

Vodacom Group Limited

Trading update for the quarter ended 30 June 2021
Results announcement

Vodacom Group Limited

(Incorporated in the Republic of South Africa)

(Registration number 1993/005461/06)

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(Vodacom)

News release

Vodacom Group Limited trading update for the quarter ended 30 June 2021

23 July 2021

Highlights

- Group revenue of R24.8 billion was up 9.0%, as strong normalised growth of 14.2%* was partially offset by the rand's recovery.
- The rand appreciated by 20% against a basket of our international currencies, impacting reported growth.
- Normalised Group service revenue growth was 7.8% as International growth accelerated.
- South Africa service revenue was up 5.2% to R14.1 billion, reflecting sustained demand for connectivity services and strong growth in new services.
- Strong M-Pesa revenue supported normalised growth of 13.5%* for our International markets, while on a reported basis, service revenue of R5.3 billion declined by 6.3% as a result of currency translation.
- Group financial services revenue, excluding Safaricom, contributed 9.8% of consolidated services revenue and grew 33.9%* on a normalised basis.

Rm	Quarter ended 30 June		YoY % change	
	2021	2020	Reported	Normalised*
Group service revenue	19 165	18 761	2.2	7.8
South Africa	14 070	13 378	5.2	5.2
International	5 301	5 658	(6.3)	13.5
Group revenue	24 779	22 730	9.0	14.2
South Africa	19 535	17 255	13.2	13.2
International	5 495	5 794	(5.2)	15.2

Included in Group service revenue

Group financial services revenue ¹	1 877	1 599	17.4	33.9
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Notes:

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 on pages 13 to 14.

The *pro-forma* financial information has not been audited or reviewed or otherwise reported on by external auditors.

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

All growth rates quoted are year-on-year and refer to the quarter ended 30 June 2021 compared to the quarter ended 30 June 2020.

Amounts marked with an * in this document represent normalised growth which presents performance on a comparable basis. This excludes merger acquisition and disposal activities where applicable and adjusting for trading foreign exchange and foreign currency fluctuation on a constant currency basis (using the current year as base) to show a like-for-like comparison of results.

¹ The combination of South Africa financial services and International M-Pesa revenue.

Shameel Joosub, Vodacom Group CEO commented:

The first quarter of the financial year was characterised by two significant milestones that support the Group's geographic and revenue diversification. In May 2021, a consortium led by Safaricom PLC was awarded a mobile telecommunications licence by the Government of Ethiopia, following a fiercely contested international bidding process. Vodacom is honoured to be part of this powerful consortium that will provide world-class services to Africa's second most populous country. Separately, in June 2021, we announced that more than 70 merchants had joined our VodaPay ecosystem ahead of the highly anticipated launch of our South African super-app in the coming months. VodaPay is expected to support greater digital and financial inclusion, which is core to our purpose-led strategy.

It is testament to the depth and strength of the Group's leadership team that we were able to achieve these milestones and a strong financial performance while remaining resolutely focussed on dealing with the devastating impacts of the COVID-19 pandemic across our markets. In particular, we have assisted governments and communities across the continent through strategic partnerships and the deployment of technological solutions to enable more Africans to be vaccinated. In April 2021, we partnered with the African Union Development Agency (AUDA-NEPAD) to accelerate the COVID-19 vaccine roll-out through mVacciNation, our technology platform that manages vaccination appointments and stock readiness. In South Africa, the National Department of Health is leveraging our mVacciNation platform to manage the deployment of vaccines. In addition, Vodacom and Vodafone made an R87 million financial pledge during the quarter to provide logistics support and cold chain technology to deliver COVID-19 vaccines to underprivileged and rural communities in the DRC, Lesotho, Mozambique, South Africa, Tanzania and Ghana.

Delivering on our purpose and Social Contract is not limited to alleviating the effects of the pandemic. During the quarter, Vodacom and the Vodafone Foundation launched a fund to support communities in the DRC impacted by the volcanic eruption of Mount Nyiragongo, in addition to providing free voice calls and person-to-person (P2P) M-Pesa transactions. In South Africa - through the Vodacom Foundation's Disaster Relief Fund - we provided support to communities in Cape Town impacted by fires in April and to people affected by the recent unfortunate social unrest in KwaZulu-Natal. We also implemented a co-ordinated response to maintain service and prioritised the safety of customers, staff, suppliers and franchise store employees in areas impacted by the unrest. The financial impact of damage to our infrastructure related to the unrest was not material.

