.2)

Notes:

1. Prior quarter South Africa and Group revenue numbers have been restated in line with the restatement explained in our annual results for the year ended 31 March 2016 available on [www.vodacom.com](http://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.

Revenue for the quarter ended 31 December 2015

Rm	South Africa	International	Corporate/ Eliminations	Group
Mobile contract revenue	5 807	338	(3)	6 142
In bundle	4 150	66	(1)	4 215
Out of bundle	1 657	272	(2)	1 927
Mobile prepaid revenue	5 405	3 326	-	8 731
In bundle	1 095	380	-	1 475
Out of bundle	4 310	2 946	-	7 256
Mobile customer revenue	11 212	3 664	(3)	14 873
Mobile interconnect	471	431	(26)	876
Other service revenue	1 024	486	(35)	1 475
Service revenue	12 707	4 581	(64)	17 224
Equipment revenue <sup>1</sup>	3 409	107	(7)	3 509
Non-service revenue	231	52	(44)	239
Revenue <sup>1</sup>	16 347	4 740	(115)	20 972

Included in service revenue

Mobile voice	6 280	2 516	(2)	8 794
Mobile data	4 487	1 032	1	5 520
Mobile messaging	640	120	1	761

Note:

1. Prior quarter South Africa and Group revenue numbers have been restated in line with the restatement explained in our annual results for the year ended 31 March 2016 available on [www.vodacom.com](http://www.vodacom.com).

## Key indicators

### South Africa

	31 December 2016	30 September 2016	31 December 2015	Yoy % change	Quarterly % change
Active customers <sup>1</sup> (thousand)	36 375	35 685	34 103	6.7	1.9
Prepaid	31 188	30 641	29 206	6.8	1.8
Contract	5 187	5 044	4 897	5.9	2.8
Active data customers <sup>2</sup> (thousand)	19 261	18 158	18 353	4.9	6.1
Internet of Things connections <sup>3</sup> (thousand)	2 810	2 626	2 174	29.3	7.0
MOU per month <sup>4</sup>	145	136	138	5.1	6.6
Prepaid	138	127	129	7.0	8.7
Contract	187	192	192	(2.6)	(2.6)
Total ARPU <sup>5</sup> (rand per month)	114	112	116	(1.7)	1.8
Prepaid	64	63	66	(3.0)	1.6
Contract	414	415	409	1.2	(0.2)
Traffic <sup>6</sup> (millions of minutes)	15 550	14 458	13 964	11.4	7.6
Outgoing	13 158	12 062	11 516	14.3	9.1
Incoming	2 392	2 396	2 448	(2.3)	(0.2)

#### 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 have been restated to exclude customers with free allocated data bundles used. Active data customers are based on the number of unique users generating billable data traffic during the month. Also included are users on integrated tariff plans, or who have access to corporate APNs, and users who have been allocated a revenue generating data bundle during this month. A user is defined as being active if they are paying a contractual monthly fee for this service or have used the service during the reported month.
- Internet of Things (IoT), previously machine-to-machine, is the remote wireless interchange between two or more predefined devices or a central station without direct relationship with an end customer, in order to support a specific business process or product.
- 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 by the average monthly active customers during the period. 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.

## International

	31 December 2016	30 September 2016	31 December 2015	Yoy % change	Quarterly % change
Active customers <sup>1</sup> (thousand)	28 794	27 918	31 130	(7.5)	3.1
Tanzania	12 419	12 354	12 714	(2.3)	0.5
DRC	9 702	9 204	11 814	(17.9)	5.4
Mozambique	5 208	4 987	5 240	(0.6)	4.4
Lesotho	1 465	1 373	1 362	7.6	6.7
Active data customers <sup>2</sup> (thousand)	12 620	11 965	11 231	12.4	5.5
Tanzania	6 484	6 021	5 727	13.2	7.7
DRC	3 354	3 191	2 806	19.5	5.1
Mozambique	2 196	2 236	2 178	0.8	(1.8)
Lesotho	586	517	520	12.7	13.3
MOU per month <sup>3</sup>					
Tanzania	162	162	130	24.6	-
DRC	48	56	39	23.1	(14.3)
Mozambique	122	123	105	16.2	(0.8)
Lesotho	90	81	83	8.4	11.1
Total ARPU <sup>4</sup> (rand per month)					
Tanzania	40	40	39	2.6	-
DRC	48	56	41	17.1	(14.3)
Mozambique	41	44	54	(24.1)	(6.8)
Lesotho	66	63	65	1.5	4.8
Total ARPU <sup>4</sup> (local currency per month)					
Tanzania (TZS)	6 279	6 187	5 957	5.4	1.5
DRC (USD)	3.4	3.9	2.9	17.2	(12.8)
Mozambique (MZN)	223	223	180	23.9	-

