

Vodacom Group Limited  
(Incorporated in the Republic of South Africa)  
(Registration number 1993/005461/06)  
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ISIN: US92858D2009 ADR code: VDMCY  
(Vodacom)

News release

Vodacom Group Limited trading update for the quarter ended 30 June 2017  
20 July 2017

Salient features

- Group revenue grew 3.9% to R20.7 billion, normalised growth, excluding currency translation effects, was 7.7%\*
- Group service revenue grew 1.7% to R17.1 billion, normalised growth, excluding currency translation effects, was 5.9%\*
- South Africa revenue growth accelerated to 7.8% aided by stronger device sales. Service revenue growth was sustained at 5.6%
- International revenue declined 8.2% and service revenue declined 8.0%. Normalised for currency fluctuations, revenue and service revenue grew 8.0%\*. Underlying growth improved as a result of strong commercial execution
- Group data revenue increased 15.1%, normalised 18.3%\*, to R6.7 billion, representing 39.0% of service revenue
- We added 2.5 million customers during the quarter, 2.3 million in South Africa and 280 thousand in our International operations, to reach almost 70 million customers across the Group

Rm	Quarter ended	Yoy % change	
	June 2017	Reported	Normalised*
Group revenue	20 685	3.9	7.7
South Africa	16 654	7.8	7.8
International	4 240	(8.2)	8.0
Group service revenue	17 098	1.7	5.9
South Africa	13 123	5.6	5.6
International	4 122	(8.0)	8.0

Shameel Joosub, Vodacom Group CEO commented:

The solid performance the Group delivered in FY2017, continued into the first quarter of the current financial year. In South Africa, revenue growth accelerated to 7.8%, aided by increased smartphone device sales. We sustained South African service revenue growth of 5.6%, underpinned by the consistent and significant investment in our network infrastructure and IT systems, aimed at further enhancing the customer experience. Our pricing transformation strategy continues to deliver greater value for our 39 million South African customers. The 9.1% and 18.9% decline in effective voice and data prices respectively over the quarter reflects our commitment to driving down the cost to communicate in South Africa. As I have stated previously, there is more work to be done on this front, and we will be introducing additional measures this year to give greater control to customers by improving our out-of-bundle pricing.

Although the International operations have turned the corner, currency volatility is still negatively impacting translation of these results. We now have 30 million customers outside of South Africa, an increase of 12.0%. Following the phenomenal success in South Africa of our 'Just 4 You' platform, customers in all our operations are starting to enjoy the benefits of this personalised offers platform. We expect that this will contribute to the operational momentum in these markets. Following the shareholder approval of the acquisition of a stake in Safaricom on 18 July this will further boost contribution outside of South Africa.

Our strategy to become a leading digital company and empowering a connected society is our key area of focus. We continue to make substantial investments in all our operations so that we maintain our network lead and IT advantage. This will enable us to transform our product offerings, customer experience, operations and organisation to deliver on our digital aspirations.

We remain cognisant of the weaker economic conditions that prevail in South Africa as well as some of our larger markets and have put measures in place should these conditions deteriorate materially in these markets.

\* Normalised growth adjusted at a constant currency (using the current quarter as the base). Refer below for a reconciliation of adjustments. All growth rates quoted are year-on-year growth rates and refer to the quarter ended 30 June 2017 compared to the quarter ended 30 June 2016, unless stated otherwise

## Operating review

### South Africa

Service revenue growth was sustained, growing 5.6%, to R13.1 billion for the quarter. This performance was supported by continued growth in our customer base and strong demand for data. Revenue growth accelerated to 7.8%, underpinned by a 17.0% increase in equipment revenue, reflecting the successful delivery of our strategy of driving the uptake of data-enabled devices. The sale of smartphones grew by 29.0%, comprising 57.4% of total device sales.

