

Vodacom Group Limited

Quarterly update for the period ended 31 December 2015

Vodacom Group Limited

(Incorporated in the Republic of South Africa)

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('Vodacom')

News release

Vodacom Group Limited quarterly update for the period ended 31 December 2015

3 February 2016

Salient features

- Group revenue up 8.7% (7.6%*) to R21 741 million with service revenue up 8.9% (7.6%*) to R17 224 million
- Group data revenue increased 27.5% to R5 520 million, representing 32.0% of service revenue
- Group active customers up 6.8% to 65.2 million and active data customers grew 14.5% to 30.3 million
- South Africa service revenue grew 7.2% to R12 707 million
- South Africa ARPU stable as data revenue contribution increases and voice revenue trend improves
- International service revenue increased 15.2% (9.8%*) to R4 581 million; 26.6% of Group service revenue
- Group capital expenditure for the nine month period at R9 473 million, 15.4% of Group revenue

Rm	Quarter ended	Yoy % change	
	December 2015	Reported	Normalised*
Revenue	21 741	8.7	7.6
South Africa	17 116	7.1	7.1
International	4 740	15.8	10.1
Service revenue	17 224	8.9	7.6
South Africa	12 707	7.2	7.2
International	4 581	15.2	9.8

All growth rates quoted are year-on-year growth rates and refer to the quarter ended 31 December 2015 compared to the quarter ended 31 December 2014, unless stated otherwise.

Shameel Joosub, Vodacom Group CEO commented:

"We successfully executed on our strategy and achieved another quarter of improving revenue trends. The two biggest highlights in the quarter are the accelerated service revenue growth of 7.2% in South Africa and the 6.8% increase in the Group customer base to 65.2 million. In South Africa, the take-up of our personalised offer "Just for You" was excellent and contributed to the 15.9% reduction in effective voice rates. The International segment delivered robust service revenue growth of 15.2%.

Our performance in the quarter reflects the positive impact from our substantial network investment of R9.5 billion across all our operations in the nine months. We have expanded our network coverage and increased data speeds to secure network leadership. Customer demand for high speed mobile data is growing across our footprint, supporting a 27.5% increase in Group data revenue. Active data customers increased 14.5% to 30.3 million as we increased sales of more affordable data devices in the quarter.

We expect revenue growth to taper slightly into our last quarter of the financial year due to a stronger prior year comparative and a weaker outlook for the consumer in South Africa due to the drought and weaker exchange rate."

* Normalised growth adjusted at a constant currency using current year as base (collectively 'foreign exchange'). Refer to page 10 for a reconciliation of adjustments.

Vodacom Group Limited

Quarterly update for the period ended 31 December 2015

Operating review

South Africa

Service revenue growth accelerated to 7.2%, supported by continued growth in our customer base, stable ARPU and strong customer demand for 3G and 4G services. Revenue grew at 7.1% to R17 116 million, underpinned by a 7.7% increase in equipment revenue with three million devices sold in the quarter.

Total active customers increased 8.7% year-on-year to reach 34.1 million. Active prepaid customers increased 10.3% to 29.2 million, largely due to the success of our personalised offers and summer campaign. The continued adoption of prepaid voice bundles, particularly the new “Just for You” offer, supported customer acquisition together with an improved voice revenue trend. Prepaid voice bundle purchases increased 36.8% to over 207 million in the quarter. Contract customer additions in the quarter were negatively impacted by 75 thousand disconnections by **Altech Autopage** (Pty) Limited, resulting in overall flat year-on-year growth in the contract customer base. We have migrated 83% of contract customers to new price plans with better value offerings and as a result, contract in-bundle spend is 71% of contract customer revenue.

Data revenue increased 27.3% to R4 487 million due to sustained demand for data services and customers upgrading to 3G and 4G devices. The improved affordability of both devices and data bundles supported a 46.6% increase in data traffic. Active data customers increased 14.0% to 19.1 million. Active smart devices on the network increased 28.2% to 13.5 million and the average amount of data used per month increased 22.0% on such devices. Data revenue comprises 35.3% of service revenue up from 29.7% a year ago.

