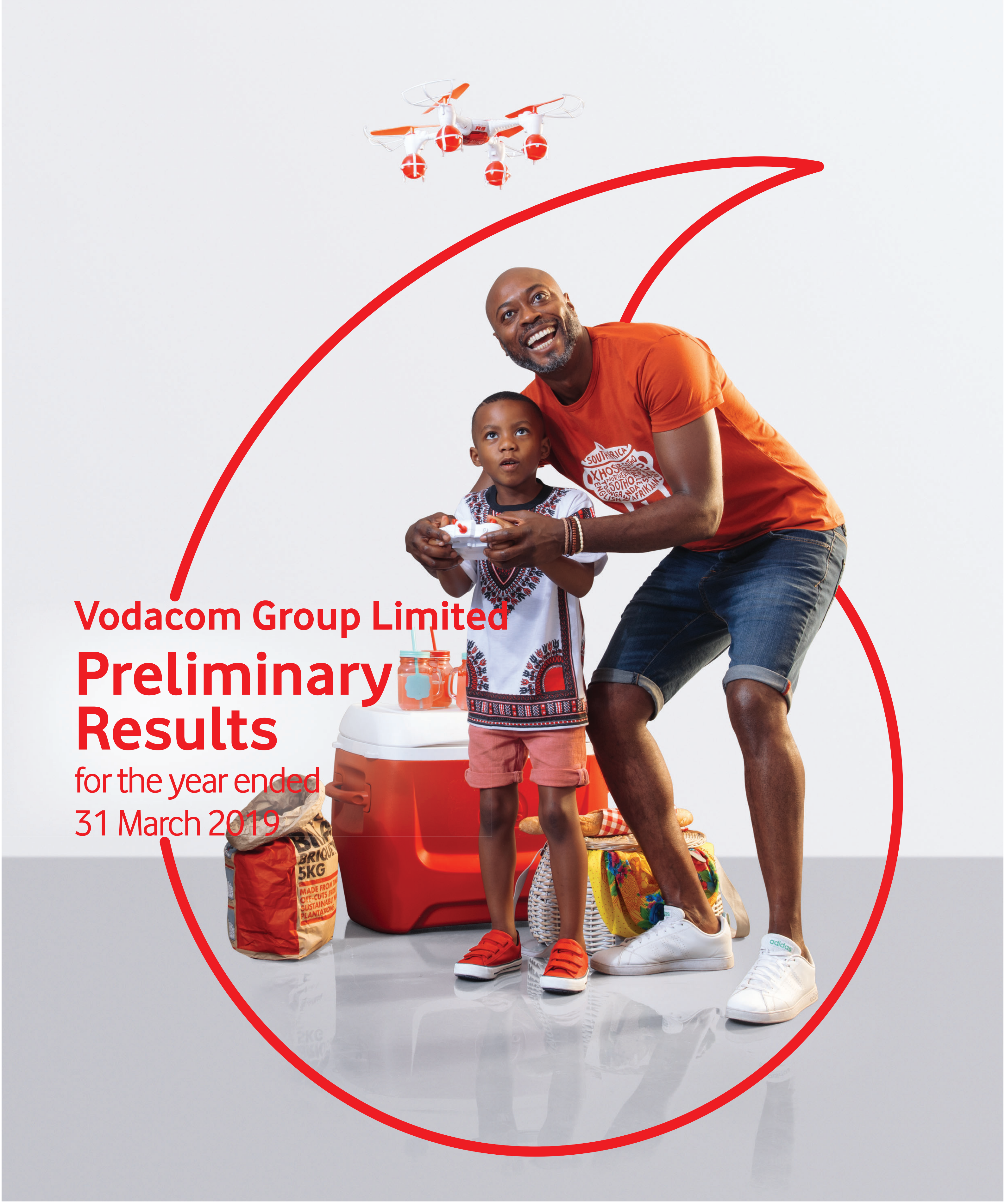

Vodacom Group Limited

Preliminary Results

for the year ended 31 March 2019

The future is exciting.

Ready?

vodacom

> This year we have given back significant value to stakeholders. We unlocked R7.5 billion in value for YeboYethu shareholders, and in September 2018 concluded the largest ever Broad-based black economic empowerment (BBBEE) transaction in the South African telecommunications sector.

Vodacom Group CEO commented:

Shameel Joosub

A sharp reduction in our out-of-bundle tariffs, contributed to the 37% decline in effective data prices since the end of March last year. In addition to enabling customers to manage their spend and utilise their data, virtually worry-free. This translates into a further R2 billion in savings enjoyed by customers as part of our ongoing pricing transformation strategy. Over a three-year period, data prices have fallen by 57%; despite not having access to further available spectrum.

The financial impacts of delivering on our promise of further reducing the cost-to-communicate in South Africa, combined with costs associated with concluding our new R16.4 billion BEE ownership deal, is evident in the subdued increase in our operating profit. This masks an otherwise solid operational performance for the Group, where service revenue grew by 5.0%, led by strong performance in our International portfolio. Excluding one off BEE costs, Group headline earnings pers share (HEPS) rose by 4.2%[µ].

In August last year, through Vodacom Lesotho, we laid claim to being first in Africa to connect customers to a commercial 5G network. Vodacom South Africa remains ready to follow Lesotho's lead as soon as the requisite 5G spectrum is secured, a crucial step in ensuring that the country doesn't get left behind from participating in the Fourth Industrial Revolution.

We connected an additional 6 million customers to the Vodacom and Safaricom networks, a 5.8% increase to 110 million in total. At the same time, we invested close on R13 billion in network and IT infrastructure to ensure all customers benefit from superior service and network experience across our footprint.

Despite the low economic growth environment in South Africa and our deliberate actions to reduce prices for all segments, service revenue in South Africa rose by 2.1%. We are particularly encouraged by the noticeable rise in new contract customers in the fourth quarter in both the Consumer and Enterprise segments.

It was a stellar year for our International portfolio where economic and political environments have improved, although it remains challenging in various aspects. We grew service revenue by 15.6% and expanded margins. Other significant achievements include the 25.8% growth in data revenue, and another year in which M-Pesa helped to empower inclusive growth by supporting economic development in Mozambique, Lesotho, DRC and Tanzania.

Our strategic investment in Safaricom contributed R2.8 billion to Vodacom Group's operating profit, with Safaricom reporting a 7.0% increase in service revenue and a 13.1% improvement in EBIT, underpinned by strong customer growth and M-Pesa revenues.

The Safaricom acquisition has proven to be a catalyst for extending our mobile money leadership position on the African continent and in ensuring that Financial Services have become a significant contributor to the Group's revenues. In the past year, we effected 11 billion transactions worth R2.0 trillion to 36.1 million customers across our Financial Services network, including Safaricom. In South Africa, our profit before tax from Financial Services doubled to R1.0 billion, while M-Pesa revenue grew by 32.2% to R3.1 billion in our International operations and now makes up one-sixth (15.8%) of that portfolio's entire service revenues.

Looking ahead, we continue to make good progress on our key strategic pillars. We expect the solid momentum from our digital services platforms to continue. Further, the strategic partnerships being formed by our Enterprise business will strengthen our IoT offers and Enterprise propositions, ultimately to the benefit of consumers. We are in the process of concluding the acquisition of the M-Pesa brand and platform related assets from Vodafone through a joint agreement with Safaricom[1], we expect this will further accelerate our mobile money growth plans in Africa. The commercialisation of our recently-launched payment gateway and digital wallet will assist in sustaining Financial Services growth in South Africa.

We have updated our medium-term targets to reflect these opportunities and the benefits of our Safaricom acquisition, and now expect a mid-high single digit growth rate in operating profit on average for the next three years. As this target is based on operating profit instead of EBIT, we also capture Vodacom's share of the growing associate profits generated by Safaricom.

1. The transaction close is subject to a number of conditions being met, including signature of final agreements and South African Reserve Bank approval.

Highlights

Group service revenue up

5.0% (3.8%*) to **R74.2 billion#**; and Group revenue increased 4.3% (3.2%*) to R90.1 billion#.

We now have

110 million customers across the Group, up **5.8%**.

South Africa service revenue

increased 2.1% to R55.7 billion#, improving growth in Q4, with **1.5 million new customers** enjoying our superfast network.

International operations

achieved mid-teens service **revenue growth** of 15.6% (10.3%*) as we drive Financial Services inclusion and continue to connect customers across all our operations.

Safaricom

reported **net profit** of 14.7% and proposed both a normal dividend of **KES 50.08 billion** (R2.3 billion)[1] and a special dividend of **KES 24.84 billion** (R1.1 billion)[1].

Concluded our

R16.4 billion Broad-based black economic empowerment (BEE) ownership deal in September, the largest deal of its kind in the ICT sector.

Operating profit

of R24.5 billion#, up 1.1% or 7.4% excluding a one off non-cash IFRS 2 charge of **R1.4 billion**, and transaction costs of **R124 million** relating to the BEE deal. Our operations outside of South Africa now contributing 23.0% to operating profit, up from 14.0% in the previous year.

Continued significant capital investment

of R13.0 billion to improve quality and coverage of all our networks, and strengthen our IT capabilities.

Earnings per share of

867 cents# and final dividend of 400 cents per share. Full year dividend of 795 cents per share, impacted by additional shares issued for the BEE ownership transaction.

Safaricom contributed

R2.8 billion# net profit, net of the amortisation of fair valued assets and before minority interest.

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 53 to 57. The *pro-forma* financial information includes:

- Financial information, on a comparable IAS 18 basis, for the year ended 31 March 2019, marked as '#' in this document. The IAS 18 financial information is based on the condensed consolidated financial statements of Vodacom Group Limited for the year ended 31 March 2019.
- Amounts marked with an '*' in this document, represent normalised growth, which presents performance on a comparable IAS 18 basis. This excludes merger and acquisition activity where applicable and adjusting for trading foreign exchange and foreign currency fluctuation on a constant currency basis (using the current year as base).
- Amounts marked with '¥' in this document represents HEPS growth adjusted for the BEE and Safaricom transaction and amounts marked with 'µ' represents HEPS growth adjusted for only the BEE transaction, disclosed in a reconciliation in the *pro-forma* financial information on page 57.

The *pro-forma* financial information has been reported on by the Group external auditors.

All growth rates quoted are year-on-year and refer to the year ended 31 March 2019 compared to the year ended 31 March 2018, which are based on IAS 18 accounting principles, unless stated otherwise.

^ On 7 August 2017, the Group acquired an effective interest of 34.94% in Safaricom Plc which is accounted for as an investment in associate. Net profit from associate and joint venture includes attributable net profits and related amortisation of fair valued assets. Prior year results reflect eight months of attributable net profit from Safaricom Plc.

1. The Group's share of these dividend proposals, at a KES/ZAR exchange rate of 6.99, after withholding tax.

	Year ended 31 March			% change	
Rm	2019 IFRS 15	2019 IAS 18#	2018 IAS 18	IAS 18	IAS 18 Normalised*
Revenue	**86 627**	**90 066**	86 370	**4.3**	3.2
Service revenue	**69 867**	**74 150**	70 632	**5.0**	3.8
EBITDA	**33 714**	**33 689**	32 898	**2.4**	2.3
EBIT	**23 413**	**23 388**	23 109	**1.2**	1.8
Net profit from associate and joint venture△	**2 774**	**2 824**	1 507	**87.4**	
Operating profit	**24 490**	**24 515**	24 252	**1.1**	2.1
Net profit	**15 532**	**15 442**	15 562	**(0.8)**	
Capital expenditure	**12 957**	**12 957**	11 594	**11.8**	
Operating free cash flow	**21 643**	**21 643**	21 117	**2.5**	
Free cash flow	**14 865**	**14 865**	14 195	**4.7**	
Earnings per share (EPS) (cents)	**872**	**867**	947	**(8.4)**	
Headline earnings per share (cents)	**868**	**862**	923	**(6.6)**	
Dividend per share (cents)	**795**	**795**	815	**(2.5)**	

Following the cumulative retrospective adoption of IFRS 15: Revenue from Contracts with Customers on 1 April 2018, the Group's results for the year ended 31 March 2019 are on an IFRS 15 basis, whereas the results for the year ended 31 March 2018 are (as previously reported) on an IAS 18 basis. Comparisons between the two bases of reporting are not meaningful and to ensure appropriate disclosure during the period of transition to IFRS 15, results for the year ended 31 March 2019 has been disclosed on both an IFRS 15 and IAS 18 basis. Our commentary describing our operating performance in the Operating Review has been provided solely on an IAS 18 basis. The accounting standard applied is clearly marked in the heading of relevant columns in this results announcement. To aid in the understanding of the transition from IAS 18 to IFRS 15, we have provided commentary on the main differences between the two standards on pages 9 and 10. Further disclosure is also included in Note 2: Changes in accounting policies and in Note 3: Segment analysis of the condensed consolidated financial statements for the year ended 31 March 2019.

Operating review

South Africa (IAS 18 commentary)

Data pricing transformation continues, to the benefit of our customers, with a number of changes that increase affordability and improve spend control. This has helped our more than 43 million customers get connected more affordably and in the way that is most suitable to their needs.

Service revenue grew at 2.1%, despite the implementation of deliberate pricing transformation and a low economic growth environment. Growth in the second half of the year was negatively impacted by the transition between national roaming partners and the change in call termination rates.

Customer revenue increased 1.3% to R47.4 billion[#] supported by a growth in our customer base of 3.7% to 43.2 million with positive net additions of 1.5 million.

Contract customer revenue increased 0.6% with contract customers increasing 8.9% to 5.8 million. We are pleased with the acceleration of net customer additions during the fourth quarter in both the Consumer and Enterprise segments. We worked with the Department of Education to connect 80 000 teachers during the year. These are mainly data contracts, to a lower contract ARPU. We reduced out-of-bundle spend from customers following the implementation of the Regulator's End-user and Subscriber Service Charter (EUSSC).

Prepaid customer revenue increased 2.0%. Prepaid customer net additions were 1.1 million with ARPU declining by 6.9%, ARPU declines are as a direct result of new additions being attracted at a lower spend. Our efforts to reduce the one off use of SIM in the market are showing signs of success.

Data revenue grew 3.9% to R24.3 billion[#], contributing 43.5% to service revenue. The effective price per MB has reduced 23.3% following the implementation of the EUSSC regulations in March, as well as a further out-of-bundle rate reduction of 50%. The implementation of the EUSSC allows consumers to manage their spend and utilise their data, virtually worry free. Data bundle purchases have increased 13.1% to 866 million as more affordable data bundles with shorter validity periods are available for customers.

Overall data usage drivers were encouraging. Data traffic was up 35.6%. Active smart devices on the network were up 7.6% to 19.9 million, of which 10 million are 4G devices. Average usage on these smart devices has improved 23.2% to 966MB.

Our platform strategy, designed to stimulate reasons to consume data, is gaining momentum. Take up of the video play service is encouraging with 869 000 active users on the platform. Our music platform, My Muze, is steadily gaining customers, and our gaming platform PlayInc. has now been launched.

Our Financial Services business continues to accelerate, contributing R1.6 billion of revenue, growing at 67.1% and R1.0 billion profit before tax. Our insurance business continues to grow, adding more services such as life and funeral cover during the year. Total policies increased 38.1% to 1.3 million. Airtime Advance is now used by just under 10 million customers.

Enterprise has delivered good growth, with service revenue up 4.8% to R14.7 billion. Our fixed-line service revenue increased 24.7%, underpinned by solid growth in connectivity, cloud and hosting and IPVPN revenues. IoT connections continue to gain momentum with a 24.4% growth in customers to 4.5 million.

We continue to drive our 'Own the home' strategy resulting in good traction on fibre to the home/business, almost doubling the connections in the year.

EBITDA declined 1.3% to R27.7 billion[#], while the EBITDA margin of 38.9% contracted by 1.2ppts partially as a result of the roaming agreement with Rain. This affected margins by 0.7ppts, as we continue to scale up on the roaming agreement, and move cost of capacity from depreciation to direct expenses. Technology expenses increased 7.5% due to 8.1% more sites being deployed, and annual price escalations in lease, rental and energy expenses. This was slightly offset by our 'Fit for growth' initiatives delivering savings in excess of R1.4 billion. Our digital transformation is starting to yield results. The implementation of process automation has resulted in the automation of 86 processes. The introduction of Chatbot's and improving call resolutions at root cause has reduced call volumes by 25% in line with our targets.

Our capital expenditure of R9.6 billion was utilised to drive our strategy of being the leading digital telco. For the year we focused on improving the overall mobile network performance and customer experience with network modernisation and capacity upgrade initiatives. We delivered substantial cost savings through the introduction of Digital Technologies for smart planning, smart deployment and smart operations. Our continued investment in infrastructure resulted in over 90% coverage on 4G and 99.5% coverage on 3G.

We spent R2 billion on IT during the year. Our focus is to become smarter and more agile in delivering products to our customers. We continued to deepen our Digital IT capabilities through our IT acceleration programme. We continue to invest in Cloud infrastructure and migrating applications, IT services and network functions into Cloud platforms to enhance flexibility and improve scalability, availability and performance of services.

International (IAS 18 commentary)

Driving our strategy of Financial Services inclusion and connecting customers has supported a return to double digit service revenue growth of 15.6% (10.3%*). Macro and political environments have improved, although is remains challenging in various aspects. DRC had a peaceful election during the second half of the year. In March 2019, Mozambique was affected by cyclone Idai. We mobilised efforts to restore communication services as soon as possible, to enable customers to get in contact with affected family members and to aid relief efforts. To assist during this crisis, we free-rated calling from 21 March 2019 to 1 April 2019 and we have also donated USD1 million to aid in humanitarian efforts.

We continue to see good customer growth, adding 2.2 million customers in the year, up 6.8% to 34.6 million customers.

