

# Vodacom Group Limited

Trading update for the quarter ended 31 December 2017

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)

## News release

### Vodacom Group Limited trading update for the quarter ended 31 December 2017

31 January 2018

#### Salient features

- Group revenue up 6.7% to R22.6 billion and service revenue up 5.5% to R18.4 billion
- We added 2.5 million Group active customers during the quarter, 1.6 million in South Africa and 0.9 million in our International operations, to now reach 73.6 million active customers across the Group, up 13.0% year on year
- Group data revenue<sup>1</sup> increased 9.7% to R6.6 billion, International data revenue up 19.5%
- South Africa service revenue grew 4.9% to R14.1 billion, supported by strong customer gains and data revenue growth
- International service revenue increased 8.7% (+8.1%\*) to R4.6 billion; a third consecutive quarter of accelerating growth

Rm	Quarter ended 31 December 2017	Yoy % change	
		Reported	Normalised*
<b>Group revenue</b>	<b>22 647</b>	<b>6.7</b>	<b>6.6</b>
South Africa	18 211	6.2	6.2
International	4 719	9.3	8.8
<b>Group service revenue</b>	<b>18 402</b>	<b>5.5</b>	<b>5.3</b>
South Africa	14 061	4.9	4.9
International	4 574	8.7	8.1

#### Shameel Joosub, Vodacom Group CEO commented:

Our strategy of sustained investment into our network and improving customer experience has delivered solid gains in customer numbers in South Africa, and driven growth in our International operations, resulting in stronger growth in Group revenue of 6.7%.

In South Africa, our customer base grew 14.4% to 41.6 million, contributing to the 6.2% increase in revenue, underpinned by a resilient pre-paid voice market and a highly successful summer campaign.

During the quarter we delivered on our promise to reduce out-of-bundle data prices, evidence of our commitment to reduce the cost-to-communicate through our pricing transformation journey; this resulted in a 24.2% decline in effective data prices for the year. In order to compensate for the expected shortfall in revenue, we have undertaken a range of initiatives to stimulate usage. Monthly trends towards the end of the quarter show that this is having the desired effect.

Driven by strong customer growth, a solid performance from M-Pesa and sustained demand for data, our International operations continue to gain momentum. Data revenue grew 19.5%, supported by our strategy to increase smartphone penetration through improved device affordability. Further new services contributed to a 33.3% jump in revenue from the M-Pesa mobile money platform. Growth was further supported by an 11% increase in customers, resulting in revenue from International increasing by 9.3%, a third consecutive quarter of accelerating growth.

On the regulatory front in South Africa, we will be submitting a detailed response to the Department of Telecommunications and Postal Services (DTPS) regarding its proposed amendments to the Electronic Communications Act. We remain of the opinion that a hybrid between what is currently in place and the proposed Wholesale Open Access Network (WOAN) addresses the government's transformation mandate and will have a greater impact on driving down the cost to communicate for customers compared with the proposed amendments to the Electronic Communications Act (ECA).

\* Normalised growth adjusted at a constant currency using the current year as the base. Refer to page 11 for a reconciliation of adjustments.

All growth rates quoted are year-on-year growth rates and refer to the quarter ended 31 December 2017 compared to the quarter ended 31 December 2016, unless stated otherwise.

Results for Vodacom's associate investment in Safaricom are disclosed on a bi-annual basis and therefore are not included in this quarterly update.

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

<sup>1</sup> Mobile data revenue and M-Pesa revenue were previously reported in aggregate. These items are now separately disclosed.

# Vodacom Group Limited

Trading update for the quarter ended 31 December 2017

## Operating review

### South Africa

Service revenue increased 4.9% to R14.1 billion, supported by gains in prepaid customers and strong growth in other service revenues.

We continued to see strong customer growth, adding 1.6 million customers in the quarter as we attracted new customers through our bundle and segmentation strategy. We added 1.5 million prepaid customers during the quarter, with prepaid active customers up 16.3% year on year. The increased customer base has supported prepaid customer revenue growth of 6.8%. Contract customers increased by 81k, which was strong despite slower sign-up of new departments as part of the government tender that we won in September 2016. Contract ARPU declined 5.1% to R393, an improvement in the trend from Q2. This improvement reflects the rebalancing of contract deals, by reducing discounts on subscriptions. This was partly offset by higher roll over of unused data bundles as we continue with the migration of customers to 'more data' contracts, as well as the revenue effects from the reduction of out-of-bundle data rates.