Vodacom Business demonstrated strong commercial momentum in both the mobile and fixed businesses. Fixed-line and business managed services revenue now comprises 12.7% of total Vodacom Business service revenue. Growth was supported by new customer wins for IPVPN connectivity solutions as well growing demand for cloud and hosting services. Machine-to-machine (‘M2M’) customers increased 29.6% to 2.2 million. Vodacom Business service revenue now contributes 22.2% of South African service revenue.

Capital expenditure in the quarter of R2.2 billion allowed us to expand LTE/4G population coverage to 54% from 47% at 30 September 2015 and 3G population coverage now stands at 98.3%.

On 23 September 2015, the Group entered into a purchase agreement with **Altech Autopage** (Pty) Limited, where they will dispose of their Vodacom customer base to the Group. The transaction is subject to the approval of the Competition authorities.

As announced on 10 December 2015, the **Neotel transaction** has been modified to the extent that Vodacom acquires the majority of Neotel’s assets related to its fixed line business, excluding inter alia, Neotel’s spectrum and licences. Neotel is expected to make a roaming offer to all mobile network operators.

International

Service revenue in our International operations, which accounts for 26.6% of Group service revenue, remained robust at 15.2% (9.8%*), underpinned by customer and data revenue growth. Growth in DRC and Mozambique accelerated as a result of improved ARPU and customer growth. Service revenue growth weakened in Tanzania, reflecting a significantly more competitive market place.

Active customers increased 4.9% to 31.1 million. In the DRC, the Government ordered all unregistered customers to be disconnected by 28 December 2015. Since then, Vodacom has suspended customers with no registration records and communicated to such customers the requirement to register to avoid disconnection. In Mozambique, following a customer registration deadline on 28 November 2015, Vodacom has gone through a similar process. Consistent with experience in Q3, gross connections are expected to be negatively impacted by both disconnections and suspensions while customers and the distribution channels familiarise themselves with the new processes.

Data revenue grew 28.4% driven by a 15.2% increase in active data customers to 11.2 million, representing 36.1% of the active customer base. Data contributed 22.5% of service revenue up from 20.2% a year ago. We continue to drive data growth, ensuring customers have access to better low cost smart devices, such as Vodacom Kicka and SmartTab, expanding 3G and LTE/4G network coverage and driving the adoption of data bundles.

M-Pesa continues to grow strongly in all our markets, fuelled by expansion in the distribution channel and a growing ecosystem. M-Pesa revenue increased 16.9% in the quarter compared to 9.4% in the prior quarter. We added 567 thousand customers in the quarter, increasing the number of active customers by 28.6% to 9.7 million¹. In Tanzania, M-Pawa (savings and loan product) is gaining traction with 1.5 million customers actively using the service.

1. Number of unique customers who have generated revenue related to M-Pesa in the past 90 days, of these 6.6 million have been active in the past 30 days in the International operations.

Vodacom Group Limited

Quarterly update for the period ended 31 December 2015

Capital expenditure in the quarter was R1 071 million as we continued to expand network coverage and increase capacity. During the quarter, we successfully renewed our 2G mobile licence in DRC until January 2028. We have obtained additional spectrum in the DRC for the same duration. In September 2015, the regulator has confirmed to Vodacom Lesotho its intention to renew our mobile licence before its expiry in June 2016. We are currently finalizing the terms of the licence.