Data revenue grew strongly at 25.8% (19.6%*), supported by the roll out of 4G services, now available in all our operations. We added 1.1 million data customers during this period, as we continue to drive availability of affordable data devices across all operations. We have started rolling out content services in all operations and continue to provide personalised pricing through our 'Just 4 You' platform. Data now contributes 15.7% of service revenue.

M-Pesa continues to deliver on its promise for financial inclusion empowering customers to transact easily and thereby contributing to the economy. M-Pesa revenue grew by 32.2% (26.5%*) to R3.1 billion[#] contributing 15.8% to service revenue. We continue to expand the eco systems to more services such as micro loans, merchant payment systems and further interconnection with banks and other operators. We launched a number of initiatives during the year to drive the uptake of the M-Pesa in all operations. We added 1.7 million customers during the period up 14.8% to 13.5 million. We now process USD2.8 billion in transactions a month across our operations.

EBITDA grew 26.8% (21.0%*), while margins expanded by 3.1ppts. This was as a result of strong revenue growth and continued focus on cost containment through our 'Fit for growth' programme. Savings on commissions from airtime purchases through M-Pesa, continued savings in network operating expenses through site sharing, contract negotiations and savings from lower interconnect costs, are key drivers for margin growth.

We were awarded a 4G licence in the DRC, in Mozambique we unified and renewed our licences for 20 years and acquired 2x10MHz of 800MHz and in Tanzania we acquired an additional 2x10MHz of 700MHz 4G spectrum which will enable us to progress further in delivering on our strategic data ambitions. The total costs of these spectrum acquisitions were USD65.0 million across our operations.

We invested R3.4 billion in rolling out 4G services, improving capacity and widening our network reach and quality. We added 984 4G sites and 371 3G sites and lead in network NPS in most of our operations.

We are in the process of concluding the acquisition of the M-Pesa brand and platform related assets from Vodafone through a joint agreement with Safaricom[1]. We expect this will further accelerate our mobile money growth plans in Africa.

Safaricom

Safaricom continues to report solid growth and margin expansion, with service revenue increasing 7.0% and EBIT increasing 13.1%. Underpinning the results was a strong recovery in growth of Safaricom's customer base, with total customers growing 7.7%, for the year to 31.9 million customers. Strong growth in M-Pesa revenue continues as 30-day active M-Pesa customers increased 10.2% to 22.6 million. M-Pesa revenue grew 19.2% and now contributes 31.2% to service revenue, up from 28.0%. Data revenue grew at 6.4% a slight easing of growth during the second half of the year, as consumer offerings were repositioned at half year to provide more value in an increasingly competitive environment. However opportunity exists for future growth by increasing both penetration and usage of mobile data. Investment in capital expenditure of KES37.3 billion in the period resulted in 3G sites increasing 17%, 4G sites increasing 69%, and the number of homes passed with fibre more than doubling to 300 000.

These results are available on **www.safaricom.co.ke/investor-relation/financials/reports/financial-results**.

1. The transaction close is subject to a number of conditions being met, including signature of final agreements and South African Reserve Bank approval.

Regulatory matters

Electronic Communications Amendment Bill (ECA Bill)

On 17 November 2017, the Ministry of Telecommunications and Postal Services published an invitation to provide comments on the ECA bill, having its origins in the Integrated Information and Communication Technology ICT Policy White Paper of 2 October 2016. Following written submission and public hearings on the proposed ECA Bill, the Minister withdrew the bill on 12 February 2019. The ECA Bill is unlikely to be re-submitted to the new Parliament in its current form given the new emphasis on the Fourth Industrial Revolution – which is likely to require further policy, legislative and regulatory changes. The effect of the withdrawal of the ECA Amendment Bill is that the licensing of High Demand Spectrum can be managed under the existing legislation; in this regard the Ministry is contemplating issuing new Policy Directions to the Independent Communications Authority of South Africa (ICASA).

Amendment to End-User and Subscriber Service Charter Regulations

On 30 April 2018, ICASA published final amendments to the End-User and Subscriber Service Charter Regulations with the objective of addressing consumer concerns on out-of-bundle charges and data bundle expiry rules. Vodacom complied with the regulation and implemented required changes from 1 March 2019, including those related to the transfer and rollover of unused data and the prohibition on defaulting of an end-user onto out-of-bundle charges upon the depletion of data bundles without consent from the customer.

ICASA priority market review

In June 2017, ICASA gave notice of its intention to conduct an inquiry to identify priority markets in the Electronic Communications Sector (ECS). The purpose of the enquiry is to identify relevant wholesale and retail markets or market segments in the ECS that are generally prone to ex ante regulation, and to determine from these markets and market segments those that the Authority intends to prioritise for market reviews and potential regulation. On 17 August 2018, ICASA published a findings document in which it listed broad markets that will be prioritised for potential market review:

- Wholesale fixed access, which includes wholesale supply of asymmetric broadband origination, fixed access services and relevant facilities;
- Upstream infrastructure markets incorporating national transmission services, metropolitan connectivity and relevant facilities; and
- Mobile services, which includes the retail market for mobile services and the wholesale supply of mobile network services, including relevant facilities.

On 16 November 2018, ICASA commenced a market inquiry into mobile broadband services. The purpose of the market inquiry is to assess the state of competition and determine whether or not there are markets or market segments within the mobile broadband services value chain which may require regulatory intervention.

Competition Commission data service market inquiry

The Competition Commission initiated a market inquiry into data services on 30 November 2017. The purpose of the inquiry is to understand what factors or features of the market(s) and value chain may cause or lead to high prices for data services, and to make recommendations that would result in lower prices for data services. This inquiry covers all market participants involved at any point in the value chain for any form of data services that are provided to customers such as government, businesses and consumers in South Africa. The Competition Commission issued a summary of provisional findings and recommendations on 24 April 2019, inviting comments from stakeholders by 14 June 2019. The date for completion of the data market inquiry is 31 December 2019.

DRC proposed traffic monitoring system

On 11 December 2018, a decree to implement a new traffic monitoring system levying additional charges on operators was signed off by all relevant government authorities. In February 2019, the new President instructed cancellation of the decree. The industry continues engagement on this matter with relevant authorities.

Broad-based black economic empowerment (BEE) ownership transaction

We concluded our new BEE ownership transaction on 14 September 2018. At a deal value of R16.4 billion the transaction was the largest deal of its kind in the ICT sector.

The structure of the deal created significant value for current holders, through a major liquidity event of a special dividend, as well as the opportunity to remain invested in Vodacom Group, through a mutually beneficial structured deal. This secures Vodacom's Level 3 BEE status, and an effective black ownership of c20%, a key consideration for spectrum allocation, government contracts and corporate business.

Outlook

The Group has embarked on its digital transformation journey. The strategy positions Vodacom to be a leader and key partner in the 4th Industrial Revolution, and to change from a traditional telco to a digital services company.

We are leading in the implementation of Big Data, Artificial Intelligence and Robotic Process Automation, to optimise revenue, operate more efficiently and maximise our investment returns.

Our strategy has the following key pillars:

1. Best customer experience
2. Segmented propositions
3. Financial services
4. Digital content platforms
5. Best technology
6. Digital organisation and culture
7. Our brand and reputation

We are making good progress with these pillars, with good take up of our digital services platform. We continue to expand our Financial Services proposition in South Africa as well as M-Pesa mobile money in Safaricom and our International operations. We are now strengthening our leading mobile money position on the continent.

As we expand our Enterprise business we are forming strategic partnerships to deliver integrated solutions. These partnerships are strengthening our offerings in IoT and Enterprise services, by expanding on our customer value propositions. These services are set to drive data growth and new revenue streams.

We are continuing to transform data pricing to the benefit of our customers while limiting negative financial impacts in South Africa through increased demand. We have implemented ICASA's End-User and Subscriber Service Charter regulation. This gives customers more confidence and control in engaging with our services and reduces the risk of overspending.

These pricing transformation efforts will continue to create short term pressure on data revenue growth in South Africa. Underlying demand however, remains strong and we anticipate a recovery in growth to start materialising during the second half of the new financial year.

Following the Safaricom acquisition, our profitability target has been expanded to include Safaricom and hence, has changed to Operating profit (previously EBIT), which includes our share of associate profits in Safaricom. Our capex target range has been updated to reflect changes in revenue recognition as a result of the adoption of IFRS 15.

With the above in mind we update our medium term targets to the following:

1. Mid-single digit Group Service revenue growth
2. Mid-high single digit Group Operating profit[β] growth (including profit from associate – Safaricom)
3. 13.0%-14.5% of Group Capital expenditure as a % of Group revenue

These targets are on average, over the next three years and are on a reported basis in constant currency, excluding spectrum purchases, exceptional items and any merger and acquisition activity. Targets are based on IFRS 15, as well as the adoption of IFRS 16: Leases from 1 April 2019.

β In the first year, if we normalised for the prior year one off BEE IFRS 2 charge of R1.4 billion, in the 2019 financial year, we expect to remain in this target range.

Financial review

Summary financial information

Rm	2019 IFRS 15	2019 IAS 18#	2018 IAS 18	% change IAS 18	% change IAS 18 Normalised*
Revenue	86 627	90 066	86 370	4.3	3.2
Service revenue	69 867	74 150	70 632	5.0	3.8
EBITDA	33 714	33 689	32 898	2.4	2.3
EBIT	23 413	23 388	23 109	1.2	1.8
Net profit from associate and joint venture△	2 774	2 824	1 507	87.4	
Operating profit	24 490	24 515	24 252	1.1	2.1
Net profit	15 532	15 442	15 562	(0.8)	
Capital expenditure	12 957	12 957	11 594	11.8	
Operating free cash flow	21 643	21 643	21 117	2.5	
Free cash flow	14 865	14 865	14 195	4.7	
Net debt	23 354	23 354	19 892	17.4	
Basic earnings per share (cents)	872	867	947	(8.4)	
Headline earnings per share (cents)	868	862	923	(6.6)	
Contribution margin (%)	63.7	61.2	61.0	0.2ppts	
EBITDA margin (%)	38.9	37.4	38.1	(0.7ppts)	
EBIT margin (%)	27.0	26.0	26.8	(0.8ppts)	
Operating profit margin (%)	28.3	27.2	28.1	(0.9ppts)	
Effective tax rate (%)	29.7	30.2	29.6	0.6ppts	
Net profit margin (%)	17.9	17.1	18.0	(0.9ppts)	
Capital intensity (%)	15.0	14.4	13.4	1.0ppts	
Net debt/EBITDA (times)	0.7	0.7	0.6	0.1 times	

Service revenue

Rm	Year ended 31 March 2019 IFRS 15	2019 IAS 18#	2018 IAS 18	% change IAS 18 18/19
South Africa	51 541	55 749	54 622	2.1
International	19 377	19 452	16 828	15.6
Corporate and eliminations	(1 051)	(1 051)	(818)	28.5
Group service revenue	69 867	74 150	70 632	5.0
Safaricom[1]	32 698	32 768	18 999	n/a

1. The Group's effective interest of 34.94% in Safaricom Plc (Safaricom) is accounted for as an investment in associate. Results represent 100% of Safaricom and is for information purposes only. Prior year results represents eight months of performance from the date of acquisition of Safaricom Plc.

Understanding the impacts of IFRS 15:
The difference between IFRS 15 and IAS 18 is mainly noticeable in the contract segment where goods and services delivered under a contract are identified as separate performance obligations. Revenue is recognised at the point in time the Group delivers the goods or renders the service to the customer.

One of the key changes is the recognition of equipment revenue when control of the device has either transferred to the customer or the intermediary. Previously, equipment revenue on transfer of a device to a customer was limited to the cash received on inception of the contract. Going forward a device revenue contract asset will be recognised on inception, which will be recovered over the term of the contract. During the year, R634 million (of which R563 million relates to South Africa) was reclassified from service revenue to equipment revenue, with total revenue remaining largely unchanged with regards to this element.

In addition, qualifying incremental costs of obtaining and fulfilling a contract, previously expensed on payment, is now capitalised as deferred customer acquisition cost and amortised over the lifetime of the contract (typically 24 months). Amortisation charges of R3.5 billion (relating to South Africa) were netted against service revenue during the current period, as they are considered to be customer discounts under IFRS 15.

Commentary based on IAS 18:
Group service revenue grew 5.0% (3.8%*) to R74.2 billion#, with strong growth in International offset by a slow down in South Africa.

In South Africa, service revenue increased 2.1% to R55.7 billion# benefitting from strong growth in Enterprise, both in mobile and fixed service revenue, offset by the impact of pricing transformation and subdued consumer spending.

During the period, we adjusted our revenue deferral methodology in line with the usage insights from our customers and updated our rules with regard to the rollover of unused minutes and megabytes, resulting in acceleration of revenue recognition of R292 million in the period.

On 1 March we implemented ICASA's End-User and Subscriber Service Charter regulation. The negative financial impact of the regulation was partly offset by a R97 million deferral release on certain packages where rollover was reduced from five to two months to align with rollover rules applied to all contracts.

In our International operations, service revenue increased 15.6% (up 10.3%*) to R19.5 billion#. Growth came from strategic growth areas such as data and M-Pesa revenue as well as an increase in customer net additions.

Service revenue grew by 7.0% in Safaricom, driven by growth in customers and M-Pesa.

Total expenses[1]

	Year ended 31 March			% change IAS 18
Rm	2019 IFRS 15	2019 IAS 18#	2018 IAS 18	18/19
South Africa	**40 323**	**43 785**	41 912	**4.5**
International	**13 473**	**13 475**	12 557	**7.3**
Corporate and eliminations	**(961)**	**(961)**	(937)	**2.6**
Group total expenses	**52 835**	**56 299**	53 532	**5.2**

1. Excluding depreciation, amortisation, impairments and share based payment charges.

Understanding the impacts of IFRS 15:
Incremental costs of obtaining and fulfilling a contract, previously expensed at inception of the contract under IAS 18, are now capitalised as deferred customer acquisition costs. Cost amounting R3.4 billion for the year was recognised as a contract asset and will be amortised to the income statement over the contract period (typically 24 months). Certain types of these customer acquisition costs are considered to be customer discounts under IFRS 15, and netted against service revenue when amortised to the income statement.

Commentary based on IAS 18:
Group total expenses increased 5.2% to R56.3 billion#, which includes a net trading foreign exchange loss of R66 million (2018: profit of R56 million). These costs also include R124 million in BEE related transaction costs. Growth was outside of our targeted objective of keeping cost growth below revenue growth, mainly as a result of subdued revenue growth in South Africa.

In South Africa expenses were contained well below inflation, increasing by 4.5%. This was achieved despite the 8.1% growth in our network sites, higher energy costs and site rental increases. We have limited staff expenses to 2.7% and achieved publicity savings of 4.0%, while also reducing distribution costs related to airtime commissions.

In our International operations, total expenses increased by 7.3% (2.2%*) below revenue growth of 14.4% (9.1%*). This was enabled by continued focus on cost containment through initiatives such as 'Fit for growth' and the increase of airtime purchases through our M-Pesa platform, which results in a reduction of distribution costs.

EBIT

	Year ended 31 March			% change IAS 18
Rm	2019 IFRS 15	2019 IAS 18#	2018 IAS 18	18/19
South Africa	20 268	20 244	21 124	(4.2)
International	3 431	3 430	2 096	63.6
Corporate and eliminations	(286)	(286)	(111)	157.7
Group EBIT	23 413	23 388	23 109	1.2
Safaricom[1]	12 117	12 200	6 799	n/a

Group EBIT increased 1.2% (up 1.8%*) with the Group EBIT margin decreasing by 0.8ppts to 26.0%. This was impacted by the BEE ownership transaction costs of R124 million, reducing EBIT by 0.5ppts. Group EBITDA growth of 2.4% was slightly offset by depreciation and amortisation which grew at 6.9%. South Africa EBIT declined 4.2% with margins contracting 1.8ppts to 28.4%. South Africa EBITDA declined 1.3%, with the EBITDA margin contracting primarily due to our roaming agreement with Rain of 0.7ppts. In our International operations, EBIT increased 63.6% (56.1%*) with the EBIT margin expanding by 5.2ppts to 17.2% and EBITDA margins by 3.1ppts to 31.3% . This includes an insurance claim received in the DRC in relation to network damage in a fire in the previous year of USD21.5 million. Margins were supported by strong revenue growth and continued execution on cost containment.

In Safaricom, EBIT increased 13.1% for the financial year as a result of the higher service revenue contribution and commission savings as a result of direct voucher sales through M-Pesa.

1. The Group's effective interest of 34.94% in Safaricom Plc (Safaricom) is accounted for as an investment in associate. Results represent 100% of Safaricom and is for information purposes only. Prior year results represents eight months of performance from the date of acquisition of Safaricom Plc.

Operating profit

Rm	2019 IFRS 15	2019 IAS 18#	2018 IAS 18	% change IAS 18 18/19
	Year ended 31 March			
South Africa	**18 904**	**18 880**	20 860	(9.5)
International	**3 353**	**3 352**	1 997	67.9
Safaricom^	**2 773**	**2 823**	1 506	87.5
Corporate and eliminations	**(540)**	**(540)**	(111)	>200.0
Group operating profit	**24 490**	**24 515**	24 252	1.1

Group operating profit increased 1.1% to R24.5 billion#. This includes a R1.4 billion non-cash, non-recurring charge arising from our new BEE deal (IFRS 2 charge) and net profit from our associate Safaricom of R2.8 billion. In South Africa, operating profit decreased by 9.5% to R18.9 billion# mainly due to the allocation of R1.2 billion of the IFRS 2 charge to our South African operation. Excluding this impact and trading foreign exchange (R3.0 million gain); operating profit declined 3.6%*. International operations' operating profit increased 67.8% to R3.4 billion#, higher than EBIT growth as a result of higher restructuring costs in the DRC in the prior year as well as one off charges relating to the listing in Tanzania, partially offset by an impairment recognised in the current year relating to assets lost during the cyclone in Mozambique.

