

# Vodacom Group Limited

## Investment case



Further together

1

## We are a market leader with attractive ROCE

- Access to 123.7m customers
- InfraCo and FintechCo monetisation optionality

4

## We are a responsible corporate

- Purpose-led model
- Recognised as an ESG leader



2

## Growth opportunities across connectivity, digital and financial services

- Data and smartphone penetration upside
- Expanding addressable market in Fintech

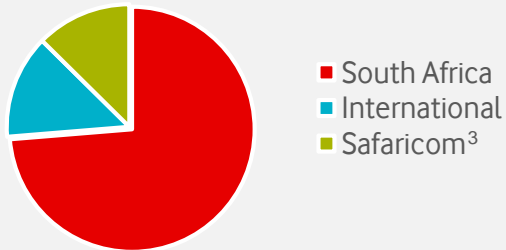
3

## We have a trusted management team

- Incentivised to create value and deliver on key ESG variables
- Strong execution track record



## Group operating profit



Information is for the year ended 31 March 2021.

- The Bureau of Economic Research for SA and Fitch Solutions for all other countries (Extraction date: April 2021).
- Vodacom Group has a proportionate stake of 34.94% in Safaricom.
- Vodafone Kenya Limited (VKL), an associate holding, owns 39.93% of Safaricom. Vodacom Group Limited owns 87.5% of VKL, giving Vodacom an effective holding of 34.94% in Safaricom.

## South Africa



Population <sup>1</sup>	59.3 million
Customers (90-day active)	44.1 million
Revenue	R76.7 billion
Smartphone user penetration (30-day active)	53.2%
Financial services user penetration (30-day active)	36.5%
3G population coverage	99.9%

## DRC



Population <sup>1</sup>	89.6 million
Customers (90-day active)	15.2 million
Revenue	R8.3 billion
Smartphone user penetration (30-day active)	19.4%
M-Pesa user penetration (30-day active)	24.0%
3G population coverage	33.6%

## Lesotho



Population <sup>1</sup>	2.1 million
Customers (90-day active)	1.7 million
Revenue	R1.2 billion
Smartphone user penetration (30-day active)	63.9%
M-Pesa user penetration (30-day active)	68.9%
3G population coverage	97.7%

## Tanzania



Population <sup>1</sup>	59.7 million
Customers (90-day active)	14.9 million
Revenue	R6.9 billion
Smartphone user penetration (30-day active)	27.9%
M-Pesa user penetration (30-day active)	56.1%
3G population coverage	55.7%

## Mozambique



Population <sup>1</sup>	31.3 million
Customers (90-day active)	8.0 million
Revenue	R5.8 billion
Smartphone user penetration (30-day active)	58.2%
M-Pesa user penetration (30-day active)	69.2%
3G population coverage	61.0%

## Safaricom<sup>2</sup> (Kenya)



Population <sup>1</sup>	53.8 million
Customers (90-day active)	39.9 million
Net profit from associate	R3.5 billion
Smartphone user penetration (30-day active)	53.4%
M-Pesa user penetration (30-day active)	90.0%
3G population coverage	95%



### Purpose

We connect for a better future



#### Digital society

- Affordable internet for all
- Digital solutions that transform lives
- Financial inclusion

#### Inclusion for all

- Diversity (incl women)
- Education ecosystem (incl youth)
- SMEs

#### Planet

- Energy mix, water, waste
- Biodiversity

**R2 billion**

Revenue impact  
Free M-Pesa peer-2-peer

**Vaccine pledge**

Financial assistance  
mVacciNation platform

**R3 billion**

Revenue impact  
Data price cut in South Africa

**15.5 million**

ConnectU customers  
Zero-rated for social benefit

### Implementing our eight pillar strategy through our System of Advantage



#### Best customer experience

Seamless, frictionless, personalised digital experience to our customers



#### Best technology

Leading Telco through the best network and IT excellence, with digital at the core



#### Digital organisation & culture

Build an organisation of the future, where digital is first, underpinned by innovation, agility and new skills



#### Our brand and reputation

Connecting for a better future by enabling a digital society, inclusive for all with the least environmental impact



#### Segmented proposition

Deep insight of our customers needs, wants and behaviours and provide propositions to lead in chosen segments



#### Financial services

We scale our financial services offerings to empower the lives of our customers through financial inclusion



#### Digital content platforms

Grow into new verticals of digital services to better serve our customers and create value