Data revenue grew by 8.7% (Q2: 12.2%) to R6.0 billion, contributing 42.3% of service revenue. Data customer growth of 6.4% was strong, adding 598k customers in the quarter. Data traffic growth remains robust at 43.9%, slightly down from the previous quarter as a result of commercial steps taken to reduce free data usage, following the end of promotional offers during the quarter. Our bundle strategy continues to deliver growth with in-bundle data revenue growth trends improving, supported by growth in bundle sales of 53.8%. In a continued effort to improve customer experience and exposure to out-of-bundle data revenues, we reduced out-of-bundle data prices by as much as 50% from 1 October 2017. The slowdown in data revenue growth in Q3 was driven by these lower out-of-bundle data revenues, reflecting the reduction in these rates, as well as continuous improvement in moving customers to more affordable bundles aligned with customer usage. We note an improvement in the in-quarter growth trend, with December growth recovering to >13% providing evidence that elasticity is returning, supported by commercial actions such as price adjustments on data bundles. Overall effective price per megabyte was down 24.5%.

Enterprise service revenue grew 9.7% now contributing 25.5% of service revenue, supported by increases in wholesale revenue and fixed service revenue. Fixed service revenue growth was strong at 23.6%, driven by connectivity revenue and cloud and hosting services.

We continue to invest heavily into communication infrastructure in South Africa, both to increase the reach of our data and voice services and also to service the growing demand for data. During this quarter, our capital expenditure of R2.3 billion was focused on maintaining our best network advantage, as well as enhancing our IT systems and deep learning machine capabilities. Our market leading network has now reached 77.6% 4G population coverage, while 3G covers 99.4% of the population.

### International

Service revenue increased by 8.7% (+8.1%\*) to R4.6 billion in the quarter, a third consecutive quarter of accelerating growth. This was underpinned by strong growth in both data and M-Pesa revenue.

Growth trends in our International operations continued to improve in the quarter. Tanzania continues to deliver on its turnaround strategy with good revenue and customer growth while we continued our efforts to improve customer registration processes. Mozambique and Lesotho have made solid progress on their strategic priorities of M-Pesa and data growth, delivering excellent momentum, while performance in the DRC has improved as the currency and economic environment starts to stabilise.

We added 920k customers in the three months, up 11.2% to 32.0 million, supported by good customer growth both in the DRC and Mozambique.

Data revenue grew by 19.5%, supported by an increase of 1.3 million data customers in the quarter, to 16.0 million (+26.9%). Delivery on our device strategy of providing customers with access to better low-cost smart devices, has enabled higher smartphone penetration, resulting in increased data demand. We continue to focus on improving data monetisation in all markets as demand grows rapidly.

M-Pesa revenue continued to accelerate at 33.3% to R653 million, contributing 14.3% of service revenue. We added 414 000 customers in the quarter, reaching 14.4 million, with customers benefitting from the new M-Pesa platform that enables us to offer services more seamlessly. We continue to grow the number of products on the M-Pesa platform, focusing on growing the merchant payment system in Tanzania, as well as adding new services in all other markets such as bulk payments, which has helped fuel the increase in transactions processed through the system. On average, 146 billion transactions were processed monthly through the M-Pesa system.

Capital expenditure of R630 million enabled us to continue strengthening our network and provide service differentiation to support wider voice coverage and meet the growing data demand by improving data network speeds and expanding data coverage. As part of our digital transformation, we continue to invest in enhancing our IT systems to support our personalised pricing offers and to deliver on our segmentation strategy.

### Safaricom

Results for Vodacom's associate investment in Safaricom are disclosed on a bi-annual basis and therefore are not included in this quarterly update.

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## 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. On 17 November 2017, the DTPS gazetted amendments to the ECA, the first step to give effect to the White Paper. Disappointingly, the amendments do not fully reflect proposals previously submitted by the industry. Affected parties and other role players have been granted an extension for comment as part of a public participation process. These inputs need to be submitted to the DTPS by 31 January 2018. The ministry will consider all submissions before submitting a revised bill to cabinet for approval to be tabled in parliament for further consultation and debate.