Safaricom contributed R2.8 billion# in net profit for the year. This represents our share of attributable profits of R3.4 billion and the related amortisation of fair valued assets recognised on acquisition of R624 million, before minority interest.

Net finance charges

Rm	2019 IFRS 15	2019 IAS 18#	2018 IAS 18	% change IAS 18 18/19
	Year ended 31 March			
Finance income	**630**	**630**	703	(10.4)
Finance costs	**(3 008)**	**(3 008)**	(2 811)	7.0
Net finance costs	**(2 378)**	**(2 378)**	(2 108)	12.8
Net loss on remeasurement and disposal of financial instruments	**(23)**	**(23)**	(785)	(97.1)
Net finance charges	**(2 401)**	**(2 401)**	(2 893)	(17.0)

Net finance costs of R2.4 billion# increased 12.8%, mainly contributed by seven months of finance cost for the BEE ownership deal of R171 million and an increase in net interest paid on bank accounts of R84 million. This was slightly offset by a saving in interest on the Group entity's long-term borrowings of R74 million following a repayment of a R2.6 billion loan during the year. The average cost of debt was slightly down to 8.2% from 8.3%.

The change in the net loss on remeasurement and disposal of financial instruments to R23 million is mainly attributable to an increase in gains on the revaluation of foreign denominated cash balances in the Group offset by the remeasurement of a derivative relating to the agreement to acquire shares in our Tanzania subsidiary from our local partner and a decrease in a net loss from the remeasurement of foreign exchange contracts in South Africa.

Taxation

The tax expense of R6.7 billion was 2.2% higher than the prior year (2018: R6.5 billion) mainly due to the increase in taxable income and an increase in withholding tax suffered on dividend income received.

The Group's effective tax rate increased by 0.6% to 30.2% (2018: 29.6%) mainly due to the non-cash, non-recurring IFRS 2 charge; the non-tax deductible transaction costs and the recurring non-deductible finance costs relating to the BEE ownership transaction (+2.2ppts). This was partially offset by the inclusion of a full year after tax profits from our associate Safaricom in profit before tax, compared to eight months after tax profits included in the prior year (-1.3ppts). Excluding the non-recurring non-tax deductible BEE costs the effective tax rate would be 28.2%.

Earnings

	Year ended 31 March			% change IAS 18
	2019 IFRS 15	2019 IAS 18#	2018 IAS 18	18/19
Earnings per share (cents)	**872**	**867**	947	**(8.4)**
Headline earnings per share (cents)	**868**	**862**	923	**(6.6)**
Weighted average number of ordinary shares outstanding for the purpose of calculating EPS and HEPS (million)	**1 699**	**1 699**	1 620	**4.9**

Headline earnings per share for the year was down 6.6%, impacted by the new BEE ownership deal in the current financial year, partially offset by an increase in contributions from Safaricom, acquired in the prior year. Excluding these transactions headline earnings per share increased 2.6%¥. 114.5 million shares were issued as part of the BEE ownership deal, which was concluded on 14 September 2018. This resulted in the non-cash, non-recurring share based payment charge, of R1.4 billion and transaction and finance costs of R295 million being recognised in the current year, the combination of which resulted in a 100cps dilution.

Dividend

	Year ended 31 March		% change
Rm	2019 IFRS 15	2018 IAS 18	18/19
Headline earnings	**14 744**	14 946	
Adjusted for:			
Net profit from associate and joint venture	**(2 773)**	(1 506)	
Attributable profits from Safaricom	**(3 397)**	(1 889)	
Amortisation on assets, net of tax	**624**	383	
With-holding tax	**295**	132	
Minority interest and other	**352**	191	
Add back:			
Non-cash non-recurring IFRS 2 charge	**1 404**	–	
Headline earnings available for dividend distribution	**14 022**	13 763	
Total dividend declared per share (cents)	**795**	815	**(2.5)**

Capital expenditure

	Year ended 31 March			% change IAS 18
Rm	2019 IFRS 15	2019 IAS 18#	2018 IAS 18	18/19
South Africa	**9 577**	**9 577**	8 884	**7.8**
International	**3 376**	**3 376**	2 707	**24.7**
Corporate and eliminations	**4**	**4**	3	**33.3**
Group capital expenditure	**12 957**	**12 957**	11 594	**11.8**
Group capital intensity[1] (%)	**15.0**	**14.4**	13.4	**1.0ppts**
Safaricom[2]	**5 112**	**5 112**	2 933	**n/a**
Safaricom capital intensity (%)	**15.0**	**14.9**	14.8	**n/a**

The Group's capital expenditure was R13.0 billion, representing 14.4% of revenue. Slightly outside of our guidance range, as we readied our network for our new roaming partner, and spend relating to backup power for loadshedding in South Africa. Capital expenditure was focussed on improving the overall mobile network performance and customer experience with network modernisation and capacity upgrades initiatives and strengthening our IT capabilities. In South Africa, we extended 4G coverage to over 90% of the population. In our International operations, we added 984 4G sites, 371 3G sites and 292 2G sites since March 2018. In Safaricom, capital expenditure was focused on increasing 3G and 4G sites by 17% and 69% respectively.

Statement of financial position

Property, plant and equipment increased 8.5% to R44.0 billion and intangible assets increased 19.5% to R10.8 billion compared to 31 March 2018. The combined increase is mainly as a result of net additions of R14.3 billion and net foreign currency translation gains of R2.1 billion, offset by depreciation and amortisation of R10.6 billion.

Net debt increased by R3.5 billion to R23.3 billion. Total borrowings increased by R2.0 billion to R34.2 billion, mainly due to R4.7 billion preference shares issued to fund the BEE transaction, partly offset by a R2.6 billion early repayment on one of the Group's Vodafone Luxembourg facilities. Bank and cash balances decreased by R1.5 billion mainly used to fund capital expenditure.

	Year ended 31 March			Movement
Rm	2019 IFRS 15	2019 IAS 18#	2018 IAS 18#	18/19
Bank and cash balances	**11 066**	**11 066**	12 538	**(1 472)**
Current borrowings	**(10 603)**	**(10 603)**	(8 220)	**(2 383)**
Non-current borrowings	**(23 641)**	**(23 641)**	(24 071)	**430**
Other financial instruments	**(176)**	**(176)**	(139)	**(37)**
Net debt[3]	**(23 354)**	**(23 354)**	(19 892)	**(3 462)**
Net debt/EBITDA (times)	**0.7**	**0.7**	0.6	**0.1 times**

1. Capital expenditure as a percentage of revenue.
2. The Group's effective interest of 34.94% in Safaricom Plc (Safaricom) is accounted for as an investment in associate. Results represent 100% of Safaricom and is for information purposes only. Prior year results represents eight months of performance from the date of acquisition of Safaricom Plc.
3. Debt includes interest bearing debt, non-interest bearing debt and bank overdrafts.

Cash flow

	Year ended 31 March			% change IAS 18
Rm	2019 IFRS 15	2019 IAS 18#	2018 IAS 18	18/19
EBITDA	33 714	33 689	32 898	2.4
Working capital	160	185	(558)	133.2
Capital expenditure[1]	(12 957)	(12 957)	(11 594)	11.8
Disposal of property, plant and equipment	467	467	187	149.7
Other	259	259	184	40.8
Operating free cash flow	21 643	21 643	21 117	2.5
Tax paid	(6 535)	(6 535)	(6 194)	(5.5)
Dividend received from associate	2 466	2 466	1 988	24.0
Finance income received	943	943	859	9.8
Finance costs paid	(3 179)	(3 179)	(3 182)	(0.1)
Net dividends paid	(473)	(473)	(393)	20.4
Free cash flow	14 865	14 865	14 195	4.7

Operating free cash flow was up 2.5% supported by EBITDA growth of 2.4% and good working capital management partly offset by an increase in investment into our networks. Free cash flow increased 4.7%, due to higher dividends received from Safaricom and tax paid increasing in line with profitability.

1. Capital expenditure comprises the purchase of property, plant and equipment and intangible assets, other than licence and spectrum payments. Purchases of customer bases are excluded from capital expenditure.

Declaration of final dividend number 20 – payable from income reserves

Dividend

Declaration of final dividend No. 20 – payable from income reserves

Notice is hereby given that a gross final dividend number 20 of 400 cents per ordinary share in respect of the financial year ended 31 March 2019 has been declared payable on Monday 24 June 2019 to shareholders recorded in the register at the close of business on Friday 21 June 2019. The number of ordinary shares in issue at the date of this declaration is 1 835 864 961. The dividend will be subject to a local dividend withholding tax rate of 20% which will result in a net dividend to those shareholders not exempt from paying dividend withholding tax of 320.00000 cents per ordinary share.

Last day to trade shares *cum* dividend	Tuesday 18 June 2019
Shares commence trading *ex*-dividend	Wednesday 19 June 2019
Record date	Friday 21 June 2019
Payment date	Monday 24 June 2019

Share certificates may not be dematerialised or rematerialised between Wednesday 19 June 2019 and Friday 21 June 2019, both days inclusive.

On Monday 24 June 2019, the final dividend will be electronically transferred into the bank accounts of all certificated shareholders where this facility is available. Shareholders who hold dematerialised shares will have their accounts at their CSDP or broker credited on Monday 24 June 2019.

Vodacom Group Limited tax reference number is 9316/041/71/5.

Safaricom special dividend

Safaricom has proposed a special dividend of KES24.84 billion in addition to an ordinary dividend of KES50.08 billion subject to approval of such dividends at its AGM in August 2019. It is the Vodacom Group Board's intention to pass this special dividend (net of withholding tax) on to its shareholders at the time of its interim results announcement for the 2020 financial year, subject to the receipt of such dividend by Vodacom Group.

Dividend policy

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.

The Group intends to pay as much of its after tax profits as will be available after retaining such sums and repaying such borrowings owing to third parties as shall be necessary to meet the requirements reflected in the budget and business plan, taking into account monies required for investment opportunities. There is no fixed date on which entitlement to dividends arises and the date of payment will be determined by the Board or shareholders at the time of declaration, subject to the JSE Listings Requirements.

For and on behalf of the Board

Jabu Moleketi	**Shameel Aziz Joosub**	**Till Streichert**
Chairman	Chief Executive Officer	Chief Financial Officer

Midrand

10 May 2019

Independent auditor's review report

To the shareholders of Vodacom Group Limited

We have reviewed the preliminary condensed consolidated financial statements of Vodacom Group Limited, set out on pages 17 to 43 of the preliminary report, which comprise the condensed consolidated statement of financial position as at 31 March 2019 and the related condensed consolidated income statement and condensed consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and selected explanatory notes.

Directors' responsibility for the preliminary condensed consolidated financial statements

The directors are responsible for the preparation and presentation of these preliminary condensed consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, as set out in note 1 to the preliminary condensed consolidated financial statements, and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on these preliminary condensed consolidated financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, which applies to a review of historical financial information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these preliminary condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the preliminary condensed consolidated financial statements of Vodacom Group Limited for the year ended 31 March 2019 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, as set out in note 1 to the preliminary condensed consolidated financial statements and the requirements of the Companies Act of South Africa.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: D B von Hoesslin
Registered Auditor
Johannesburg
10 May 2019

Chief Executive Officer: T D Shango

Management Committee: S N Madikane, J S Masondo, P J Mothibe, C Richardson, F Tonelli, C Volschenk

The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.

Reg. no. 1998/012055/21, VAT reg.no. 4950174682.

Condensed consolidated income statement

for the year ended 31 March

Rm	Notes	2019[1] Reviewed	2018 Audited
Revenue	2, 3	**86 627**	86 370
Direct expenses	2	**(31 427)**	(33 669)
Staff expenses	2	**(6 026)**	(5 509)
Publicity expenses		**(1 920)**	(1 913)
Other operating expenses		**(13 462)**	(12 441)
Share-based payment charges	8	**(1 404)**	(130)
Depreciation and amortisation		**(10 642)**	(9 959)
Impairment losses		**(30)**	(4)
Net profit from associate and joint venture	2	**2 774**	1 507
Operating profit		**24 490**	24 252
Profit on sale of associate		**–**	734
Finance income		**630**	703
Finance costs		**(3 008)**	(2 811)
Net loss on remeasurement and disposal of financial instruments		**(23)**	(785)
Profit before tax		**22 089**	22 093
Taxation	2	**(6 557)**	(6 531)
Net profit		**15 532**	15 562
Attributable to:			
Equity shareholders		**14 822**	15 344
Non-controlling interests		**710**	218
		15 532	15 562

Cents		2019 Reviewed	2018 Audited
Basic earnings per share	4	**872**	947
Diluted earnings per share	4	**856**	919

1. The reported figures for the year ended 31 March 2019 have been significantly impacted by the adoption of IFRS 15 on 1 April 2018. Refer to Note 2 for a detailed analysis of the impact.

Condensed consolidated statement of comprehensive income

for the year ended 31 March

Rm	2019 Reviewed	2018 Audited
Net profit	**15 532**	15 562
Other comprehensive income		
Foreign currency translation differences, net of tax[1]	**11 879**	(5 867)
Mark-to-market of financial assets held at fair value through other comprehensive income, net of tax	**10**	–
Total comprehensive income	**27 421**	9 695
Attributable to:		
Equity shareholders	**25 709**	9 943
Non-controlling interests	**1 712**	(248)
	27 421	9 695

1. Other comprehensive income can subsequently be recognised in profit or loss on the disposal of foreign operations.

Condensed consolidated statement of financial position

as at 31 March

Rm	Notes	2019[1] Reviewed	2018 Audited
Assets			
Non-current assets		**113 897**	96 543
Property, plant and equipment		**43 989**	40 529
Intangible assets	12.3	**10 845**	9 073
Financial assets		**632**	430
Investment in associate		**54 292**	44 076
Investment in joint venture		**7**	6
Trade and other receivables	2	**2 137**	724
Finance receivables		**1 699**	1 320
Tax receivable		**183**	106
Deferred tax		**113**	279
Current assets		**39 746**	34 822
Financial assets		**6 391**	4 532
Inventory		**1 413**	1 243
Trade and other receivables	2	**17 649**	14 819
Non-current assets held for sale	9	**619**	14
Finance receivables		**2 251**	1 463
Tax receivable		**357**	213
Bank and cash balances		**11 066**	12 538
Total assets		**153 643**	131 365
Equity and liabilities			
Fully paid share capital	8	**57 073**	42 618
Treasury shares	8	**(16 387)**	(1 792)
Retained earnings	2	**32 670**	28 731
Other reserves		**4 636**	(5 089)
Equity attributable to owners of the parent		**77 992**	64 468
Non-controlling interests		**8 396**	6 184
Total equity		**86 388**	70 652
Non-current liabilities		**29 084**	**28 130**
Borrowings	10	**23 641**	24 071
Trade and other payables		**820**	978
Provisions		**329**	388
Deferred tax	2	**4 294**	2 693
Current liabilities		**38 171**	32 583
Borrowings	10	**10 603**	8 220
Trade and other payables		**26 607**	23 958
Liabilities directly associated with non-current assets held for sale	9	**286**	–
Provisions		**218**	161
Tax payable		**340**	221
Dividends payable		**117**	23
Total equity and liabilities		**153 643**	131 365

1. The reported figures for the year ended 31 March 2019 have been significantly impacted by the adoption of IFRS 15 on 1 April 2018. Refer to Note 2 for a detailed analysis of the impact.

Condensed consolidated statement of changes in equity

for the year ended 31 March

Rm	Notes	Equity attributable to owners of the parent	Non-controlling interests	Total equity
31 March 2017 – Audited		24 063	(1 067)	22 996
Total comprehensive income		9 943	(248)	9 695
Dividends		(13 009)	(393)	(13 402)
Shares issued on acquisition of subsidiary and associate net of share issue cost		42 618	–	42 618
Repurchase, vesting and sale of shares		(269)	–	(269)
Share-based payments		138	–	138
Changes in subsidiary holdings		984	1 788	2 772
Acquisition of subsidiary and associate		–	6 104	6 104
31 March 2018 – Audited		**64 468**	**6 184**	**70 652**
Adoption of IFRS 15 and IFRS 9		**3 187**	**(57)**	**3 130**
1 April 2018		**67 655**	**6 127**	**73 782**
Total comprehensive income		**25 709**	**1 712**	**27 421**
Dividends		**(13 982)**	**(473)**	**(14 455)**
Repurchase, vesting and sale of shares		**(352)**	**–**	**(352)**
Share-based payments		**1 862**	**–**	**1 862**
Broad-based black economic empowerment transaction	8	**1 669**	**–**	**1 669**
Share-based payments – other		**193**	**–**	**193**
Changes in subsidiary holdings	8	**(2 900)**	**80**	**(2 820)**
Shareholder's loan converted to equity	12.7.1	**–**	**950**	**950**
31 March 2019 – Reviewed		**77 992**	**8 396**	**86 388**

Condensed consolidated statement of cash flows

for the year ended 31 March

Rm	Notes	2019 Reviewed	2018 Audited
Cash generated from operations		**34 575**	32 299
Tax paid		**(6 535)**	(6 194)
Net cash flows from operating activities		**28 040**	26 105
Cash flows from investing activities			
Additions to property, plant and equipment and intangible assets		**(13 653)**	(10 825)
Proceeds from disposal of property, plant and equipment and intangible assets		**467**	187
Acquisition of subsidiary and associate (net of cash and cash equivalents acquired)		**–**	(410)
Proceeds from disposal of associate		**–**	797
Dividends received from associate		**2 466**	1 988
Finance income received		**943**	859
Other investing activities[1]		**(1 411)**	(1 122)
Net cash flows utilised in investing activities		**(11 188)**	(8 526)
Cash flows from financing activities			
Borrowings incurred	10	**5 080**	1 124
Borrowings repaid	10	**(3 026)**	(107)
Finance costs paid		**(3 179)**	(3 182)
Dividends paid – equity shareholders		**(13 978)**	(13 010)
Dividends paid – non-controlling interests		**(473)**	(393)
Repurchase and sale of shares		**(352)**	(269)
Changes in subsidiary holdings	8	**(3 449)**	2 770
Net cash flows utilised in financing activities		**(19 377)**	(13 067)
Net (decrease)/increase in cash and cash equivalents		**(2 525)**	4 512
Cash and cash equivalents at the beginning of the period		**12 538**	8 873
Effect of foreign exchange rate changes		**1 053**	(847)
Cash and cash equivalents at the end of the period		**11 066**	12 538

1. Consists mainly of the movement in restricted cash deposits of R1 142 million (31 March 2018: R821 million) as a result of M-Pesa related activities.