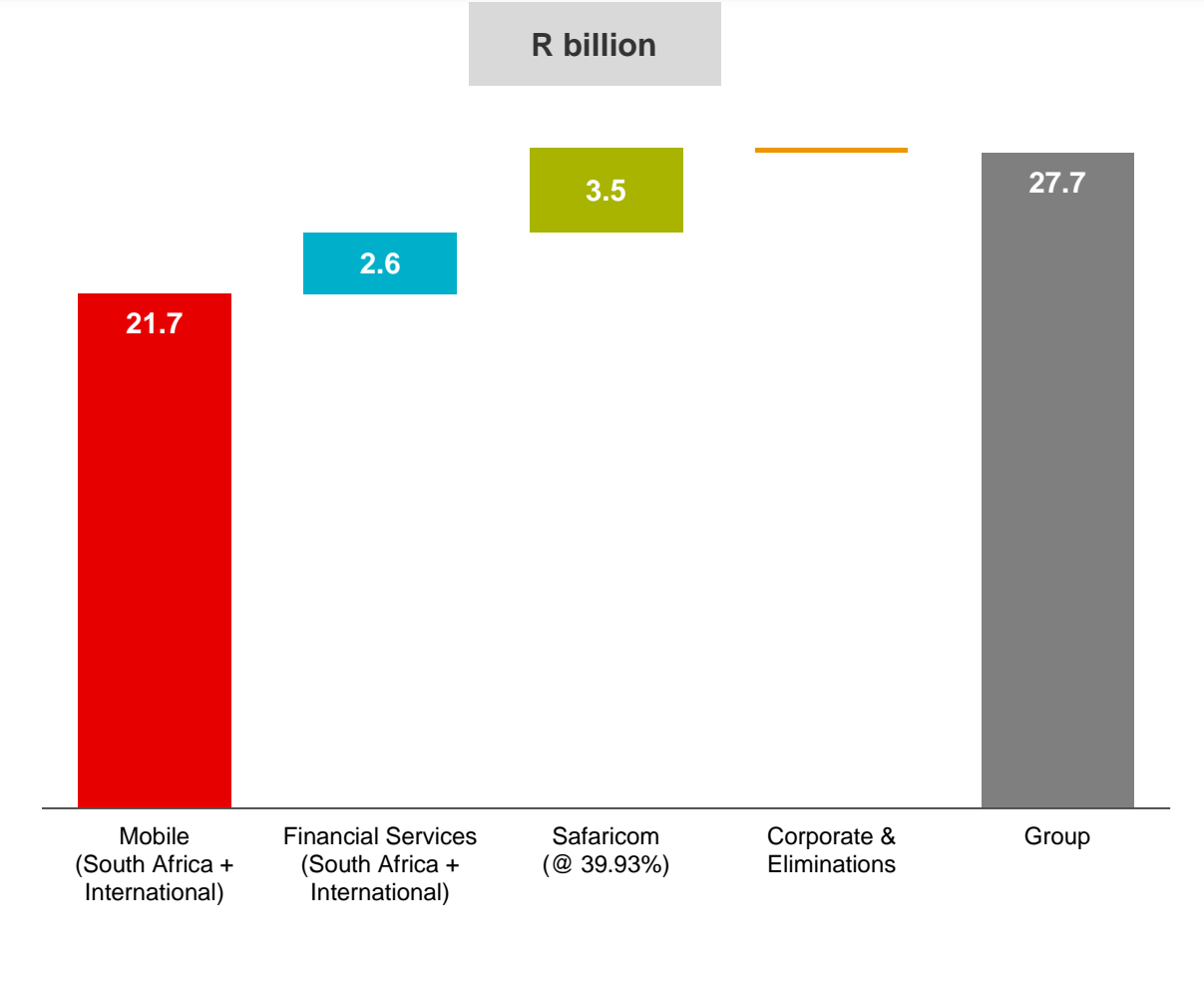


#### Enterprise digitalisation

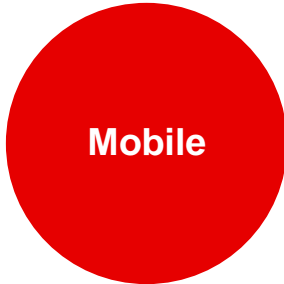
Grow into new verticals of digital services to better serve our customers and create value



## FY21 operating profit



## Growth and value drivers



- Data penetration
  - 60% in SA
  - 61% in IB
- Smartphone adoption
  - 53% in SA
  - 32% in IB
- InfraCo (15k/8k SA/IB tower sites)
- IoT, digital and fixed



- IB M-Pesa penetration at 47%
- VodaPay super-app
- M-Pesa 2025 vision
- Rapidly expanding addressable market eg. SME



- Data penetration at 64%
- Smartphone penetration at 53%
- M-Pesa penetration at 90%, upside in enterprise/SME
- M-Pesa 2025 vision
- Growth verticals including agri, education and healthcare
- Regional expansion

Note: Vodafone Kenya Limited (VKL), an associate holding, owns 39.93% of Safaricom. Vodacom Group Limited owns 87.5% of VKL, giving Vodacom an effective holding of 34.94% in Safaricom.