### ICASA's intention to amend End-user and Subscriber Service Charter Regulations

On 2 August 2017, ICASA announced that it intends to review regulations on data billing and expiry period for data bundles. On 17 November 2017, ICASA published a second notice in which they proposed amendments to the End-user and Subscriber Service Charter Regulations in relation to data expiry rules and also out-of-bundle billing. The Group submitted its response to the intended amendments on 3 January 2018. Public hearings are due to follow in February 2018.

### ICASA priority market review

ICASA indicated that it will undertake a study to identify priority markets susceptible to ex ante regulations. Notice of intention to conduct an inquiry to identify priority markets was published by ICASA in terms of section 4B of the ICASA Act on 30 June 2017. It is our understanding that ICASA intends to finalise the inquiry on or before 31 March 2018. We will be fully cooperating with ICASA in this regard.

### Competition Commission investigation into complaint on the National Treasury government transversal contract for mobile communication services

On 14 March 2016, National Treasury issued a tender for the supply and delivery of mobile communication services to national and provincial government departments for the period 15 September 2016 to 31 August 2020. Vodacom was selected as the preferred supplier on a non-exclusive basis after the other bidders were eliminated at different phases of the well-governed, multi-tier bidding process. The Competition Commission has launched an investigation into the aforementioned, under sections 8(c) and 8(d)(i) of the Competition Act.

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## Financial review

### Revenue for the quarter ended

Rm	31 December 2017	30 September 2017	31 December 2016	Yoy % change		Quarterly % change	
				Reported	Normalised*	Reported	Normalised*
South Africa	18 211	17 227	17 142	6.2	6.2	5.7	5.7
International	4 719	4 334	4 316	9.3	8.8	8.9	5.8
Corporate and eliminations	(283)	(251)	(236)	(19.9)	(19.9)	(12.7)	(12.7)
<b>Revenue</b>	<b>22 647</b>	<b>21 310</b>	<b>21 222</b>	<b>6.7</b>	<b>6.6</b>	<b>6.3</b>	<b>5.7</b>

### Service revenue for the quarter ended

Rm	31 December 2017	30 September 2017	31 December 2016	Yoy % change		Quarterly % change	
				Reported	Normalised*	Reported	Normalised*
South Africa	14 061	13 547	13 410	4.9	4.9	3.8	3.8
International	4 574	4 186	4 206	8.7	8.1	9.3	6.2
Corporate and eliminations	(233)	(177)	(173)	(34.7)	(34.7)	(31.6)	(31.6)
<b>Service revenue</b>	<b>18 402</b>	<b>17 556</b>	<b>17 443</b>	<b>5.5</b>	<b>5.3</b>	<b>4.8</b>	<b>4.1</b>

### Revenue for the quarter ended 31 December 2017

Rm	South Africa	Yoy % change	International	Yoy % change	Corporate/ Eliminations	Group	Yoy % change
Mobile contract revenue	5 946	(2.5)	292	31.5	3	6 241	(1.2)
Mobile prepaid revenue	6 041	6.8	3 482	10.6	(1)	9 522	8.1
<b>Customer service revenue</b>	<b>11 987</b>	<b>2.0</b>	<b>3 774</b>	<b>11.9</b>	<b>2</b>	<b>15 763</b>	<b>4.2</b>
Mobile interconnect	519	10.4	358	(4.0)	(151)	726	(2.0)
Fixed service revenue	670	65.4	404	(3.3)	(77)	997	31.4
Other service revenue	885	13.2	38	(11.6)	(7)	916	11.8
<b>Service revenue</b>	<b>14 061</b>	<b>4.9</b>	<b>4 574</b>	<b>8.7</b>	<b>(233)</b>	<b>18 402</b>	<b>5.5</b>
Equipment revenue	3 554	2.6	93	31.0	(4)	3 643	3.6
Non-service revenue	596	123.2	52	33.3	(46)	602	128.9
<b>Revenue</b>	<b>18 211</b>	<b>6.2</b>	<b>4 719</b>	<b>9.3</b>	<b>(283)</b>	<b>22 647</b>	<b>6.7</b>
<b>Included in service revenue</b>							
Mobile voice	5 688	(3.5)	2 321	4.7	2	8 011	(1.2)
Mobile data (excl M-pesa) <sup>1</sup>	5 950	8.7	680	19.5	(1)	6 629	9.7
Mobile messaging	549	(14.5)	128	25.5	–	677	(9.0)
M-Pesa revenue <sup>1</sup>	–	–	653	33.3	–	653	33.3