## 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 based on the number of unique users generating billable data traffic during the month. Also included are users on integrated tariff plans, or who have access to corporate APNs, and users who have been allocated a revenue generating data bundle during the month. A user is defined as being active if they are paying a contractual monthly fee for this service or have used the service during the reported month.
- 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 by the average monthly active customer during the period.

## Historical financial review

### Revenue<sup>1</sup>

	31 December 2016	30 September 2016	30 June 2016	31 March 2016	31 December 2015	30 September 2015	30 June 2015
Rm							
South Africa	17 142	16 003	15 443	15 640	16 347	15 447	14 845
International	4 316	4 429	4 620	5 086	4 740	4 435	4 095
Corporate and eliminations	(236)	(183)	(161)	(173)	(115)	(136)	(134)
Revenue	21 222	20 249	19 902	20 553	20 972	19 746	18 806

### Revenue yoy % change for the quarter ended

	Reported			Normalised	
%	31 December 2016	30 September 2016	30 June 2016	31 December 2016	31 December 2016
South Africa	4.9	3.6	4.0	4.9	4.9
International	(8.9)	(0.1)	12.8	3.0	3.0
Corporate and eliminations	(105.2)	(34.6)	(20.1)	(105.2)	(105.2)
Revenue	1.2	2.5	5.8	3.9	3.9

### Service revenue

	31 December 2016	30 September 2016	30 June 2016	31 March 2016	31 December 2015	30 September 2015	30 June 2015
Rm							
South Africa	13 410	13 037	12 426	12 503	12 707	12 348	11 762
International	4 206	4 246	4 479	4 903	4 581	4 334	3 945
Corporate and eliminations	(173)	(121)	(99)	(111)	(64)	(98)	(47)
Service revenue	17 443	17 162	16 806	17 295	17 224	16 584	15 660

### Service revenue yoy % change for the quarter ended

	Reported			Normalised	
%	31 December 2016	30 September 2016	30 June 2016	31 December 2016	31 December 2016
South Africa	5.5	5.6	5.6	5.5	5.5
International	(8.2)	(2.0)	13.5	3.4	3.4
Corporate and eliminations	(170.3)	23.5	110.6	(170.3)	(170.3)
Service revenue	1.3	3.5	7.3	4.4	4.4

#### Note:

1. Prior quarter South Africa and Group revenue numbers have been restated in line with the restatement explained in our annual results for the year ended 31 March 2016 available on [www.vodacom.com](http://www.vodacom.com).

Historical key indicators  
South Africa

	31 December 2016	30 September 2016	30 June 2016	31 March 2016	31 December 2015	30 September 2015	30 June 2015
Active customers <sup>1</sup> (thousand)	36 375	35 685	35 112	34 178	34 103	33 745	33 309
Prepaid	31 188	30 641	30 148	29 265	29 206	28 821	28 368
Contract	5 187	5 044	4 964	4 913	4 897	4 924	4 941
Active data customers <sup>2</sup> (thousand)	19 261	18 158	18 054	18 056	18 353	17 443	17 442
Internet of Things connections <sup>3</sup> (thousand)	2 810	2 626	2 515	2 264	2 174	2 057	1 925
MOU per month <sup>4</sup>	145	136	134	134	138	130	124
Prepaid	138	127	124	125	129	119	113
Contract	187	192	190	191	192	189	184
Total ARPU <sup>5</sup> (rand per month)	114	112	109	112	116	112	110
Prepaid	64	63	60	62	66	63	62
Contract	414	415	401	404	409	393	381
Traffic <sup>6</sup> (millions of minutes)	15 550	14 458	13 939	13 699	13 964	13 073	12 181
Outgoing	13 158	12 062	11 575	11 352	11 516	10 670	9 856
Incoming	2 392	2 396	2 364	2 347	2 448	2 403	2 325

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 have been restated to exclude customers with free allocated data bundles used. Active data customers are based on the number of unique users generating billable data traffic during the month. Also included are users on integrated tariff plans, or who have access to corporate APNs, and users who have been allocated a revenue generating data bundle during this month. A user is defined as being active if they are paying a contractual monthly fee for this service or have used the service during the reported month.
- Internet of Things (IoT), previously machine-to-machine, is the remote wireless interchange between two or more predefined devices or a central station without direct relationship with an end customer, in order to support a specific business process or product.
- 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.