# Vodacom Group



Chief Executive Officer  
**Shameel Joosub**

## Group functions



Group Finance  
**Raisibe Morathi**



Group Technology  
**Dejan Kastelic**



Group Financial and Digital Services  
**Mariam Cassim**



Group Human Resources  
**Matimba Mbungela**



Group Legal & Compliance  
**Nkateko Nyoka**



Group Strategy and M&A  
**Puso Manthata**



MD M-Pesa Africa  
**Sitoyo Lopokolyit**

## Operating companies



Vodacom South Africa  
**Balesh Sharma**  

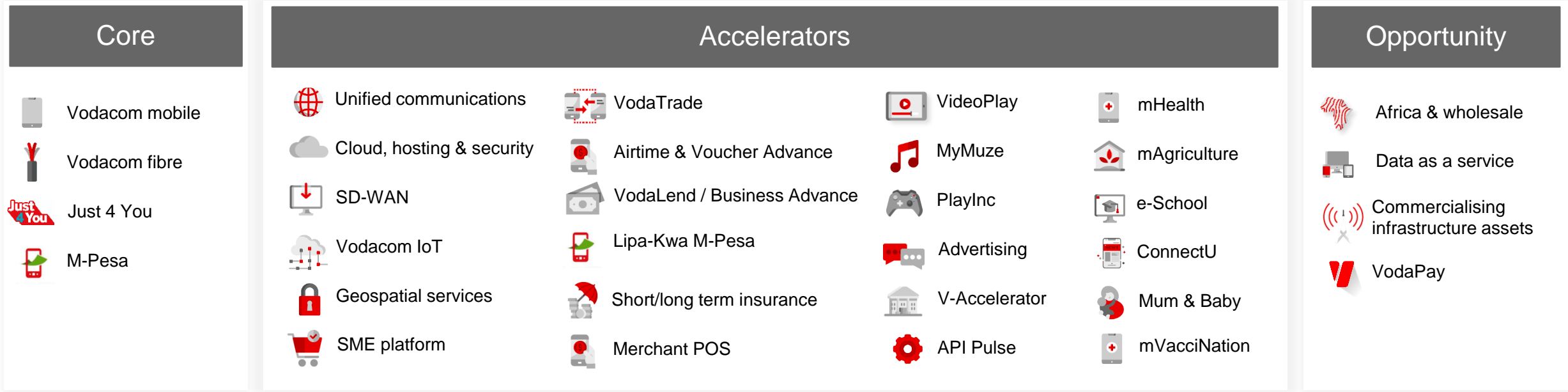



Safaricom  
**Peter Ndegwa**  




Vodacom International  
**Diego Guitierrez**  



## VodaBucks rewarding loyalty

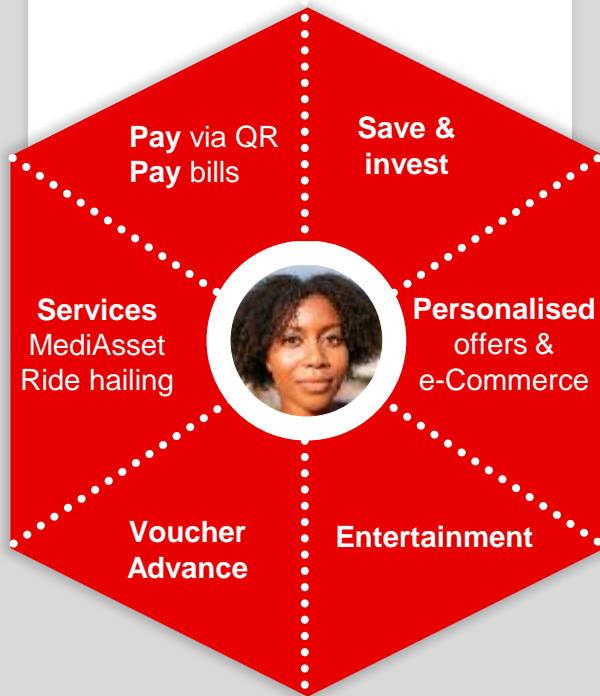




## Supporting inclusion, enabling fintech growth

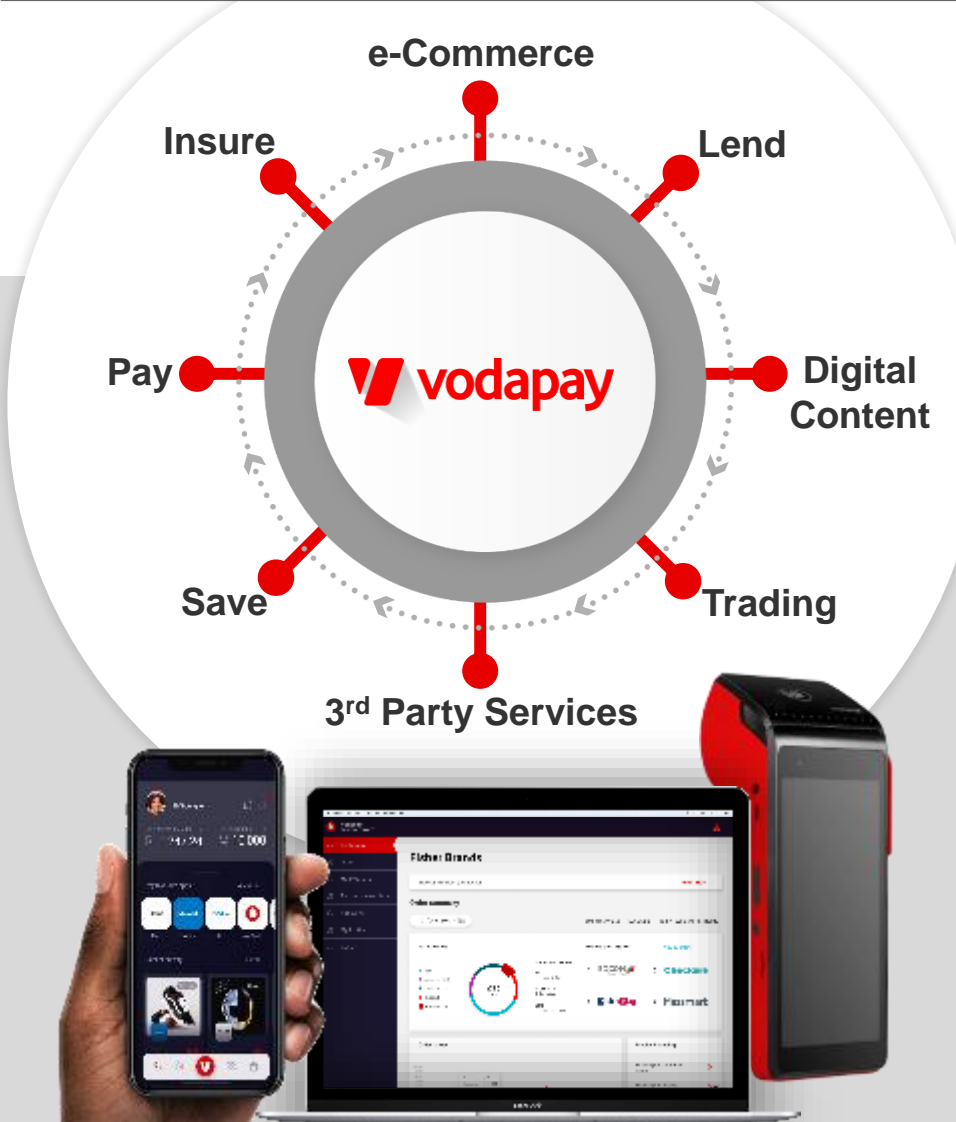
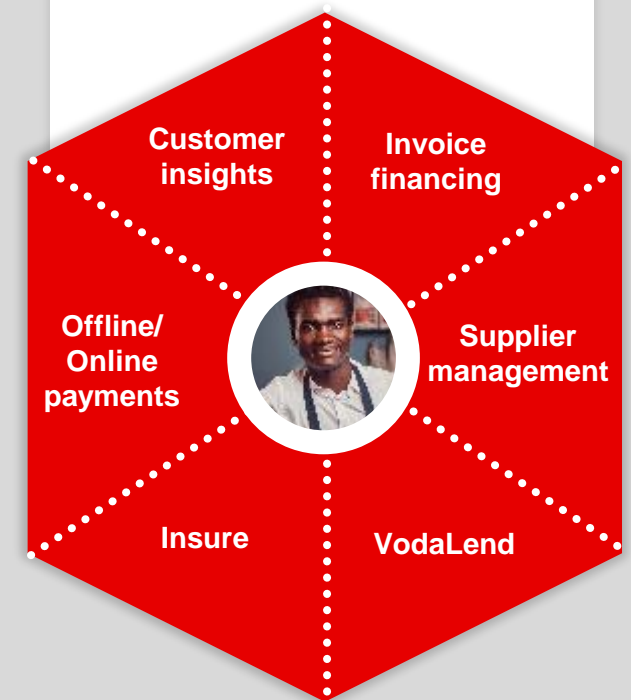
### Consumer