Since the beginning of the quarter, South Africans have benefitted from a further 14% price reduction in the 1GB 30-day data bundle - marking a cumulative 43% cut since April 2020 - and our significant investment into infrastructure and technology of R2.9 billion to support network capacity and resilience. A combination of greater value and an enhanced customer experience supported sustained demand for connectivity as customers continued to work, entertain, and educate from home, and contributed to service revenue growth of 5.2% in South Africa. Vodacom Business revenue was up 14.1%, reflecting this connectivity demand and the integration of new digital service offerings, such as Internet of Things (IoT). Financial services in South Africa remained a strong performer, delivering revenue growth of 19.1%.

Our international portfolio delivered normalised service revenue growth of 13.5%*, marking a meaningful recovery from the prior financial year. The performance was supported by M-Pesa revenue growth, up 43.2%* on a normalised basis, which benefited from the increased customer base, higher platform usage and the re-instatement of P2P M-Pesa transaction fees. We zero-rated P2P M-Pesa transaction fees for the majority of the FY21 to support our customers and facilitate economic activity. The reported service revenue decline of 6.3% for our International markets reflects the impact of currency translation. In the quarter, the rand posted a sharp recovery, appreciating by 20% against a basket of our international currencies, negatively impacting the reported result.

Looking forward, while we expect disposable income to remain under pressure, our 'System of Advantage' will deliver diversified, differentiated offerings to our customers, further strengthening and growing our relationships with them. Also, we eagerly anticipate the outcome of the legal processes underway pertaining to the auction of high demand spectrum in South Africa and hope that the impasse will be quickly resolved in the best interests of consumers.

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Operating review

South Africa

Summary financial information for the quarter ended

	30 June 2021	31 March 2021	30 June 2020	YoY % change Reported
Revenue (Rm)	19 535	20 294	17 255	13.2
Service revenue (Rm)	14 070	14 481	13 378	5.2
Capital expenditure (Rm)	2 915	2 391	2 668	9.3
Customers ('000)	44 601	44 061	39 433	13.1

Service revenue increased 5.2% to R14.1 billion, supported by sustained demand for connectivity, incremental wholesale revenue and growth in our new services. The demand for connectivity was partly driven by our ongoing commitment to price transformation as we reduced the cost of our 1GB 30-day data bundle by a further 14% from 1 April 2021, marking a cumulative 43% cut over the last two years. New services such as fixed, IoT and financial services delivered strong growth in the quarter, with financial services accounting for 4.6% of service revenue. Revenue increased by 13.2%, supported by strong recovery in equipment sales as the prior year period was impacted by lockdown restrictions on physical channels.

Mobile contract customer revenue increased by 4.1%. Within the mobile contract segment, Vodacom Business continued to deliver strong growth in the quarter, supported by our work-from-home solutions, while consumer contract revenue remained broadly unchanged. In the latter part of the quarter, we refreshed our Red contract tariffs, providing customers with larger data allocations as reasons to consume increase. We added 8 000 contract customers and increased ARPU by 1.4%.

In the prepaid segment, mobile customer revenue increased by 1.8% supported by our active day's management initiative. Our recently launched 'Everyday-ta' promotional tariff is designed to further enhance active days, as it provides customers with a daily allocation of data for 30 days. Strong quarterly net additions of 532 000 underpinned prepaid customer growth of 15.1%, as did the year-on-year impact of customer acquisition challenges at the onset of COVID-19 related lockdowns. Prepaid ARPU declined 14.1% reflecting the material increase in the average customer base over the period and the lapping of usage growth related to lockdowns. On a quarter-on-quarter basis, ARPU declined 3.5% as a result of price transformation and incremental pressure on consumer wallet. Adjusting for these impacts, ARPU was up 0.5% quarter-on-quarter.

Data traffic increased by 8.1% despite a high base, as we lapped a surge in demand due to the first-time implementation of lockdown restrictions related to the COVID-19 pandemic. We expect the rate of data traffic growth to improve through the year, as the base effect impact of lockdowns moderate through the course of the year, and we continue to enhance our value proposition. We have 21.1 million data customers on our network, with smart devices up 13.3% to 23.5 million and 4G devices increasing 26.8% to 16.4 million.

