

News release

Vodacom Tanzania Public Limited Company trading update for the quarter ended 30 June 2019

24 July 2019

Salient features

- Robust customer growth of 7.9% and ARPU stability year on year with an improvement of 2.6% within the quarter.
- M-Pesa customers rose by 6.9% to 7.3 million, representing a service penetration of 50.8% (up 1.4ppts quarter on quarter).
- Data customers increased by 5.5% to 8.1 million, achieved through targeted data campaigns.

Key indicator review

	30-Jun 2019	31-Mar 2019	30-Jun 2018	YoY % change	Quarterly % change
Customers ¹ (thousand)	14 322	14 133	13 277	7.9	1.3
Data customers ² (thousand)	8 106	7 892	7 682	5.5	2.7
M-Pesa customers ³ (thousand)	7 277	6 989	6 805	6.9	4.1
MOU per month ⁴	170	157	177	(4.0)	8.3
Total ARPU ⁵ (shillings per month)	5 901	5 752	5 969	(1.1)	2.6

Following the prospective adoption of IFRS 15, Revenue Contracts with Customers on 1 April 2018, the company's ARPU for the quarters is on an IFRS 15 basis.

Our commercial execution supported by our 'Just 4 You' platform, continued to yield good results. This includes an additional 1 million customers joining the Vodacom network, an increase of 7.9%, and means we now connect 14.3 million customers.

We further expanded the M-Pesa eco-system by adding services such as micro loans, savings and merchant payments, which empowers customers to transact easily and ultimately contributes to the economy. The number of M-Pesa customers grew 6.9% to 7.3 million, expanding our market share by 1.2ppts quarter on quarter to 39.8%¹. During the quarter we partnered with Amana Bank to launch 'Halalpesa', an Islamic mobile money service in compliance with Sharia Laws, which enables our customers to make savings and earn interest.

Other highlights include a 5.5% increase in customers using data to 8.1 million while active smartphone users rose 6.3% to 3.6 million. These were largely led by our continuous network and infrastructure investments, ensuring the availability of affordable data devices and personalised pricing through our 'Just 4 You' platform.

Regulatory matters

Customer registration

Vodacom Tanzania continued to invest in enhanced customer registration processes and took actions to improve our compliance as required by the Tanzania Communication Regulatory Authority ('TCRA'). We engaged with TCRA on a phased approach for biometric registration that will allow a reasonable time for finalisation of customer registration. The TCRA has set an earlier deadline of 31 December 2019 to ensure all new and existing customers are registered using National Identification Agency IDs for all SIM cards.

Telecommunication and broadcasting market review

In May 2018, the TCRA initiated a market review to identify dominant operators in different market segments and determine potential regulatory intervention. On 7 December 2018, TCRA invited all stakeholders to discuss draft findings of the review. Vodacom Tanzania attended and submitted written comments on 21 December 2018. TCRA is yet to issue the final market review report.

Retail services pricing and service providers' market conduct

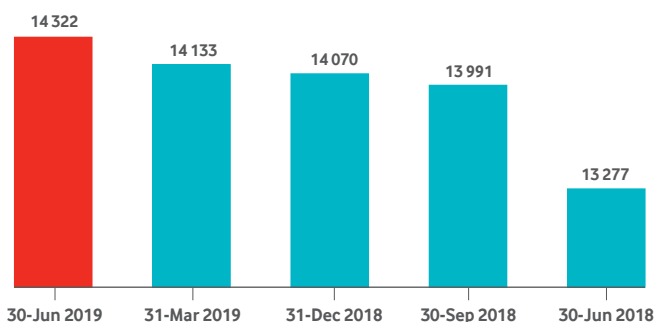
On 24 December 2018, the TCRA issued a report on retail service pricing and service providers' market conduct. The report outlines additional rules on promotions and special offers, cost based pricing on all basic tariffs as well as on- and off-net pricing differentials. Vodacom Tanzania PLC and the industry attended a consultation meeting and provided written comments in January 2019. The final report is still pending.

All growth rates are on a year on year basis for the quarter ended 30 June unless otherwise stated.

Historical key indicators

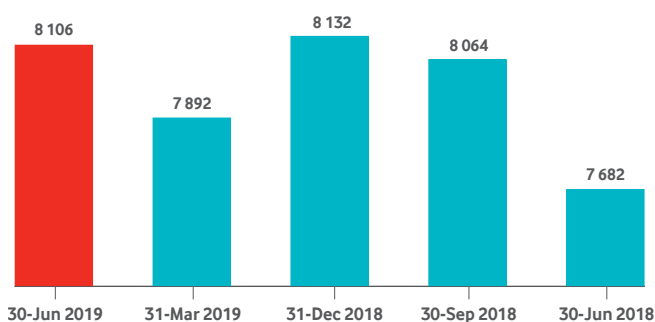
Quarterly customers

Thousand



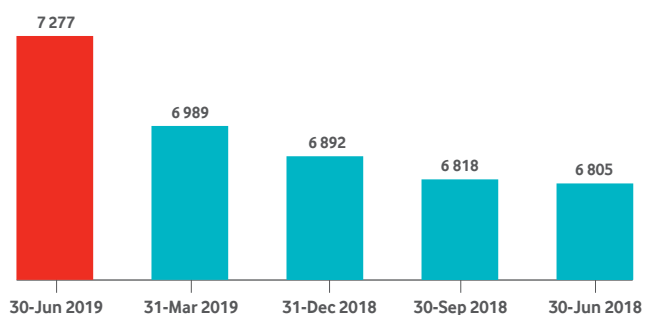
Quarterly data customers

Thousand



Quarterly M-Pesa customers

Thousand



	30-Jun 2019	31-Mar 2019	31-Dec 2018	30-Sep 2018	30-Jun 2018
MOU per month ⁴	170	157	168	186	177
Total ARPU ⁵ (shillings per month)	5,901	5,752	6,205	6,116	5,969

Following the prospective adoption of IFRS 15, Revenue Contracts with Customers on 1 April 2018, the company's ARPU for the quarters is on an IFRS 15 basis.

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

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 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. M-Pesa customers are based on the number of unique customers who generated billable transactions during the month, of these 9.0 million have been active in 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. Total ARPU is calculated by dividing the average monthly service revenue during the period by the average monthly active customers.

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Forward-looking statements

This update which sets out the quarterly results for Vodacom Tanzania Public Limited Company for the quarter ended 30 June 2019, 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.