Vodacom Group Limited

Quarterly update for the period ended 31 December 2015

Financial review

Revenue for the quarter ended

Rm	December 2015	September 2015	December 2014	Yoy % change		Quarterly % change	
				Reported	Normalised*	Reported	Normalised*
South Africa	17 116	16 098	15 987	7.1	7.1	6.3	6.3
International	4 740	4 435	4 092	15.8	10.1	6.9	1.7
Corporate and eliminations	(115)	(136)	(86)	33.7	33.7	(15.4)	(15.4)
Revenue	21 741	20 397	19 993	8.7	7.6	6.6	5.4

Service revenue for the quarter ended

Rm	December 2015	September 2015	December 2014	Yoy % change		Quarterly % change	
				Reported	Normalised*	Reported	Normalised*
South Africa	12 707	12 348	11 856	7.2	7.2	2.9	2.9
International	4 581	4 334	3 975	15.2	9.8	5.7	0.7
Corporate and eliminations	(64)	(98)	(16)	>200.0	>200.0	(34.7)	(34.7)
Service revenue	17 224	16 584	15 815	8.9	7.6	3.9	2.5

Revenue for the quarter ended 31 December 2015

Rm	South Africa	Yoy % change	International	Yoy % change	Corporate/ Eliminations	Group	Yoy % change
Mobile contract revenue	5 807	7.2	338	39.7	(3)	6 142	8.5
In bundle	4 150	11.2	66	8.2	(1)	4 215	11.2
Out of bundle	1 657	(1.8)	272	50.3	(2)	1 927	3.2
Mobile prepaid revenue	5 405	7.4	3 326	14.0	–	8 731	9.8
In bundle	1 095	43.0	585	27.2	–	1 680	37.0
Out of bundle	4 310	1.0	2 741	11.5	–	7 051	4.9
Mobile customer revenue	11 212	7.3	3 664	15.9	(3)	14 873	9.3
Mobile interconnect	471	(13.7)	431	11.4	(26)	876	(5.1)
Other service revenue	1 024	19.1	486	13.6	(35)	1 475	14.9
Service revenue	12 707	7.2	4 581	15.2	(64)	17 224	8.9
Equipment revenue	4 177	7.7	107	37.2	(7)	4 277	8.6
Non-service revenue	232	(7.9)	52	33.3	(44)	240	(0.4)
Revenue	17 116	7.1	4 740	15.8	(115)	21 741	8.7
Of which mobile voice	6 280	(2.2)	2 516	13.1	(2)	8 794	1.7
Of which mobile messaging	640	(1.8)	120	(11.8)	1	761	(3.4)
Of which mobile data	4 487	27.3	1 032	28.4	1	5 520	27.5

Notes:

- Mobile in bundle revenue: Represents revenue from bundles that include a specified number of minutes, messages or megabytes of data that can be used for no additional charge, with some expectation of recurrence.
- Mobile in bundle revenue – Contract: Revenue from all bundles and add-ons lasting 30 days or more.
- Mobile in bundle revenue – Prepay: Revenue from bundles lasting seven days or more.
- Out of bundle: Revenue from minutes, messages or megabytes of data which are in excess of the amount included in customer bundles.

Vodacom Group Limited

Quarterly update for the period ended 31 December 2015

Revenue for the quarter ended 31 December 2014

Rm	South Africa	Yoy% change	International	Yoy% change	Corporate/ Eliminations	Group	Yoy% change
Mobile contract revenue	5 418	1.5	242	6.6	(1)	5 659	1.8
In bundle	3 731	8.4	61	(4.7)	-	3 792	8.2
Out of bundle	1 687	(10.9)	181	11.0	(1)	1 867	(9.1)
Mobile prepaid revenue	5 032	(7.6)	2 918	9.9	(1)	7 949	(1.8)
In bundle	766	46.5	460	102.6	-	1 226	63.5
Out of bundle	4 266	(13.3)	2 458	1.3	(1)	6 723	(8.5)
Mobile customer revenue	10 450	(3.1)	3 160	9.7	(2)	13 608	(0.4)
Mobile interconnect	546	(45.3)	387	(10.4)	(10)	923	(34.8)
Other service revenue	860	6.4	428	12.0	(4)	1 284	9.4
Service revenue	11 856	(5.8)	3 975	7.6	(16)	15 815	(2.7)
Equipment revenue	3 879	8.9	78	11.4	(18)	3 939	9.2
Non-service revenue	252	(28.6)	39	(46.6)	(52)	239	(34.5)
Revenue	15 987	(3.1)	4 092	6.6	(86)	19 993	(1.1)
Of which mobile voice	6 420	(12.0)	2 224	8.3	(1)	8 643	(7.5)
Of which mobile messaging	652	0.3	136	(28.0)	-	788	(6.1)
Of which mobile data	3 526	18.8	804	24.8	-	4 330	19.9