Service revenue generated from financial services was up 19.1% to R0.6 billion, contributing 4.6% of service revenue. Financial services customers increased by 14.3% to 13.3 million. Revenue growth was underpinned by our Airtime Advance product, where we advanced R3.2 billion in airtime during the quarter, an increase of 17.3%, representing 46.0% of total prepaid recharges (1Q21: 38.0%). The number of Airtime Advance customers increased 14.8% to 10.7 million and insurance policies also increased by 14.8% to 2.2 million. We are progressing well on the development of our super-app, VodaPay, and have signed up over 70 businesses so far. We have also invited developers and businesses to join the VodaPay ecosystem by building their own 'mini programs' to accelerate their digital engagement and increase access to market.

Vodacom Business service revenue increased by 14.1% to R3.6 billion, supported by our work-from-home solutions and, sector leading SD-WAN connectivity, IoT, cloud, hosting and security capabilities. These services coupled with our merchant capabilities in the financial services space are designed to accelerate the efficiency and growth potential of government and business. IoT remains an important new service growth driver, with connections up 4.4% to 5.7 million and revenue growth at 45.5% to R0.3 billion¹.

Our capital investment of R2.9 billion was up 9.3%, as we accelerated investment to support network capacity and resilience and to capture demand. Temporary spectrum was allocated until 31 August 2021 and has assisted us in supporting network capacity requirements.

Notes:

1. Adjusted for a reclassification of IoT revenue from other service revenue to customer revenue in the prior year. There was no impact on overall service revenue as a result of this reclassification.

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Operating review (continued)

International

Summary financial information for the quarter ended

	30 June 2021	31 March 2021	30 June 2020	YoY % change	
				Reported	Normalised*
Revenue (Rm)	5 495	5 315	5 794	(5.2)	15.2
Service revenue (Rm)	5 301	5 194	5 658	(6.3)	13.5
Capital expenditure (Rm)	453	1 008	803	(43.6)	
Customers ('000)	40 324	39 751	37 676	7.0	

Our International operations reported a service revenue decline of 6.3% to R5.5 billion, as the rand's recovery and resultant translation impact eroded 20 percentage points of growth. Significantly, normalised service growth accelerated to 13.5%* in the first quarter, from a decline of 1.9%* in FY21. The acceleration was underpinned by strong M-Pesa revenue growth and a recovery in voice revenue. Normalised M-Pesa growth was 43.2%* as we lapped the impact of COVID-19 related restrictions on commercial and economic activity, captured subsequent platform economics and re-implemented of P2P fees.

Customer growth across our International operations is an important driver of our 2025 ambition of improving the lives of the next 100 million customers. Our customer base increased by 7.0% to 40.3 million, with net additions of 573 000 in the quarter. Voice revenue growth on a normalised basis improved to 7.6%* in the quarter from a decline of 7.7%* in FY21.

Data customers increased 4.5% year-on-year to 20.9 million, with net additions of 207 000 in the first quarter. Data traffic grew 27.3% due to more affordable data-bundles and our focused smartphone penetration strategy. Smartphone users increased by 8.4%, with the penetration of our one-month active base at 31.8 %. Reported data revenue declined 4.9% due to adverse currency translation but was up 13.9%* on a normalised basis.

Reported M-Pesa revenue grew 16.5% to R1.2 billion in the quarter. On a normalised basis, M-Pesa revenue growth accelerated to 43.2%* from 21.0%* in the fourth quarter of the previous financial year. International M-Pesa customers were up 14.3% to 16.8 million, representing 47.7% of our one-month active customers. Our M-Pesa ecosystem, including Safaricom, processed US\$25.0 billion a month in transaction value in the first quarter, up 62.6%. Our strategic M-Pesa Africa hub is accelerating product development across our footprint, including mini-app capabilities into our next generation M-Pesa app.

Our capital investment of R453 million was focused mainly on expanding our 4G network. We expect to accelerate capital investment into the remainder of the financial year and ensure that we enhance our network leadership in all our markets.

Safaricom

Results for Vodacom's associate investment in Safaricom PLC are disclosed on a bi-annual basis and therefore not included in the quarterly update.

