

VODACOM Tz EARNINGS HIGHLIGHT

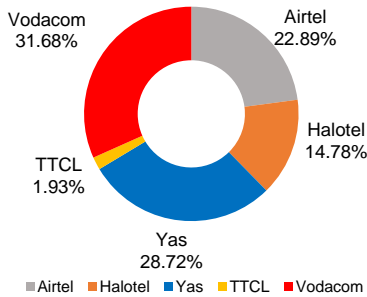
March 2025



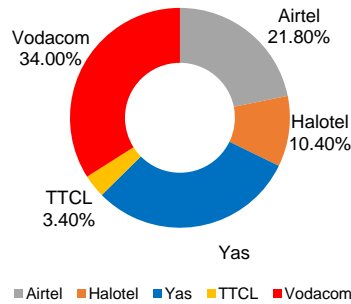
VODACOM TZ FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDING MARCH 2025

INDUSTRIAL OVERVIEW

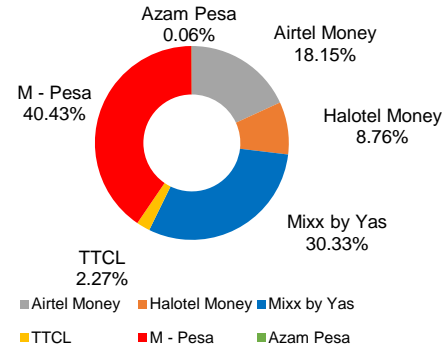
P2P Operators Market Share by Subscription as of March 2025



Mobile Internet Market Share as of March 2025



Mobile Money Market Share as of March 2025



INCOME STATEMENT ANALYSIS

Net Profits fell by 109.40% from TZS 53.35 billion as of Dec 2024 to a loss of TZS 5.02 billion as of March 2025

Reasons:

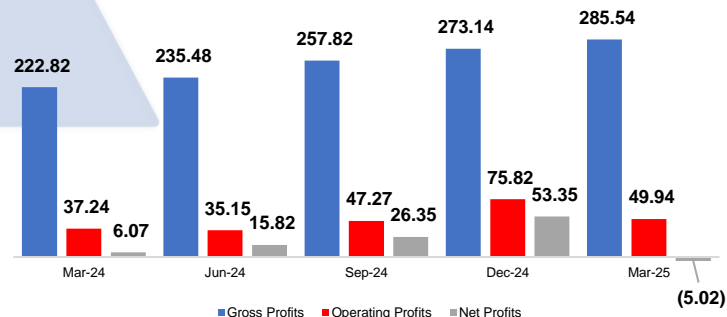
Emergence of foreign currency translations from a profit of TZS 10.99 billion to a TZS 8.28 billion loss following the weakening of the TZS against hard currencies such as the USD, GBP and EUR by 10.66% 13.62% and 14.24% respectively during the first 3 months of 2025.

Taxes surged 159.17% QoQ to TZS 27.72 billion with the subsequent effective tax rate rising from 16.70% in Dec 2024 to 122.09% in March 2025 due to one-time tax penalty payments amounting to about TZS 8 billion following a Court of Appeal Judgement ruled against Vodacom on a 2008 case regarding the treatment of withholding taxes on interest on shareholders loans.

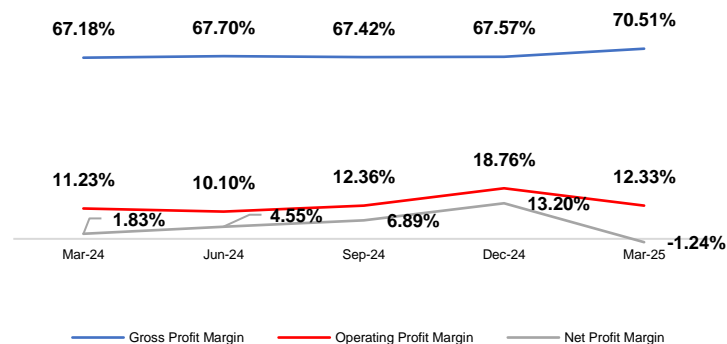
Finance costs surged 45.89% QoQ amounting to TZS 35.60 billion largely driven by one-off interest expenses on withholding taxes on shareholder's loans, IFRS 16 accounting treatment on automatic renewals of contract clauses for network towers and growth in M-Pesa interest income