We will provide consumers with **exceptional experiences**, through seamless, engaging personalised journeys



### Merchant

We will offer merchants leading platform **capabilities, payment** services and new ways to access and engage customers



## Ambition

Build the largest fintech platform in Africa



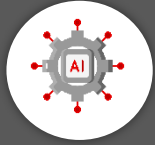
The preferred payment platform for **Consumers** with services to enable a digital lifestyle

A **true business partner** to create a seamless end-to-end experience to accelerate digital transformation

Powered by state of the art, common technical platforms



Next Generation Tech



AI, Big Data & AML



Open API



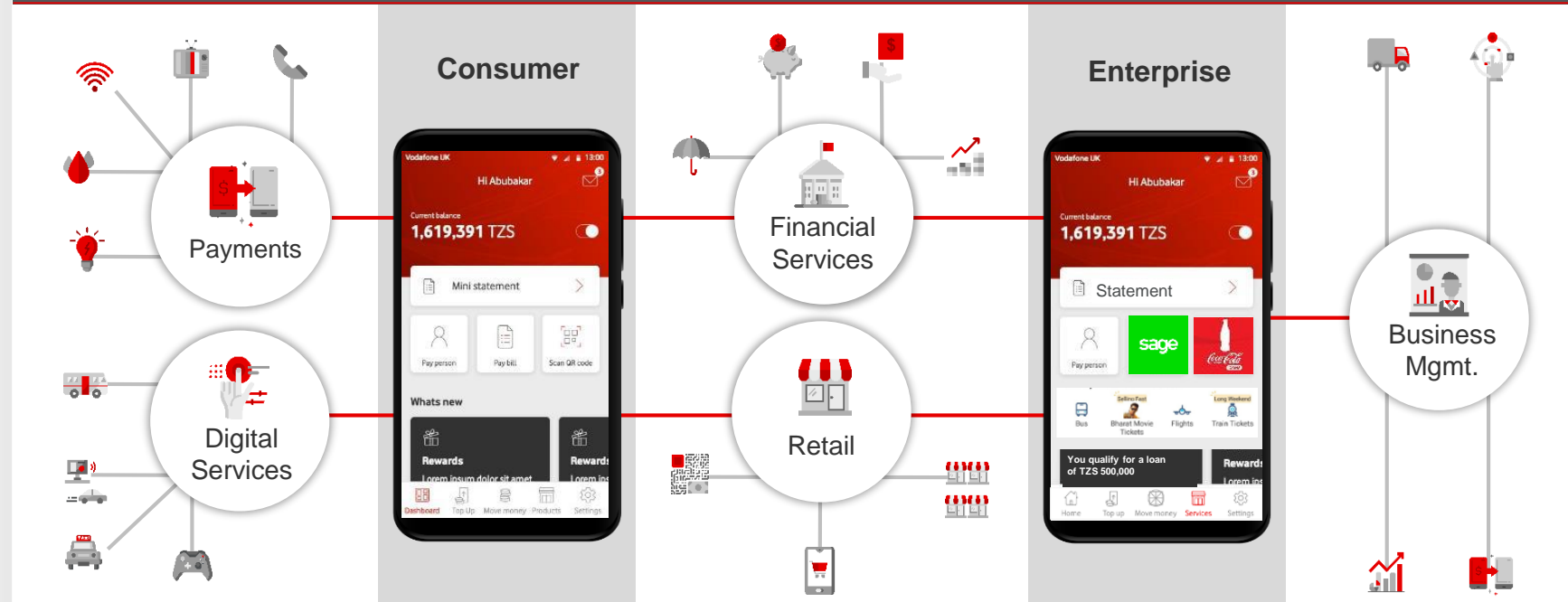
Single Point of Integration



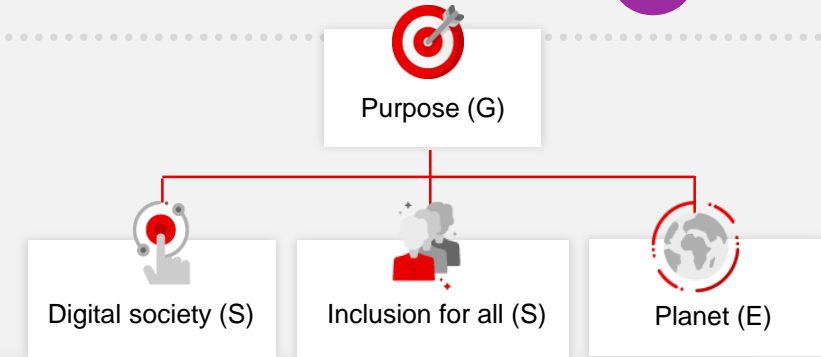
Cloud enabled

## Fintech platform

We are building a fully fledged **lifestyle super-app** with mini apps capabilities, exposing the best merchants and partners offers to the broadest customer base



