

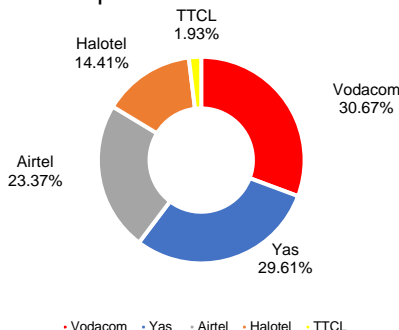
VODACOM Tz EARNINGS HIGHLIGHT Dec 2024



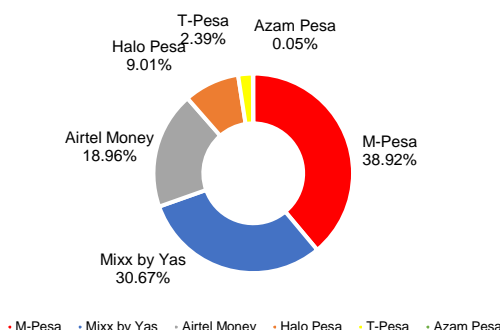
VODACOM TZ FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDING DEC 2024

INDUSTRIAL OVERVIEW

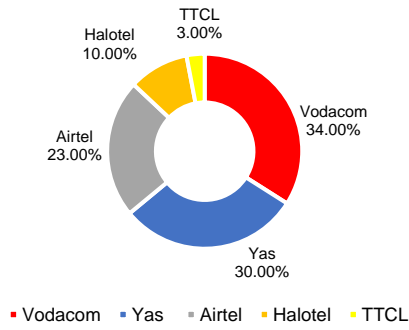
Operators Market Share by Subscription as of Dec 31st 2024



Mobile Money Market Share as of Dec 31st 2024



Mobile Internet Market Share as of Dec 31st 2024



INCOME STATEMENT ANALYSIS

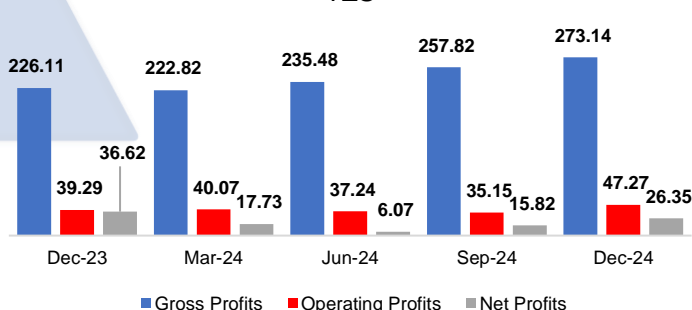
Net Profits increased by 102.49%, from TZS 26.35 billion as of Sept 2024 to TZS 53.35 billion as of Dec 2024.

Reasons:

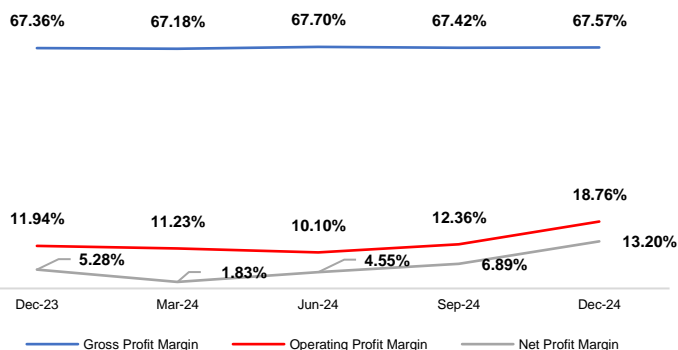
VODA's revenue rose by 5.71% QoQ to TZS 404.20 billion as of December 2024, driven by a growing customer base and higher average revenue per user. Active customers increased by 5% to 22 million, supported by a 3.90% rise in data users (11.63 million) and a 2.52% increase in active M-Pesa users (11.38 million). Meanwhile, ARPU grew 5.56% QoQ to TZS 5,978. Key revenue drivers included M-Pesa expansion, higher adoption of value-added services, and mobile data growth, supported by increased smartphone penetration and IT infrastructure investments.