Notes:

- Mobile in bundle revenue: Represents revenue from bundles that include a specified number of minutes, messages or megabytes of data that can be used for no additional charge, with some expectation of recurrence.
- Mobile in bundle revenue – Contract: Revenue from all bundles and add-ons lasting 30 days or more.
- Mobile in bundle revenue – Prepay: Revenue from bundles lasting seven days or more.
- Out of bundle: Revenue from minutes, messages or megabytes of data which are in excess of the amount included in customer bundles.

Vodacom Group Limited

Quarterly update for the period ended 31 December 2015

Key indicators

South Africa

	December 2015	September 2015	December 2014	Yoy % change	Quarterly % change
Active customers¹ (thousand)	34 103	33 745	31 379	8.7	1.1
Prepaid	29 206	28 821	26 479	10.3	1.3
Contract	4 897	4 924	4 900	(0.1)	(0.5)
Active data customers² (thousand)	19 099	17 811	16 751	14.0	7.2
Machine-to-machine customers³ (thousand)	2 174	2 057	1 677	29.6	5.7
MOU per month⁴	138	130	130	6.2	6.2
Prepaid	129	119	120	7.5	8.4
Contract	192	189	188	2.1	1.6
Total ARPU⁵ (rand per month)	116	112	116	-	3.6
Prepaid	66	63	67	(1.5)	4.8
Contract	409	393	386	6.0	4.1
Traffic⁶ (millions of minutes)	13 964	13 073	12 402	12.6	6.8
Outgoing	11 516	10 670	9 827	17.2	7.9
Incoming	2 448	2 403	2 575	(4.9)	1.9

Notes:

- Active customers are based on the total number of mobile customers using any service during the last three months. This includes customers paying a monthly fee that entitles them to use the service even if they do not actually use the service and those customers who are active whilst roaming.
- Active data customers are a number of unique users who have generated revenue related to any data activities in the reported month (this excludes SMS and MMS messaging users). A unique user is a customer who needs to be counted once regardless of what data services they have utilised.
- Machine-to-machine ('M2M') 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. M2M customers have been restated to include customers on the Global Data Service Platform ('GDSP').
- Minutes of use ('MOU') per month is calculated by dividing the average monthly minutes (traffic) during the period by the average monthly active customers during the period.
- 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.
- 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.

Vodacom Group Limited

Quarterly update for the period ended 31 December 2015

Key indicators (continued)

International

	December 2015	September 2015	December 2014	Yoy % change	Quarterly % change
Active customers¹ (thousand)	31 130	31 373	29 676	4.9	(0.8)
Tanzania	12 714	12 521	11 810	7.7	1.5
DRC	11 814	12 118	11 493	2.8	(2.5)
Mozambique	5 240	5 464	5 049	3.8	(4.1)
Lesotho	1 362	1 270	1 324	2.9	7.2
Active data customers² (thousand)	11 231	10 496	9 749	15.2	7.0
Tanzania	5 727	5 553	5 160	11.0	3.1
DRC	2 806	2 297	2 324	20.7	22.2
Mozambique	2 178	2 219	1 817	19.9	(1.8)
Lesotho	520	427	448	16.1	21.8
MOU per month³					
Tanzania	130	123	154	(15.6)	5.7
DRC	39	43	45	(13.3)	(9.3)
Mozambique	105	104	111	(5.4)	1.0
Lesotho	83	73	69	20.3	13.7
Total ARPU⁴ (rand per month)					
Tanzania	39	38	43	(9.3)	2.6
DRC	41	39	30	36.7	5.1
Mozambique	54	51	55	(1.8)	5.9
Lesotho	65	62	58	12.1	4.8
Total ARPU⁴ (local currency per month)					
Tanzania (TZS)	5 957	6 265	6 593	(9.6)	(4.9)
DRC (USD)	2.9	3.0	2.7	7.4	(3.3)
Mozambique (MZN)	180	157	156	15.4	14.6