### To to connect for a better future



#### Environment



Reducing the amount of GHG emissions



Our IoT solutions help governments, businesses and civil society to address environmental issues

#### Governance

Purpose driven outcomes  
Doing what's right

- Board structure of 12
- 5 Independent, NED
  - 5 Non-executive
  - 2 Executive

Approval of the remuneration policy @ AGM in July 2020 was 98.86%

#### Social



We provide mobile health solutions, support vaccination programmes, improve medicine stock control and increase awareness of health issues



Vodacom leverages digital solutions to provide affordable and quality education to learners



We are committed to connecting people and 'things' to the internet



We provide women with access to life-enhancing services



We are committed to removing barriers to mobile connectivity



We pursue an active social agenda to accelerate socio-economic transformation and a better future for all

#### COVID-19 six point plan – purpose in action

- Expanding and future-proofing the network infrastructure
- Accelerate support to governments (Health, Education)
- Enhance digital accessibility & literacy for the most vulnerable
- Enable digital adoption for business and SMEs
- Support strategies for the "new normal" through targeted digital adoption
- Drive financial inclusion



# Our share information

## Total shareholding

	As at 31 March 2020	
	# of shares	% holding
Vodafone Group PLC <sup>1</sup>	1 110 629 881	60.50
Government Employees Pension Fund	248 583 223	13.54
YeboYethu Investment Company (Pty) Limited	114 451 180	6.23
Wheatfield Investments 276 (Pty) Limited	15 421 231	0.84
Institutional investors	289 308 445	15.76
Retail positions	54 361 501	2.96
Other <sup>2</sup>	3 109 500	0.17
<b>Total</b>	<b>1 835 864 961</b>	<b>100.0</b>

1. Directly held by Vodafone Investments SA (Pty) Limited and Vodafone International Holdings B.V.

2. Refers to the balance of remaining holdings

## Indices we are part of



## Share trading information

JSE Ticker symbol	<b>VOD</b>
ADR code	<b>VDMCY</b>
Stock exchange	<b>JSE Limited</b>
Shares in issue	<b>1 835 864 961</b>
Freefloat <sup>1</sup>	<b>26.0%</b>
52 week low and high <sup>2</sup>	<b>R112.01 – R139.35</b>
Market capitalisation <sup>2</sup>	<b>R231.8 billion</b>
Transfer agent	<b>ComputerShare</b>

1. Excludes Vodafone Group Plc and Public Investment Corporation Holdings (greater than 10% shareholding), and YeboYethu (BEE shareholding)

2. As at 31 March 2021

## Price earnings (PE) analysis

Vodacom Group PE (FY21)	<b>12.3</b>
Vodacom Group PE excluding Safaricom (FY21)	<b>10.4</b>

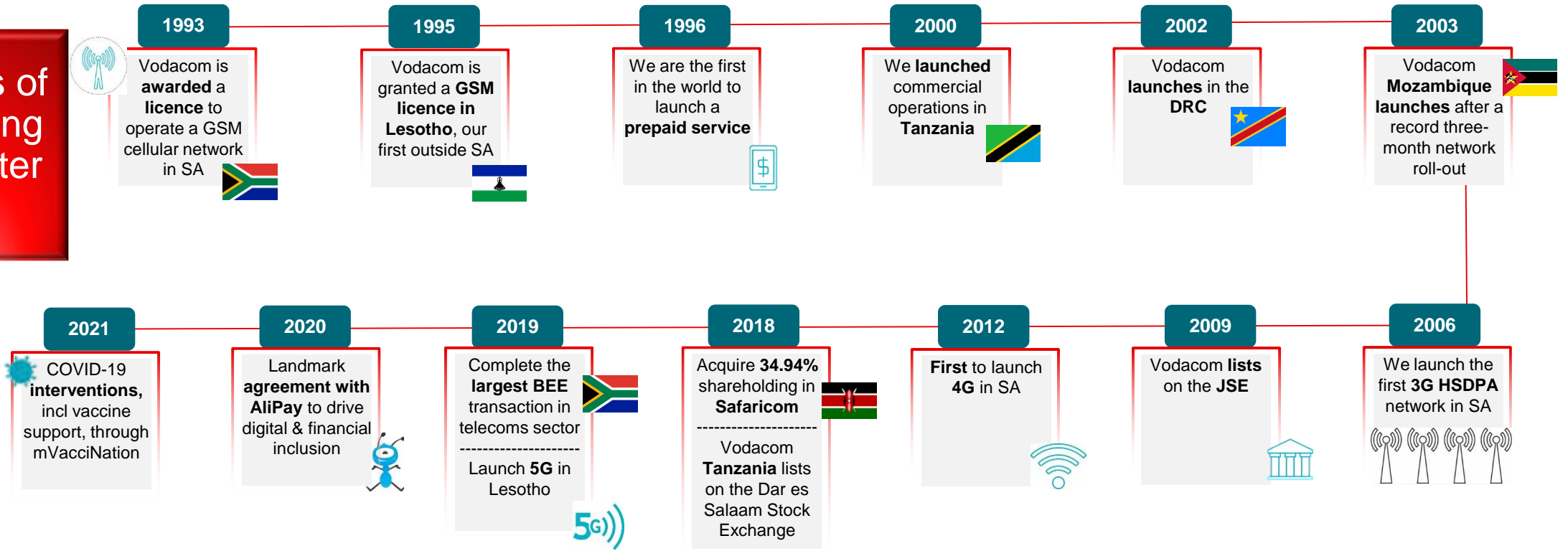
Source: Bloomberg and Vodacom estimates at 31 March 2021



# Our journey

Vodacom is a leading and purpose-led African connectivity and financial services company. The Group, including Safaricom<sup>1</sup>, serves 123.7 million customers spanning across the consumer and enterprise segments and offers a wide range of services, including: telecommunication, IT, digital and financial services.

