

Vodacom Group Limited
(Incorporated in the Republic of South Africa)
(Registration number 1993/005461/06)
ISIN: ZAE000132577 Share code: VOD
ISIN: US92858D2009 ADR code: VDMCY
("Vodacom" or "Vodacom Group" or "the Group")

ASZ share code: VOD

13 May 2024

Vodacom Group Reviewed Annual Results for the year ended 31 March 2024 and Cash Dividend Declaration

Highlights

- Group revenue of R151 billion was up 26.4%, positively impacted by the acquisition of Egypt[^].
- Group service revenue growth was 29.1%, and including Egypt on a pro-forma basis was 9.2%.
- Group EBITDA growth of 24.3% or 7.8% on a pro-forma basis.
- Group free cashflow generation of R18.2 billion supported lower leverage of 0.9x net debt to EBITDA.
- Serve a combined 203.1 million customers across the Group, including Safaricom on a 100% basis.
- 78.9 million financial services customers, including Safaricom on a 100% basis, transacting US\$1.1 billion per day.
- Financial services revenue increased 32.2% to R13.0 billion, contributing 10.8% to Group service revenue.
- Full year dividend of 590cps, consistent with our policy.

Group statutory performance measures

Rm	Year ended 31 March		% change
	2024	2023	Reported
Revenue	150 594	119 170	26.4
Service revenue	120 897	93 650	29.1
Net profit from associates and joint ventures	2 197	2 607	(15.7)
Operating profit	35 337	29 252	20.8
Net profit	19 262	18 111	6.4
Net debt to EBITDA	0.9	1.1	(0.2x)
Earnings per share (cents)	842	948	(11.2)
Headline earnings per share (cents)	846	948	(10.8)
Total dividend per share (cents)	590	670	(11.9)

Group additional performance measures

Rm	Year ended 31 March		% change
	2024	2023	Reported
EBITDA	56 116	45 144	24.3
EBITDA margin (%) ¹	37.3	37.9	(0.6ppts)
Capital expenditure ²	20 422	16 490	23.8
Capital intensity (%) ²	13.6	13.8	(0.2ppts)
Operating free cash flow ³	30 305	25 111	20.7
Free cash flow ³	18 209	18 524	(1.7)
Financial services revenue ⁴	13 033	9 856	32.2

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.
4. The combination of South Africa financial services revenue, Egypt financial services revenue and International M-Pesa revenue.

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 the announcement represent normalised growth as defined above.

All growth rates quoted are year-on-year and refer to the year ended 31 March 2024 compared to the year ended 31 March 2023, unless stated otherwise.

[^] Vodafone Egypt Telecommunications SAE (Vodafone Egypt) was consolidated from 8 December 2022 representing the effective date of the transaction. Results comparable with our medium-term targets or 'pro-forma' results have been presented for the Group as if the effective date of the Vodafone Egypt acquisition was 1 April 2022, thus showing the segment's financial information on a full year basis.

Growth rates for Safaricom are in local currency and year-on-year, unless otherwise stated. Safaricom results announcements are available at: <https://www.safaricom.co.ke/investor-relations-landing/reports/financial-report/financial-results>

Shameel Joosub, Vodacom Group CEO commented:

Our acquisition of Egypt contributed significantly to the 29.1% increase in Group service revenue, supported by a resilient performance in our largest market, South Africa. A 6.4% increase in net profit showcased the robustness of our strategy and our execution track-record of adapting to changes in our operating environments, despite elevated global economic pressures.

In a year when we celebrate our 30th anniversary, we also surpassed the 200 million customer mark. These are two particularly gratifying milestones in Vodacom's history. Our customer base is evenly split across our segments, which include South Africa, Egypt, International business and Safaricom, showcasing the breadth of our footprint, which covers more than half a billion people across the continent. In aggregate, our new services, which include digital and financial, fixed and IoT, reached a contribution of 20.0% of Group service revenue, as we also advanced our product diversification. Financial services is the key driver of our new services and a meaningful enabler of our purpose to connect for a better future. This is evidenced by the 11.8% increase in financial service customers to 78.9 million, as we now process an impressive US\$381.2 billion in annual transaction value.

A combination of start-up losses in Ethiopia, higher finance and energy costs, the impact of absorbing inflationary pressures, and weaker exchange rates across markets, including the recent devaluation of the Egyptian pound, contributed to the 10.8% decline in headline earnings of 846 cents per share (cps). Reflective of our dividend policy of paying at least 75% of headline earnings, the Board declared a dividend per share of 590cps for the year. Nonetheless, we expect that our efforts to diversify the Group's footprint and product mix will unlock strong returns over the medium term.

Despite the economic backdrop, we remain committed to spending 13% to 14.5% of our overall revenue on capital expenditure that ultimately results in an enhanced customer experience through sustained investments in technology and network infrastructure. This has and will continue to enhance network resilience through the acceleration of 5G coverage, our rural coverage programme to help bridge the digital divide and keeping customers connected despite, the power challenges across key markets.

In South Africa, service revenue growth of 2.6% was largely on the back of new services, the consumer contract segment and prepaid mobile data. This was partly offset by pressure in Vodacom Business, as a shift away from 'Work From Home' policies saw corporate customers recalibrating their spend.

New services in South Africa were up 11.2% and contributed R10.2 billion, or 16.6% of service revenue. The 7.9% service revenue increase from financial services to R3.2 billion was largely driven by our insurance business and payments, while Airtime Advance remained an important enabler of digital inclusion.

The traction and transaction volume growth that our VodaPay super-app continues to attract is particularly pleasing having ended the period with 10.4 million downloads and 5.8 million registered users, reflecting an increase of 83.0% and 79.4%, respectively.