Operating expenses fell by 2.01% QoQ, amounting to TZS 328.38 billion as of Dec 2024 following a TZS 10.99 billion foreign currency gain during the quarter from a TZS 8.46 billion loss due to the strengthening of the TZS against the USD and other hard currencies during the quarter all while direct expenses growth slowed to 5.22% compared to 10.89% in the previous quarter, however this slowdown has been observed as a cyclical trend that has resurfaced every Q3 of the company's financial year since 2021.

Vodacom Tanzania Profitability Trend in Billions TZS



Vodacom Tanzania Profit Margin Trend



Income Statement Analysis Amounts in Billions TZS	Dec-23	Mar-24	Jun-24	Sept-24	Dec-24
Revenue	333.75	331.70	347.81	382.38	404.21
Growth Rate	3.40%	-0.61%	4.86%	9.94%	5.71%
Operating Expenses	293.68	294.46	312.67	335.12	328.38
Growth Rate	3.60%	0.27%	6.18%	7.18%	-2.011%

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BALANCE SHEET STATEMENT ANALYSIS

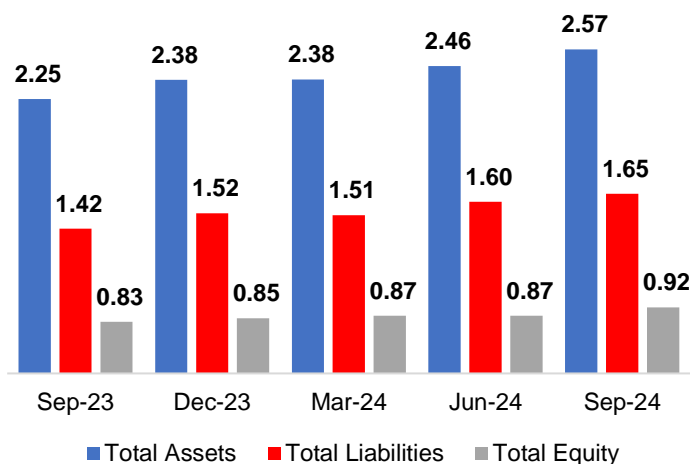
Total assets registered a 4.31% QoQ growth amounting to TZS 2.57 trillion as of Dec 2024 from TZS 2.46 trillion in the quarter prior.

Reasons:

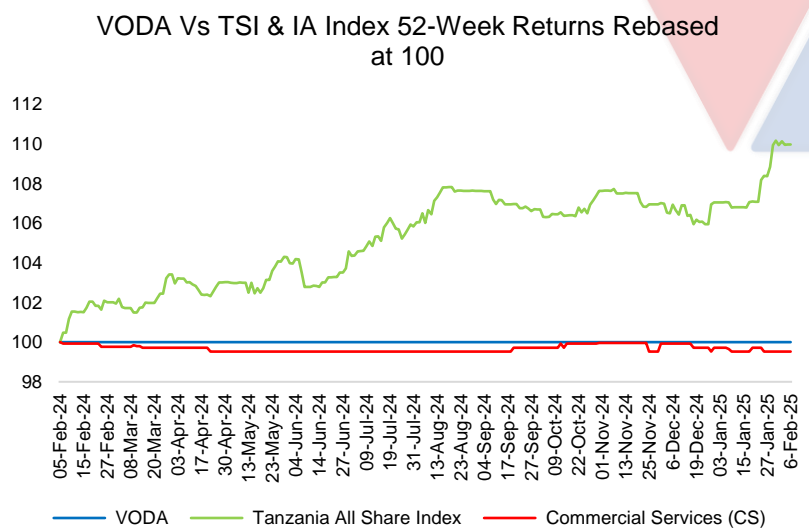
Mobile deposits grew 8.24% QoQ growth amounting to TZS 888.57 billion as of Q4'24 following growth in M-Pesa active customers and increased adoption of M-Pesa Value added services such as M-Koba, a group savings product which has seen a more than 100% growth in deposits YoY as well as the launch its Collective Funding Scheme M-Wekeza in partnership with Sanlam East Africa.