Operating review (continued)

Regulatory matters

ICASA – Invitation to Apply

On 2 October 2020, ICASA issued two separate Invitations to Apply (ITA) regarding the assignment of High Demand Spectrum (HDS) in South Africa, in respect of the provision of mobile broadband wireless access services for urban and rural areas using the International Mobile Telecommunications (IMT) spectrum bands, i.e. IMT700, IMT800, IMT2600 and IMT3500 ranges. The first ITA set out ICASA's licensing process for a new individual electronic communications network services (I-ECNS) and Radio Frequency Spectrum Licences for the purpose of operating a wireless open access network (WOAN). The second ITA set out the licensing process for assignment of HDS spectrum to the existing I-ECNS licensees for the purposes of providing national broadband wireless access services. Subsequent to the invitations on 22 December 2020, Telkom South Africa SOC Limited (Telkom) filed a court application in respect of the ITAs. The filing *inter alia* sought to suspend the closing date for submission of applications for the licence to operate a WOAN, and interdict ICASA from assessing or adjudicating any applications received in respect of the ITAs, pending a full review of the ITAs processes. Separately, in January 2021, Mobile Telephone Networks (Pty) Limited (MTN) petitioned the court to review the opt-in part of the second ITA. In March 2021, the High Court in Pretoria issued an order interdicting ICASA from proceeding with the ITA processes pending the final determination of Telkom's application to review ICASA's ITAs. We expect the High Court to jointly hear the Telkom and MTN reviews in September 2021.

We remain supportive of the HDS spectrum auction proceeding as soon as possible and are encouraged by ICASA's ongoing mediation process. We believe that the award of HDS spectrum is critical to reducing input costs and, by extension, the cost of data. Also, the assignment of additional spectrum is vital to expanding broadband services and promoting digital inclusion in South Africa. As such, further delays to the auction process will likely have a negative impact on South Africa consumers.

ICASA - Inquiry into mobile broadband services

On 16 November 2018, ICASA gave notice of its intention to conduct an inquiry into mobile broadband services. The purpose of the inquiry was to assess the state of competition, and to determine whether there were markets or market segments within the mobile broadband services value chain that may require regulatory intervention in terms of Chapter 10 of the Electronic Communications Act, 2005.

Following a November 2019 discussion document and public hearings in October 2020, ICASA issued a findings document and Draft Mobile Broadband Services Regulations on 26 March 2021. ICASA proposed several pro-competitive terms and intends to monitor retail prices and wholesale prices, particularly in relation to margin squeeze. In terms of the inquiry process, ICASA will next conduct public hearings after which final regulations will be published. As noted above, we believe that the assignment of HDS spectrum is vital to reducing input costs, expanding broadband services, and promoting digital inclusion in South Africa.

Lesotho licence update

With reference to the legal matter regarding the Lesotho Communications Authority and the revocation of Vodacom Lesotho's operating licence, judgement from the Lesotho High Court is still pending. The case was heard in December 2020. Details of this matter are available in our annual results for the year ended 31 March 2021.

Ethiopian telecommunications licence

On 26 April 2021, the Group participated as a minority investor in a consortium, controlled by Safaricom PLC, bidding for a mobile telecommunication licence in the Federal Democratic Republic of Ethiopia. In May 2021, the Ethiopian Communications Authority (the ECA) assessed the technical and financial aspects of the bidders and confirmed that our consortium's proposal was successful. The term of the mobile licence will be for an initial term of 15 years with the right to apply to the ECA for an additional 15 years. Subsequent to the award, the Group has paid its proportionate share of the licence fee. The Group, excluding its indirect interest via its shareholding in Safaricom PLC, has an effective interest of 6.2% in the consortium. In addition, the Group has indirect exposure through Safaricom PLC's 55.7% effective interest in the consortium.

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Revenue for the quarter ended

Rm	30 June 2021	31 March 2021	30 June 2020	YoY % change	
				Reported	Normalised*
South Africa	19 535	20 294	17 255	13.2	13.2
International	5 495	5 315	5 794	(5.2)	15.2
Corporate and eliminations	(251)	(285)	(319)	21.3	21.3
Group revenue	24 779	25 324	22 730	9.0	14.2

Service revenue for the quarter ended

Rm	30 June 2021	31 March 2021	30 June 2020	YoY % change	
				Reported	Normalised*
South Africa	14 070	14 481	13 378	5.2	5.2
International	5 301	5 194	5 658	(6.3)	13.5
Corporate and eliminations	(206)	(243)	(275)	25.1	25.1
Group service revenue	19 165	19 432	18 761	2.2	7.8