We added 2.3 million customers in the quarter, reaching 39.4 million, up 12.2%. Our segmented offerings and 'Just 4 You' personalised offers continue to play an important role both in increasing customer activity and generating greater value for our customers. During the quarter, we sold 553 million prepaid and contract bundles, up 68.3%, with the number of bundle users increasing by 25.7% to 17.8 million. Prepaid customers increased by 2.2 million to 34.2 million, driven largely by our successful personalised offers. Prepaid ARPU was down 3.3%, as we continue to attract more customers in the value segment. Contract customers increased by two thousand in the quarter, to 5.1 million. Migration to our new "more data" contracts, which have a larger data allocation, accelerated during this period, as customer demand for data continued to increase. Contract ARPU declined by 2.0% to R393, due to a higher rollover of unused bundle allocations, as customers grow into fully utilising these larger bundles.

Voice revenue decline was low at 4.2%, reflecting the success of our personalised voice bundle strategy through our 'Just 4 You' platform, reducing the blended effective price per minute by 9.1%.

Data revenue grew 18.1% to R5.5 billion, contributing 42.2% (2017: 37.8%) of service revenue. We added 463 thousand 4G customers in the quarter, reaching a total of 5.5 million customers as devices became more affordable as a result of improvements in exchange rates. Active smart devices on the network increased by 18.4% to 16.6 million, with the average monthly data used on these devices increasing to 734MB per device. We have continued to introduce new initiatives to reduce the out-of-bundle-data spend by our customers and to give customers more control, resulting in an improved customer experience. Together with our successful data pricing strategy of making data more affordable, this has resulted in a 56.1% increase in data bundle sales and an 18.9% reduction in the overall effective price per MB.

Enterprise continues to grow, with revenue up 9.4% to R3.3 billion, contributing 25.3% (2017: 24.4%) of service revenue. Our fixed-line services revenue grew by 12.0%, while our cloud and hosting services delivered robust revenue growth of 27.5%. We started the migration of customers from the mobile voice and data communications contract that we secured last year with South Africa's national and provincial government departments. Internet of Things (IoT) revenue was up 28.9% to R192 million.

Our capital expenditure of R1.8 billion was focused on maintaining our network lead; with widest coverage and fastest internet, as well as enhancing our IT systems. This enables us to provide truly segmented and personalised experiences for our customers, which is critical to delivering our strategic ambition of becoming a leading digital company. Our continued investment in infrastructure resulted in 75.9% 4G and 99.2% 3G population coverage.

### International

Underlying growth trends in our International operations have improved, with a better performance in Tanzania and sustained growth in Mozambique and Lesotho through strong commercial execution. In the DRC economic weakness and decoupling of the Congolese Franc from the US dollar continues to impact consumer spending. Exchange rate volatility continues to negatively impact reported growth. Service revenue declined by 8.0% to R4.1 billion in the quarter; normalised for currency translation effects, underlying growth was 8.0%\*.

We added 281 thousand customers in the quarter, reaching 29.9 million, up 12.0%. We are continuing to improve our customer registration processes, working closely with regulators to ensure full compliance in all our operations.

Data revenue grew by 2.2%, with normalised growth of 18.9%\*, supported by an increase of 810 thousand data customers, up to 13.8 million. Data traffic grew 87.0%, reflecting strong demand for mobile data services as we drive the adoption of data bundles through our 'Just 4 You' personalised offerings. We continue to ensure that our customers have access to better low cost smart devices, especially Vodacom-branded devices, as we increase data network speeds and improve data coverage. Data revenue comprised 27.1% (2017: 24.4%) of International operations' service revenue.

M-Pesa revenue continued to grow strongly at 7.4%, with normalised growth of 24.9%\*. The new M-Pesa platform with enhanced technology has significantly improved stability, resulting in increased trust with customers. We added 350 thousand customers in the quarter, reaching 13.3 million(1). We continue to enhance our service and product ecosystems and develop innovative products to improve customer experience. In Tanzania, 1.0 million customers are using our successful M-Pawa savings and loans product, developed in partnership with the Commercial Bank of Africa. There has also been a steady uptake of our International Money Transfer (IMT) services. During the quarter, on average, R22 billion was processed monthly through the M-Pesa system.