Revenue growth QoQ stood at a marginal 0.19% growth amounting to TZS 404.96 billion in line with cyclical post-holiday customer spending habits which for the past 4 financial years have seen weak Q4 sales compared to Q3 sales

Vodacom Tanzania Profitability Trend in Billions TZS



Vodacom Tanzania Profit Margin Trend



Income Statement Analysis Amounts in Billions TZS	Mar-24	Jun-24	Sept-24	Dec-24	Mar-25
Revenue	331.70	347.81	382.38	404.21	404.96
Growth Rate	-1.19%	4.86%	9.94%	5.71%	0.19%
Operating Expenses	294.46	312.67	335.12	328.38	355.02
Growth Rate	-0.39%	6.18%	7.18%	-2.01%	8.11%

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BALANCE SHEET STATEMENT ANALYSIS

Total assets recorded a strong surge of 15.84% QoQ amounting to TZS 2.98 trillion in March 2025

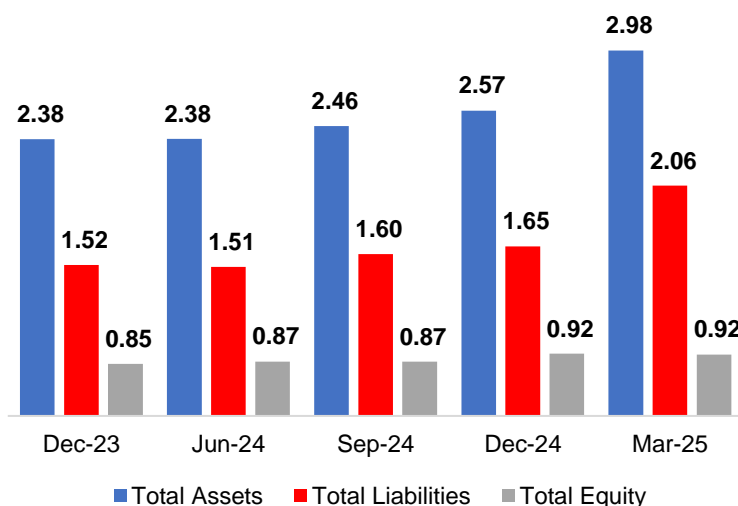
Reasons:

Property and Equipment saw a 29.92% growth during the quarter amounting to TZS 1.14 trillion following a 116.46% growth in right of use assets following IFRS 16 accounting treatments requiring automatic renewal of contract clauses related to towers.

A 94.41% QoQ growth in cash and cash equivalents amounting to TZS 298.47 billion following the reduction of dividend and lease payments from its peak in Q3 of the company's financial year.

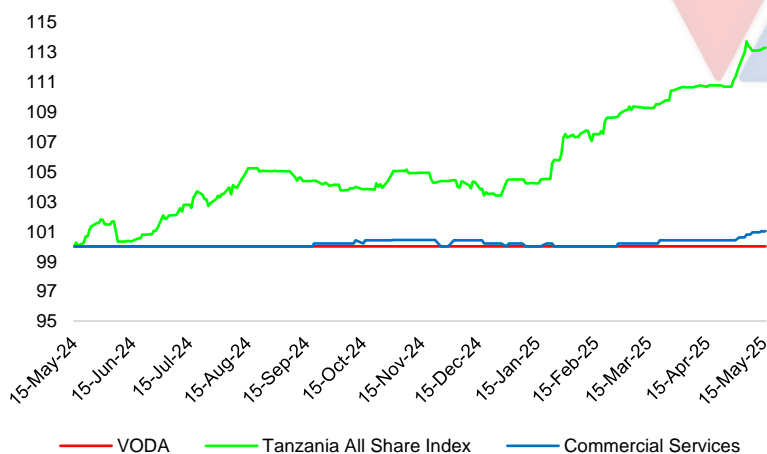
The company's assets were largely financed by a 103.42% growth in lease liabilities amounting to TZS 705.25 billion and a 3.90% growth in financial payables from M-Pesa customers amounting to TZS 923.24 billion.