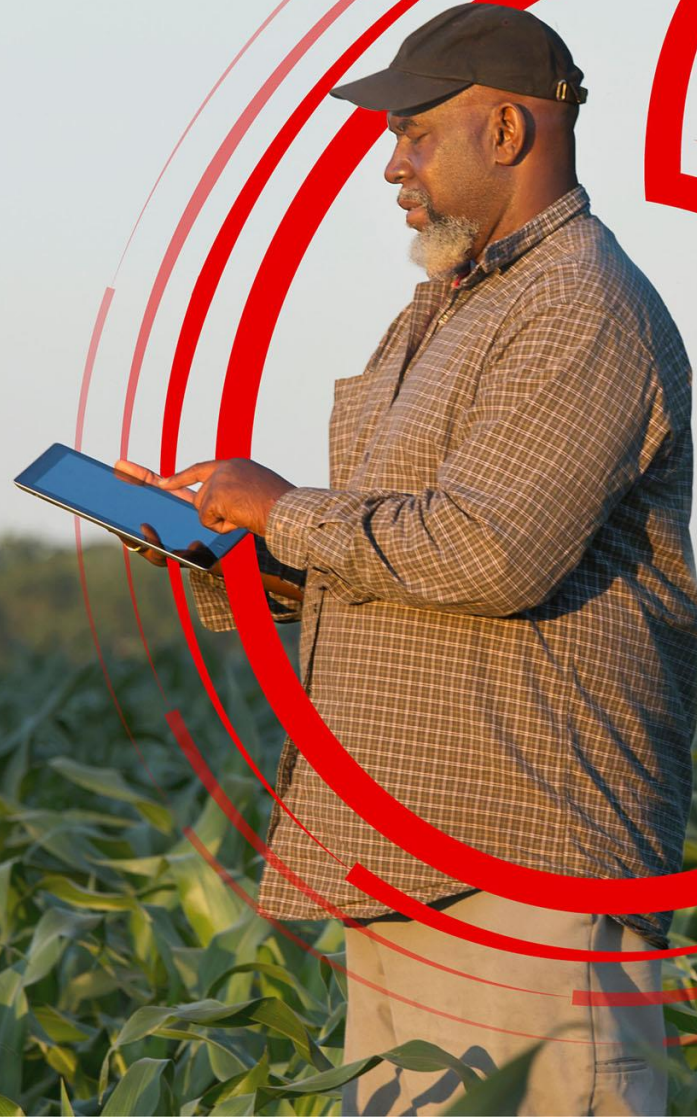
28 years of connecting for a better future



1. Vodacom Group has a proportionate stake of 34.94% in Safaricom. Customers are inclusive of 100% of Safaricom's customers.



# Vodacom in numbers



## Country data

	South Africa	Tanzania	DRC	Mozambique	Lesotho	Kenya
<b>Population<sup>‡</sup> (million)</b>	59.3	59.7	89.6	31.3	2.1	53.8
<b>GDP per capita<sup>‡</sup> (USD)</b>	83 866	1 159	536	437	1 112	1 848
<b>GDP growth estimate<sup>‡</sup> 2020 (%)</b>	-7.0	3.0	-1.6	-1.3	-9.1	0.1
<b>Ownership (%)</b>	100	75	51	85	80	34.94 <sup>¢</sup>
<b>Licence expiry period</b>	2029	2031	2026/2028/ 2032/2038 <sup>µ</sup>	2038	2036	2022/2024/2026 <sup>∞</sup>
<b>Customers (thousand)</b>	44 061	14 861	15 180	7 979	1 731	39 902
<b>ARPU (rand/month)</b>	95 <sup>Δ</sup>	37 <sup>Δ</sup>	45 <sup>Δ</sup>	57 <sup>Δ</sup>	59 <sup>Δ</sup>	83 <sup>β</sup>
<b>ARPU (local currency/month)</b>	95 <sup>Δ</sup>	5 259 <sup>Δ</sup>	2.8 <sup>Δ</sup>	250 <sup>Δ</sup>	59 <sup>Δ</sup>	551.3 <sup>β</sup>
<b>Minutes of use per month</b>	136	194	33	135	70	n/a

<sup>‡</sup> The Bureau of Economic Research for SA and Fitch Solutions for all other countries (Extraction date: April 2021).

<sup>‡</sup> GDP per capita is in ZAR for South Africa.

<sup>¢</sup> Vodacom Group Limited owns 87.5% of Vodafone Kenya Limited, which in turn holds 39.93% of Safaricom Plc, giving Vodacom an effective holding in Safaricom of 34.94%.

<sup>µ</sup> 2026 (wimax licence), 2028 (2G licence), 2032 (3G licence) and 2038 (4G licence).

<sup>∞</sup> 2022 (3G licence), 2024 (2G licence), 2026 (4G licence).

<sup>Δ</sup> 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.

<sup>β</sup> Total ARPU is calculated by dividing the average total service revenue by the average monthly customers during the period.



## Key highlights

- Group revenue up 8.3% (7.4%\*) to R98.3 billion, supported by service revenue growth of 5.8% (4.7%\*).
- South Africa service revenue grew 7.0%, with consistent growth through the financial year.
- Added 8.2 million customers, to serve a combined 123.7 million customers across the Group, including Safaricom.
- Total financial services customers, including Safaricom, up 12.9% or 6.6 million to 57.7 million.
- Earnings per share up 4.2% and headline earnings per share up 3.7%.
- Declared a final dividend of 410cps.
- Medium-term operating profit growth target upgraded from mid-single digit to mid-to-high-single digit, on improved growth prospects for International and Safaricom.