International

	31 December 2016	30 September 2016	30 June 2016	31 March 2016	31 December 2015	30 September 2015	30 June 2015
Active customers <sup>1</sup> (thousand)	28 794	27 918	26 722	27 127	31 130	31 373	30 193
Tanzania	12 419	12 354	12 060	12 375	12 714	12 521	11 996
DRC	9 702	9 204	8 486	8 527	11 814	12 118	11 922
Mozambique	5 208	4 987	4 817	4 826	5 240	5 464	5 031
Lesotho	1 465	1 373	1 359	1 399	1 362	1 270	1 244
Active data customers <sup>2</sup> (thousand)	12 620	11 965	10 919	10 055	11 231	10 496	10 292
Tanzania	6 484	6 021	5 440	5 415	5 727	5 553	5 501
DRC	3 354	3 191	2 885	1 996	2 806	2 297	2 332
Mozambique	2 196	2 236	2 112	2 112	2 178	2 219	2 046
Lesotho	586	517	482	532	520	427	413
MOU per month <sup>3</sup>							
Tanzania	162	162	158	124	130	123	120
DRC	48	56	50	40	39	43	34
Mozambique	122	123	109	111	105	104	97
Lesotho	90	81	79	78	83	73	68
Total ARPU <sup>4</sup> (rand per month)							
Tanzania	40	40	40	41	39	38	36
DRC	48	56	58	52	41	39	35
Mozambique	41	44	56	61	54	51	51
Lesotho	66	63	62	59	65	62	62
Total ARPU <sup>4</sup> (local currency per month)							
Tanzania (TZS)	6 279	6 187	5 876	5 631	5 957	6 265	6 046
DRC (USD)	3.4	3.9	3.9	3.3	2.9	3.0	2.9
Mozambique (MZN)	223	223	207	185	180	157	154

Notes:

1. 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.
2. Active data customers have been restated to exclude customers with free allocated data bundles used. Active data customers are based on the number of unique users generating billable data traffic during the month. Also included are users on integrated tariff plans, or who have access to corporate APNs, and users who have been allocated a revenue generating data bundle during this month. A user is defined as being active if they are paying a contractual monthly fee for this service or have used the service during the reported month.
3. 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.
4. 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.

## 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 being Price Waterhouse Coopers Inc.

### Year-on-year reconciliation

	Reported <sup>1</sup> % change	Translation foreign exchange <sup>2</sup> ppt	Normalised % change
Revenue			
Group	1.2	2.7	3.9
International	(8.9)	11.9	3.0
Service revenue			
Group	1.3	3.1	4.4
International	(8.2)	11.6	3.4
Data revenue			
International	2.6	10.2	12.8
M-Pesa revenue			
International	12.4	5.0	17.4

### Quarter-on-quarter reconciliation

	Reported <sup>3</sup> % change	Translation foreign exchange <sup>4</sup> ppt	Normalised % change
Revenue			
Group	4.8	0.5	5.3
International	(2.6)	2.2	(0.4)
Service revenue			
Group	1.6	0.6	2.2
International	(0.9)	2.1	1.2

#### Notes:

1. The reported percentage change relates to the quarter to date year-on-year percentage growth between 31 December 2015 and 31 December 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 31 December 2016 average rate (which is derived by dividing the individual subsidiary's translated rand value with the functional currency for the quarter) to 31 December 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 30 September 2016 and 31 December 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 31 December 2016 average rate (which is derived by dividing the individual subsidiary's translated rand value with the functional currency for the quarter) to 30 September 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.

#### Average quarterly exchange rates

	31 December 2016	30 September 2016	31 December 2015	Yoy % change	Quarterly % change
USD/ZAR	13.90	14.08	14.22	(2.3)	(1.3)
ZAR/MZN	5.41	5.04	3.30	63.9	7.3
ZAR/TZS	156.99	155.33	152.46	3.0	1.1
EUR/ZAR	14.99	15.72	15.56	(3.7)	(4.6)

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 31 December 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.

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