Other growth segments came from its capacity prepayments as the company continues to renew and increase its fiber infrastructure right of use contracts and increments in the company's trade and other receivables. The growth was financed by increased profitability and which led to a 6.14% QoQ growth in equity and a 3.31% QoQ growth in liabilities following increased M-Pesa deposits.

Balance Sheet Highlights in Trillions TZS



INVESTORS' CORNER



Supporting Fundamentals

Ticker	VODA
Closing Price as of Feb 6 th 2024	TZS 770
Book Value per Share	TZS 411.40
P/B Ratio	1.87x
Trailing EPS	TZS 45.36
P/E Ratio	16.98x
ROE	11.02%
ROA	3.95%

OUTLOOK

For the nine months ending FY'2024/25, Vodacom Tanzania's profit surged by 101.72% YoY to TZS 95.53 billion, driven by a 19.60% revenue increase to TZS 1.13 trillion. Strong customer growth (+15% YoY), rising M-Pesa adoption (+17.1% YoY), and higher data usage (+16.9% YoY) were key contributors. Network expansion, including 109 new 4G sites, boosted connectivity and increased data traffic by 27.3%. M-Pesa's growth was supported by increased merchant payments, lending, and savings services, while higher smartphone penetration, innovative financing, and IT infrastructure improvements further diversified revenue streams. From a cost management perspective, the company remained prudent with operating costs which grew at a slower rate of 14.65% YoY following a slowdown in staff and publicity expense growth due to the continued adoption of its Customer Value Management, using machine learning for targeted marketing, as well as the overall improvement in the TZS's value which helped alleviate the company's foreign currency translation losses.

Looking ahead, we anticipate further improvements in Vodacom's profitability, particularly stemming from increased data consumption from its mobile data and fixed internet revenue segments, as well as its value-added services from its M-Pesa segments as a result of an expansion in its network coverage and infrastructure across the country, increased awareness and adoption of its financial value-added services spearheaded by increased smartphone penetration across the country coupled with prudent cost saving initiatives. Despite a favorable outlook, it is worth noting that the company's shares in the stock market continue to remain illiquid due to its shares being overvalued in relation to other telecommunication companies within the East African region.

VODACOM TZ FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDING DEC 2024

RATIO ANALYSIS

	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Capital Structure:									
Debt to Equity	177.56%	169.17%	171.74%	171.81%		178.57%	173.89%	183.86%	178.95%
Equity Multiplier	2.69	2.78	2.69	2.72		2.79	2.74	2.84	2.79
Interest Covergae	1.36	1.37	0.89	2.77	2.03	1.80	1.70	2.12	3.11
Asset Quality									
Total Asset Turnover	0.51	0.49	0.52	0.58			0.59	0.63	0.64
Return on Assets	0.91%	2.01%	-1.26%	6.50%		1.02%	2.66%	4.28%	8.30%
Management Quality									
Revenue Growth	3.39%	-3.14%	6.26%	11.30%	4.00%	-1.19%	4.86%	9.94%	5.71%
ARPU (Quarterly) Growth	1.68%	-5.76%	3.38%	5.08%	-1.39%	-4.19%	2.21%	3.06%	5.56%
Active User Growth	1.77%	2.72%	3.47%	6.85%	3.37%	2.28%	3.67%	3.31%	5.00%
Earnings Quality									
Net Profit Growth	-86.62%	116.37%	-163.00%	623.19%	-51.58%	-65.76%	160.65%	66.51%	102.49%
Net Profit Margin	1.82%	4.07%	-2.41%	11.35%	5.28%	1.83%	4.55%	6.89%	13.20%
Return on Equity	2.53%	5.41%	-3.44%	17.67%		2.85%	7.29%	12.14%	23.16%
Liquidity Ratios:									
Current Ratio	0.90	0.91	0.89	0.91		0.90	0.91	0.89	0.92
Quick Ratio	0.89	0.90	0.88	0.90		0.90	0.91	0.89	0.91
Cash Ratio	0.32	0.31	0.31	0.18		0.18	0.13	0.14	0.11

Quarterly Revenue and Profit Data have been annualized.

ANALYST'S NAMES & CONTACTS

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