Notes:

- Active customers are based on the total number of mobile customers using any service during the last three months. This includes customers paying a monthly fee that entitles them to use the service even if they do not actually use the service and those customers who are active whilst roaming.
- Active data customers are a number of unique users who have generated revenue related to any data activities in the reported month (this excludes SMS and MMS messaging users). A unique user is a customer who needs to be counted once regardless of what data services they have utilised.
- Minutes of use ('MOU') per month is calculated by dividing the average monthly minutes (traffic) during the period by the average monthly active customers during the period.
- Total ARPU is calculated by dividing the average monthly service revenue by the average monthly active customers during the period.

Vodacom Group Limited

Quarterly update for the period ended 31 December 2015

Historical financial review

Revenue

Rm	December 2015	September 2015	June 2015	March 2015	December 2014	September 2014	June 2014
South Africa	17 116	16 098	15 598	15 879 [^]	15 987	15 380 ^{^^}	14 791
International	4 740	4 435	4 095	4 081	4 092	3 984	3 591
Corporate and eliminations	(115)	(136)	(134)	(165)	(86)	(105)	(95)
Revenue	21 741	20 397	19 559	19 795	19 993	19 259	18 287

Service revenue

Rm	December 2015	September 2015	June 2015	March 2015	December 2014	September 2014	June 2014
South Africa	12 707	12 348	11 762	11 739 [^]	11 856	11 995 ^{^^}	11 442
International	4 581	4 334	3 945	3 950	3 975	3 873	3 493
Corporate and eliminations	(64)	(98)	(47)	(62)	(16)	(40)	(38)
Service revenue	17 224	16 584	15 660	15 627	15 815	15 828	14 897

Historical key indicators

South Africa

	December 2015	September 2015	June 2015	March 2015	December 2014	September 2014	June 2014
Active customers¹ (thousand)	34 103	33 745	33 309	32 115	31 379	32 613	32 516
Prepaid	29 206	28 821	28 368	27 202	26 479	27 806	27 723
Contract	4 897	4 924	4 941	4 913	4 900	4 807	4 793
Active data customers² (thousand)	19 099	17 811	17 741	16 595	16 751	16 679	16 996
Machine-to-machine customers³ (thousand)	2 174	2 057	1 925	1 766	1 677	1 634	1 531
MOU per month⁴	138	130	124	129	130	124	122
Prepaid	129	119	113	118	120	113	112
Contract	192	189	184	188	188	190	181
Total ARPU⁵ (rand per month)	116	112	110	113	116	115	110
Prepaid	66	63	62	64	67	67	64
Contract	409	393	381	374	386	389	372
Traffic⁶ (millions of minutes)	13 964	13 073	12 181	12 158	12 402	12 182	11 776
Outgoing	11 516	10 670	9 856	9 741	9 827	9 570	9 392
Incoming	2 448	2 403	2 325	2 417	2 575	2 612	2 384

Notes:

- Active customers are based on the total number of mobile customers using any service during the last three months. This includes customers paying a monthly fee that entitles them to use the service even if they do not actually use the service and those customers who are active whilst roaming.
- Active data customers are a number of unique users who have generated revenue related to any data activities in the reported month (this excludes SMS and MMS messaging users). A unique user is a customer who needs to be counted once regardless of what data services they have utilised.
- Machine-to-machine ('M2M') 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. M2M customers have been restated to include customers on the Global Data Service Platform ('GDSP').
- Minutes of use ('MOU') per month is calculated by dividing the average monthly minutes (traffic) during the period by the average monthly active customers during the period.
- 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.
- 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.