From an infrastructure investment perspective, we spent R11.1 billion to support network resilience, leverage our new spectrum assets and enhance our IT platforms to maintain our competitive edge and remain South Africa's most reliable network. Our proposed purchase of a joint venture stake in South African fibre company Maziv will enable affordable access to connectivity in some of the most vulnerable parts of the country through an ambitious fibre roll-out programme, assisting in narrowing the country's digital divide. The transaction is subject to a review by the Competition Tribunal with hearings due to commence on 20 May 2024, during which Vodacom will showcase the strong public interest and pro-competitive advantages that the transaction would have on the fibre market, and the country as a whole.

Egypt now services 48.3 million customers, an increase of 6.2%, and contributes one quarter of Group revenue supported by excellent customer engagement in connectivity, mobile and fixed price adjustments, and excellent growth in its financial services platform, Vodafone Cash. A 10.9% increase in data customers contributed to a 41.8% jump in data traffic while the local currency 107.4% increase in financial services revenue was supported by our one-app strategy resulting in customer growth of 52.1% to 8.2 million and strong growth in transaction values to over EGP1 trillion in the year.

We are encouraged by the meaningful steps taken by Egypt's government to support economic growth through foreign direct investment and foreign exchange liquidity. Pleasingly, the dividend declared by Egypt to the Group in the first half of the financial year was repatriated to South Africa in March 2024.

Our International business in DRC, Lesotho, Mozambique and Tanzania produced a reported 13.1% increase in service revenue, supported by foreign exchange tailwinds, a 21.4% increase in M-Pesa revenue, and a 30.5% rise in data revenue. Tanzania delivered strong double-digit growth, DRC's service revenue growth improved in the second half, while Mozambique's performance disappointed with a service revenue decline of 12.5%. We expect recent regulatory reforms in Mozambique will meaningfully improve our prospects in that market.

Across the four markets, M-Pesa revenue grew 21.4%, contributing 26.5% of International business service revenue. This was boosted by a strong performance in Tanzania while new growth areas such as lending and savings products continue to gain traction across the portfolio as we facilitated loans worth R16.9 billion, more than doubling year-on-year.

Safaricom delivered an excellent performance in Kenya with service revenue accelerating in the second half to end the year with growth of 13.4%, boosted by double-digit growth in mobile data and M-Pesa revenue. M-Pesa transaction volumes increased 34.8%, showcasing the scale of the business. Despite start up costs associated with operations in Ethiopia, Safaricom has confirmed that its roll-out is on track in Africa's second most populous country.

Of the many purpose-led initiatives that we led over the past year, I am particularly proud of m-mama, Code like a Girl and Je Suis Cap. With the support of partners like USAID and the Vodafone Foundation, these initiatives are expanding across our markets to change lives. Alongside these programmes our Tech for Good solutions are key enablers of inclusion and address challenges across critical industries, including healthcare, education and agriculture.

Looking ahead, we are focussed on delivering the final year of our Vision 2025 targets, while at the same time developing the Group's next strategic phase to support our TechCo transition, where we will anchor our business on imperatives such as amplifying our commitment to purpose and customers, excelling at simplicity and innovating for growth so that we deliver sustainable growth.

Core to this strategy will be accelerating mobile and fixed connectivity, scaling handset financing and the rollout of innovative digital and financial services in all our markets. We will also seek to expand our partnerships across Africa to power Vodacom's growth, drive infrastructure sharing to increase rural and fibre connectivity and expand the reach of our Tech for Good solutions.

While the global economic outlook is uncertain, we are encouraged by the recent macro reforms in Egypt and Kenya. Building on this momentum, our portfolio of products positions us to deliver on our purpose and capture the structural growth opportunities across our markets, while also supporting an upgraded outlook for Group service revenue growth. Delivering on this outlook will require an unwavering focus to deliver our strategy, to meet our business objectives and to serve our customers.

Declaration of final dividend number 30 – payable from income reserves

Notice is hereby given that a gross final dividend number 30 of 285 cents per ordinary share in respect of the financial year ended 31 March 2024 has been declared payable on Monday, 24 June 2024 to shareholders recorded in the register at the close of business on Friday, 21 June 2024. The number of ordinary shares in issue at the date of this declaration is 2 077 841 204. The ordinary 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 228 cents per ordinary share.

Last day to trade shares cum dividend	Tuesday, 18 June 2024
Shares commence trading ex-dividend	Wednesday, 19 June 2024
Record date	Friday, 21 June 2024
Payment date	Monday, 24 June 2024

Share certificates may not be dematerialised or rematerialised between Wednesday, 19 June 2024 and Friday, 21 June 2024, both days inclusive.

On Monday, 24 June 2024, 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, 24 June 2024.

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

Dividend policy

Following the acquisition of Vodafone Egypt in the previous financial year, the company instituted a policy of paying dividends of at least 75% of Vodacom Group headline earnings. At this level of payout, Vodacom offers one of the highest dividend pay-out policies on the JSE. Additionally, the policy provides scope for the Group to invest within its 13.0% to 14.5% capital intensity target, de-lever the balance sheet and accommodate the upstreaming and dividend pay-out profiles of Safaricom and Egypt.

For and on behalf of the Board

10 May 2024

Sakumzi Justice Macozoma

Shameel Aziz Joosub

Raisibe Morathi

Chairman

Chief Executive Officer

Chief Financial Officer

Midrand

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 the JSE's cloudlink at <https://senspdf.jse.co.za/documents/2024/jse/isse/VOD/FY24SENS.pdf> and is also available on our website www.vodacom.com.

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. The annual results for the year ended 31 March 2024 were reviewed by the Group's auditors Ernst & Young Inc, who have expressed an unmodified review report. The review report is available in the full announcement.

Sponsor

Nedbank Corporate and Investment Banking, a division of Nedbank Limited