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 2017

19 July 2017

Salient features

- Total ARPU up 1.2%, led by strong growth in M-Pesa transaction volumes and enhanced by targeted data propositions.
- Customer growth stepped up to 4.6%, powered by affordable smartphone and promotional campaigns.
- Data customers up 24.4% to 6.8 million, with growth in data traffic matched by a superior data network user experience and improved monetisation.

Key indicator review

	30 June 2017	31 March 2017	30 June 2016	Yoy % change	Quarterly % change
Customers[1] (thousand)	**12 611**	12 653	12 060	**4.6**	(0.3)
Data customers[2] (thousand)	**6 767**	6 463	5 440	**24.4**	4.7
M-Pesa customers[3] (thousand)	**7 698**	7 966	7 467	**3.1**	(3.4)
MoU per month[4]	**153**	146	158	**(3.2)**	4.8
Total ARPU[5] (shillings per month)	**5 946**	5 674	5 876	**1.2**	4.8

The commercial momentum of the second half of the previous financial year continued during the first quarter of this financial year, as investments made across our key strategic drivers – data, M-Pesa and enterprise – yield positive results. Strong execution of both our promotional offers and targeted M-Pesa and data propositions, coupled with improved effective price stability, gave rise to a stronger first quarter.

Data customers increased 24.4%, reaching 6.8 million. Over 300 thousand data customers were gained during the quarter. The success of our "Smart Bomba" affordable smartphone campaign invoked greater 2G to 3G customer migration, while targeted data propositions continued to increase the number of data bundles sold by more than 30%. This growth and greater effective data price stability allowed for the monetisation of data traffic to improve during the quarter.

M-Pesa customer growth of 3.1% is impacted by a lapping of successful campaigns surrounding an interest distribution made in the previous year. M-Pesa customer spend through our new merchant payment solution gained momentum during the quarter, as we increased the number of participating merchants.

Regulatory matters

Customer registration

In April 2017, the Tanzania Communications Regulatory Authority ('TCRA') issued Vodacom Tanzania with a non-compliance order following a SIM card registration audit conducted in December 2016. On 14 July 2017, the TCRA issued fines associated with this non-compliance order, totalling TZS 1.9 billion. Vodacom Tanzania remains committed to proactively participating in the TCRA-led steering committee, as well as achieving compliance with the TCRA's customer registration requirements by investing in enhanced registration processes.

Listing of Vodacom Tanzania

Under Section 26 of the Electronic and Postal Communications Act, 2010 ('EPOCA') (as amended by the Finance Act 2016), licensed telecommunications operators are required to issue 25% of their share capital through an initial public offering ('IPO') to Tanzanians and thereafter list the said shares on the Dar es Salaam stock exchange ('DSE'). Vodacom Tanzania opened its IPO on 9 March 2017.

In July 2017, changes were made to the aforementioned statute in order to facilitate participation by international investors in IPOs of licensed telecommunications operators.

Following directives received from the Capital Markets and Securities Authority ('CMSA'), Vodacom Tanzania has extended the offer period by three weeks from 10 July 2017 to 28 July 2017 and expects to list its shares on the DSE, under the main investment market segment, on 15 August 2017.

Historical key indicators

	30 June 2017	31 March 2017	31 December 2016	30 September 2016	30 June 2016	31 March 2016	31 December 2015
Customers[1] (thousand)	**12 611**	12 653	12 419	12 354	**12 060**	12 375	12 714
Data customers[2] (thousand)	**6 767**	6 463	6 484	6 021	**5 440**	5 415	5 727
M-Pesa customers[3] (thousand)	**7 698**	7 966	7 488	7 035	**7 467**	7 030	7 964
MoU per month[4]	**153**	146	162	162	**158**	124	130
Total ARPU[5] (shillings per month)	**5 946**	5 674	6 279	6 187	**5 876**	5 631	5 957

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 5.9 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

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 three months ended 30 June 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.