[^] During Q4 2015 we consolidated a subsidiary X-Link resulting in a positive adjustment of R164 million in South Africa.

^{^^} During Q2 2015 we changed our accounting estimates for unexpired credits for prepaid voucher deferrals resulting in a positive adjustment of R325 million in South Africa.

Vodacom Group Limited

Quarterly update for the period ended 31 December 2015

Historical key indicators (continued)

International

	December 2015	September 2015	June 2015	March 2015	December 2014	September 2014	June 2014
Active customers¹ (thousand)	31 130	31 373	30 193	29 533	29 676	28 367	27 086
Tanzania	12 714	12 521	11 996	12 172	11 810	11 316	10 638
DRC	11 814	12 118	11 922	11 216	11 493	11 003	10 502
Mozambique	5 240	5 464	5 031	4 877	5 049	4 913	4 604
Lesotho	1 362	1 270	1 244	1 268	1 324	1 135	1 342
Active data customers² (thousand)	11 231	10 496	10 292	9 878	9 749	9 188	8 311
Tanzania	5 727	5 553	5 501	5 265	5 160	4 963	4 480
DRC	2 806	2 297	2 332	2 338	2 324	2 241	2 016
Mozambique	2 178	2 219	2 046	1 879	1 817	1 636	1 474
Lesotho	520	427	413	396	448	348	341
MOU per month³							
Tanzania	130	123	120	123	154	165	158
DRC	39	43	34	33	45	47	39
Mozambique	105	104	97	89	111	124	131
Lesotho	83	73	68	63	69	58	48
Total ARPU⁴ (rand per month)							
Tanzania	39	38	36	39	43	45	42
DRC	41	39	35	32	30	33	31
Mozambique	54	51	51	51	55	52	49
Lesotho	65	62	62	60	58	50	43
Total ARPU⁴ (local currency per month)							
Tanzania (TZS)	5 957	6 265	6 046	5 952	6 593	6 978	6 655
DRC (USD)	2.9	3.0	2.9	2.7	2.7	3.1	3.0
Mozambique (MZN)	180	157	154	146	156	147	146

Notes:

- Active customers are based on the total number of mobile customers using any service during the last three months. This includes customers paying a monthly fee that entitles them to use the service even if they do not actually use the service and those customers who are active whilst roaming.
- Active data customers are a number of unique users who have generated revenue related to any data activities in the reported month (this excludes SMS and MMS messaging users). A unique user is a customer who needs to be counted once regardless of what data services they have utilised.
- Minutes of use ('MOU') per month is calculated by dividing the average monthly minutes (traffic) during the period by the average monthly active customers during the period.
- 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.

Vodacom Group Limited

Quarterly update for the period ended 31 December 2015

Reconciliation of normalised growth

The reconciliation represents normalised growth at a constant currency (using current period as base) from on-going operations. The presentation of the pro-forma constant currency information from on-going operations is the responsibility of the directors of Vodacom Group Limited. The purpose of presenting this information is to assist the user in understanding the underlying growth trends in these segments. 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 information has not been reviewed and reported on by the Group's auditors.