#### Notes:

1. Mobile data revenue and M-Pesa revenue was previously reported in aggregate. These items are now separately disclosed.

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## Revenue for the quarter ended 31 December 2016

<b>Rm</b>	<b>South Africa</b>	<b>International</b>	<b>Corporate/ Eliminations</b>	<b>Group</b>
Mobile contract revenue	6 097	222	–	6 319
Mobile prepaid revenue	5 656	3 148	2	8 806
<b>Customer service revenue</b>	<b>11 753</b>	<b>3 372</b>	<b>(1)</b>	<b>15 124</b>
Mobile interconnect	470	373	(102)	741
Fixed service revenue	405	418	(64)	759
Other service revenue	782	43	(6)	819
<b>Service revenue</b>	<b>13 410</b>	<b>4 206</b>	<b>(173)</b>	<b>17 443</b>
Equipment revenue	3 465	71	(20)	3 516
Non-service revenue	267	39	(43)	263
<b>Revenue</b>	<b>17 142</b>	<b>4 316</b>	<b>(236)</b>	<b>21 222</b>
<b>Included in service revenue</b>				
Mobile voice	5 892	2 216	(2)	8 106
Mobile data (excl M-Pesa) <sup>1</sup>	5 473	569	–	6 043
Mobile messaging	642	102	–	744
M-Pesa revenue <sup>1</sup>	–	490	–	490

**Note:**

1. Mobile data revenue and M-Pesa revenue was previously reported in aggregate. These items are now separately disclosed.

# Vodacom Group Limited

Trading update for the quarter ended 31 December 2017

## Key indicators

### South Africa

	31 December 2017	30 September 2017	31 December 2016	Yoy % change	Quarterly % change
<b>Customers<sup>1</sup> (thousand)</b>	<b>41 602</b>	40 000	36 375	<b>14.4</b>	4.0
Prepaid	<b>36 283</b>	34 762	31 188	<b>16.3</b>	4.4
Contract	<b>5 319</b>	5 238	5 187	<b>2.5</b>	1.5
<b>Data customers<sup>2</sup> (thousand)</b>	<b>20 503</b>	19 905	19 261	<b>6.4</b>	3.0
<b>Internet of Things connections<sup>3</sup> (thousand)</b>	<b>3 495</b>	3 271	2 810	<b>24.4</b>	6.8
<b>MOU per month<sup>4</sup></b>	<b>131</b>	128	145	<b>(9.7)</b>	2.3
Prepaid	<b>120</b>	118	138	<b>(13.0)</b>	1.7
Contract	<b>202</b>	199	187	<b>8.0</b>	1.5
<b>Total ARPU<sup>5</sup> (rand per month)</b>	<b>102</b>	101	114	<b>(10.5)</b>	1.0
Prepaid	<b>59</b>	58	64	<b>(7.8)</b>	1.7
Contract	<b>393</b>	391	414	<b>(5.1)</b>	0.5
<b>Traffic<sup>6</sup> (millions of minutes)</b>	<b>16 013</b>	15 331	15 550	<b>3.0</b>	4.4
Outgoing	<b>13 612</b>	12 976	13 158	<b>3.5</b>	4.9
Incoming	<b>2 401</b>	2 355	2 392	<b>0.4</b>	2.0

#### Notes:

- 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.
- 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.
- ARPU is calculated by dividing the average monthly customer service revenue and mobile interconnect revenue by the average monthly active customers during the period.
- 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 31 December 2017

