

18 May 2021

Vodacom Group Limited

(Incorporated in the Republic of South Africa)

(Registration number 1993/005461/06)

ISIN: ZAE000132577

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(Vodacom)

Share code: VOD

ADR code: VDMCY

## Vodacom Group Limited preliminary results for the year ended 31 March 2021 (short form announcement)

### Highlights

- Group revenue up 8.3% (7.4%\*) to R98.3 billion, supported by service revenue growth of 5.8% (4.7%\*).
- South Africa service revenue grew 7.0%, with consistent growth through the financial year.
- Added 8.2 million customers, to serve a combined 123.7 million customers across the Group, including Safaricom.
- Total financial services customers, including Safaricom, up 12.9% or 6.6 million to 57.7 million.
- Earnings per share up 4.2% and headline earnings per share up 3.7%.
- Declared a final dividend of 410cps.
- Medium-term operating profit growth target upgraded from mid-single digit to mid-to-high-single digit, on improved growth prospects for International and Safaricom.

### Statutory performance measures

Rm	Year ended 31 March		% change	
	2021	2020	Reported	Normalised*
Revenue	98 302	90 746	8.3	7.4
Service revenue	77 574	73 354	5.8	4.7
EBITDA	39 299	37 610	4.5	3.6
Net profit from associate and joint venture	3 501	4 149	(15.6)	3.9
Operating profit	27 652	27 711	(0.2)	2.2
Net profit	17 071	16 644	2.6	
Earnings per share (cents)	978	939	4.2	
Headline earnings per share (cents)	980	945	3.7	
Total dividend per share (cents)	825	845	(2.4)	
- Special dividend per share (cents)	–	60	n/a	
- Ordinary dividend per share (cents)	825	785	5.1	

### Alternative performance measures

Rm	Year ended 31 March		% change
	2021	2020	Reported
EBITDA margin <sup>1</sup> (%)	40.0	41.4	(1.4ppt)
Capital expenditure <sup>2</sup>	13 307	13 218	0.7
Capital intensity (%) <sup>2</sup>	13.5	14.6	(1.1ppt)
Operating free cash flow <sup>3</sup>	22 030	21 782	1.1
Free cash flow <sup>3</sup>	14 974	16 284	(8.0)

#### Notes:

1. EBITDA margin is EBITDA as a percentage of revenue.

2. Detail relating to capital expenditure is contained in the full announcement. Capital intensity is capital expenditure as a percentage of revenue.

3. A reconciliation of operating free cash flow and free cash flow is set out in the full announcement.

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 includes:

\* Normalised growth presents performance on a comparable basis. This adjusts for trading foreign exchange, foreign currency fluctuation on a constant currency basis (using the current year as base) and excludes the impact of merger, acquisition and disposal activities, at a constant currency basis where applicable, to show a like-for-like comparison of results.

Amounts marked with an \* in this document represent normalised growth as defined above.

All growth rates quoted are year-on-year and refer to the year ended 31 March 2021 compared to the year ended 31 March 2020, unless stated otherwise.

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

In a year unavoidably shaped by the devastating impacts of the global health crisis, Vodacom Group accelerated the delivery of our Social Contract with stakeholders to ensure we made meaningful contributions in markets where we operate. Vodacom Group has been at the forefront of helping governments curb the spread of COVID-19 where we operate, having swiftly responded earlier this year through strategic partnerships with the likes of Discovery Health and Microsoft, and a wide range of initiatives including free devices and airtime for healthcare workers, accelerating support to governments via donations of handsets, connectivity and medical equipment, and making contactless payments more accessible through zero-rated services and an expanded M-Pesa ecosystem to address social distancing challenges.

Alongside the Vodafone Foundation, we recently announced a R74 million financial pledge to support the roll-out of cold-chain technology and provide logistics support to ensure the safe delivery of COVID-19 vaccines to vulnerable and hard-to-reach communities in South Africa, DRC, Mozambique, Ghana and Tanzania. We also made a R13 million donation to Lesotho to assist with securing vaccines for the Basotho people. We have partnered with AUDA - NEPAD to build digital infrastructure to manage the distribution of COVID-19 vaccinations in up to 55 countries, following successful deployments in South Africa, leveraging our mVacciNation platform.

These latest initiatives are over and above the R2 billion service revenue impact of zero-rating peer-to-peer (P2P) M-Pesa transactions in our International markets, a R3 billion service revenue impact of lowering data pricing in South Africa and the R176 million cash and in-kind donations made by the Vodacom and Vodafone Group Foundations in response to the pandemic.

We are proud to be standing shoulder to shoulder with the African Union and national governments to provide practical support for what is an enormous logistical challenge for resource-limited African countries with significant rural populations.

Given the sudden shifts in customer behaviour patterns, we invested heavily in the resilience of our networks to cope with significant increases in mobile data traffic volumes to keep families connected, enable businesses to operate, facilitate online learning and assist governments in providing critical services. We invested R13.3 billion in network infrastructure during the year, including R10.1 billion in South Africa, and as a Group we have invested R62.4 billion into our networks over the past five years.

Customers in South Africa have also taken advantage of ConnectU, which provides zero-rated access to a wide range of websites, including job portals and online learning platforms and discounted offers for poor communities, as well as the significant data price cuts implemented on 1 April 2020 and the recently announced 14% decline in our headline monthly data price to R85 per Gigabyte as part of our ongoing commitment to reduce the cost to communicate.