\* Normalised growth presents performance on a comparable basis. This excludes merger, acquisition and disposal activities where applicable, tax related adjustment where applicable and adjusting for trading foreign exchange, foreign currency fluctuation on a constant currency basis (using the current period as base) to show a like-for-like comparison of results.

## Key numbers

R million	FY21	FY20	Reported % change	Normalised % change
<b>Group</b>				
Revenue	98 302	90 746	8.3	7.4
Service revenue	77 574	73 354	5.8	4.7
EBITDA	39 299	37 610	4.5	3.6
Net profit from associate	3 501	4 149	(15.6)	3.9
Net debt	34 249	35 180	(2.6)	
Free cash flow	14 974	16 284	(8.0)	
Total dividend per share	825	845	(2.4)	
<b>South Africa</b>				
Service revenue	56 405	52 712	7.0	
Financial services revenue	2 372	1 995	18.9	
Customers	44 061	41 312	6.7	
Data customers	21 703	21 891	(0.9)	
<b>International</b>				
Service revenue	22 146	21 799	1.6	(1.9)
M-Pesa revenue	4 513	3 993	13.0	5.8
Customers	39 751	38 595	3.0	
Data customers	20 644	19 983	3.3	





# Five-year track record

for years ending 31 March

	2021	2020 <sup>1</sup>	2019 <sup>2</sup>	2018	2017	21/20 % change	5-year CAGR %
Service revenue (R million)	77 574	73 354	69 867	70 632	68 286	5.8	3.2
Revenue (R million)	98 302	90 746	86 627	86 370	81 278	8.3	4.9
EBITDA (R million)	39 299	37 610	33 714	32 898	31 238	4.5	5.9
Operating profit (R million)	27 651	27 711	24 490	24 252	21 750	(0.2)	6.2
Operating free cash flow (R million)	22 030	21 782	21 643	21 117	19 555	1.1	3.0
Free cash flow (R million)	14 973	16 284	14 865	14 195	11 404	(8.0)	7.0
Capital expenditure (R million)	13 307	13 218	12 957	11 594	11 292	0.7	4.2
Net debt (R million)	34 248	35 180	23 354	19 892	22 484	(2.6)	11.1
Headline earnings per share (cents)	980	945	868	923	923	3.7	1.5
Dividend per share <sup>3</sup> (cents)	825	845	795	815	830	5.1	(0.2)
EBITDA margin (%)	40.0	41.4	38.9	38.1	38.4		
Effective tax rate (%)	28.2	27.8	29.7	29.6	31.7		
Net debt/EBITDA (times)	0.9	0.9	0.7	0.6	0.7		
Capex intensity (%)	13.5	14.6	15.0	13.4	13.9		
Return on capital employed (%)	22.0	22.7	24.6	30.5	45.4		

1. IFRS 16 was adopted on 1 April 2019 on a forward-looking basis.

2. IFRS 15 was adopted on 1 April 2018 on a forward-looking basis.

3. Total dividend declared for the financial year. The total dividend for 31 March 2020 includes a special dividend of 60cps.



The Board maintains its dividend policy of paying at least 90% of adjusted headline earnings which excludes the contribution of the attributable net profit or loss from Safaricom and any associated intangible amortisation. In addition, the Group intends to distribute any dividend it receives from Safaricom, up to a maximum amount of the dividend received, net of withholding tax.

	Ex-dividend date	Payment date	Dividend declared (cents per share)	Dividend declared (Rm)
Interim dividend number 1	30 November 2009	7 December 2009	110	1 637
Final dividend number 2	28 June 2010	5 July 2010	175	2 604
Interim dividend number 3	29 November 2010	6 December 2010	180	2 678
Final dividend number 4	27 June 2011	4 July 2011	280	4166
Interim dividend number 5	28 November 2011	5 December 2011	260	3 869
Final dividend number 6	18 June 2012	25 June 2012	450	6 696
Interim dividend number 7	26 November 2012	3 December 2012	355	5 282
Final dividend number 8	24 June 2013	1 July 2013	430	6 398
Interim dividend number 9	25 November 2013	2 December 2013	395	5 877
Final dividend number 10	23 June 2014	30 June 2014	430	6 398
Interim dividend number 11	24 November 2014	1 December 2014	375	5 580
Final dividend number 12	22 June 2015	29 June 2015	400	5 952
Interim dividend number 13	30 November 2015	7 December 2015	395	5 877
Final dividend number 14	20 June 2016	27 June 2016	400	5 952
Interim dividend number 15	30 November 2016	5 December 2016	395	5 877
Final dividend number 16	21 June 2017	26 June 2017	435	6 473
Interim dividend number 17	29 November 2017	4 December 2017	390	6 714
Final dividend number 18	20 June 2018	25 June 2018	425	7 316
Interim dividend number 19	28 November 2018	3 December 2018	395	7 252
Final dividend number 20	19 June 2019	24 June 2019	400	7 343
Interim dividend number 21	27 November 2019	2 December 2019	440#	8 078#
Final dividend number 22	24 June 2020	29 June 2020	405	7 438
Interim dividend number 23	2 December 2020	7 December 2020	415	7 631
Interim dividend number 24	23 June 2020	28 June 2021	410	7 552