## Key indicators (continued)

### International

	31 December 2017	30 September 2017	31 December 2016	Yoy % change	Quarterly % change
<b>Customers<sup>1</sup> (thousand)</b>	<b>32 012</b>	31 092	28 794	<b>11.2</b>	3.0
Tanzania	<b>12 901</b>	12 857	12 419	<b>3.9</b>	0.3
DRC	<b>11 982</b>	11 453	9 702	<b>23.5</b>	4.6
Mozambique	<b>5 712</b>	5 421	5 208	<b>9.7</b>	5.4
Lesotho	<b>1 417</b>	1 361	1 465	<b>(3.3)</b>	4.1
<b>Data customers<sup>2</sup> (thousand)</b>	<b>16 013</b>	14 755	12 620	<b>26.9</b>	8.5
Tanzania	<b>7 317</b>	7 072	6 484	<b>12.8</b>	3.5
DRC	<b>4 470</b>	4 175	3 354	<b>33.3</b>	7.1
Mozambique	<b>3 501</b>	2 904	2 196	<b>59.4</b>	20.6
Lesotho	<b>725</b>	604	586	<b>23.7</b>	20.0
<b>M-Pesa customers<sup>3</sup> (thousand)</b>	<b>14 400</b>	13 986	12 032	<b>19.7</b>	3.0
Tanzania	<b>8 086</b>	7 929	7 488	<b>8.0</b>	2.0
DRC	<b>2 486</b>	2 542	1 969	<b>26.3</b>	(2.2)
Mozambique	<b>3 386</b>	3 034	2 220	<b>52.5</b>	11.6
Lesotho	<b>442</b>	481	355	<b>24.5</b>	(8.1)
<b>MOU per month<sup>4</sup></b>					
Tanzania	<b>171</b>	167	162	<b>5.6</b>	2.4
DRC	<b>36</b>	42	48	<b>(25.0)</b>	(14.3)
Mozambique	<b>152</b>	144	122	<b>24.6</b>	5.6
Lesotho	<b>92</b>	86	90	<b>2.2</b>	7.0
<b>Total ARPU<sup>5</sup> (rand per month)</b>					
Tanzania	<b>39</b>	37	40	<b>(2.5)</b>	5.4
DRC	<b>39</b>	37	48	<b>(18.8)</b>	5.4
Mozambique	<b>57</b>	53	41	<b>39.0</b>	7.5
Lesotho	<b>77</b>	69	66	<b>16.7</b>	11.6
<b>Total ARPU<sup>5</sup> (local currency per month)</b>					
Tanzania (TZS)	<b>6 369</b>	6 295	6 279	<b>1.4</b>	1.2
DRC (USD)	<b>2.9</b>	2.8	3.4	<b>(14.7)</b>	3.6
Mozambique (MZN)	<b>253</b>	244	223	<b>13.5</b>	3.7

#### Notes:

1. 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. 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.
3. M-Pesa customers are based on the number of unique customers who have generated revenue related to M-Pesa during the last three months.
4. 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.
5. ARPU is calculated by dividing the average monthly customer service revenue and mobile interconnect revenue by the average monthly active customer during the period.

# Vodacom Group Limited

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## Historical financial review

### Revenue

Rm	31 December 2017	30 September 2017	30 June 2017	31 March 2017	31 December 2016	30 September 2016	30 June 2016
South Africa	18 211	17 227	16 654	16 141	17 142	16 003	15 443
International	4 719	4 334	4 240	3 985	4 316	4 429	4 620
Corporate and eliminations	(283)	(251)	(209)	(221)	(236)	(183)	(161)
<b>Revenue</b>	<b>22 647</b>	<b>21 310</b>	<b>20 685</b>	<b>19 905</b>	<b>21 222</b>	<b>20 249</b>	<b>19 902</b>

### Revenue yoy % change for the quarter ended

% Rm	Reported				Normalised
	31 December 2017	30 September 2017	30 June 2017	31 March 2017	31 December 2017
South Africa	6.2	7.6	7.8	3.2	6.2
International	9.3	(2.1)	(8.2)	(21.6)	8.7
Corporate and eliminations	(19.9)	(37.2)	(29.8)	(27.7)	(19.9)
<b>Revenue</b>	<b>6.7</b>	<b>5.2</b>	<b>3.9</b>	<b>(3.2)</b>	<b>6.6</b>