Notes to the preliminary condensed consolidated financial statements

for the year ended 31 March 2019

1. Basis of preparation

These preliminary condensed consolidated financial statements have been prepared in accordance with the framework concepts, the recognition and measurement criteria of International Financial Reporting Standards (IFRS) and in accordance with and containing the information required by the International Accounting Standard 34: Interim Financial Reporting (IAS 34) as issued by the International Accounting Standards Board (IASB), the Financial Reporting Guides as issued by the South African Institute of Chartered Accountants' (SAICA) Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Limited (JSE) Listings Requirements and the requirements of the Companies Act of 2008, as amended. They have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value or at amortised cost, and are presented in South African rand, which is the parent Company's functional and presentation currency.

The significant accounting policies and methods of computation are consistent in all material respects with those applied in the previous year, except as disclosed in Note 2. The significant accounting policies are available for inspection at the Group's registered office.

The preparation of these preliminary condensed consolidated financial statements was supervised by the Chief Financial Officer, Dr. phil. T Streichert.

The financial information has been reviewed by PwC, whose unmodified review report is presented on page 16.

PwC has acted as auditors to the Group for the past 5 years. In terms of best practice, the Audit, Risk and Compliance (ARC) Committee issued a Request for Proposal (RFP) during the year in respect of external audit services. Following the conclusion of the RFP process, it is the recommendation of the ARC Committee, supported by the Board that, subject to shareholder approval at its annual general meeting, Ernst & Young Inc. be appointed as auditor of the Group and as auditor of its subsidiaries in South Africa and certain of its African subsidiaries for the financial year ending 31 March 2020.

2. Changes in accounting policies

The Group adopted the new, revised or amended accounting pronouncements as issued by the IASB, which were effective and applicable to the Group from 1 April 2018. The accounting pronouncements considered by the Group as significant on adoption are IFRS 15 "Revenue from Contracts with Customers" (IFRS 15) and IFRS 9 "Financial Instruments" (IFRS 9) as set out below.

Other IFRS changes adopted on 1 April 2018 have no material impact on the consolidated results, financial position or cash flows of the Group. Full details on changes in accounting policies will be disclosed in the Group's consolidated annual financial statements for the year ended 31 March 2019, which will be available on-line.

IFRS 15 Revenue from contracts with customers (IFRS 15)

IFRS 15 "Revenue from Contracts with Customers" was adopted by the Group on 1 April 2018 with the cumulative retrospective impact reflected as an adjustment to equity on the date of adoption. The Group's IAS 18 accounting policy, and the key differences between the Group's IAS 18 and IFRS 15 accounting policies, are disclosed in the Group's annual financial statements for the year ended 31 March 2018.

IFRS 15 Accounting policy

When the Group enters into an agreement with a customer, goods and services deliverable under the contract are identified as separate performance obligations (obligations) to the extent that the customer can benefit from the goods or services on their own and that the separate goods and services are considered distinct from other goods and services in the agreement. Where individual goods and services do not meet the criteria to be identified as separate obligations, they are aggregated with other goods and/or services in the agreement until a separate obligation is identified. The obligations identified will depend on the nature of individual customer contracts, but might typically be separately identified for mobile handsets, other equipment provided to customers and for services provided to customers such as mobile and fixed line communication services.

2. Changes in accounting policies continued

IFRS 15 Revenue from contracts with customers (IFRS 15) continued

IFRS 15 Accounting policy continued

The Group determines the transaction price to which it expects to be entitled, in return for providing the promised obligations to the customer based on the committed contractual amounts, net of sales taxes and discounts. Where indirect channel dealers, such as retailers, acquire customer contracts on behalf of the Group and receive commission, any commissions that the dealer is compelled to use to fund discounts or other incentives to the customer are treated as payments to the customer when determining the transaction price and consequently are not included in contract acquisition costs. The transaction price is allocated between the identified obligations according to the relative standalone selling prices of the obligations. The standalone selling price of each obligation deliverable in the contract is determined according to the prices that the Group would achieve by selling the same goods and/or services included in the obligation to a similar customer on a standalone basis; where standalone selling prices are not directly observable, estimation techniques are used maximising the use of external inputs.

Revenue is recognised when the respective obligations in the contract are delivered to the customer and payment remains probable.

- Revenue for the provision of services, such as mobile airtime and fixed line broadband, is recognised when or as the Group performs the related service during the agreed service period.
- Revenue for device sales to end customers is generally recognised when the device is delivered to the end customer. For device sales made to intermediaries such as indirect channel dealers, revenue is recognised if control of the device has transferred to the intermediary and the intermediary has no right to return the device to receive a refund; otherwise revenue recognition is deferred until sale of the device to an end customer by the intermediary or the expiry of any right of return.

When revenue recognised in respect of a customer contract exceeds amounts received or receivable from a customer a contract asset is recognised; contract assets will typically be recognised for handsets or other equipment provided to customers where payment is recovered by the Group via future service fees. If amounts received or receivable from a customer exceed revenue recognised for a contract, for example if the Group receives an advance payment from a customer, a contract liability is recognised.

When contract assets or liabilities are recognised, a financing component may exist in the contract; this is typically the case when a handset or other equipment is provided to a customer up-front but payment is received over the term of the related service agreement, in which case the customer is deemed to have received financing. If a significant financing component is provided to the customer, the transaction price is reduced and interest is recognised in revenue over the customer's payment period using an interest rate reflecting the relevant central bank rates and customer credit risk.

Contract related costs

When costs directly relating to a specific contract are incurred prior to recognising revenue for a related obligation, and those costs enhance the ability of the Group to deliver an obligation and are expected to be recovered, then those costs are recognised on the statement of financial position as fulfilment costs and are recognised as expenses in line with the recognition of revenue when the related obligation is delivered.

The direct and incremental costs of acquiring a contract including, for example, certain commissions payable to staff or agents for acquiring customers on behalf of the Group, are recognised as contract acquisition cost assets in the statement of financial position when the related payment obligation is recorded. Costs are recognised as an expense in line with the recognition of the related revenue that is expected to be earned by the Group. Typically this is over the contract period as new commissions are payable on contract renewal. Certain amounts payable to agents are deducted from revenue recognised.

2. Changes in accounting policies continued

IFRS 15 Revenue from contracts with customers (IFRS 15) continued

Critical accounting judgements and key sources of estimation relating to IFRS 15
Revenue recognition under IFRS 15 is significantly more complex than under previous reporting requirements and necessitates the collation and processing of very large amounts of data and the increased use of management judgements and estimates to produce financial information. The most significant critical accounting judgements and key sources of estimation uncertainty are disclosed below. Other accounting judgements and estimations made by management are not considered to be individually critical or material, but cumulatively have a material impact on reported costs and revenues particularly as the Group offers a large variety of bundled goods and services.

Where the Group doesn't sell equivalent goods or services in similar circumstances on a standalone basis it is necessary to estimate the standalone price. When estimating the standalone price the Group maximises the use of external inputs; methods for estimating standalone prices include determining the standalone price of similar goods and services sold by the Group, observing the standalone prices for similar goods and services when sold by third parties or using a cost-plus reasonable margin approach (which is sometimes the case for handsets and other equipment). Where it is not possible to reliably estimate standalone prices due to lack of observable standalone sales or highly variable pricing, which is sometimes the case for services, the standalone price of an obligation may be determined as the transaction price less the standalone prices of other obligations in the contract. The standalone price determined for obligations materially impacts the allocation of revenue between obligations and impacts the timing of revenue when obligations are provided to customers at different times – for example, the allocation of revenue between handsets, which are usually delivered up-front, and services which are typically delivered over the contract period.

When the Group has control of goods or services prior to delivery to a customer, then the Group is the principal in the sale to the customer. As a principal, receipts from, and payments to suppliers are reported on a gross basis in revenue and operating costs. If another party has control of goods or services prior to transfer to a customer then the Group is acting as an agent for the other party and revenue in respect of the relevant obligations is recognised net of any related payments to the supplier and recognised revenue represents the margin earned by the Group. Whether the Group is considered to be the principal or an agent in the transaction depends on analysis by management of both the legal form and substance of the agreement between the Group and its business partners; such judgements impact the amount of reported revenue and operating expenses but do not impact reported assets, liabilities or cash flows. Scenarios requiring judgement to determine whether the Group is a principal or an agent include, for example, those where the Group delivers third-party branded services (such as premium music or TV content) to customers.

2. Changes in accounting policies continued

IFRS 15 Revenue from contracts with customers (IFRS 15) continued

The impact on the consolidated statement of financial position at 1 April 2018 is set out on page 30.

The impact on the consolidated income statement at 31 March 2019 and the consolidated statement of financial position at 31 March 2019 is set out below.

Condensed consolidated income statement
for the year ended 31 March 2019

Rm		IFRS 15 basis Reviewed	Adjustments Reviewed	IAS 18 basis Reviewed
Revenue	2.1	86 627	(3 439)	90 066
Direct expenses	2.1 – 2.3	(31 427)	3 504	(34 931)
Staff expenses	2.2	(6 026)	(40)	(5 986)
Publicity expenses		(1 920)	–	(1 920)
Other operating expenses		(13 462)	–	(13 462)
Share-based payment charges		(1 404)	–	(1 404)
Depreciation and amortisation		(10 642)	–	(10 642)
Impairment losses		(30)	–	(30)
Net profit from associate and joint venture	2.1 – 2.3	2 774	(50)	2 824
Operating profit		24 490	(25)	24 515
Finance income		630	–	630
Finance costs		(3 008)	–	(3 008)
Net loss on remeasurement and disposal of financial instruments		(23)	–	(23)
Profit before tax		22 089	(25)	22 114
Taxation	2.4	(6 557)	115	(6 672)
Net profit		15 532	90	15 442
Attributable to:				
Equity shareholders		14 822	95	14 727
Non-controlling interests		710	(5)	715
		15 532	90	15 442

Cents	IFRS 15 basis Reviewed	Adjustments Reviewed	IAS 18 basis Reviewed
Basic earnings per share	872	5	867
Diluted earnings per share	856	5	851

2. Changes in accounting policies continued

IFRS 15 Revenue from contracts with customers (IFRS 15) continued

Condensed consolidated statement of financial position
as at 31 March 2019

Rm	Notes	IFRS 15 basis Reviewed	Adjustments Reviewed	IAS 18 basis Reviewed
Assets				
Non-current assets		**113 897**	**1 287**	**112 610**
Property, plant and equipment		43 989	–	43 989
Intangible assets		10 845	–	10 845
Financial assets		632	–	632
Investment in associate		54 292	62	54 230
Investment in joint venture		7	–	7
Trade and other receivables		2 137	1 225	912
Of which: Contract assets	2.1		1 040	
Deferred customer acquisition costs	2.2		185	
Finance receivables		1 699	–	1 699
Tax receivable		183	–	183
Deferred tax		113	–	113
Current assets		**39 746**	**3 473**	**36 273**
Financial assets		6 391	–	6 391
Inventory		1 413	–	1 413
Trade and other receivables		17 649	3 479	14 170
Of which: Contract assets	2.1		2 962	
Deferred customer acquisition costs	2.2		517	
Non-current assets held for sale		619	(6)	625
Finance receivables		2 251	–	2 251
Tax receivable		357	–	357
Bank and cash balances		11 066	–	11 066
Total assets		**153 643**	**4 760**	**148 883**

2. Changes in accounting policies continued

IFRS 15 Revenue from contracts with customers (IFRS 15) continued

Condensed consolidated statement of financial position continued
as at 31 March 2019

Rm	Notes	IFRS 15 basis Reviewed	Adjustments Reviewed	IAS 18 basis Reviewed
Equity and liabilities				
Fully paid share capital		57 073	–	57 073
Treasury shares		(16 387)	–	(16 387)
Retained earnings		32 670	3 367	29 303
Other reserves		4 636	13	4 623
Equity attributable to owners of the parent		77 992	3 380	74 612
Non-controlling interests		8 396	12	8 384
Total equity		86 388	3 392	82 996
Non-current liabilities		29 084	1 327	27 757
Borrowings		23 641	–	23 641
Trade and other payables		820	33	787
Of which: Contract liabilities	2.1		33	
Provisions		329	–	329
Deferred tax	2.4	4 294	1 294	3 000
Current liabilities		38 171	41	38 130
Borrowings		10 603	–	10 603
Trade and other payables		26 607	41	26 566
Of which: Contract liabilities	2.1		84	
Reduction in revenue deferral	2.5		(43)	
Liabilities directly associated with non-current assets held for sale		286	–	286
Provisions		218	–	218
Tax payable		340	–	340
Dividends payable		117	–	117
Total equity and liabilities		153 643	4 760	148 883

2. Changes in accounting policies continued

IFRS 15 Revenue from contracts with customers (IFRS 15) continued

2.1 Mobile device revenue acceleration and deferred customer acquisition costs amortised to revenue

The main impact of IFRS 15 on the Group's revenue results from service agreements entered into with customers which contain both devices and services as deliverables. Under IAS 18, revenue allocated to devices on inception of a customer contract was limited to the amount received. IFRS 15 requires revenue to be recognised for devices on inception of the contract, irrespective of the amount received, with a corresponding contract asset representing the unbilled portion, or a contract liability in cases where revenue recognised under IFRS 15 is less than the actual invoiced amount for any obligation as a result of an advance payment received. The remainder of the subscription fee is recognised over the contract term as services are delivered.

Contract assets are also raised for the impact of capitalising customer incentive bonuses (CIB). Under IAS 18, incremental costs such as CIB were expensed in the income statement as incurred. Under IFRS 15, CIB costs incurred in acquiring a contract customer are deferred and recognised as an asset at inception and amortised against revenue over the term of the contract.

2.2 Deferred customer acquisition costs amortised to direct costs

Under IAS 18, incremental costs were expensed in the income statement as incurred. Under IFRS 15, incremental costs incurred in acquiring a contract customer are deferred and recognised as an asset at inception. Certain of these costs are subsequently amortised against direct costs over the term of the contract.

2.3 Impairment of contract assets

IFRS 9 requires expected credit losses to be recorded in respect of amounts due from customers. On initial recognition, the upfront recognition of contract assets under IFRS 15 resulted in an increase in credit loss charges recorded in future periods.

2.4 Deferred tax

A deferred tax liability has been recognised for contract assets and deferred customer acquisition costs recognised under IFRS 15 where applicable, at the enacted statutory tax rate in each jurisdiction in accordance with the recognition criteria of IAS 12.

2.5 Reduction in revenue deferral

The reduced subscription fee recognised over the contract term under IFRS 15 (see 2.1 above) leads to a reduction in revenue deferrals.

IFRS 9 Financial instruments (IFRS 9)

IFRS 9 impacts the classification and measurement of the Group's financial instruments, revises the requirements for when hedge accounting can be applied and requires certain additional disclosures. Whilst hedge accounting requirements are revised under IFRS 9, no material changes to the Group were identified. The Group has adopted IFRS 9 with the cumulative retrospective impact on the classification and measurement of financial instruments reflected as an adjustment to equity on the date of adoption. The key impacts were as follows:

- The carrying values of trade receivables, contract assets and finance lease receivables are reduced by the lifetime estimated future credit losses at the date of initial recognition, where previously credit losses were not recognised on such assets until there was an indicator of impairment, such as a payment default;
- Customer receivables that are received in instalments, which are currently recorded at amortised cost, will be recorded at fair value through other comprehensive income for receivable portfolios that the Group sells from time to time to third parties.

The impact on the consolidated statement of financial position at 1 April 2018 is set out on page 30.

2. Changes in accounting policies continued

IFRS 15 Revenue from contracts with customers (IFRS 15) continued

Classification and measurement of financial assets

The following table and the accompanying notes below explain the original measurement categories under IAS 39 Financial instruments: Recognition and measurement (IAS 39) and the new measurement categories under IFRS 9 for each class of the Group's financial assets at 1 April 2018.

Rm	Original classification IAS 39	New classification and measurement IFRS 9	Original carrying amount IAS 39 Audited	New carrying amount[1] IFRS 9 Reviewed
Financial assets				
Unlisted equity investments	Available-for-sale	Fair value through profit or loss	83	83
Public debt and bonds	Loans & receivables	Amortised cost	637	637
Unit trust investments	Fair value through profit or loss	Fair value through profit or loss	328	328
Cash held in restricted deposits	Loans & receivables	Amortised cost	3 567	3 567
Loans receivable	Loans & receivables	Amortised cost	347	347
Trade and other receivables	Loans & receivables	Amortised cost	25 179	25 179
Finance receivables[2]	Loans & receivables	Fair value through other comprehensive income	2 718	2 814
Total financial assets			**32 859**	**32 955**

1. Before adjusting for the impact of applying the expected credit loss model.
2. The Group provides financing to customers to acquire devices at an additional contractual charge which is included in finance receivables. The business model under IFRS 9 for finance receivables has been determined to be "hold to collect and sell". As a result, the Group has reclassified finance receivables relating to device financing from loans and receivables to fair value through other comprehensive income. The full change in the carrying amount arises from a change in measurement attribute on transition to IFRS 9.

