

25 July 2019

Vodacom Group Limited

(Incorporated in the Republic of South Africa)

(Registration number 1993/005461/06)

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(Vodacom)

Vodacom Group Limited trading update for the quarter ended 30 June 2019 (short form announcement)

Key Highlights

- Solid Group revenue growth of 4.2% (1.9%*) to R21.5 billion and service revenue up 3.9% (1.2%*) to R17.4 billion.
- Added 608 000 customers in South Africa in the quarter, 522 000 added in prepaid and contract customer base grew by 8.9%.
- Added 560 000 customers in our International operations, up 5.3%.
- Strong International service revenue growth of 19.6% (8.1%*) to R5.1 billion, supported by continued success in M-Pesa and data.
- Group data customers increased to 38.9 million adding 1.3 million in the quarter.
- M-Pesa revenue increased 42.7% (28.4%*) to R905 million, representing 17.7% of International service revenue.
- South Africa service revenue declined 1.2% to R12.6 billion, negatively impacted by the proactive reduction in out-of-bundle data rates, data usage regulations and the transition between national roaming partners.

Rm	Quarter ended 30 June 2019		% change	
	2019	2018	Reported	Normalised*
Group service revenue	17 433	16 773	3.9	1.2
South Africa	12 577	12 736	(1.2)	(1.2)
International	5 112	4 275	19.6	8.1
Group revenue	21 527	20 653	4.2	1.9
South Africa	16 559	16 515	0.3	0.3
International	5 276	4 424	19.3	7.7

Shameel Joosub, Vodacom Group CEO commented:

Growth from our International portfolio offset the anticipated slower performance in South Africa, which was impacted by new data usage regulations, significant data price cuts and a subdued economy weighing on consumer spend.

Revenue and service revenue at a Group level grew by 4.2% and 3.9% respectively. Excluding Safaricom, we added 1.2 million customers in the three-month period, serving 79 million customers across the Group, having added 2.4 million customers in total to the Vodacom network over the past year.

Despite the impact of cyclones Idai and Kenneth in Mozambique, International service revenue increased by 19.6% (8.1%*), largely driven by a 42.7% (28.4%*) increase in M-Pesa revenue and data demand. M-Pesa revenue of R905 million accounted for 17.7% of International service revenue, boosted by an overall improved trend in each of our International markets and Tanzania in particular. In South Africa, service revenue was negatively impacted by the further substantial reduction in out-of-bundle tariffs announced in March as part of our sustained pricing transformation strategy to bring down the prices of our data services. The impact from three months of ICASA's data usage regulations, the transition between national roaming partners and the tough retail operating environment, were other contributors to the 1.2% decline in service revenue in South Africa. Acceleration in the growth in data

Notes:

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

All growth rates quoted are year-on-year and refer to the quarter ended 30 June 2019 compared to the quarter ended 30 June 2018.

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 contained in the full announcement.

Amounts marked with an * in this document, represent normalised growth which presents performance on a comparable basis. This excludes merger and acquisition activity and adjusting for trading foreign exchange and foreign currency fluctuation on a constant currency basis (using the current year as base).

The *pro-forma* financial information has not been audited or reviewed or otherwise reported on by external auditors.

traffic of 52%, and the 45% jump in revenue from our Financial Services business were among the key highlights in South Africa from the quarter.

We are encouraged by President Cyril Ramaphosa's commitment, made in his address at the Fourth Industrial Revolution South Africa Digital Economy Summit, to award new spectrum. This is a vital part of reducing input costs and further bringing down data prices in South Africa, where lengthy delays in completing the digital migration and allocating 4G spectrum has curbed the pace at which data prices could have fallen. Clear policy direction for the country's telecommunications industry is also expected to restore investor confidence in South Africa and boost economic growth.

Looking ahead, we expect to conclude the acquisition of the M-Pesa brand and platform and together with the recent launch of VodaPay, to further enhance the performance of our Financial Services business. We are also encouraged by the growth potential from the IoT.next¹ acquisition and AWS partnership agreement announced earlier this year. We expect growth in the second half of the year to improve in South Africa, benefitting from the completion of the national roaming partner switch over and improved commercial momentum in financial services.

It is with deep sadness that we received the news that our colleague Bob Collymore, CEO of Safaricom passed away in July. On behalf of our Board and staff at Vodacom, I extend our deepest condolences to Bob's family and all the staff of Safaricom.

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/2019/jse/isse/VOD/1Q20_SENS.pdf and is also available on our website 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.

¹ Pending Competition Commission approval.