### Service revenue

Rm	31 December 2017	30 September 2017	30 June 2017	31 March 2017	31 December 2016	30 September 2016	30 June 2016
South Africa	14 061	13 547	13 123	13 198	13 410	13 037	12 426
International	4 574	4 186	4 122	3 844	4 206	4 246	4 479
Corporate and eliminations	(233)	(177)	(147)	(167)	(173)	(121)	(99)
<b>Service revenue</b>	<b>18 402</b>	<b>17 556</b>	<b>17 098</b>	<b>16 875</b>	<b>17 443</b>	<b>17 162</b>	<b>16 806</b>

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

% Rm	Reported				Normalised
	31 December 2017	30 September 2017	30 June 2017	31 March 2017	31 December 2017
South Africa	4.9	3.9	5.6	5.6	4.9
International	8.7	(1.4)	(8.0)	(21.6)	8.1
Corporate and eliminations	(34.7)	(46.3)	(48.5)	(50.5)	(34.7)
<b>Service revenue</b>	<b>5.5</b>	<b>2.3</b>	<b>1.7</b>	<b>(2.4)</b>	<b>5.4</b>



# Vodacom Group Limited

Trading update for the quarter ended 31 December 2017

## Historical key indicators

### South Africa

	31 December 2017	30 September 2017	30 June 2017	31 March 2017	31 December 2016	30 September 2016	30 June 2016
<b>Customers<sup>1</sup> (thousand)</b>	<b>41 602</b>	40 000	39 381	37 131	<b>36 375</b>	35 685	35 112
Prepaid	<b>36 283</b>	34 762	34 248	32 000	<b>31 188</b>	30 641	30 148
Contract	<b>5 319</b>	5 238	5 133	5 131	<b>5 187</b>	5 044	4 964
<b>Data customers<sup>2</sup> (thousand)</b>	<b>20 503</b>	19 905	19 167	19 549	<b>19 261</b>	18 158	18 054
<b>Internet of Things connections<sup>3</sup> (thousand)</b>	<b>3 495</b>	3 271	3 100	2 979	<b>2 810</b>	2 626	2 515
<b>MOU per month<sup>4</sup></b>	<b>131</b>	128	125	131	<b>145</b>	136	134
Prepaid	<b>120</b>	118	115	122	<b>138</b>	127	124
Contract	<b>202</b>	199	190	190	<b>187</b>	192	190
<b>Total ARPU<sup>5</sup> (rand per month)</b>	<b>102</b>	101	103	109	<b>114</b>	112	109
Prepaid	<b>59</b>	58	58	61	<b>64</b>	63	60
Contract	<b>393</b>	391	393	401	<b>414</b>	415	401
<b>Traffic<sup>6</sup> (millions of minutes)</b>	<b>16 013</b>	15 331	14 426	14 462	<b>15 550</b>	14 458	13 939
Outgoing	<b>13 612</b>	12 976	12 109	12 105	<b>13 158</b>	12 062	11 575
Incoming	<b>2 401</b>	2 355	2 317	2 357	<b>2 392</b>	2 396	2 364

#### Notes:

- 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.
- 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.
- ARPU is calculated by dividing the average monthly customer service revenue and mobile interconnect revenue during the period by the average monthly active 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.

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## Historical key indicators (continued)