Year-on-year reconciliation

	Reported ¹	Translation foreign exchange ²	Normalised
	% change	ppt	% change
	15/16		15/16
Revenue			
Group	8.7	(1.1)	7.6
International	15.8	(5.7)	10.1
Service revenue			
Group	8.9	(1.3)	7.6
International	15.2	(5.4)	9.8

Quarter-on-quarter reconciliation

	Reported ³	Translation foreign exchange ⁴	Normalised
	% change	ppt	% change
	15/16		15/16
Revenue			
Group	6.6	(1.2)	5.4
International	6.9	(5.2)	1.7
Service revenue			
Group	3.9	(1.4)	2.5
International	5.7	(5.0)	0.7

Notes:

1. The reported percentage change relates to the quarter to date year-on-year percentage growth between 31 December 2014 and 31 December 2015. The Group's presentation currency is the South African rand. Our International operations include functional currencies for example United States dollar, Tanzanian shilling, Mozambican metical, Nigerian naira and Zambian kwacha. The prevailing exchange rates for the current and comparative periods are disclosed below.
2. Translation foreign exchange 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 quarter 31 December 2015 average rate (which is derived by dividing the individual subsidiary's translated rand value with the functional currency for the quarter) to 31 December 2014 quarter numbers, thereby giving a user a view of the performance which excludes exchange rate variances. The prevailing exchange rates for the current and comparative quarters are disclosed below.
3. The reported percentage change relates to the quarter to date quarter on quarter percentage growth between 30 September 2015 and 31 December 2015. The Group's presentation currency is the South African rand. Our International operations have functional currencies, other than the South African rand, which include 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 below.
4. Translation foreign exchange 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 quarter 31 December 2015 average rate (which is derived by dividing the individual subsidiary's translated rand value with the functional currency for the quarter) to 30 September 2015 numbers, thereby giving a user a view of the performance which excludes exchange variances. The prevailing exchange rates for the current and comparative quarters are disclosed below.

Vodacom Group Limited

Quarterly update for the period ended 31 December 2015

Average quarterly exchange rates

	December 2015	September 2015	December 2014	Yoy % change	Quarterly % change
USD/ZAR	14.22	13.00	11.22	26.7	9.4
ZAR/MZN	3.30	3.10	2.84	16.2	6.7
ZAR/TZS	152.46	164.44	152.79	(0.2)	(7.3)
EUR/ZAR	15.56	14.47	14.01	11.1	7.5

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

Trademarks

Vodafone, the Vodafone logo, Vodafone Mobile Broadband, Vodafone WebBox, Vodafone Passport, Vodafone live!, Power to You, Vodacom, Vodacom M-Pesa, Vodacom Millionaires, 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 quarterly update which sets out the quarterly results for Vodacom Group Limited for the three months ended 31 December 2015 contains 'forward-looking statements', which have not been reviewed or reported on by the Group's auditors, with respect to the Group's financial condition, results of operations and businesses and certain of the Group's plans and objectives. In particular, such forward-looking statements include statements relating to: the Group's future performance; future capital expenditures, acquisitions, divestitures, expenses, revenues, financial conditions, dividend policy, and future prospects; business and management strategies relating to the expansion and growth of the Group; the effects of regulation of the Group's businesses by governments in the countries in which it operates; the Group's expectations as to the launch and roll out dates for products, services or technologies; expectations regarding the operating environment and market conditions; growth in customers and usage; and the rate of dividend growth by the Group.

Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as 'will', 'anticipates', 'aims', 'could', 'may', 'should', 'expects', 'believes', 'intends', 'plans' or 'targets'. 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 will occur in the future, involve known and unknown risks, uncertainties and other facts or factors which may cause the actual results, performance or achievements of the Group, or its industry to be materially different from any results, performance or achievement expressed or implied by such forward-looking statements. Forward-looking statements are not guarantees of future performance and are based on assumptions regarding the Group's present and future business strategies and the environments in which it operates now and in the future.

All subsequent oral or written forward-looking statements attributable to the Group or any member thereof or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statements above and below. Vodacom expressly disclaims any liability in respect of the content of any forward looking statement and also expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein or to reflect any change in their expectations with regard thereto or any change in events, conditions or circumstances on which any such forward-looking statement is based.

Sponsor: UBS South Africa (Pty) Limited

ADR depository bank: Deutsche Bank Trust Company Americas