Impairment

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase. The Group has determined that the application of IFRS 9's impairment requirements, and the adoption of IFRS 15 at 1 April 2018 results in an additional impairment allowance as follows:

Rm	Reviewed
Loss allowance 31 March 2018	826
Recognition of additional allowance on trade and other receivables at 31 March 2018	237
Additional loss allowance on device revenue contract assets recognised on adoption of IFRS 15	210
Loss allowance at 1 April 2018	**1 273**

2. Changes in accounting policies continued

Opening condensed consolidated statement of financial position as at 1 April 2018

Rm	Notes	31 March 2018 Audited	Impact of adoption of IFRS 15 Reviewed	Impact of adoption of IFRS 9 Reviewed	1 April 2018 Reviewed
Assets					
Non-current assets		96 543	1 412	–	97 955
Property, plant and equipment		40 529	–	–	40 529
Intangible assets		9 073	–	–	9 073
Financial assets		430	–	–	430
Investment in associate		44 076	94	–	44 170
Investment in joint venture		6	–	–	6
Trade and other receivables		724	1 318	–	2 042
Of which: Contract assets	2.1		1 114	–	
Deferred customer acquisition costs	2.2		204	–	
Finance receivables		1 320	–	–	1 320
Tax receivable		106	–	–	106
Deferred tax		279	–	–	279
Current assets		34 822	3 316	(140)	37 998
Financial assets		4 532	–	–	4 532
Inventory		1 243	–	–	1 243
Trade and other receivables		14 819	3 316	(237)	17 898
Of which: Contract assets	2.1		2 782	–	
Deferred customer acquisition costs	2.2		527	–	
Trade receivables			–	(237)	
Other			7	–	
Non-current assets held for sale		14	–	–	14
Finance receivables		1 463	–	97	1 560
Tax receivable		213	–	–	213
Bank and cash balances		12 538	–	–	12 538
Total assets		131 365	4 728	(140)	135 953

2. Changes in accounting policies continued

Opening condensed consolidated statement of financial position as at 1 April 2018 continued

Rm	Notes	31 March 2018 Audited	Impact of adoption of IFRS 15 Reviewed	Impact of adoption of IFRS 9 Reviewed	1 April 2018 Reviewed
Equity and liabilities					
Fully paid share capital		42 618	–	–	42 618
Treasury shares		(1 792)	–	–	(1 792)
Retained earnings		28 731	3 273	(174)	31 830
Other reserves		(5 089)	(7)	95	(5 001)
Equity attributable to owners of the parent		64 468	3 266	(79)	67 655
Non-controlling interests		6 184	17	(74)	6 127
Total equity		70 652	3 283	(153)	73 782
Non-current liabilities		28 130	1 457	13	29 600
Borrowings		24 071	–	–	24 071
Trade and other payables		978	48	–	1 026
Of which: Contract liabilities	2.1		48	–	
Provisions		388	–	–	388
Deferred tax	2.4	2 693	1 409	13	4 115
Current liabilities		32 583	(12)	–	32 571
Borrowings		8 220	–	–	8 220
Trade and other payables		23 958	(12)	–	23 946
Of which: Contract liabilities	2.1		47	–	
Reduction in revenue deferral	2.5		(59)	–	
Provisions		161	–	–	161
Tax payable		221	–	–	221
Dividends payable		23	–	–	23
Total equity and liabilities		131 365	4 728	(140)	135 953

2. Changes in accounting policies continued

New accounting pronouncements to be adopted on or after 1 April 2020

IFRS 16: Leases

IFRS 16: Leases was issued in January 2016 to replace IAS 17: Leases. The standard is effective for accounting periods beginning on or after 1 January 2019 and will be adopted by the Group on 1 April 2019.

IFRS 16 will primarily change lease accounting for lessees and will have a material impact on the Group's financial statements in particular:

- Lease agreements will give rise to the recognition of an asset representing the right to use the leased item and a liability for future lease payables.
- Lease costs will be recognised in the form of depreciation of the right of use asset and interest on the lease liability. Under IAS 17, operating lease rentals have been expensed on a straight-line basis over the lease term within operating expenses.

Lessee accounting for finance leases will be similar under IFRS 16 to existing IAS 17 accounting. Lessor accounting under IFRS 16 is also similar to existing IAS 17 accounting and is expected to be materially the same for the Group.

IFRS 16 is being adopted with the cumulative retrospective impact recorded as an adjustment to equity on the date of adoption.

The Group's current estimate of the primary financial impact of these changes on the consolidated statement of financial position on adoption is the recognition of an additional lease liability at 1 April 2019 of between R9.1 billion and R9.7 billion. The right of use asset recognised at 1 April 2019 will be between R9.4 billion and R10.0 billion. Overall, these transactions will have no impact on Group retained earnings.

The Group cannot forecast the impact on the consolidated income statement for the year to 31 March 2020 as it will depend on factors that may occur during the year including new leases entered into, changes or reassessments of the Group's existing lease portfolio and changes to exchange rates or discount rates. However, it is expected that a similar amount of lease depreciation and interest, when compared to the current operating lease charge, would have been recognised had IFRS 16 been applied in the year to 31 March 2019.

Applying IFRS 16 will not impact net cash flow, although net cash inflows from operating activities and payments classified within cash flow from financing activities will both increase, as payments made at both lease inception and subsequently will be characterised as repayments of lease liabilities.

Rm	2019 IFRS 15 basis Reviewed	2019 Adjustment Reviewed	2019 IAS 18 basis Reviewed	2018 IAS 18 basis Audited
3. Segment analysis				
External customer segment revenue	86 627	(3 439)	90 066	86 370
South Africa	67 445	(3 438)	70 883	69 541
International	19 182	(1)	19 183	16 829
Corporate and eliminations	–	–	–	–
Safaricom[1]	34 113	(89)	34 202	19 768
Inter-segment revenue	–	–	–	–
South Africa	442	–	442	426
International	799	–	799	631
Corporate and eliminations	(1 241)	–	(1 241)	(1 057)

Revenue on an IFRS 15 basis is further disaggregated into product type below.

Rm	South Africa	International	Corporate and eliminations	Total	Safaricom
31 March 2019 – reviewed					
Mobile contract revenue	19 856	1 169	(7)	21 018	4 628
Mobile prepaid revenue	23 713	15 132	1	38 846	24 869
Customer service revenue	43 569	16 301	(6)	59 864	29 497
Mobile interconnect	2 001	1 253	(646)	2 608	1 161
Fixed service revenue	2 809	1 659	(372)	4 096	1 106
Other service revenue	3 162	164	(27)	3 299	934
Service revenue	51 541	19 377	(1 051)	69 867	32 698
Equipment revenue	13 377	368	(12)	13 733	1 063
Non-service revenue	2 730	223	(178)	2 775	352
Revenue from contracts with customers	67 648	19 968	(1 241)	86 375	*
Interest income recognised as revenue	116	13	–	129	*
Other[2]	123	–	–	123	*
Revenue	67 887	19 981	(1 241)	86 627	34 113

1. The Group's effective interest of 34.94% in Safaricom Plc (Safaricom) is accounted for as an investment in associate. Due to the significance of this investment, and the information available for review by the chief operating decision maker, Safaricom is presented as a separate segment. The above results represent 100% of the results of Safaricom.
2. Other revenue largely represents lease revenues recognised under IAS 17 "Leases".
* Not reviewed by the chief operating decision maker.

3. Segment analysis continued

Rm	2019 IFRS 15 basis Reviewed	2019 Adjustment Reviewed	2019 IAS 18 basis Reviewed	2018 IAS 18 basis Audited
EBITDA	33 714	25	33 689	32 898
South Africa	27 741	24	27 717	28 088
International	6 252	1	6 251	4 930
Corporate and eliminations	(279)	–	(279)	(120)
Safaricom[1]	16 913	(83)	16 996	9 620
EBIT	23 413	25	23 388	23 109
South Africa	20 268	24	20 244	21 124
International	3 431	1	3 430	2 096
Corporate and eliminations	(286)	–	(286)	(111)
Safaricom[1]	12 131	(83)	12 214	6 799

1. The Group's effective interest of 34.94% in Safaricom is accounted for as an investment in associate. Due to the significance of this investment, and the information available for review by the chief operating decision maker, Safaricom is presented as a separate segment. The above results represent 100% of the results of Safaricom, including the impact of net fair value adjustments on tangible assets.

Rm	2019 IFRS 15 basis Reviewed	2019 Adjustment Reviewed	2019 IAS 18 basis Reviewed	2018 IAS 18 basis Audited
3. Segment analysis continued				
Reconciliation of segment results				
EBITDA	33 714	25	33 689	32 898
Depreciation and amortisation excluding acquired brands and customer bases	(10 506)	–	(10 506)	(9 798)
Net profit on disposal of property, plant and equipment and intangible assets	205	–	205	9
EBIT	23 413	25	23 388	23 109
Acquired brand and customer base amortisation	(136)	–	(136)	(161)
Impairment losses	(30)	–	(30)	(4)
Share-based payment charges	(1 404)	–	(1 404)	(130)
Net profit from associate and joint venture	2 774	(50)	2 824	1 507
Other	(127)	–	(127)	(69)
Operating profit[1]	24 490	(25)	24 515	24 252
Total assets	153 643	4 760	148 883	131 365
South Africa	66 881	4 652	62 229	60 426
International	30 761	45	30 716	24 756
Corporate and eliminations	56 001	63	55 938	46 183
Safaricom[2]	63 432	436	62 996	51 000
Total liabilities	(67 255)	(1 368)	(65 887)	(60 713)
South Africa	(48 560)	(1 357)	(47 203)	(51 068)
International	(17 245)	(15)	(17 230)	(15 169)
Corporate and eliminations	(1 450)	4	(1 454)	5 524
Safaricom[2]	(16 039)	(278)	(15 761)	(13 179)

1. For a reconciliation of operating profit to net profit for the year, refer to the Condensed consolidated income statement on page 17.
2. The Group's effective interest of 34.94% in Safaricom is accounted for as an investment in associate. Due to the significance of this investment, and the information available for review by the chief operating decision maker, Safaricom is presented as a separate segment. The above results represent 100% of the results of Safaricom, including the impact of net fair value adjustments on tangible and intangible assets, excluding goodwill that arose on acquisition.

Cents	2019 Reviewed	2018 Audited
4. Per share calculations		
4.1 Earnings and dividends per share		
Basic earnings per share	**872**	947
Diluted earnings per share	**856**	919
Headline earnings per share	**868**	923
Diluted headline earnings per share	**852**	895
Dividends per share	**820**	825

Million	2019 Reviewed	2018 Audited
4.2 Weighted average number of ordinary shares outstanding for the purpose of calculating:		
Basic and headline earnings per share	**1 699**	1 620
Diluted earnings and diluted headline earnings per share	**1 731**	1 622
4.3 Ordinary shares for the purpose of calculating dividends per share:		
435 cents per share declared on 12 May 2017	**–**	1 488
390 cents per share declared on 10 November 2017	**–**	1 721
425 cents per share declared on 11 May 2018	**1 721**	–
395 cents per share declared on 9 November 2018	**1 836**	–

Vodacom Group Limited acquired 2 314 379 shares in the market during the period at an average price of R150.20 per share. Share repurchases did not exceed 1% of Vodacom Group Limited's issued share capital.

Dividend per share calculations are based on a dividend paid of R14 568 million (31 March 2018: R13 186 million) of which R52 million (31 March 2018: R44 million) was offset against the forfeitable share plan reserve, R8 million (31 March 2018: R6 million) expensed as staff expenses and R126 million (31 March 2018: R127 million) paid to Wheatfields Investments 276 (Pty) Limited, a wholly-owned subsidiary holding treasury shares on behalf of the Group. An amount of R452 million (31 March 2018: Rnil) was paid to YeboYethu Investment Company (RF) (Pty) Limited, a special purpose vehicle holding shares in Vodacom Group Limited on behalf of broad-based black economic participants (Note 8). The Group declared a final dividend in respect of the year ended 31 March 2019 after the reporting period (Note 13).

Rm	2019 Reviewed	2018 Audited
4. Per share calculations continued		
4.4 Headline earnings reconciliation		
Earnings attributable to equity shareholders for basic earnings per share	**14 822**	15 344
Adjusted for:		
Net profit on disposal of property, plant and equipment and intangible assets[1]	**(214)**	(10)
Impairment losses	**30**	4
Profit on sale of associate	**–**	(734)
	14 638	14 604
Tax impact of adjustments	**(34)**	86
Non-controlling interests' share in adjustments	**140**	256
Headline earnings for headline earnings per share[2]	**14 744**	14 946
Dilutive effect of potential ordinary shares in subsidiary	**–**	(432)
Headline earnings for diluted headline earnings per share	**14 744**	14 514

1. Includes attributable share of profit on disposal of property, plant and equipment and intangible assets of associate and joint ventures of R9 million (31 March 2018: R1 million).
2. This disclosure is a requirement of the JSE Limited. It has been calculated in accordance with Circular 4/2018 as issued by SAICA.

5. Related parties

The amounts disclosed in Notes 5.1 and 5.2 include significant balances and transactions with the Group's parent, entities in its group as well as associates and joint venture.

Rm	2019 Reviewed	2018 Audited
5.1 Balances with related parties		
Borrowings	**25 251**	27 862
5.2 Transactions with related parties		
Dividends declared	**(9 107)**	(8 539)
Finance costs	**(2 294)**	(2 325)

5.3 Directors' and key management personnel remuneration

Compensation paid to the Group's Board, prescribed officers and key management personnel will be disclosed in the Group's consolidated annual financial statements for the year ending 31 March 2019, which will be available online.

M Pieters stepped down from the Board with effect from 18 July 2018 and is succeeded by S Sood, who was appointed to the Board as a non-executive director on the same day. TM Mokgosi-Mwantembe and RAW Schellekens resigned on 31 December 2018. P Mahanyele-Dabengwa and T Reisten were appointed to the Board as non-executive directors on 1 January 2019. F Bianco was appointed as alternate director to M Joseph on 1 January 2019.

Rm	2019 Reviewed	2018 Audited
6. Capital commitments		
Capital expenditure contracted for but not yet incurred[1]	**3 210**	2 692

1. In terms of the Group's facilities leasing, services and roaming agreements with Rain Networks (Pty) Limited, the Group will incur R1 121 million (31 March 2018: R1 225 million) future capital expenditure. The majority of this expenditure is non-current. Capital commitments do not include the aforementioned.

Rm	2019 Reviewed	2018 Audited
7. Capital expenditure incurred		
Capital expenditure additions including software	**12 957**	11 594

8. Broad-based black economic empowerment (BEE) transaction

The existing Vodacom (Pty) Limited (Vodacom SA) BEE transaction (the previous BEE transaction) was replaced with a new BEE transaction designed to provide liquidity to participants through YeboYethu (RF) Limited (YeboYethu) declaring a special dividend, and the opportunity for Vodacom SA BEE shareholders, and the Vodacom Employee Share Ownership Trust (ESOP) to participate in a growth opportunity by holding their listed YeboYethu shares. The notional vendor funding of the previous BEE transaction was settled, after which YeboYethu exchanged their remaining shares in Vodacom SA for newly issued shares in Vodacom Group Limited (Vodacom Group), which are treated as treasury shares on a consolidated level, and are encumbered (Note 10).

The key features of the BEE transaction include, inter alia:

- transaction size of R16.4 billion;
- equity swap ratio of Vodacom SA to Vodacom Group of 73.0%;
- subscription price discount from Vodacom Group;
- R3.9 billion equity reinvested by the Vodacom SA BEE shareholders;
- R3.3 billion paid out to YeboYethu shareholders as a special dividend;
- continued listing of YeboYethu on the BEE Segment of the JSE;
- R1.05 billion contribution for YeboYethu ordinary shares by the Group's new employee empowerment trust (Siyanda); and
- 60% gearing of YeboYethu (third party financing and vendor funding from Vodacom Group).

Where equity instruments are issued to a BEE partner at less than fair value, the transaction is accounted for as a share-based payment transaction in terms of IFRS 2: Share-based payment (IFRS 2). The new BEE transaction was approved by Vodacom Group shareholders on 16 August 2018, and by YeboYethu shareholders on 17 August 2018. This approval date marks the grant date of the share-based payment transaction, the value of which was originally determined as R2 580 million, being a non-cash, non-recurring BEE expense of R1 404 million and a staff component of R1 176 million. Subsequent to this determination, the staff component of the transaction was re-measured to R921 million at its final grant date, being 25 March 2019. The revised charge will be spread over the vesting period. Vesting will be in three equal tranches at the end of years 3, 4 and 5 respectively.

8. Broad-based black economic empowerment (BEE) transaction continued

The above-mentioned share-based payment charges have been calculated using a Monte Carlo simulation based option pricing model. The economic substance of the BEE transaction mimics that of a call option, with the value of the outstanding debt at the maturity date of the transaction as the strike price of the option. The assumptions used in the model to calculate the IFRS 2 charges include:

	Once-off charge	Siyanda
Grant date	17 August 2018	25 March 2019
Risk-free rate (%)[1]	6.4 – 8.6	7.1 – 8.0
Expected volatility (%)[2]	22.7	23.1
Dividend yield (%)[3]	6.7 – 7.8	6.7 – 7.9
Vodacom Group share price at grant date (rand)	125.6	114.0

Notes:
1. Determined from the South African swap curve.
2. Determined using historical share prices of Vodacom Group Limited.
3. Determined using dividend forecasts up to the 2021 financial year obtained from Bloomberg in conjunction with projected future share prices as at each dividend payment date.

The Group facilitated the establishment of the Innovator Trust in 2014 with an original loan facility of R750 million (reduced to R200 million in the current year), an independent entity whose primary purpose is to develop and support black owned small, micro and medium enterprises (SMMEs) in the information and communication technology sector. The Innovator Trust used a portion of the facility to purchase shares in YeboYethu, and uses the income from interest and dividends to develop black owned SMME's in the information and communication technology sector and advancement of black owned suppliers in the Group's supply chain.