# Includes a special dividend of 60cps or R1 101 million declared by Safaricom PLC.



# Calendar and contacts



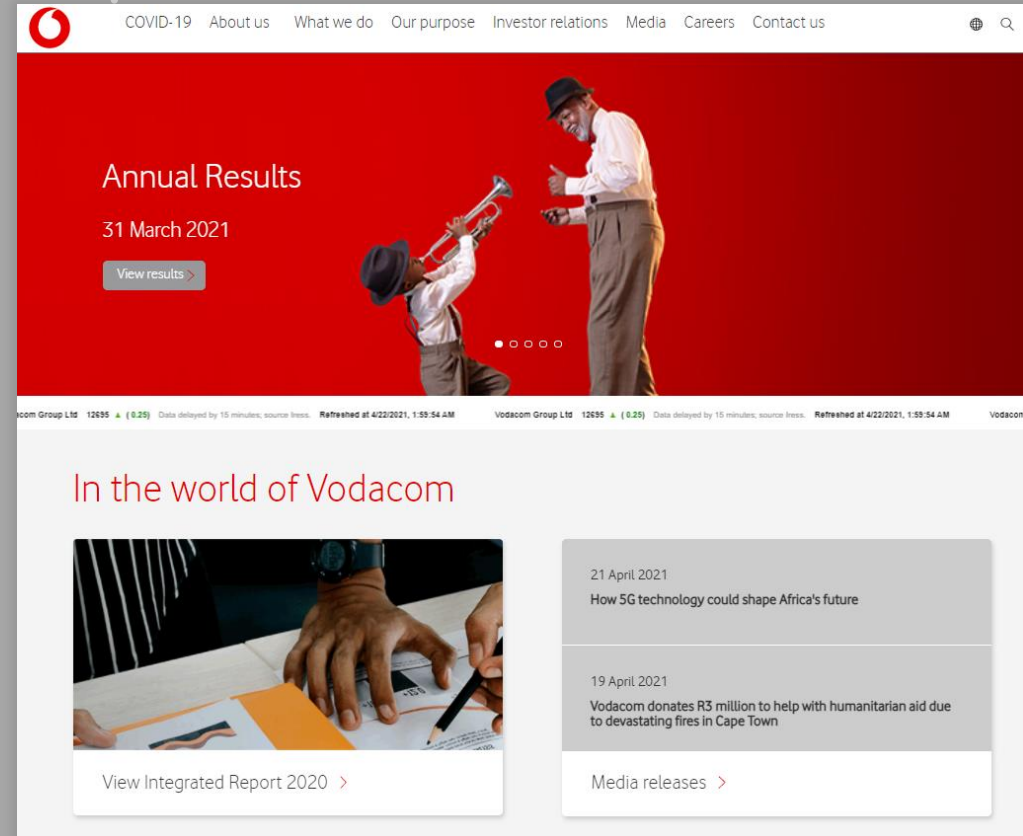
# More information

Visit our website for more information  
<http://www.vodacom.com>

## 2021 upcoming dates



Integrated report live	15 June 2021
Annual general meeting	28 July 2021
1Q22 results	29 July 2021
1H22 results	15 November 2021



The screenshot shows the Vodacom website's 'Annual Results' page for 31 March 2021. The page features a red header with the Vodacom logo and navigation links. Below the header is a large image of a man and a child playing trumpets. The main content area is white and contains the text 'Annual Results' and '31 March 2021', with a 'View results' button. Below this is a section titled 'In the world of Vodacom' with a grid of news items and a 'View Integrated Report 2020' button.

COVID-19 About us What we do Our purpose Investor relations Media Careers Contact us

## Annual Results

31 March 2021

[View results >](#)

### In the world of Vodacom

21 April 2021  
How 5G technology could shape Africa's future

19 April 2021  
Vodacom donates R3 million to help with humanitarian aid due to devastating fires in Cape Town

[Media releases >](#)

[View Integrated Report 2020 >](#)

Contact us

[VodacomIR@vodacom.co.za](mailto:VodacomIR@vodacom.co.za)

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 [Facebook.com/vodacom](https://Facebook.com/vodacom)



# Definitions

## Customers

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

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

M-Pesa customers are based on the number of unique users who have generated revenue related to M-Pesa during the last month.

## ARPU

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.

## EBITDA

Earnings before interest, taxation, depreciation and amortisation, impairment losses, profit/loss on disposal of investments, property, plant and equipment, and intangible assets, profit/loss from associate and joint venture, restructuring cost and BEE income/charge.

## Free cash flow

Cash generated from operations less additions to property, plant and equipment and intangible assets, proceeds on disposal of property, plant and equipment and intangible assets, tax paid, net finance charges paid and net dividends received/paid and movements in amounts due to M-Pesa account holders.

## South Africa

Vodacom (Pty) Limited, a private limited liability company duly incorporated in accordance with the laws of South Africa and its subsidiaries, joint ventures and SPV's.

## International

International comprises the segment information relating to the non-South African-based cellular networks in Tanzania, the Democratic Republic of Congo, Mozambique and Lesotho as well as the operations of Vodacom International Limited (Mauritius) and Vodacom Business Africa Group (Pty) Limited and its subsidiaries.

## MOU

Minutes of use per month is calculated by dividing the average monthly minutes (traffic) during the period by the average monthly active customers during the period.

## Normalised growth (\*)

Normalised growth presents performance on a comparable basis. This excludes merger, acquisition and disposal activities where applicable and adjusting for trading foreign exchange, foreign currency fluctuation on a constant currency basis (using the current period as base), to show a like-for-like comparison of results.

## Operating free cash flow

Cash generated from operations less additions to property, plant and equipment and intangible assets other than licence and spectrum payments and purchases of customer bases, net of proceeds on disposal of property, plant and equipment and intangible assets, other than license and spectrum payments and disposals of customer bases and movements in amounts due to M-Pesa account holders.

## HEPS

Headline earnings per share.



# Forward-looking statement

This presentation which sets out the annual results for Vodacom Group Limited for the year ended 31 March 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 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" (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 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.

