

Vodacom Tanzania Public Limited Company

Trading update for the quarter ended 30 June 2018

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 30 June 2018

23 July 2018

Salient features

- Robust customer growth of 5.3% and ARPU stability maintained, in spite of intensified pricing pressure.
- M-Pesa customer base growth stepped up to 14.7%, gaining 436 000 active customers during the quarter.
- Sustained data customer growth of 13.5% to 7.7 million, achieved through targeted data campaigns.

All growth rates quoted are year-on-year growth rates unless otherwise stated.

Key indicator review

	30 June 2018	31 March 2018	30 June 2017	Yoy % change	Quarterly % change
Customers ¹ (thousand)	13 277	12 899	12 611	5.3	2.9
Data customers ² (thousand)	7 682	7 345	6 767	13.5	4.6
30 day active M-Pesa customers ³ (thousand)	6 805	6 369	5 934	14.7	6.8
MoU per month ⁴	177	161	153	15.7	9.9
ARPU ⁵ (shillings per month)	5 984	5 734	5 946	0.6	4.4

Robust customer base growth and ARPU stability was achieved in spite of intensified pricing pressure being applied by some of our competitors following the 42.1% mobile termination rate ('MTR') cut in January 2018.

We celebrated the tenth anniversary of Vodacom M-Pesa's launch in Tanzania alongside 6.8 million **30 day active M-Pesa customers**, up 14.7%. Greater customer spend across an elevated number of revenue generating transactions was stimulated through celebratory prize campaigns. 436 000 active customers were gained during the quarter and our 'Lipa kwa M-Pesa' merchant payment solution continues to gain momentum, with over 7 900 merchants now actively trading on the platform.

Data customers increased 13.5%, reaching 7.7 million, as we continued to target specific customer segments and geographies which allow for further improvement to the monetisation of data traffic. Through marketing our data network superiority with our 'super network' campaign, we significantly increased our weighted net promoter score lead over our nearest competitor. Smartphone penetration increased to over 30%, enhanced by affordable smartphone campaigns.

Regulatory matters

Success in the 700MHz spectrum auction

An auction of spectrum in the 700 MHz frequency range concluded on 8 June 2018, where Vodacom Tanzania successfully acquired 2 x 10 MHz for US\$10 million. As a result, Vodacom Tanzania plans to utilise the spectrum to provide a superior 4G data customer experience to a greater number of communities.

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Historical key indicators

	30 June 2018	31 March 2018	31 December 2017	30 September 2017	30 June 2017	31 March 2017	31 December 2016
Customers ¹ (thousand)	13 277	12 899	12 901	12 857	12 611	12 653	12 419
Data customers ² (thousand)	7 682	7 345	7 317	7 072	6 767	6 463	6 484
30 day active M-Pesa customers ³ (thousand)	6 805	6 369	6 266	6 189	5 934	6 198	5 555
MoU per month ⁴	177	161	171	167	153	146	162
ARPU ⁵ (shillings per month)	5 984	5 734	6 369	6 295	5 946	5 674	6 279

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

Notes:

1. Active 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 the 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. 30 day active M-Pesa customers are the number of unique customers who have generated billable transactions during the month.
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. 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, Vodacom, Connected Farmer and Vodafone Supernet 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 Limited Company (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 30 June 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 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.