Capital expenditure of R510 million enabled us to continue investing in all our markets to strengthen network and service differentiation and to support data growth and wider voice coverage. 2G and 3G sites increased 7.5% and 15.4% respectively.

## Regulatory matters

### South Africa Integrated information and communication technology ICT Policy White Paper

In October 2016, the Minister of Telecommunications and Postal Services published the cabinet-approved National Integrated ICT Policy White Paper (White Paper). The White Paper sets out a framework on how the government seeks to provide access to modern communications infrastructure and services to facilitate the entry of new players and ensure the meaningful participation of all citizens, including those in rural areas. Its adoption will require various amendments to existing laws and regulations flowing from the Electronic Communications Act. The Invitation to Apply (ITA) for high demand spectrum issued by ICASA remains subject to legal challenge from the Ministry, the outcome of which is still pending.

During May 2017, a high level agreement was reached between the Ministry and industry stakeholders that provides for:

- Not returning assigned spectrum, as originally contemplated in the White Paper;
- Licensees committing to buy a set minimum capacity from the Wholesale Open Access Network (WOAN) to ensure its viability;
- The Ministry conducting a study to determine the appropriate quantity of high demand spectrum that will be necessary for the WOAN to roll out a 4G/LTE network; and
- The remaining high-demand spectrum, after allocation to the WOAN, to be assigned to existing licensees through an allocation process yet to be determined, with a possible inclusion of rural coverage obligations.

Subsequently, the Ministry appointed the Council for Scientific and Industrial Research (CSIR) to conduct a study on the spectrum requirements for the WOAN.

### Listing of Vodacom Tanzania

In June 2016, the Parliament of Tanzania introduced mandatory listing requirements, requiring licensed telecommunications operators to list at least 25% of their authorised share capital through an initial public offering (IPO) on the Dar es Salaam stock exchange (DSE). Vodacom Tanzania opened its initial public offer in compliance with the legislation on 9 March 2017. Following changes to the Electronic and Postal Communications Act 2010 (EPOCA) and directives received from the Capital Markets and Securities Authority (CMSA), Vodacom Tanzania Plc extended the offer period by three weeks from Monday 10 July 2017 to Friday 28 July 2017 with the listing expected to take place on Tuesday 15 August 2017. This extension is to facilitate participation by international investors, following recent changes approved by Parliament allowing international investors to participate in the IPOs of EPOCA licensees.

### Safaricom

Shareholders are referred to the circular released on 19 June 2017 detailing the proposed transaction between Vodacom Group and Vodafone. In accordance with the terms of this proposed transaction, Vodacom Group will acquire a 34.94% indirect interest in Safaricom from Vodafone by acquiring 87.5% of the issued share capital of Vodafone Kenya. The total purchase consideration payable by Vodacom Group for the acquisition of 87.5% of the issued share capital of Vodafone Kenya equates to 233 459 781 shares in Vodacom issued to Vodafone. At the general meeting on 18 July 2017, shareholders resolved to approve this transaction, which we expect to be effective on or about 1 August 2017.

1. Number of unique customers who have generated revenue related to M-Pesa in the past 90 days, of these 10.1 million have been active in the past 30 days.

Financial review

Revenue for the quarter ended

Rm	30 June	31 March	30 June	Yoy % change		Quarterly % change	
	2017	2017	2016	Reported	Normalised*	Reported	Normalised*
South Africa	16 654	16 141	15 443	7.8	7.8	3.2	3.2
International	4 240	3 985	4 620	(8.2)	8.0	6.4	4.5
Corporate and eliminations	(209)	(221)	(161)	(29.8)	(29.8)	(5.4)	(5.4)
Revenue	20 685	19 905	19 902	3.9	7.7	3.9	3.5