Underpinned by the recovery in our International portfolio in the second half of the year and strong growth from our prepaid and Enterprise segments, Financial Services and other new services in South Africa, the Vodacom Group reported a 5.8% increase in service revenue and an 825 cents per share total ordinary dividend per share. This is particularly pleasing in a difficult trading environment and is testament to the rapid manner in which the company and its employees adapted to the crisis.

In South Africa, service revenue grew by 7.0% on the back of increased data usage, our highly successful summer campaign and demand for financial services – collectively helping to offset numerous initiatives aimed at delivering greater value to customers, including tariff reductions of up to 40% at the beginning of the financial year and the successful launch of Vodabucks, our behavioural loyalty programme.

Our International operations reported muted service revenue growth of 1.6% in the year, with a stronger second half helping offset the significant impacts of COVID-19 earlier in the year. This performance was characterised by disruption to our commercial activities as a result of the informal structure of the economies in which we operate, currency volatility, increased pressure on consumer spend, free M-Pesa P2P transactions and the impact of service barring in Tanzania due to biometric registration compliance.

Zero-rating P2P M-Pesa transactions for the majority of the financial year was the right thing to do for our customers and facilitated economic activity. This initiative introduced the M-Pesa ecosystem to a significantly broader base and continues to support accelerated platform growth and customer adoption of digital channels. Through M-Pesa, we now process US\$24.5 billion

(R366.4 billion) a month in transaction value across our International markets, including Safaricom, up 63.5%. We serve 57.7 million financial services customers, including Safaricom, generating revenue of R19.3 billion in the year. From January 2021, all our markets, including Safaricom, re-implemented P2P charging.

Our strategic investment in Safaricom comprised almost 13% of our operating profit in the year. Safaricom's local currency results reflected the impact of depressed economic activity and free M-Pesa P2P transfers, related to the COVID-19 pandemic. Positively, Safaricom's commitment to its strategic goals, supported strong platform growth for M-Pesa and higher connectivity usage. This supported a notable recovery in service revenue growth through the financial year, with fourth quarter growth at 6.4%.

Looking forward, while being cognisant that disposable income will remain under pressure, we are increasingly optimistic about improved growth prospects for our International operations. In South Africa, the allocation of temporary spectrum

has supported network capacity and highlights the urgent need for high demand spectrum to be allocated through ICASA's ITA process. We continue to see the assignment of high demand spectrum as instrumental to data pricing.

We remain focused on entrenching Vodacom Group as a leading pan-African technology company through our investments into financial, digital and lifestyle services as these increasingly provide opportunities to enhance our relationship with the 123.7 million customers we serve across our footprint. In particular, we are excited about our partnership with Alipay and the imminent launch of our single lifestyle app, VodaPay, in South Africa. Our super-app will offer services ranging from loans and savings, seamless QR and person-to-person payments, to entertainment and personalised shopping experiences, promoting greater financial inclusion. We see this super-app as a precursor to M-Pesa's evolution, supporting accelerated growth across our financial services' businesses and assisting us in connecting the next 100 million African customers so that no one is left behind.

## Declaration of final dividend number 24 – payable from income reserves

Notice is hereby given that a gross final dividend number 24 of 410 cents per ordinary share in respect of the financial year ended 31 March 2021 has been declared payable on Monday, 28 June 2021 to shareholders recorded in the register at the close of business on Friday, 25 June 2021. The number of ordinary shares in issue at the date of this declaration is 1 835 864 961. The dividend will be subject to a local dividend withholding tax rate of 20% which will result in a net final dividend to those shareholders not exempt from paying dividend withholding tax of 328.00000 cents per ordinary share.

Last day to trade shares <i>cum</i> dividend	Tuesday, 22 June 2021
Shares commence trading <i>ex</i> -dividend	Wednesday, 23 June 2021
Record date	Friday, 25 June 2021
Payment date	Monday, 28 June 2021

Share certificates may not be dematerialised or rematerialised between Wednesday, 23 June 2021 and Friday, 25 June 2021, both days inclusive.

On Monday, 28 June 2021, the final dividend will be electronically transferred into the bank accounts of all certificated shareholders where this facility is available. Shareholders who hold dematerialised shares will have their accounts at their CSDP or broker credited on Monday, 28 June 2021.

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

## Dividend policy

The Board maintains its dividend policy of paying at least 90% of adjusted headline earnings, which excludes the contribution of the attributable net profit or loss from Safaricom and any associated intangible amortisation. In addition, the Group intends to distribute any dividend it receives from Safaricom, up to a maximum amount of the dividend received, net of withholding tax.

The Group intends to pay as much of its after tax profits as will be available after retaining such sums and repaying such borrowings owing to third parties as shall be necessary to meet the requirements reflected in the budget and business plan, taking into account monies required for investment opportunities. There is no fixed date on which entitlement to dividends arises and the date of payment will be determined by the Board or shareholders at the time of declaration, subject to the JSE Listings Requirements.

For and on behalf of the Board

**Sakumzi Justice Macozoma**  
Chairman

**Shameel Aziz Joosub**  
Chief Executive Officer

**Raisibe Morathi**  
Chief Financial Officer

Midrand

**17 May 2021**

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/2021/jse/isse/VOD/FY21\\_SENS.pdf](https://senspdf.jse.co.za/documents/2021/jse/isse/VOD/FY21_SENS.pdf) and is also available on our website [www.vodacom.com](http://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](mailto:vodacomir@vodacom.co.za).

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