Balance Sheet Highlights in Trillions TZS



INVESTORS' CORNER

Vodacom Tanzania VS TSI & CS 52-Weeks Returns rebased at 100



Supporting Fundamentals

Ticker	VODA
Closing Price as of May 16 th 2025	TZS 770
Book Value per Share	TZS 409.15
P/B Ratio	1.88x
Trailing EPS	TZS 40.41
P/E Ratio	19.06x
ROE	9.88%
ROA	3.04%

OUTLOOK

Despite a soft Q4, Vodacom Tanzania's full-year net profit surged 69.41% YoY to TZS 90.51 billion, driven by a 20.25% YoY increase in revenues to TZS 1.54 trillion. This performance was underpinned by a 15.7% rise in customers and a 4.3% increase in average revenue per user (ARPU). Among key growth drivers, M-Pesa revenues rose 29.3% YoY to TZS 590 billion, fueled by growing adoption of value-added services like lending, insurance, savings, and merchant payments. Mobile data revenue increased 21.6% to TZS 422.2 billion, supported by wider 4G/5G adoption and increased smartphone usage due to expanded network infrastructure. Fixed internet also saw strong momentum, growing 36.7% to TZS 42 billion.

Even traditionally slower segments like mobile voice recorded an 8.7% YoY growth to TZS 310 billion, despite a decline in tariffs, thanks to customer growth and effective value management strategies. Operating expenses grew at a contained 16.17% YoY to TZS 1.33 trillion, helped by cost-saving initiatives that saved TZS 59.2 billion.

Looking ahead, M-Pesa's lending and merchant services, now making up nearly 50% of its revenue, are expected to remain key growth levers. Continued investment in spectrum, towers, and broadband, along with rising device penetration, should further boost mobile data and fixed internet growth. Cost discipline is expected to sustain margin improvements. From a shareholder perspective, with an EPS of TZS 40.41, and based on Vodacom's historic 50% payout ratio, the projected dividend for H2 2025 stands at TZS 20.20/share, reflecting a 69.32% increase from last year's TZS 11.93/share.

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RATIO ANALYSIS

Ratio Analysis	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
Capital Structure:											
Debt to Equity	169.45%	177.56%	169.17%	171.74%	171.81%		178.57%	173.89%	183.86%	178.95%	224.92%
Equity Multiplier	2.67	2.69	2.78	2.69	2.72		2.79	2.74	2.84	2.79	3.25
Interest Covergae	1.10	1.36	1.37	0.89	2.77	2.03	1.80	1.70	2.12	3.11	1.40
Asset Quality											
Total Asset Turnover	0.52	0.51	0.49	0.52	0.58			0.59	0.63	0.64	0.58
Return on Assets	7.07%	0.91%	2.01%	-1.26%	6.50%		1.02%	2.66%	4.28%	8.30%	-0.67%
Management Quality											
Revenue Growth	10.86%	3.39%	-3.14%	6.26%	11.30%	4.00%	-1.19%	4.86%	9.94%	5.71%	0.19%
ARPU (Monthly) Growth	8.37%	1.68%	-5.76%	3.38%	5.08%	-1.39%	-4.19%	2.21%	3.06%	5.56%	-4.04%
Active User Growth	2.65%	1.77%	2.72%	3.47%	6.85%	3.37%	2.28%	3.67%	3.31%	5.00%	2.73%
Earnings Quality											
Net Profit Growth	480.86%	-86.62%	116.37%	-163.00%	623.19%	-51.58%	-65.76%	160.65%	66.51%	102.49%	-109.40%
Net Profit Margin	14.09%	1.82%	4.07%	-2.41%	11.35%	5.28%	1.83%	4.55%	6.89%	13.20%	-1.24%
Return on Equity	1.95%	2.99%	5.42%	5.85%	5.53%		6.26%	8.78%	7.60%	11.02%	9.88%
Liquidity Ratios:											
Current Ratio	1.03	0.90	0.91	0.89	0.91		0.90	0.91	0.89	0.92	0.99
Quick Ratio	1.03	0.89	0.90	0.88	0.90		0.90	0.91	0.89	0.91	0.99
Cash Ratio	0.31	0.18	0.24	0.17	0.14		0.18	0.13	0.14	0.11	0.21

Comparisons are made on a QoQ basis

ANALYST'S NAMES & CONTACTS

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