Revenue for the quarter ended 30 June 2021

Rm	South Africa	YoY % change	International	YoY % change	Corporate/ Eliminations	Group	YoY % change
Mobile contract revenue	5 221	4.1	377	3.6	(2)	5 596	4.0
Mobile prepaid revenue	6 123	1.8	4 375	(4.4)	–	10 498	(0.9)
Customer service revenue	11 344	2.8	4 752	(3.8)	(2)	16 094	0.8
Mobile interconnect	417	(4.1)	270	(22.2)	(115)	572	(8.9)
Fixed service revenue	918	19.7	251	(28.1)	(80)	1 089	7.4
Other service revenue	1 391	21.7	28	33.3	(9)	1 410	22.9
Service revenue	14 070	5.2	5 301	(6.3)	(206)	19 165	2.2
Equipment revenue	3 919	59.1	95	33.8	(2)	4 012	58.4
Non-service revenue	1 546	9.3	99	52.3	(43)	1 602	11.6
Revenue	19 535	13.2	5 495	(5.2)	(251)	24 779	9.0

Included in service revenue:

Financial services revenue	643	19.1	1 234	16.5	–	1 877	17.4
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Supplementary information (continued)

Financial review (continued)

Revenue for the quarter ended 30 June 2020

Rm	South Africa	International	Corporate/ Eliminations	Group
Mobile contract revenue	5 017	364	(2)	5 379
Mobile prepaid revenue	6 016	4 577	–	10 593
Customer service revenue	11 033	4 941	(2)	15 972
Mobile interconnect	435	347	(154)	628
Fixed service revenue	767	349	(102)	1 014
Other service revenue	1 143	21	(17)	1 147
Service revenue	13 378	5 658	(275)	18 761
Equipment revenue	2 463	71	(1)	2 533
Non-service revenue	1 414	65	(43)	1 436
Revenue	17 255	5 794	(319)	22 730

Included in service revenue:

Financial services revenue	540	1 059	–	1 599
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Supplementary information (continued)

South Africa key indicators

	30 June 2021	31 March 2021	30 June 2020	YoY % change
Customers¹ (thousand)	44 601	44 061	39 433	13.1
Prepaid	38 379	37 847	33 340	15.1
Contract	6 222	6 214	6 093	2.1
Data customers² (thousand)	21 145	21 703	21 226	(0.4)
Internet of Things connections³ (thousand)	5 658	5 625	5 422	4.4
Traffic⁴ (millions of minutes)	16 885	16 868	16 428	2.8
Outgoing	14 160	14 159	13 951	1.5
Incoming	2 725	2 709	2 477	10.0
MOU per month⁵	127	128	142	(10.6)
Prepaid	115	116	133	(13.5)
Contract	201	197	190	5.8
Total ARPU⁶ (rand per month)	88	92	99	(11.1)
Prepaid	55	57	64	(14.1)
Contract	292	306	288	1.4

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 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. Internet of Things (IoT) connection is the remote wireless interchange between two or more predefined devices or a central station without direct relationship with an end customer, in order to support a specific business process or product.
4. Traffic comprises total traffic registered on Vodacom's mobile network, including bundled minutes, promotional minutes, and outgoing international roaming calls, but excluding national roaming calls, incoming international roaming calls and calls to free services.
5. Minutes of Use (MOU) per month is calculated by dividing the average monthly minutes (traffic) during the period by the average monthly customers during the period.
6. Total ARPU is calculated by dividing the sum of the customer and incoming revenue for the period by the average monthly active customers during the period. Prepaid and contract only include the revenue generated from Vodacom mobile customers.

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Supplementary information (continued)

International key indicators

	30 June 2021	31 March 2021	30 June 2020	YoY % change
Customers¹ (thousand)	40 324	39 751	37 676	7.0
Tanzania	14 771	14 861	14 743	0.2
DRC	15 536	15 180	13 909	11.7
Mozambique	8 260	7 979	7 556	9.3
Lesotho	1 757	1 731	1 468	19.7
Data customers² (thousand)	20 851	20 644	19 955	4.5
Tanzania	7 710	7 695	7 714	(0.1)
DRC	7 208	7 056	6 531	10.4
Mozambique	5 079	5 045	4 884	4.0
Lesotho	854	848	826	3.4
30-day active M-Pesa customers³ (thousand)	16 792	16 148	14 686	14.3
Tanzania	7 791	7 395	7 124	9.4
DRC	3 081	3 029	2 504	23.0
Mozambique	5 016	4 873	4 465	12.3
Lesotho	904	851	593	52.4
MOU per month⁴				
Tanzania	207	201	209	(1.0)
DRC	32	32	32	–
Mozambique	129	135	129	–
Lesotho	65	64	67	(3.0)
Total ARPU⁵ (rand per month)				
Tanzania	34	33	39	(12.8)
DRC	39	42	47	(17.0)
Mozambique	60	52	60	–
Lesotho	51	53	57	(10.5)
Total ARPU⁵ (local currency per month)				
Tanzania (TZS)	5 555	5 152	4 978	11.6
DRC (US\$)	2.8	2.8	2.6	7.7
Mozambique (MZN)	254	257	228	11.4

