Vodacom Tanzania Public Limited Company ("Vodacom Tanzania")
(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 2017

30 January 2018

Salient features

- Total ARPU up 1.4%, led by increased M-Pesa customer spend and data usage.
- Stable customer growth of 3.9%, supported by promotional summer campaigns during the quarter.
- Data customers up 12.8% to 7.3 million, representing 56.7% of the active customer base, an improvement of 4.5ppts year-on-year.

Key indicator review

	31 December 2017	30 September 2017	31 December 2016	Yoy % change	Quarterly % change
Customers[1] (thousand)	**12 901**	12 857	12 419	**3.9**	0.3
Data customers[2] (thousand)	**7 317**	7 072	6 484	**12.8**	3.5
M-Pesa customers[3] (thousand)	**8 086**	7 929	7 488	**8.0**	2.0
MoU per month[4]	**171**	167	162	**5.6**	2.4
Total ARPU[5] (shillings per month)	**6 369**	6 295	6 279	**1.4**	1.2

Strong execution of targeted M-Pesa and data propositions gave rise to pleasing third quarter results.

Data customers increased 12.8%, reaching 7.3 million with over 245 000 active customers gained during the quarter. Smartphone penetration increased to over 29%. Customer base and usage growth, coupled with greater effective data price stability allowed for further improvements in the monetisation of data traffic.

M-Pesa customer base grew 8.0% to 8.1 million. A focus on targeted propositions during the quarter significantly enhanced customer spend during the period. The merchant payment solution continues to expand, with over 5 900 merchants now actively trading on the platform at the end of December 2017.

Regulatory matters

New mobile termination rates

The Tanzania Communications Regulatory Authority ("TCRA") published new mobile termination rates ("MTRs") on 29 December 2017. MTRs declined from TZS 26.80 to TZS 15.60 from January 2018, which will have an impact on interconnect revenue and expenses. The rate will continue to reduce annually until it becomes TZS 2.00 in January 2022. We will develop and implement proactive measures to mitigate the adverse impact of these changes to our business.

Customer registration

In December 2017, the TCRA issued a compliance order which alleged that 57 SIM cards were not registered in accordance with the TCRA's requirements during a SIM card registration audit conducted during September 2017. Vodacom Tanzania is contesting this compliance order, has made its case to the TCRA and is now awaiting a ruling on the matter.

Historical key indicators

	31 December 2017	30 September 2017	30 June 2017	31 March 2017	31 December 2016	30 September 2016	30 June 2016
Customers[1] (thousand)	**12 901**	12 857	12 611	12 653	**12 419**	12 354	12 060
Data customers[2] (thousand)	**7 317**	7 072	6 767	6 463	**6 484**	6 021	5 440
M-Pesa customers[3] (thousand)	**8 086**	7 929	7 698	7 966	**7 488**	7 035	7 467
MoU per month[4]	**171**	167	153	146	**162**	162	158
Total ARPU[5] (shillings per month)	**6 369**	6 295	5 946	5 674	**6 279**	6 187	5 876

The quarterly information has not been audited nor reviewed by Vodacom's external auditors.

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 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 have generated revenue related to M-Pesa in the past 90 days, of these 6.3 million have been active in the past 30 days.
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 during the period.

Trademarks

Vodafone, the Vodafone logo, M-Pesa, Vodafone Mobile Broadband, Vodafone WebBox, Vodafone Passport, Vodafone live!, Power to You, Vodacom, Vodacom 4 Less and Vodacom Change the World are trademarks of Vodafone Group Plc (or have applications pending). M-Fundi, M-Shamba, M-Pawa and Vodacom Faraja are trademarks of Vodacom Tanzania Public Company Limited (or have applications pending). Other product and company names mentioned herein may be the trademarks of their respective owners.

Forward-looking statements

This update, which sets out the quarterly results of Vodacom Tanzania Public Limited Company ("the Company") and its subsidiaries (together "the Group") for the quarter ended 31 December 2017, contains 'forward-looking statements', which, save as is otherwise stated in the Prospectus issued by the Company on 12 February 2017 (a copy of which is available on the Company's website), 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 information relating to 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 business by the government in the country 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" (including in their negative form). 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 may or may not occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, the following: changes in economic or political conditions in markets served by operations of the Group; greater than anticipated competitive activity; higher than expected costs or capital expenditures; slower than expected customer growth and reduced customer retention; changes in the spending patterns of new and existing customers; the Group's ability to expand its spectrum position or renew or obtain necessary licences; the Group's ability to achieve cost savings; the Group's ability to execute its strategy in fibre deployment, network expansion, new product and service roll-outs, mobile data, Enterprise and 4G network expansion; changes in foreign exchange rates, as well as changes in interest rates; the Group's ability to realise benefits from entering into partnerships or joint ventures and entering into service franchising and brand licensing; unfavourable consequences to the Group of making and integrating acquisitions or disposals; changes to the regulatory framework in which the Group operates; the impact of legal or other proceedings; loss of suppliers or disruption of supply chains; developments in the Group's financial condition, earnings and distributable funds and other factors that the Board takes into account when determining levels of dividends; the Group's ability to satisfy working capital and other requirements; changes in statutory tax rates or profit mix; and/or changes in tax legislation or final resolution of open tax issues. All subsequent written or oral forward-looking statements attributable to the Company, to any member of the Group or to any persons acting on their behalf are expressly qualified in their entirety by the factors referred to above. No assurances can be given that the forward-looking statements in this document will be realised. Subject to compliance with applicable law and regulations, the Company does not intend to update these forward-looking statements and does not undertake any obligation to do so.