The Group currently has no intention to settle the BEE transaction in cash. The Innovator Trust and a portion of the Vodacom ESOP will however be accounted for as cash-settled due to the accounting substance thereof. Of the total IFRS 2 charge of R2 325 million[1], R653 million[2] relates to these cash-settled share-based payment arrangements. Subsequent to initial recognition, the liability relating to the non-recurring charge for Siyanda (R369 million[3], not yet included in the income statement as it will accrue over the vesting period) and the Innovator Trust (R285 million, included in the total charge in the income statement and in non-current trade and other payables) will be re-measured to fair value using the Monte Carlo simulation based option pricing model. Of the R1 404 million charge, R1 119 million was therefore credited to the reserve, and R285 million to an IFRS 2 liability. The value of the liability is re-measured at each reporting period based on changes to the various valuation inputs. Due to the reduction in the loan facility available to the Innovator Trust, the IFRS 2 liability was reduced by R550 million, with the reserve increasing by the same amount, bringing the total reserve movement for the year to R1 669 million.

1. Revised from R2 580 million due to the staff component being re-measured at its final grant date, being 25 March 2019.
2. Revised from R755 million due to the staff component being re-measured at its final grant date, being 25 March 2019.
3. Revised from R471 million due to the staff component being re-measured at its final grant date, being 25 March 2019.

8. Broad-based black economic empowerment transaction continued

The unwind of the previous BEE transaction resulted in the special purpose vehicles created by Vodacom SA BEE shareholders being de-consolidated, and is accounted for within equity as changes in subsidiary holdings:

Rm	2019 Reviewed
De-consolidation of special purpose vehicles	**(21)**
Reversal of YeboYethu ESOP IFRS 2 liability	**234**
Reversal of non-controlling interest	**247**
Special dividend paid to YeboYethu shareholders, net of dividend received by the Innovator Trust	**(3 167)**
Siyanda purchase of shares in the market	**(193)**
Changes in subsidiary holdings	**(2 900)**

YeboYethu raised a combination of vendor funding and third party financing in order to subscribe for the additional shares in Vodacom Group. External funding for an amount of R4 654 million was obtained (Note 10), and vendor funding of R5 252 million was raised in the form of preference shares with a dividend rate of 70% of prime issued by YeboYethu to Vodacom Group. The latter eliminates on consolidation.

9. Non-current assets held for sale

The Group entered into agreements to dispose of certain subsidiaries within the Vodacom Business Africa group. The disposals are subject to regulatory approvals, but are expected to occur within twelve months from 31 March 2019.

10. Borrowings

YeboYethu issued preference shares to the value of R4 654 million to ABSA Bank Limited, Depfin Investments (Pty) Limited and FirstRand Bank Limited in order to finance the Group's new BEE transaction (Note 8). These preference shares have a dividend rate of 68% of First National Bank Limited's prime overdraft lending rate, and have a maturity date of 14 September 2023. The borrowing is secured by the shares that YeboYethu Investment Company (RF) (Pty) Limited, a wholly owned subsidiary of YeboYethu, holds in Vodacom Group, with a target share cover ratio of above three times the debt. The share cover ratio at 31 March 2019, based on a five day volume-weighted average price of R112.18, was 2.84.

During the current year, the Group refinanced three of its loan facilities received from Vodafone Investments Luxembourg s.a.r.l. as listed below:

- On 16 July 2018, a R2 000 million loan facility was renewed for a further 3 years at a rate of 3 months Jibar + 1.35%. The loan is repayable on the 16 July 2021.
- The Group also refinanced a R3 000 million facility on 27 September 2018. The loan facility bears interest at 3 month JIBAR + 1.30% and is repayable on 27 September 2021.
- An existing fixed rate facility of R1 000 million was refinanced with a floating rate facility of R1 000 million at a rate of 3 month Jibar + 1.30% with a repayment date of 28 September 2021.

On 25 July 2018, the Group made an early capital repayment of R757 million against the R2 576 million loan facility. This loan was then fully repaid with a further early capital repayment of R1 819 million on 25 January 2019. The loan was due for repayment on 25 April 2019.

Vodacom Mozambique obtained a US$100 million loan facility on 30 November 2018 from Standard Bank South Africa, with US$30 million drawn as at 31 March 2019. The loan facility bears interest at 6 month LIBOR + 3.30% and is repayable on 30 November 2022.

11. Contingent liabilities

11.1 Guarantees

The Group has various guarantees in issue, relating to external financial obligations of its subsidiaries, which amounted to R138 million (31 March 2018: R116 million).

Foreign denominated guarantees amounting to R1 082 million (31 March 2018: R889 million) are in issue in support of Vodacom Congo (RDC) SA relating to liabilities included in the consolidated statement of financial position.

11.2 Tax matters

The Group is regularly subject to an evaluation by tax authorities of its direct and indirect tax filings. The consequence of such reviews is that disputes may arise with tax authorities over the interpretation or application of certain tax rules to the Group's business. The tax laws are in some instances ambiguous and subject to a broad range of interpretations. To address and manage this tax uncertainty, good governance is fundamental to the Group's business sustainability. All major tax positions taken are subject to review by executive management and are reported to the Board. The Group has support from external advisors supporting the positions taken in respect of the significant tax matters which confirms the application and interpretation of the tax legislation. The Group has considered all matters in dispute and has accounted for any exposure identified, if required. These disputes may not necessarily be resolved in a manner that is favourable to the Group.

11.3 Legal contingencies

The Group is currently involved in various legal proceedings and has, in consultation with its legal counsel, assessed the outcome of these proceedings. Following this assessment, the Group's management has determined that adequate provision has been made in respect of these legal proceedings as at 31 March 2019.

12. Other matters

12.1 Kenneth Makate (Mr Makate) vs Vodacom (Pty) Limited

Following the failure of the parties to reach an agreement on the amount of reasonable compensation to be paid for a business idea that led to the development of a product known as 'Please Call Me', Mr. Makate declared a deadlock and referred the matter to the Group's Chief Executive Officer (CEO), in his judicially sanctioned role as a deadlock breaking mechanism, to make a determination on the reasonable amount of compensation payable to him. The CEO has made such a determination, in accordance with the Constitutional Court order, but Mr Makate has rejected the CEO's determination. The Group has subsequently been informed by Mr Makate's attorneys that he intends to have the CEO's determination judicially reviewed.

12.2 Competition Commission investigations

12.2.1 Competition Commission data service market inquiry

The Competition Commission initiated a market inquiry into data services on 30 November 2017. The purpose of the inquiry is to understand what factors or features of the market(s) and value chain may cause or lead to high prices for data services, and to make recommendations that would result in lower prices for data services. This inquiry covers all market participants involved at any point in the value chain for any form of data services that are provided to customers such as government, businesses and consumers in South Africa. The Competition Commission issued a summary of provisional findings and recommendations on 24 April 2019, inviting comments from stakeholders by 14 June 2019. The date for completion of the data market inquiry is 31 December 2019.

12.2.2 Competition complaint on the National Treasury government transversal contract for mobile communications services

On 14 March 2016, National Treasury issued a tender for the supply and delivery of mobile communication services to national and provincial government departments in South Africa. The tender was awarded to the Group, for the period 15 September 2016 to 31 August 2020, after an open and transparent process. The Competition Commission has initiated an investigation against the Group for alleged abuse of dominance, under sections 8(c) and 8(d)(i) of the Competition Act, which investigation is ongoing.

12. Other matters continued

12.3 Spectrum licences

In the DRC, Vodacom Congo (RDC) SA was granted its 4G license and additional spectrum, pending Digital Terrestrial Television migration. In both Tanzania and Mozambique, additional spectrum was acquired via a spectrum auction. In Lesotho, the Communications Regulator approved and granted an application for additional spectrum, thereby enabling the launch of 5G services.

12.4 Electronic Communications Amendment Bill (ECA bill)

On 12 February 2019, the Minister of Communications informed the Parliamentary Portfolio Committee of her decision to withdraw the ECA Amendment Bill from the parliamentary process. The ECA Amendment Bill is unlikely to be re-submitted to the new parliament in its current form given the new emphasis on the fourth industrial revolution – which is likely to require further policy, legislative and regulatory changes. The effect of the withdrawal of the ECA Amendment Bill is that the licensing of high demand spectrum can be managed under the existing legislation and in this regard the Ministry is contemplating issuing new policy directions to ICASA.

12.5 ICASA priority market review

In June 2017, ICASA published a notice of intention to conduct an inquiry to identify priority markets in terms of section 4B of the ICASA Act. The purpose of the study is to identify markets to be prioritised for potential review and regulation. On 16 November 2018, ICASA commenced a market inquiry into mobile broadband services. The purpose of the inquiry is to assess the state of competition and determine whether or not there are markets or market segments within the mobile broadband services value chain which may require regulatory intervention. ICASA aims to finalise the inquiry during the 2020 financial year.

12.6 Amendment to End-user and Subscriber Service Charter Regulations

On 7 May 2018, ICASA published the End-user and Subscriber Service Charter Amendment Regulations (the amendments), which came into effect on 1 March 2019. The main objective is to address consumer concerns with regard to out-of-bundle charges and expiry of data. The amendments followed a consultation process between ICASA and industry stakeholders. Further amendments were published on 12 February 2019, which came into effect on 12 April 2019.

12.7 Vodacom Congo (RDC) SA (Vodacom Congo)

12.7.1 Organisation for the Harmonisation of Business Law in Africa (OHADA)

Vodacom Congo is not in compliance with the minimum capital requirements as set out under the OHADA. Vodacom Congo has to increase its share capital to meet the minimum OHADA requirements. In a bid to remedy this non- compliance, the shareholders of Vodacom Congo agreed on 28 December 2018 to convert the initial shareholder loans into equity. This recapitalisation resulted in a 32% improvement in the negative equity position. A non-compliance gap remains, but this matter is continuously being discussed by the Board and shareholders of Vodacom Congo.

12.7.2 Investigation on unpaid taxes for devices

The Democratic Republic of Congo (DRC) Customs Authority (DGDA) has instituted a criminal claim against Vodacom Congo for unpaid custom duties on alleged smuggled devices bought by Vodacom Congo from a local supplier, who subsequently closed its business in the DRC. The Group has objected to the claim, and is co-operating with the relevant authorities.

12.8 Vodacom Tanzania Public Company Limited (Vodacom Tanzania)

The Group has entered into an agreement with its local Tanzanian partner, Mirambo Limited (Mirambo), and certain of Mirambo's shareholders, under the terms of which the Group will acquire all of Mirambo's 588 million shares in Vodacom Tanzania. This will result in the Group increasing its total interest in Vodacom Tanzania from 61.6% (direct and indirect) to 75% (direct). The transaction close is subject to conditions precedent.

12.9 10T Holdings (Pty) Limited and IoT.nxt B.V. acquisition

The Group entered into an agreement to purchase a 51% equity interest in 10T Holdings (Pty) Limited and IoT.nxt B.V. (together "IoT.nxt"). IoT.nxt creates data-connectivity between new data sources and legacy systems which allows for real-time data availability across a wide business segment. The transaction is subject to the approval of the Competition Commission.

13. Events after the reporting period

The Board is not aware of any matter or circumstance arising since the end of the reporting period, not otherwise dealt with herein, which significantly affects the financial position of the Group or the results of its operations or cash flows for the period, other than the following:

13.1 Vodacom Tanzania

In April 2019, several of Vodacom Tanzania Plc's (Vodacom Tanzania) employees, including the Managing Director, were arrested by the Tanzanian Police in relation to a customer's alleged illegal use of network facilities. These employees were charged with a number of offences, including economic crimes which are non-bailable offences under Tanzania's Economic Organised Crime Act (EOCA).

Vodacom Tanzania paid a fine of TZS 30 million (R0.2 million) as well as an amount of TZS 5.2 billion (R32 million), as compensation for the financial losses occasioned to the Tanzanian Communication Regulatory Authority (TCRA), after pleading guilty to the offences of occasioning pecuniary loss to a specified authority and permitting use of network services in contravention of the Electronic and Postal Communications Act (EPOCA).

Vodacom Tanzania, its parent companies Vodacom Group Limited and Vodafone Group Plc are committed to upholding the highest standards of business integrity, ethics and good corporate governance. The companies have retained global law firm, Squire Patton Boggs to assist with an internal investigation into the underlying facts in line with the companies' legal and corporate governance principles and to safeguard the company.

13.2 Safaricom dividends declared 2 May 2019

Safaricom proposed a dividend of KES 50.08 billion for the financial year ended 31 March 2019. In addition, Safaricom proposed a special dividend of KES 24.84 billion. Both these dividends are payable to shareholders on or before 1 December 2019, subject to shareholders' approval at the annual general meeting. The Group's share of these dividend proposals, at a KES/ZAR exchange rate of 6.99, after withholding tax, amounts to R2 253 million and R1 118 million respectively.

13.3 Dividend declared after the reporting date and not recognised as a liability

A final dividend of R7 343 million (400 cents per ordinary share) for the year ending 31 March 2019, was declared on 10 May 2019, payable on 24 June 2019 to shareholders recorded in the register at the close of business on 21 June 2019. The net dividend after taking into account dividend withholding tax for those shareholders not exempt from dividend withholding tax is 320.00000 cents per share.

14. Fair value hierarchy

The table below sets out the valuation basis of financial instruments measured at fair value:

Rm	2019 Reviewed	2018 Audited
Level one[1]		
Financial assets and liabilities at fair value through profit or loss		
Unit trust investments	**291**	328
Level two[2]		
Financial assets and liabilities at fair value through other comprehensive income		
Finance receivables[3]	**3 896**	–
Derivative financial assets	**76**	67
Derivative financial liabilities	**(252)**	(207)
	4 011	188

1. Level one classification is used when the valuation is determined using quoted prices in an active market.
2. Level two classification is used when valuation inputs used to determine fair value are observable for the asset/(liability), either directly as prices or indirectly when derived from prices.
3. The Group provides financing to customers to acquire devices at an additional contractual charge which is included in finance receivables. The business model under IFRS 9 for finance receivables has been determined to be "hold to collect and sell". As a result, the Group has reclassified finance receivables relating to device financing from loans and receivables to fair value through other comprehensive income. The inclusion in the fair value hierarchy arises from a change in measurement attribute on transition to IFRS 9.

Supplementary information

Operating results for the year ended 31 March 2019

Rm	South Africa	% 18/19	International	% 18/19	Corporate/ Eliminations	Group	% 18/19	Safaricom[1]
IFRS 15								
Service revenue	51 541	–	19 377	–	(1 051)	69 867	–	32 698
Revenue	67 887	–	19 981	–	(1 241)	86 627	–	34 113
Direct expenses	(26 664)	–	(5 837)	–	(1 074)	(31 427)	–	9 881
EBITDA	27 741	–	6 252	–	(279)	33 714	–	16 913
EBITDA margin (%)	40.9	–	31.3	–	–	38.9	–	49.6
EBIT	20 268	–	3 431	–	(286)	23 413	–	12 117
EBIT margin (%)	29.9	–	17.2	–	–	27.0	–	35.5
IAS 18#								
Mobile contract revenue	23 730	**0.6**	1 245	**15.2**	(7)	24 968	**1.2**	4 391
Mobile prepaid revenue	23 713	**2.0**	15 132	**18.5**	1	38 846	**7.9**	25 156
Customer service revenue	47 443	**1.3**	16 377	**18.2**	(6)	63 814	**5.2**	29 547
Mobile interconnect	2 001	**11.8**	1 253	**0.6**	(646)	2 608	**2.6**	1 161
Fixed service revenue	2 917	**27.8**	1 658	**7.2**	(372)	4 203	**19.0**	1 119
Other service revenue	3 388	**(8.8)**	164	**(12.3)**	(27)	3 525	**(9.0)**	941
Service revenue	55 749	**2.1**	19 452	**15.6**	(1 051)	74 150	**5.0**	32 768
Equipment revenue	12 828	**(2.7)**	307	**(10.2)**	(12)	13 123	**(2.5)**	824
Non-service revenue	2 748	**27.3**	223	**(23.1)**	(178)	2 793	**22.9**	610
Revenue	71 325	**1.9**	19 982	**14.4**	(1 241)	90 066	**4.3**	34 202
Direct expenses	(30 166)	**3.8**	(5 840)	**6.1**	1 075	(34 931)	**3.7**	(9 888)
Staff expenses	(3 750)	**2.7**	(1 796)	**21.7**	(440)	(5 986)	**8.7**	(1 958)
Publicity expenses	(1 291)	**(4.0)**	(606)	**9.4**	(23)	(1 920)	**0.4**	(1 008)
Other operating expenses	(8 578)	**9.1**	(5 233)	**4.1**	349	(13 462)	**8.2**	(4 330)
Share based payment charges	(1 150)	**>200.0**	–	**n/a**	(254)	(1 404)	**>200.0**	1
Depreciation and amortisation	(7 511)	**5.7**	(3 125)	**9.2**	(6)	(10 642)	**6.9**	(4 818)
Impairment charges	–	–	(30)	**>200.0**	–	(30)	**>200.0**	–
Net profit from associate and joint venture	1	–	–	–	2 823	2 824	**(87.4)**	–
Operating profit	18 880	**(9.5)**	3 352	**67.9**	2 283	24 515	**1.1**	12 201
EBITDA	27 717	**(1.3)**	6 251	**26.8**	(279)	33 689	**2.4**	16 996
EBITDA margin (%)	38.9	**(1.2ppts)**	31.3	**3.1ppts**	–	37.4	**(0.7ppts)**	49.7
EBIT	20 244	**(4.2)**	3 430	**63.6**	(286)	23 388	**1.2**	12 200
EBIT margin (%)	28.4	**(1.8ppts)**	17.2	**5.2ppts**	–	26.0	**(0.8ppts)**	35.7
Included in service revenue[2]: (IAS 18#)								
Mobile voice	21 909	**(1.1)**	9 758	**12.5**	(5)	31 662	**2.7**	–
Mobile data	24 276	**3.9**	3 056	**25.8**	–	27 332	**6.0**	–
Mobile messaging	1 968	**(10.3)**	528	**17.3**	–	2 496	**(5.6)**	–
M-Pesa revenue	–	–	3 077	**32.2**	–	3 077	**32.2**	–

1. The Group's effective interest of 34.94% in Safaricom Plc (Safaricom) is accounted for as an investment in associate. Results represent 100% of Safaricom. Prior year results represents eight months of performance from the date of acquisition of Safaricom Plc. These values are for information purposes.
2. Following the changing business environment, adoption of IFRS 15 and in alignment with Vodafone, the above disclosure will be discontinued from 1 April 2019. Disclosure of M-Pesa revenue will however still be available.