Notes:

- 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.
- 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.
- M-Pesa customers are based on the number of unique customers who have generated revenue related to M-Pesa during the last month.
- Minutes of Use (MOU) per month is calculated by dividing the average monthly minutes (traffic) during the period by the average monthly customers during the period.
- Total ARPU is calculated by dividing the sum of the customer and incoming revenue for the period by the average monthly active customers during the period.

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Supplementary information (continued)

Historical financial review

Revenue for the quarter ended

Rm	30 June 2021	31 March 2021	31 December 2020	30 September 2020	30 June 2020	31 March 2020	31 December 2019
South Africa	19 535	20 294	19 729	19 459	17 255	17 493	18 183
International	5 495	5 315	5 685	5 952	5 794	5 558	5 789
Corporate and eliminations	(251)	(285)	(280)	(297)	(319)	(320)	(346)
Group revenue	24 779	25 324	25 134	25 114	22 730	22 731	23 626

Revenue YoY % change for the quarter ended

%	Reported			Normalised*
	30 June 2021	31 March 2021	31 December 2020	30 June 2021
South Africa	13.2	16.0	8.5	13.2
International	(5.2)	(4.4)	(1.8)	15.2
Corporate and eliminations	21.3	10.9	19.1	
Group revenue	9.0	11.4	6.4	14.2

Service revenue for the quarter ended

Rm	30 June 2021	31 March 2021	31 December 2020	30 September 2020	30 June 2020	31 March 2020	31 December 2019
South Africa	14 070	14 481	14 306	14 240	13 378	13 348	13 567
International	5 301	5 194	5 543	5 751	5 658	5 397	5 622
Corporate and eliminations	(206)	(243)	(222)	(237)	(275)	(293)	(290)
Group service revenue	19 165	19 432	19 627	19 754	18 761	18 452	18 899

Service revenue YoY % change for the quarter ended

%	Reported			Normalised*
	30 June 2021	31 March 2021	31 December 2020	30 June 2021
South Africa	5.2	8.5	5.4	5.2
International	(6.3)	(3.8)	(1.4)	13.5
Corporate and eliminations	25.1	17.1	23.4	
Group service revenue	2.2	5.3	3.9	7.8

Impact of currency translation on reported growth

Percentage points	Quarter ended			
	30 June 2021	31 March 2021	31 December 2020	30 June 2020
Service revenue				
Group	(5.6)	(2.0)	(0.3)	5.0
International	(19.8)	(6.4)	(1.1)	16.0
Revenue				
Group	(5.2)	(1.8)	(0.3)	4.3
International	(20.4)	(6.7)	(1.1)	16.0

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Historical key indicators

South Africa for the quarter ended

	30 June 2021	31 March 2021	31 December 2020	30 September 2020	30 June 2020	31 March 2020	31 December 2019
Customers¹ (thousand)	44 601	44 061	44 312	42 862	39 433	41 312	44 341
Prepaid	38 379	37 847	38 136	36 715	33 340	35 231	38 279
Contract	6 222	6 214	6 176	6 147	6 093	6 081	6 062
Data customers² (thousand)	21 145	21 703	22 483	22 300	21 226	21 891	22 878
Internet of Things connections³ (thousand)	5 658	5 625	5 559	5 459	5 422	5 289	4 678
Traffic⁴ (millions of minutes)	16 885	16 868	17 448	17 709	16 428	15 823	16 228
Outgoing	14 160	14 159	14 640	14 835	13 951	13 172	13 664
Incoming	2 725	2 709	2 808	2 874	2 477	2 651	2 564
MOU per month⁵	127	128	133	143	142	123	122
Prepaid	115	116	122	133	133	113	113
Contract	201	197	195	199	190	188	180
Total ARPU⁶ (rand per month)	88	92	92	98	99	88	87
Prepaid	55	57	59	64	64	55	54
Contract	292	306	293	296	288	286	295

Notes:

- 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.
- 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.
- Internet of Things (IoT) connection is the remote wireless interchange between two or more predefined devices or a central station without direct relationship with an end customer, in order to support a specific business process or product.
- Traffic comprises total traffic registered on Vodacom's mobile network, including bundled minutes, promotional minutes, and outgoing international roaming calls, but excluding national roaming calls, incoming international roaming calls and calls to free services.
- Minutes of Use (MOU) per month is calculated by dividing the average monthly minutes (traffic) during the period by the average monthly customers during the period.
- Total ARPU is calculated by dividing the sum of the customer and incoming revenue for the period by the average monthly active customers during the period. Prepaid and contract only include the revenue generated from Vodacom mobile customers.