### International

	31 December 2017	30 September 2017	30 June 2017	31 March 2017	31 December 2016	30 September 2016	30 June 2016
<b>Customers<sup>1</sup> (thousand)</b>	<b>32 012</b>	31 092	29 936	29 655	<b>28 794</b>	27 918	26 722
Tanzania	<b>12 901</b>	12 857	12 611	12 653	<b>12 419</b>	12 354	12 060
DRC	<b>11 982</b>	11 453	10 792	10 388	<b>9 702</b>	9 204	8 486
Mozambique	<b>5 712</b>	5 421	5 147	5 146	<b>5 208</b>	4 987	4 817
Lesotho	<b>1 417</b>	1 361	1 386	1 468	<b>1 465</b>	1 373	1 359
<b>Data customers<sup>2</sup> (thousand)</b>	<b>16 013</b>	14 755	13 807	12 997	<b>12 620</b>	11 965	10 919
Tanzania	<b>7 317</b>	7 072	6 767	6 463	<b>6 484</b>	6 021	5 440
DRC	<b>4 470</b>	4 175	3 982	3 705	<b>3 354</b>	3 191	2 885
Mozambique	<b>3 501</b>	2 904	2 470	2 280	<b>2 196</b>	2 236	2 112
Lesotho	<b>725</b>	604	588	549	<b>586</b>	517	482
<b>M-Pesa customers<sup>3</sup> (thousand)</b>	<b>14 400</b>	13 986	13 272	12 922	<b>12 032</b>	10 934	10 559
Tanzania	<b>8 086</b>	7 929	7 698	7 966	<b>7 488</b>	7 035	7 467
DRC	<b>2 486</b>	2 542	2 412	2 086	<b>1 969</b>	1 662	1 357
Mozambique	<b>3 386</b>	3 034	2 745	2 474	<b>2 220</b>	1 916	1 478
Lesotho	<b>442</b>	481	417	396	<b>355</b>	321	257
<b>MOU per month<sup>4</sup></b>							
Tanzania	<b>171</b>	167	153	146	<b>162</b>	162	158
DRC	<b>36</b>	42	44	44	<b>48</b>	56	50
Mozambique	<b>152</b>	144	130	130	<b>122</b>	123	109
Lesotho	<b>92</b>	86	81	79	<b>90</b>	81	79
<b>Total ARPU<sup>5</sup> (rand per month)</b>							
Tanzania	<b>39</b>	37	35	34	<b>40</b>	40	40
DRC	<b>39</b>	37	42	37	<b>48</b>	56	58
Mozambique	<b>57</b>	53	48	40	<b>41</b>	44	56
Lesotho	<b>77</b>	69	64	54	<b>66</b>	63	62
<b>Total ARPU<sup>5</sup> (local currency per month)</b>							
Tanzania (TZS)	<b>6 369</b>	6 295	5 946	5 674	<b>6 279</b>	6 187	5 876
DRC (USD)	<b>2.9</b>	2.8	3.2	2.8	<b>3.4</b>	3.9	3.9
Mozambique (MZN)	<b>253</b>	244	228	209	<b>223</b>	223	207

#### Notes:

- 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.
- 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.
- M-Pesa customers are based on the number of unique customers who have generated revenue related to M-Pesa during the last three months.
- 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.
- ARPU is calculated by dividing the average monthly customer service revenue and mobile interconnect revenue during the period by the average monthly active customers.

# Vodacom Group Limited

Trading update for the quarter ended 31 December 2017

## 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>	Translation foreign exchange <sup>2</sup>	Normalised
	% change	ppt	% change
<b>Revenue</b>			
Group	6.7	(0.1)	6.6
International	9.3	(0.5)	8.8
<b>Service revenue</b>			
Group	5.5	(0.2)	5.3
International	8.7	(0.6)	8.1

## Quarter-on-quarter reconciliation

	Reported <sup>3</sup>	Translation foreign exchange <sup>4</sup>	Normalised
	% change	ppt	% change
<b>Revenue</b>			
Group	6.3	(0.6)	5.7
International	8.9	(3.1)	5.8
<b>Service revenue</b>			
Group	4.8	(0.7)	4.1
International	9.3	(3.1)	6.2

### Notes:

1. The reported percentage change relates to the quarter to date year-on-year percentage growth between the quarter ended 31 December 2016 and the quarter ended 31 December 2017. 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 ended 31 December 2017 average rate (which is derived by dividing the individual subsidiary's translated rand value with the functional currency for the quarter) to the quarter ended 31 December 2016 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 2017 and 31 December 2017. 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 2017 average rate (which is derived by dividing the individual subsidiary's translated rand value with the functional currency for the quarter) to 30 September 2017 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

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## Average quarterly exchange rates

	31 December 2017	30 September 2017	31 December 2016	Yoy % change	Quarterly % change
USD/ZAR	13.61	13.20	13.90	2.1	(3.1)
ZAR/MZN	4.45	4.63	5.41	(17.7)	(3.9)
ZAR/TZS	164.41	169.75	157.01	4.9	(3.0)
EUR/ZAR	16.03	15.50	14.99	(7.0)	(3.5)

**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 2017, 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