Operating results for the year ended 31 March 2018

IAS 18# Rm	South Africa	International	Corporate/ Eliminations	Group	Safaricom[1]
Mobile contract revenue	23 589	1 081	(5)	24 665	2 364
Mobile prepaid revenue	23 247	12 769	–	36 016	14 888
Customer service revenue	**46 836**	**13 850**	**(5)**	**60 681**	**17 252**
Mobile interconnect	1 790	1 245	(492)	2 543	611
Fixed service revenue	2 282	1 546	(295)	3 533	571
Other service revenue	3 714	187	(26)	3 875	565
Service revenue	**54 622**	**16 828**	**(818)**	**70 632**	**18 999**
Equipment revenue	13 187	342	(64)	13 465	490
Non-service revenue	2 158	290	(175)	2 273	279
Revenue	**69 967**	**17 460**	**(1 057)**	**86 370**	**19 768**
Direct expenses	(29 057)	(5 502)	890	(33 669)	(5 772)
Staff expenses	(3 651)	(1 476)	(382)	(5 509)	(1 092)
Publicity expenses	(1 345)	(554)	(14)	(1 913)	(471)
Other operating expenses	(7 859)	(5 025)	443	(12 441)	(2 810)
Share based payment charge	(93)	(39)	2	(130)	–
Depreciation and amortisation	(7 103)	(2 863)	7	(9 959)	(2 832)
Impairment charges	–	(4)	–	(4)	–
Net profit from associate and joint venture	1	–	1 506	1 507	1
Operating profit	**20 860**	**1 997**	**1 395**	**24 252**	**6 792**
EBITDA	28 088	4 930	(120)	32 898	9 620
EBITDA margin (%)	40.1	28.2		38.1	48.7
EBIT	21 124	2 096	(111)	23 109	6 799
EBIT margin (%)	30.2	12.0		26.8	34.4
Included in service revenue:					
Mobile voice	22 154	8 675	(6)	30 823	–
Mobile data	23 355	2 429	–	25 784	–
Mobile messaging	2 194	450	1	2 645	–
M-Pesa revenue	–	2 327	–	2 327	–

1. The Group's effective interest of 34.94% in Safaricom Plc (Safaricom) is accounted for as an investment in associate. Results represent 100% of Safaricom. Prior year results represents eight months of performance from the date of acquisition. These values are for information purposes.

South Africa key indicators

	Year ended 31 March		% change
	2019	2 018	18/19
Customers[1] (thousand)	**43 166**	41 635	**3.7**
Prepaid	**37 331**	36 275	**2.9**
Contract	**5 835**	5 360	**8.9**
Data customers[2] (thousand)	**19 952**	20 347	**(1.9)**
Internet of Things connections[3] (thousand)	**4 514**	3 628	**24.4**
Traffic[4] (millions of minutes)	**63 073**	61 155	**3.1**
Outgoing	**53 692**	51 798	**3.7**
Incoming	**9 381**	9 357	**0.3**
MOU per month[5]	**121**	127	**(4.7)**
Prepaid	**110**	117	**(6.0)**
Contract	**198**	197	**0.5**
Total ARPU[6] (IFRS 15) (rand per month)	**87**		
Prepaid	**54**		
Contract	**315**		
Total ARPU[6] (IAS 18#) (rand per month)	**95**	101	**(5.9)**
Prepaid	**54**	58	**(6.9)**
Contract	**373**	390	**(4.4)**
Messaging (million)	**9 057**	6 987	**29.6**
Number of employees	**5 197**	5 007	**3.8**

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 connections (IoT), 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 average monthly service revenue by the average monthly customers during the period. Prepaid and contract ARPU only include service revenue generated from Vodacom mobile customers.

International key indicators

	Year ended 31 March		% change
	2019	2018	18/19
Customers[1] (thousand)	**34 620**	32 414	**6.8**
Tanzania	**14 133**	12 899	**9.6**
DRC	**12 180**	11 821	**3.0**
Mozambique	**6 843**	6 108	**12.0**
Lesotho	**1 464**	1 587	**(7.8)**
Data customers[2] (thousand)	**17 664**	16 573	**6.6**
Tanzania	**7 892**	7 345	**7.4**
DRC	**4 749**	4 825	**(1.6)**
Mozambique	**4 289**	3 730	**15.0**
Lesotho	**734**	673	**9.1**
30-day active M-Pesa customers[3] (thousand)	**13 500**	11 757	**14.8**
Tanzania	**6 989**	6 369	**9.7**
DRC	**2 116**	1 891	**11.9**
Mozambique	**3 860**	3 109	**24.2**
Lesotho	**535**	388	**37.9**
MOU per month[4]			
Tanzania	**172**	163	**5.5**
DRC	**36**	39	**(7.7)**
Mozambique	**136**	143	**(4.9)**
Lesotho	**74**	79	**(6.3)**
Total ARPU[5] (IFRS 15) (rand per month)			
Tanzania	**36**		
DRC	**41**		
Mozambique	**55**		
Lesotho	**66**		
Total ARPU[5] (IAS 18#) (rand per month)			
Tanzania	**36**	35	**2.9**
DRC	**41**	38	**7.9**
Mozambique	**56**	51	**9.8**
Lesotho	**66**	65	**1.5**
Total ARPU[5] (IFRS 15) (local currency per month)			
Tanzania (TZS)	**6 010**		
DRC (USD)	**3**		
Mozambique (MZN)	**244**		
Total ARPU[5] (IAS 18#) (local currency per month)			
Tanzania (TZS)	**6 027**	6 086	**(1.0)**
DRC (USD)	**3.0**	2.9	**3.4**
Mozambique (MZN)	**246**	241	**2.1**
Number of employees	**2 357**	2 360	**(0.1)**

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. Three month active.
3. M-Pesa customers are based on the number of unique customers who have generated revenue related to M-Pesa during the last month.
4. 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.
5. Total ARPU is calculated by dividing the average monthly service revenue by the average monthly customers during the period.

Safaricom key indicators

	Year ended 31 March		% change
	2019	2018	18/19
Customers[1] (thousand)	**31 845**	29 570	**7.7**
Data customers[2] (thousand)	**18 831**	17 669	**6.6**
M-Pesa customers[3] (thousand)	**22 642**	20 547	**10.2**
ARPU[4] (local currency per month)	**658**	639	**3.1**

Notes:
1. A customer is defined as a Subscriber Identity Module (SIM), or in territories where SIMs do not exist, a unique mobile telephone number, which has access to the network for any purpose (including data only usage) except telemetric applications.
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 month reported.
3. Number of unique customers who have generated revenue related to M-Pesa in the past 30 days.
4. ARPU is calculated by dividing the average total service revenue by the average monthly customers during the period.

International financial review per country

	Year ended 31 March			% change IAS 18
	2019 IFRS 15	2019 IAS 18#	2018 IAS 18	18/19
Revenue (local currency)				
Tanzania (TZSm)	**1 024 587**	**1 023 763**	977 994	**4.7**
DRC (USD000)[1]	**473 386**	**473 262**	428 169	**10.5**
Mozambique (MZNm)	**21 071**	**21 111**	17 635	**19.7**
Lesotho (LSLm)	**1 308**	**1 308**	1 255	**4.2**
EBIT (local currency)				
Tanzania (TZSm)	**120 963**	**120 186**	96 895	**24.0**
DRC (USD000)	**63 622**	**63 497**	12 578	**>200.0**
Mozambique (MZNm)	**5 696**	**5 709**	4 158	**37.3**
Lesotho (LSLm)	**490**	**491**	475	**3.4**

Note:
1. During the 2nd quarter of the prior year, we reclassified the foreign exchange difference between USD and CDF sales to be netted off on the corresponding revenue line. The adjustment was USD11.4 million for Q1 2018 and USD4.4 million for Q2 2018. Q1 2018 has not been restated for this change. This was partially offset by a refund of DRC sales tax (ICA) of USD9.9 million in Q2 2018.

Historical financial review

Revenue for the quarter ended

IFRS 15 Rm	31 March 2019	31 December 2018	30 September 2018	30 June 2018
South Africa	**17 053**	17 172	17 147	16 515
International	**5 027**	5 312	5 218	4 424
Corporate and eliminations	**(332)**	(312)	(311)	(286)
Group revenue	**21 748**	22 172	22 054	20 653

IAS 18 Rm	31 March 2019	31 December 2018	30 September 2018	30 June 2018	31 March 2018	31 December 2017	30 September 2017
South Africa	**18 027**	17 974	17 909	17 415	17 875	18 211	17 227
International	**5 030**	5 315	5 213	4 424	4 167	4 719	4 334
Corporate and eliminations	**(332)**	(312)	(311)	(286)	(314)	(283)	(251)
Group revenue	**22 725**	22 977	22 811	21 553	21 728	22 647	21 310

Revenue yoy % change for the quarter ended

	% change IAS 18				Normalised*
IAS 18 %	31 March 2019	31 December 2018	30 September 2018	30 June 2018	31 March 2019
South Africa	**0.9**	(1.3)	4.0	4.6	0.9
International	**20.7**	12.6	20.3	4.3	5.9
Corporate and eliminations	**(5.7)**	(10.2)	(23.9)	(36.8)	n/a
Group revenue	**4.6**	1.5	7.0	4.2	1.8

Service revenue for the quarter ended

IFRS 15 Rm	31 March 2019	31 December 2018	30 September 2018	30 June 2018
South Africa	**12 845**	12 975	12 985	12 736
International	**4 885**	5 160	5 057	4 275
Corporate and eliminations	**(289)**	(261)	(263)	(238)
Group service revenue	**17 441**	17 874	17 779	16 773

IAS 18 Rm	31 March 2019	31 December 2018	30 September 2018	30 June 2018	31 March 2018	31 December 2017	30 September 2017
South Africa	**13 919**	13 932	14 138	13 760	13 891	14 061	13 547
International	**4 905**	5 179	5 076	4 292	3 946	4 574	4 186
Corporate and eliminations	**(289)**	(261)	(262)	(239)	(261)	(233)	(177)
Group service revenue	**18 535**	18 850	18 952	17 813	17 576	18 402	17 556

Historical financial review continued

Service revenue yoy % change for the quarter ended

IAS 18 %	% change IAS 18 31 March 2019	31 December 2018	30 September 2018	30 June 2018	Normalised* 31 March 2019
South Africa	**0.2**	(0.9)	4.4	4.9	0.2
International	**24.3**	13.2	21.3	4.1	9.2
Corporate and eliminations	**(10.7)**	(12.0)	(48.0)	(62.6)	n/a
Group service revenue	**5.5**	2.4	8.0	4.2	2.3

Exchange rates

	Average YTD			Closing		
	31 March		% change	31 March		% change
	2019	2018	18/19	2019	2018	18/19
USD/ZAR	**13.76**	12.99	**5.9**	**14.42**	11.85	**21.7**
ZAR/MZN	**4.42**	4.73	**(6.6)**	**4.40**	5.24	**(16.0)**
ZAR/TZS	**166.81**	172.92	**(3.5)**	**160.37**	190.38	**(15.8)**
EUR/ZAR	**15.92**	15.19	**4.8**	**16.18**	14.57	**11.1**
ZAR/KES	**7.36**	7.95	**(7.4)**	**6.99**	8.52	**(18.0)**

	Average QTD				Closing			
	31 March 2019	31 December 2018	30 September 2018	30 June 2018	31 March 2019	31 December 2018	30 September 2018	30 June 2018
USD/ZAR	**14.02**	14.30	14.08	12.65	**14.42**	14.38	14.17	13.76
ZAR/MZN	**4.45**	4.27	4.22	4.74	**4.40**	4.27	4.26	4.30
ZAR/TZS	**165.36**	160.27	162.00	179.60	**160.37**	159.85	161.23	164.87
EUR/ZAR	**15.92**	16.31	16.38	15.07	**16.18**	16.47	16.46	16.07
ZAR/KES	**7.19**	7.13	7.16	7.98	**6.99**	7.09	7.11	7.33

Historical key indicators

South Africa for the quarter ended

	31 March 2019	31 December 2018	30 September 2018	30 June 2018	31 March 2018	31 December 2017	30 September 2017
Customers[1] (thousand)	**43 166**	43 838	44 089	43 107	41 635	41 602	40 000
Prepaid	**37 331**	38 215	38 552	37 671	36 275	36 283	34 762
Contract	**5 835**	5 623	5 537	5 436	5 360	5 319	5 238
Data customers[2] (thousand)	**19 952**	20 345	20 538	20 434	20 347	20 503	19 905
Internet of Things connections[3] (thousand)	**4 514**	4 335	4 004	3 881	3 628	3 495	3 271
Traffic[4] (millions of minutes)	**15 330**	15 987	16 128	15 628	15 385	16 013	15 331
Outgoing	**12 996**	13 595	13 768	13 333	13 101	13 612	12 976
Incoming	**2 334**	2 392	2 360	2 295	2 284	2 401	2 355
MOU per month[5]	**118**	121	123	123	124	131	128
Prepaid	**106**	110	112	111	113	120	118
Contract	**193**	197	201	201	199	202	199
Total ARPU[6] IFRS 15 (rand per month)	**87**	86	88	89			
Prepaid	**54**	55	54	55			
Contract	**304**	307	325	326			
Total ARPU[6] IAS 18[#] (rand per month)	**94**	93	95	96	99	102	101
Prepaid	**54**	55	54	55	57	59	58
Contract	**364**	362	385	384	381	393	391

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 connections (IoT), 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 average monthly service revenue by the average monthly customers during the period. Prepaid and contract ARPU only include service revenue generated from Vodacom mobile customers.

Historical key indicators continued

International for the quarter ended

	31 March 2019	31 December 2018	30 September 2018	30 June 2018	31 March 2018	31 December 2017	30 September 2017
Customers[1] (thousand)	**34 620**	35 164	34 715	33 401	32 415	32 184	31 170
Tanzania	**14 133**	14 070	13 991	13 277	12 899	12 901	12 857
DRC	**12 180**	12 830	12 801	12 279	11 821	11 982	11 453
Mozambique	**6 843**	6 689	6 405	6 255	6 108	5 712	5 421
Lesotho	**1 464**	1 575	1 518	1 590	1 587	1 589	1 439
Data customers[2] (thousand)	**17 664**	18 522	17 964	17 472	16 573	16 013	14 755
Tanzania	**7 892**	8 132	8 064	7 682	7 345	7 317	7 072
DRC	**4 749**	5 021	5 042	5 150	4 825	4 470	4 175
Mozambique	**4 289**	4 577	4 161	3 952	3 730	3 501	2 904
Lesotho	**734**	792	697	688	673	725	604
MOU per month[3]							
Tanzania	**157**	168	186	177	161	171	167
DRC	**31**	36	39	38	36	36	42
Mozambique	**136**	146	134	129	144	152	144
Lesotho	**74**	82	73	68	71	85	82
30-day active M-Pesa customers[4] (thousand)	**13 500**	13 409	13 182	12 711	11 757	11 117	10 755
Tanzania	**6 989**	6 892	6 818	6 805	6 369	6 266	6 189
DRC	**2 116**	2 240	2 324	2 127	1 891	1 600	1 613
Mozambique	**3 860**	3 775	3 579	3 367	3 109	2 908	2 625
Lesotho	**535**	502	461	412	388	343	328
Total ARPU[5] (IFRS 15) (rand per month)							
Tanzania	**35**	39	38	33			
DRC	**41**	41	43	37			
Mozambique	**53**	60	59	51			
Lesotho	**66**	72	64	61			
Total ARPU[5] (IAS 18#) (rand per month)							
Tanzania	**35**	39	38	33	31	39	37
DRC	**41**	41	43	37	34	39	37
Mozambique	**53**	60	59	51	47	57	53
Lesotho	**67**	72	65	63	61	71	66
Total ARPU[5] IFRS 15 (local currency per month)							
Tanzania (TZS)	**5 752**	6 205	6 116	5 969			
DRC (USD)	**2.9**	2.9	3.0	3.0			
Mozambique (MZN)	**234**	255	248	239			
Total ARPU[5] (IAS 18#) (local currency per month)							
Tanzania (TZS)	**5 770**	6 222	6 132	5 984	5 734	6 369	6 295
DRC (USD)	**2.9**	2.9	3.0	3.0	2.9	2.9	2.8
Mozambique (MZN)	**237**	257	250	242	238	253	244

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. 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.
4. M-Pesa customers are based on the number of unique customers who have generated revenue related to M-Pesa during the last month.
5. Total ARPU is calculated by dividing the average monthly service revenue by the average monthly active customers during the period. Prepaid and contract ARPU only include service revenue generated from Vodacom mobile customers.