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Supplementary information (continued)

Historical key indicators (continued)

International for the quarter ended

	30 June 2021	31 March 2021	31 December 2020	30 September 2020	30 June 2020	31 March 2020	31 December 2019
Customers¹ (thousand)	40 324	39 751	39 415	38 600	37 676	38 595	38 241
Tanzania	14 771	14 861	15 171	14 958	14 743	15 513	15 597
DRC	15 536	15 180	14 818	14 470	13 909	13 766	13 402
Mozambique	8 260	7 979	7 744	7 677	7 556	7 656	7 522
Lesotho	1 757	1 731	1 682	1 495	1 468	1 660	1 720
Data customers² (thousand)	20 851	20 644	20 744	20 442	19 955	19 983	20 593
Tanzania	7 710	7 695	7 881	7 742	7 714	7 687	8 369
DRC	7 208	7 056	6 850	6 912	6 531	6 594	6 330
Mozambique	5 079	5 045	5 068	4 948	4 884	4 855	4 984
Lesotho	854	848	945	840	826	847	910
MOU per month³							
Tanzania	207	201	198	198	209	148	153
DRC	32	32	33	34	32	34	36
Mozambique	129	135	143	135	129	128	141
Lesotho	65	64	79	72	67	73	84
30-day active M-Pesa customers⁴ (thousand)	16 792	16 148	15 988	15 562	14 686	14 738	14 847
Tanzania	7 791	7 395	7 447	7 449	7 124	6 685	7 477
DRC	3 081	3 029	2 963	2 781	2 504	2 864	2 316
Mozambique	5 016	4 873	4 805	4 670	4 465	4 389	4 305
Lesotho	904	851	773	662	593	800	749
Total ARPU⁵ (rand per month)							
Tanzania	34	33	37	40	39	32	37
DRC	39	42	44	48	47	46	46
Mozambique	60	52	57	58	60	58	61
Lesotho	51	53	63	63	57	62	70
Total ARPU⁵ (local currency per month)							
Tanzania (TZS)	5 555	5 152	5 467	5 437	4 978	4 755	5 826
DRC (US\$)	2.8	2.8	2.8	2.8	2.6	3.0	3.1
Mozambique (MZN)	254	257	271	245	228	245	260

Notes:

- 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.
- 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.
- Minutes of Use (MOU) per month is calculated by dividing the average monthly minutes (traffic) during the period by the average monthly customers during the period.
- M-Pesa customers are based on the number of unique customers who have generated revenue related to M-Pesa during the last month.
- Total ARPU is calculated by dividing the sum of the customer and incoming revenue for the period by the average monthly active customers during the period.

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Supplementary information (continued)

Historical key indicators (continued)

Average quarter-to-date exchange rates

	30 June 2021	31 March 2021	30 June 2020	YoY % change	Quarterly % change
USD/ZAR	14.12	14.95	17.94	(21.3)	(5.6)
ZAR/MZN	4.26	4.96	3.82	11.5	(14.1)
ZAR/TZS	164.20	155.10	129.14	27.1	5.9
EUR/ZAR	17.02	18.03	19.75	(13.8)	(5.6)
ZAR/KES	7.63	7.34	5.94	28.5	4.0

Pro-forma financial information

The presentation of the *pro-forma* financial information and related reconciliations as detailed below on pages 13 - 14, is the responsibility of the directors of Vodacom Group Limited. This *pro-forma* information, due to its nature, may not be a fair reflection of the Group's results of operations, financial position, changes in equity or cash flows. This *pro-forma* information and the basis on which the historical financial information has been prepared in accordance with the accounting policies of the Group. The purpose of presenting *pro-forma* financial information on a comparable and normalised growth constant currency basis and excluding mergers, acquisition, and disposal activity, is to assist the user in understanding the underlying growth trends on a comparable basis. This *pro-forma* information has not been reviewed or reported on by Vodacom's external auditors.

