Vodacom Tanzania Public Limited Company
(Incorporated in the United Republic of Tanzania)
Registration number: 38501

News release

Vodacom Tanzania Public Limited Company trading update for the quarter ended 31 December 2018

21 January 2019

Salient features

- Solid customer growth of 9.1% to 14.1 million.
- Data customers increased by 11.1% to 8.1 million, achieved through targeted data campaigns.
- M-Pesa customers rose by 10.0% to 6.9 million, representing 49.0% of the customer base.

Key Indicator review

	31 December 2018	30 September 2018	31 December 2017	YoY % change	Quarterly % change
Customers[1] (thousand)	**14 070**	13 991	12 901	**9.1%**	**0.6%**
Data customers[2] (thousand)	**8 132**	8 064	7 317	**11.1%**	**0.8%**
M-Pesa customers[3] (thousand)	**6 892**	6 818	6 266	**10.0%**	**1.1%**
MOU per month[4]	**168**	186	171	**(1.8)%**	**(9.7)%**
Total ARPU[5] (shillings per month)	**6 222**	6 132	6 369	**(2.3)%**	**1.5%**

Competitive commercial offers through our 'Just 4 You' platform as well as continued focus of high-value and youth segments has led to robust growth in **customer base** of 9.1%.

Continued commercial momentum aimed at expanding the ecosystem has led to **M-Pesa customer** base growth of 10.0%, reaching 6.9 million. Our merchant solution continued to grow, used by 9 028 active merchants (up 7.5% quarter on quarter), transacting TZS 302 billion during the period (up 3.4% quarter on quarter).

Our focus on the youth and high value customer segments, as well as partnership-led smartphone campaigns, coupled with further investment in our network, resulted in a continuation of strong demand for mobile data services. During the period, 153 4G sites were rolled out across the country, reaching 895 sites (up 67% year on year). These initiatives have led to an increase in **data customers** of 11.1%, reaching 8.1 million which represent 57.8% of the customer base. Active smartphone users has reached 3.6 million, representing 25.6% of customer base (up 0.7pp quarter on quarter).

Regulatory matters

Telecommunication and broadcasting market review

In May 2018, the Telecommunication Regulatory Authority (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. TCRA invited all operators to discuss the report on 11 January 2019 and asked for written comments by 25 January 2019.

Customer registration

Vodacom Tanzania continued to invest in enhanced customer registration processes and took actions to improve our compliance as required by the TCRA.

Mobile Termination rates

The TCRA published new mobile termination rates (MTRs) on 29 December 2017 effective from January 2018 to December 2022. As a result, MTRs declined from TZS 15.60 to TZS 10.40 on January 2019. The TCRA's 'glide path' reduces the MTR annually until it becomes TZS 2.00 in January 2022. Vodacom Tanzania's appeal against the TCRA's new MTR is still pending a hearing at the Fair Competition Tribunal (FCT), which will rule on the matter.

Other matters

Vodacom Group has entered into an agreement with Mirambo Limited, and certain of Mirambo's shareholders under the terms of which Vodacom Group will acquire all of Mirambo's 588 million shares in Vodacom Tanzania. This will result in Vodacom Group increasing its total interest in Vodacom Tanzania from 61.6% (direct and indirect) to 75% (direct). In November 2018, the shareholders of Vodacom Tanzania passed a special resolution supporting Vodacom Group Limited to increase its shareholding in Vodacom Tanzania through the acquisition of additional shares in Vodacom Tanzania in accordance with existing regulations. The transaction is subject to regulatory approvals, which are pending.

Historical key indicators

	31 December 2018	30 September 2018	30 June 2018	31 March 2018	31 December 2017	30 September 2017	30 June 2017
Customers[1] (thousand)	**14 070**	13 991	13 277	12 899	12 901	12 857	12 611
Data customers[2] (thousand)	**8 132**	8 064	7 682	7 345	7 317	7 072	6 767
M-Pesa customers[3] (thousand)	**6 892**	6 818	6 805	6 369	6 266	6 189	5 934
MOU per month[4]	**168**	186	177	161	171	167	153
Total ARPU[5] (shillings per month)	**6 222**	6 132	5 984	5 734	6 369	6 295	5 946

Notes:

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.

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

Trademarks

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Forward-looking statements

This update which sets out the quarterly results for Vodacom Tanzania Public Limited Company for the three months ended 31 December 2018, 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.