Pro-forma financial information

The presentation of the *pro-forma* financial information and related reconciliations as detailed below on pages 53 – 57, is the responsibility of the directors of Vodacom Group Limited. The purpose of presenting financial information on a comparable IAS 18 basis and normalised growth on an IAS 18 constant currency basis is to assist the user in understanding the underlying growth trends on a comparable basis, while the presentation of operating free cash flow and free cash flow is to provide users with relevant information and measures used by the Group to assess performance. Headline earnings per share has been adjusted for significant merger and acquisition events, the BEE ownership transaction and Safaricom acquisition to illustrate underlying growth trends. It has been prepared for illustrative purposes only and may not fairly present the financial position, changes in equity, and results of operations or cash flows of Vodacom Group Limited. This *pro-forma* financial information has been reported on by the Group's auditors, being PricewaterhouseCoopers Inc. Their unqualified reporting accountant's report thereon is available for inspection at the company's registered addresses.

Reconciliation of normalised growth for the year ended 31 March 2019

Rm	IFRS 15 Reported[1]	Adoption of IFRS 15[2]	IAS 18[#1]	Trading FX[3]	Merger and Acquisition[5]	Normalised*
Revenue						
Group	86 627	3 439	90 066	–	–	90 066
International	19 981	1	19 982	–	–	19 982
Service revenue						
Group	69 867	4 283	74 150	–	–	74 150
International	19 377	75	19 452	–	–	19 452
Data revenue						
International	3 056	–	3 056	–	–	3 056
M-Pesa revenue						
International	3 077	–	3 077	–	–	3 077
Total expenses						
International	13 473	2	13 475	(54)	–	13 421
South Africa	40 323	3 462	43 785	(3)	–	43 782
EBITDA						
Group	33 714	(25)	33 689	66	124	33 879
International	6 252	(1)	6 251	54	–	6 305
EBIT						
Group	23 413	(25)	23 388	66	124	23 578
International	3 431	(1)	3 430	54	–	3 484
Operating profit						
Group	24 490	25	24 515	66	(1 295)	23 286
South Africa	18 904	(24)	18 880	3	1 150	20 033

Reconciliation of normalised growth for the year ended 31 March 2018

Rm	IAS 18 Reported[1]	Foreign exchange: Trading FX[3]	Foreign exchange: Translation FX[4]	Merger and Acquisition[5]	Normalised*
Revenue					
Group	86 370	–	862	–	87 232
International	17 460	–	862	–	18 322
Service revenue					
Group	70 632	–	809	–	71 441
International	16 828	–	809	–	17 637
Data revenue					
International	2 429	–	127	–	2 556
M-Pesa revenue					
International	2 327	–	106	–	2 433
Total expenses					
International	12 557	(18)	588	–	13 127
South Africa	41 912	71	–	–	41 983
EBITDA					
Group	32 898	(56)	263	–	33 105
International	4 930	18	263	–	5 211
EBIT					
Group	23 109	(56)	118	–	23 171
International	2 096	18	118	–	2 232
Operating profit					
Group	24 252	(56)	113	(1 506)	22 803
South Africa	20 860	(71)	–	–	20 789

Reconciliation of normalised growth for the year ended 31 March 2019

The reconciliation below presents normalised growth adjusted for trading foreign exchange gains/losses, merger and acquisition and at a constant currency (using current period as base) from on-going operations.

		Foreign exchange			
%	IAS 18 % change[6]	Trading FX[3]	Translation FX[4]	Merger and Acquisition[5]	Normalised*
Revenue					
Group	**4.3**	–	(1.1)	–	**3.2**
International	**14.4**	–	(5.3)	–	**9.1**
Service revenue					
Group	**5.0**	–	(1.2)	–	**3.8**
International	**15.6**	–	(5.3)	–	**10.3**
Data revenue					
International	**25.8**	–	(6.2)	–	**19.6**
M-Pesa revenue					
International	**32.2**	–	(5.7)	–	**26.5**
Total expenses					
International	**7.3**	(0.3)	(4.8)	–	**2.2**
South Africa	**4.5**	(0.2)	–	–	**4.3**
EBITDA					
Group	**2.4**	0.4	(0.8)	0.3	**2.3**
International	**26.8**	0.6	(6.4)	–	**21.0**
EBIT					
Group	**1.2**	0.5	(0.5)	0.6	**1.8**
International	**63.6**	1.2	(8.7)	–	**56.1**
Operating profit					
Group	**1.1**	0.5	(0.5)	1.0	**2.1**
South Africa	**(9.5)**	0.3	–	5.6	**(3.6)**

Reconciliation of normalised growth for the quarter ended

31 March 2019 Rm	IFRS 15 Reported	Adoption of IFRS 15[2]	IAS 18	Translation FX[4]	Normalised*
Revenue					
Group	21 748	977	22 725	(25)	22 700
International	5 027	3	5 030	(25)	5 005
Service revenue					
Group	17 441	1 094	18 535	(24)	18 511
International	4 885	20	4 905	(24)	4 881

31 March 2018 Rm	IAS 18 Reported	Translation FX[4]	Normalised*
Revenue			
Group	21 728	560	22 288
International	4 167	560	4 727
Service revenue			
Group	17 576	523	18 099
International	3 946	523	4 469

31 March 2019 %	IAS 18[7] % change	Translation FX[4] ppts	Normalised* % change
Revenue			
Group	4.6	(2.8)	1.8
International	20.7	(14.8)	5.9
Service revenue			
Group	5.5	(3.2)	2.3
International	24.3	15.1	9.2

Notes:
1. The financial information relating to revenue, service revenue, EBITDA, EBIT and operating profit are derived from the condensed consolidated financial statements for the year ended 31 March 2019.
2. This column and related adjustments represents the reconciliation of IFRS 15 to IAS 18. For a more detailed explanation of the impact of the application of IFRS 15 on the Group refer to the applicable criteria set out in IFRS 15 "Revenue from Contracts with Customers" as set out on page 58.
3. Trading foreign exchange adjustments (FX) are foreign exchange gains/losses on foreign denominated monetary assets and liabilities resulting from trading activities of entities within the Group, which is included with other operating expenses as per the condensed consolidated income statement.
4. 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 50. 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 year ended 31 March 2019 (which is derived by dividing the individual subsidiary's translated rand value with the functional currency for the period) to 31 March 2018 numbers, thereby giving a user a view of the performance which excludes exchange variances.
5. Merger and Acquisition relates to the net profit from associate and joint venture relating to Safaricom as disclosed in the condensed consolidated income statement and the IFRS 2 charge as disclosed in Note 8 in the condensed consolidated financial statements.
6. The percentage change relates to the year-on-year percentage growth on a comparable IAS 18 basis calculated as the percentage change between the year-to-date 31 March 2019 and year-to-date 31 March 2018 IAS 18 values.
7. The percentage change relates to the quarter to date year-on-year percentage growth on a comparable IAS 18 basis calculated as the percentage change between the quarter-to-date 31 March 2019 and the quarter-to-date 31 March 2018 IAS 18 values.

Reconciliation of operating free cash flow and free cash flow

Rm	Year ended 31 March 2019 2019 IFRS 15	 2019 IAS 18#	 2018 IAS 18
Cash generated from operations[1]	**34 575**	**34 575**	32 299
Cash capital expenditure[2]	**(12 208)**	**(12 208)**	(10 592)
Movement in amounts due to M-Pesa account holders[3]	**(724)**	**(724)**	(590)
Operating free cash flow	**21 643**	**21 643**	21 117
Tax paid[1]	**(6 535)**	**(6 535)**	(6 194)
Dividends received from associate	**2 466**	**2 466**	1 988
Finance income received[1]	**943**	**943**	859
Finance costs paid[1]	**(3 179)**	**(3 179)**	(3 182)
Net dividends paid[1]	**(473)**	**(473)**	(393)
Free cash flow	**14 865**	**14 865**	14 195

The reconciliation presents the reconciliation of cash generated from operators to free cash flow. Free cash flow excludes the movement in amounts due to M-Pesa account holders, and held on their behalf. Management excludes these balances to present a view of the true commercial cash conversion in the operation.

Notes:
1. As per the condensed consolidated statement of cash flows.
2. Cash capital expenditure as per the condensed consolidated statement of cash flows, excluding capital expenditure of licence and spectrum fee of (R977 million) (2018: R45 million).
3. Movements included in cash generated from operations relate to money held on behalf of M-Pesa customers.

Reconciliation of composition of headline earnings per share

Cents	Year ended 31 March 2019	 2018 IAS 18	% change IAS 18 18/19
HEPS excluding BEE and Safaricom transactions	**871**	849	**2.6**
Contribution from Safaricom and amortisation of intangible assets, net of withholding tax and minority interest[1]	**132**	74	**78.4**
Impact of new shares[2]	**(41)**	–	**n/a**
HEPS excluding BEE transaction	**962**	923	**4.2**
BEE transaction[3]	**(100)**	–	**n/a**
HEPS (IAS 18)	**862**	923	**(6.6)**
Adoption of IFRS 15[4]	**6**	–	**n/a**
HEPS[5]	**868**	–	**n/a**

The reconciliation represents the composition of headline earnings per share and the effects of the BEE and Safaricom transactions on HEPS.

Notes:
1. This impact relates to the net profit from associate and joint venture of R2 823 million (2018: R1 506 million) as per the condensed consolidated income statement after non-controlling interest and withholding tax accrued on undistributed profits.
2. Impact of new shares relates to the issue of 223 459 781 shares as consideration for Vodacom stake in Safaricom.
3. BEE transaction relates to the one off, non-cash, non-recurring IFRS 2 charge of R1 404 million and transaction and finance costs of R295 million.
4. This adjustment represents the reconciliation of IFRS 15 to IAS 18. For a more detailed explanation of the impact of the application of IFRS 15 on the Group refer to the applicable criteria set out in IFRS 15. "Revenue from Contracts with Customers" as set out on page 58.
5. As per the condensed consolidated financial statements for the year ended 31 March 2019 on an IFRS 15 basis.

IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 "Revenue from Contracts with Customers" was adopted by the Group on 1 April 2018 with the cumulative retrospective impact reflected as an adjustment to equity on the date of adoption. The Group's IAS 18 accounting policy, and the key differences between the Group's IAS 18 and IFRS 15 accounting policies, are disclosed in the Group's annual financial statements for the year ended 31 March 2019.

IFRS 15 Accounting policy

When the Group enters into an agreement with a customer, goods and services deliverable under the contract are identified as separate performance obligations (obligations) to the extent that the customer can benefit from the goods or services on their own and that the separate goods and services are considered distinct from other goods and services in the agreement. Where individual goods and services don't meet the criteria to be identified as separate obligations, they are aggregated with other goods and/or services in the agreement until a separate obligation is identified. The obligations identified will depend on the nature of individual customer contracts, but might typically be separately identified for mobile handsets, other equipment provided to customers and for services provided to customers such as mobile and fixed line communication services.

The Group determines the transaction price to which it expects to be entitled to in return for providing the promised obligations to the customer based on the committed contractual amounts, net of sales taxes and discounts. Where indirect channel dealers, such as retailers, acquire customer contracts on behalf of the Group and receive commission, any commissions that the dealer is compelled to use to fund discounts or other incentives to the customer are treated as payments to the customer when determining the transaction price and consequently are not included in contract acquisition costs. The transaction price is allocated between the identified obligations according to the relative standalone selling prices of the obligations. The standalone selling price of each obligation deliverable in the contract is determined according to the prices that the Group would achieve by selling the same goods and/or services included in the obligation to a similar customer on a standalone basis; where standalone selling prices are not directly observable, estimation techniques are used maximising the use of external inputs.

Revenue is recognised when the respective obligations in the contract are delivered to the customer and payment remains probable.

- Revenue for the provision of services, such as mobile airtime and fixed line broadband, is recognised when or as the Group performs the related service during the agreed service period.
- Revenue for device sales to end customers is generally recognised when the device is delivered to the end customer. For device sales made to intermediaries such as indirect channel dealers, revenue is recognised if control of the device has transferred to the intermediary and the intermediary has no right to return the device to receive a refund; otherwise revenue recognition is deferred until sale of the device to an end customer by the intermediary or the expiry of any right of return.

When revenue recognised in respect of a customer contract exceeds amounts received or receivable from a customer a contract asset is recognised; contract assets will typically be recognised for handsets or other equipment provided to customers where payment is recovered by the Group via future service fees. If amounts received or receivable from a customer exceed revenue recognised for a contract, for example if the Group receives an advance payment from a customer, a contract liability is recognised.

When contract assets or liabilities are recognised, a financing component may exist in the contract; this is typically the case when a handset or other equipment is provided to a customer up-front but payment is received over the term of the related service agreement, in which case the customer is deemed to have received financing. If a significant financing component is provided to the customer, the transaction price is reduced and interest is recognised in revenue over the customer's payment period using an interest rate reflecting the relevant central bank rates and customer credit risk.

Contract related costs

When costs directly relating to a specific contract are incurred prior to recognising revenue for a related obligation, and those costs enhance the ability of the Group to deliver an obligation and are expected to be recovered, then those costs are recognised on the statement of financial position as fulfilment costs and are recognised as expenses in line with the recognition of revenue when the related obligation is delivered.

The direct and incremental costs of acquiring a contract including, for example, certain commissions payable to staff or agents for acquiring customers on behalf of the Group, are recognised as contract acquisition cost assets in the statement of financial position when the related payment obligation is recorded. Costs are recognised as an expense in line with the recognition of the related revenue that is expected to be earned by the Group. Typically this is over the contract period as new commissions are payable on contract renewal. Certain amounts payable to agents are deducted from revenue recognised.

Critical accounting judgements and key sources of estimation relating to IFRS 15

Revenue recognition under IFRS 15 is significantly more complex than under previous reporting requirements and necessitates the collation and processing of very large amounts of data and the increased use of management judgements and estimates to produce financial information. The most significant critical accounting judgements and key sources of estimation uncertainty are disclosed below. Other accounting judgements and estimations made by management are not considered to be individually critical or material, but cumulatively have a material impact on reported costs and revenues particularly as the Group offers a large variety of bundled goods and services.

Where the Group doesn't sell equivalent goods or services in similar circumstances on a standalone basis it is necessary to estimate the standalone price. When estimating the standalone price the Group maximises the use of external inputs; methods for estimating standalone prices include determining the standalone price of similar goods and services sold by the Group, observing the standalone prices for similar goods and services when sold by third parties or using a cost-plus reasonable margin approach (which is sometimes the case for handsets and other equipment). Where it is not possible to reliably estimate standalone prices due to lack of observable standalone sales or highly variable pricing, which is sometimes the case for services, the standalone price of an obligation may be determined as the transaction price less the standalone prices of other obligations in the contract. The standalone price determined for obligations materially impacts the allocation of revenue between obligations and impacts the timing of revenue when obligations are provided to customers at different times – for example, the allocation of revenue between handsets, which are usually delivered up-front, and services which are typically delivered over the contract period. However, there is not considered to be a significant risk of material adjustment to the carrying value of contract-related assets or liabilities in the 12 months after the balance sheet date if these estimates were revised.

When the Group has control of goods or services prior to delivery to a customer, then the Group is the principal in the sale to customer. As a principal, receipts from, and payments to suppliers are reported on a gross basis in revenue and operating costs. If another party has control of goods or services prior to transfer to a customer then the Group is acting as an agent for the other party and revenue in respect of the relevant obligations is recognised net of any related payments to the supplier and recognised revenue represents the margin earned by the Group. Whether the Group is considered to be the principal or an agent in the transaction depends on analysis by management of both the legal form and substance of the agreement between the Group and its business partners; such judgements impact the amount of reported revenue and operating expenses but do not impact reported assets, liabilities or cash flows. Scenarios requiring judgement to determine whether the Group is a principal or an agent include, for example, those where the Group delivers third-party branded services (such as premium music or TV content) to customers.

Corporate information

Additional financial and operational measures

This announcement contains certain financial (i.e. service revenue, enterprise service revenue, EBITDA and EBIT) and operational (i.e. customers, ARPUs and number of employees) measures which are presented in addition to the financial information disclosed in the condensed consolidated financial statements for the year ended 31 March 2019 which have been prepared in terms of IFRS. The Group's management believes these measures provide valuable additional information in understanding the performance of the Group or the Group's businesses because 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 to, the condensed consolidated financial statements for the year ended 31 March 2019. The financial measures have been extracted from the management accounts upon which the condensed consolidated financial statements for the year ended 31 March 2019 are based. Refer to pages 8, 10 and 12 for details relating to service revenue, EBIT and headline earnings per share and the supplementary information on pages 44 to 57 for a reconciliation thereof to the reported results included in this announcement.

Trademarks

Vodafone, the Vodafone logo, M-Pesa, Connected Farmer, Vodafone Supernet, 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). Other product and company names mentioned herein may be the trademarks of their respective owners.

Forward-looking statements

This announcement which sets out the annual results for Vodacom Group Limited for the year ended 31 March 2019 contains 'forward-looking statements', which have been 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.

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

PJ Moleketi (Chairman), MS Aziz Joosub (CEO), T Streichert (CFO)[1], T Reisten[1], V Badrinath[2], DH Brown, M Joseph[3] (Alternate F Bianco[6]), BP Mabelane, SJ Macozoma, P Mahanyele-Dabengwa, JWL Otty[4], S Sood[5].

1. German 2. French 3. American 4. British 5. Indian 6. Italian

Registered office

Vodacom Corporate Park,
082 Vodacom Boulevard,
Midrand 1685
(Private Bag X9904, Sandton 2146)

Transfer secretary

Computershare Investor Services (Proprietary) Limited
(Registration number 2004/003647/07)
Rosebank Towers
15 Biermann Avenue
Rosebank 2196
South Africa
(PO Box 61051, Marshalltown 2107, South Africa)

Sponsor

UBS South Africa (Pty) Limited

ADR depository bank

Deutsche Bank Trust Company Americas

Company secretary

SF Linford

Investor relations

Shaun van Biljon

Media relations

Byron Kennedy

STUDIO 5

vodacom