Reconciliation of normalised values for the quarter ended 30 June 2021

Rm	Reported	Translation FX ¹	Normalised*
Revenue			
Group	24 779	–	24 779
International	5 495	–	5 495
Service revenue			
Group	19 165	–	19 165
International	5 301	–	5 301
Voice revenue			
International	2 245	–	2 245
Data revenue			
International	1 056	–	1 056
Financial services			
Group	1 877	–	1 877
International	1 234	–	1 234

Reconciliation of normalised values for the quarter ended 30 June 2020

Rm	Reported	Translation FX ¹	Normalised*
Revenue			
Group	22 730	(1 026)	21 704
International	5 794	(1 026)	4 768
Service revenue			
Group	18 761	(988)	17 773
International	5 658	(988)	4 670
Voice revenue			
International	2 532	(446)	2 086
Data revenue			
International	1 100	(182)	918
Financial services			
Group	1 599	(197)	1 402
International	1 059	(197)	862

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Supplementary information (continued)

Pro-forma financial information (continued)

Reconciliation of normalised growth for the quarter ended 30 June 2021

%	Reported % change ²	Translation FX ppts	Normalised* % change
Revenue			
Group	9.0	5.2	14.2
International	(5.2)	20.4	15.2
Service revenue			
Group	2.2	5.6	7.8
International	(6.3)	19.8	13.5
Voice revenue			
international	(11.3)	18.8	7.6
Data revenue			
International	(4.9)	18.8	13.9
Financial services revenue			
Group	17.4	16.5	33.9
International	16.5	26.7	43.2

Notes:

1. The Group's presentation currency is the South African rand. Our International operations utilise a number of functional currencies, for example the United States dollar, Tanzanian shilling, Mozambican metical, Nigerian naira, and Zambian kwacha. The prevailing exchange rates for the current and comparative periods are disclosed on page 13. Translation foreign exchange (FX) arises from the translation of the results, at average rates, of subsidiaries' functional currencies to Vodacom's presentation currency, being rand. The exchange variances are eliminated by applying the average rate for the quarter ended 30 June 2021 (which is derived by dividing the individual subsidiary's translated rand value with the functional currency for the period) to 30 June 2020 numbers, thereby giving a user a view of the performance which excludes exchange variances.
2. The percentage change relates to the year-on-year percentage growth calculated as the percentage change between the quarter ended 30 June 2021 and quarter ended 30 June 2020 values.

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Disclaimer

Additional financial and operational measures

This announcement contains certain financial (i.e. service revenue, enterprise service revenue) and operational (i.e. customers, ARPUs) measures. The Group's management believes these measures provide valuable additional information in understanding the performance of the Group or the Group's businesses as they provide measures used by the Group to assess performance. However, this additional information presented is not uniformly defined by all companies, including those in the Group's industry. Accordingly, it may not be comparable with similarly titled measures and disclosures by other companies. Additionally, although these measures are important in the management of the business, they should not be viewed in isolation or as replacements for or alternatives to, but rather as complementary.

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Forward-looking statements

This announcement which sets out the quarterly results for Vodacom Group Limited for the quarter ended 30 June 2021 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, but are not limited to, statements with respect to: expectations regarding the Group's financial condition or results of operations including the confirmation of the Group's targets; expectations for the Group's future performance generally; expectations regarding the operating environment and market conditions and trends; intentions and expectations regarding the development, launch and expansion of products, services and technologies; growth in customers and usage; expectations regarding spectrum licence acquisitions; expectations regarding adjusted EBITDA, capital additions, free cash flow, and foreign exchange rate movements; and expectations regarding the integration or performance of current and future investments, associates, joint ventures, non-controlled interests and newly acquired businesses.

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 broadband; 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, Vodacom does not intend to update these forward-looking statements and does not undertake any obligation to do so.

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Corporate information

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)

Directors

SJ Macozoma (Chairman), MS Aziz Joosub (CEO), RK Morathi (CFO),
DH Brown, P Klotz¹, P Mahanyele-Dabengwa (Alternate NC Nqweni), AM O'Leary²
JWL Otty³, KL Shuenyane, S Sood⁴, CB Thomson, LS Wood⁵ (Alternate F Bianco⁵)
1. Swedish 2. Irish 3. British 4. Indian 5. Italian

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Sponsor

UBS South Africa (Pty) Limited

ADR Depository Bank

Deutsche Bank Trust Company Americas

Company Secretary

SF Linfood

Investor Relations

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