

Vodacom Group Limited trading update for the quarter ended 31 December 2019 short form announcement

4 February 2020

Vodacom Group Limited

(Incorporated in the Republic of South Africa)

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(Vodacom)

Vodacom Group Limited trading update for the quarter ended 31 December 2019 (short form announcement)

Highlights

- Group revenue up 6.6% (6.1%*) supported by Group service revenue growth of 5.7% (5.2%*).
- We added 484 000 customers in South Africa, supported by a successful Summer campaign. In our International operations we added 1.7 million customers during the period.
- South Africa revenue and service revenue growth rates improved to 5.9% and 4.6% respectively, supported by increased data uptake as we continue to transform pricing as well as improved performance from our Summer campaign.
- International operations continued to perform well, delivering service revenue growth of 9.0% (7.1%*), with strong growth in data and M-Pesa revenues.

| Rm | Quarter ended 31 December | | % change | |
|------------------------------|---------------------------|---------------|------------|-------------|
| | 2019 | 2018 | Reported | Normalised* |
| Group service revenue | 18 899 | 17 874 | 5.7 | 5.2 |
| South Africa | 13 567 | 12 975 | 4.6 | 4.6 |
| International | 5 622 | 5 160 | 9.0 | 7.1 |
| Group revenue | 23 626 | 22 172 | 6.6 | 6.1 |
| South Africa | 18 183 | 17 172 | 5.9 | 5.9 |
| International | 5 789 | 5 312 | 9.0 | 7.1 |

Shameel Joosub, Vodacom Group CEO commented:

Our sustained investment programme, aimed at delivering a better experience for customers in each of the countries where we operate, continues to yield results. This is reflected in the additional 2 million customers that we connected during the quarter, contributing to growth of 6.6% in revenue for the Vodacom Group. We now serve over 117 million customers¹ across the Group.

As expected, growth trends improved across a number of metrics in South Africa following the significant impacts over the past year from our ongoing pricing transformation strategy. These included substantial cuts in out-of-bundle tariffs and lower bundle prices, resulting in a circa 50% decline in effective data prices since March 2016.

A highly successful Summer campaign, which delivered 334 million free rewards to 17 million customers, contributed to an uplift in activity across our customer base. This increase in data customers and usage is evidence

Notes:

1. Including Safaricom Plc customers as at 30 September 2019.

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 2019 compared to the quarter ended 31 December 2018.

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 has not been audited or reviewed or otherwise reported on by external auditors.

Amounts marked with an * in this document represent normalised growth which presents performance on a comparable basis. This excludes merger and acquisition activity and adjusting for trading foreign exchange and foreign currency fluctuation on a constant currency basis (using the current year as base).

of our success in transforming data pricing in South Africa. Notable contributions from our Financial Services and Enterprise businesses saw service revenue in South Africa rise by 4.6% despite a subdued economy.

I am particularly pleased with the consistency in the performance of our International portfolio, which produced solid results on the back of strong demand for data and M-Pesa services, resulting in a 9% growth in service revenue. Our operations outside South Africa now contribute over 40%¹ to Group service revenue. In January we had to disconnect 1.7 million customers in Tanzania, as a result of customer registration requirements, primarily due to the lack of government approved identification documents. This will have an impact on our growth in Tanzania, however we expect to reconnect many of these customers over the short to medium term once biometrically registered.

Looking ahead, customers can expect to experience the benefit of our revised roaming deal with Rain, which will further expand our 4G capacity in an environment where delays in assigning available spectrum will constrain capacity for all networks.

Having been the first network to commercially launch 5G in Africa through Vodacom Lesotho, we expect to be able to launch 5G services in South Africa this year. This is possible thanks to a recent roaming agreement with Liquid Telecom, as 5G spectrum is largely unassigned in South Africa.

Vodacom remains committed to delivering on its pricing transformation strategy and has engaged constructively with relevant authorities, including the Competition Commission, to share the measures we intend to introduce in due course to further reduce data prices.

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 SENS https://senspdf.jse.co.za/documents/2020/jse/isse/VOD/3Q20_SENS.pdf and is also available on our website www.vodacom.com. The full announcement is also available at our registered office and our sponsor's office for inspection, at no charge, during office hours. 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.

Sponsor: UBS South Africa (Pty) Limited

1. Includes Group's proportionate stake at 34.94% in Safaricom Plc as at 30 September 2019.