Service revenue for the quarter ended

Rm	30 June	31 March	30 June	Yoy % change		Quarterly % change	
	2017	2017	2016	Reported	Normalised*	Reported	Normalised*
South Africa	13 123	13 198	12 426	5.6	5.6	(0.6)	(0.6)
International	4 122	3 844	4 479	(8.0)	8.0	7.2	5.3
Corporate and eliminations	(147)	(167)	(99)	(48.5)	(48.5)	(12.0)	(12.0)
Service revenue	17 098	16 875	16 806	1.7	5.9	1.3	0.9

Revenue for the quarter ended 30 June 2017

	South Africa	Yoy % Change	International	Yoy % Change	Corporate/ Eliminations	Group	Yoy % change
Mobile contract revenue	5 889	2.6	256	(25.8)	(2)	6 143	1.0
In bundle(1, 2)	4 286	3.8	65	18.2	-	4 351	4.0
Out of bundle(4)	1 603	(0.4)	191	(34.1)	(2)	1 792	(5.6)
Mobile prepaid revenue	5 536	7.5	3 112	(5.1)	1	8 649	2.6
In bundle(1, 3)	1 383	16.3	371	(20.9)	-	1 754	5.8
Out of bundle(4)	4 153	4.9	2 741	(2.5)	1	6 895	1.8
Mobile customer revenue	11 425	4.9	3 368	(7.1)	(1)	14 792	1.9
Mobile interconnect	364	(20.0)	309	(18.7)	(96)	577	(27.8)
Other service revenue	1 334	23.1	445	(6.1)	(50)	1 729	15.7
Service revenue	13 123	5.6	4 122	(8.0)	(147)	17 098	1.7
Equipment revenue	3 196	17.0	77	(9.4)	(25)	3 248	16.0
Non-service revenue	335	17.5	41	(26.8)	(37)	339	14.5
Revenue	16 654	7.8	4 240	(8.2)	(209)	20 685	3.9

Included in service revenue

Mobile voice	5 532	(4.2)	2 147	(11.4)	(1)	7 678	(6.3)
Mobile data	5 542	18.1	1 119	2.2	-	6 661	15.1
Mobile messaging	590	(2.8)	107	(4.5)	-	697	(3.1)

Notes:

1. 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.
2. Mobile in bundle revenue - Contract: Revenue from all bundles and add-ons lasting 30 days or more.
3. Mobile in bundle revenue - Prepaid: Revenue from bundles lasting seven days or more.
4. Out of bundle: Revenue from minutes, messages or megabytes of data which are in excess of the amount included in customer bundles.

Revenue for the quarter ended 30 June 2016

Rm	South Africa	International	Corporate/ Eliminations	Group
Mobile contract revenue	5 738	345	(1)	6 082
In bundle	4 129	55	-	4 184
Out of bundle	1 609	290	(1)	1 898
Mobile prepaid revenue	5 149	3 280	1	8 430
In bundle	1 189	469	-	1 658
Out of bundle	3 960	2 811	1	6 772
Mobile customer revenue	10 887	3 625	-	14 512
Mobile interconnect	455	380	(36)	799
Other service revenue	1 084	474	(63)	1 495
Service revenue	12 426	4 479	(99)	16 806
Equipment revenue	2 732	85	(17)	2 800
Non-service revenue	285	56	(45)	296
Revenue	15 443	4 620	(161)	19 902
Included in service revenue				
Mobile voice	5 774	2 424	-	8 198
Mobile data	4 691	1 095	-	5 786
Mobile messaging	607	112	-	719

Key indicators  
South Africa

	30 June 2017	31 March 2017	30 June 2016	Yoy % change	Quarterly % change
Customers(1) (thousand)	39 381	37 131	35 112	12.2	6.1
Prepaid	34 248	32 000	30 148	13.6	7.0
Contract	5 133	5 131	4 964	3.4	-
Data customers(2) (thousand)	19 167	19 549	18 054	6.2	(2.0)
Internet of Things connections(3) (thousand)	3 100	2 979	2 515	23.3	4.1
MOU per month(4)	125	131	134	(6.7)	(4.6)
Prepaid	115	122	124	(7.3)	(5.7)
Contract	190	190	190	-	-
Total ARPU(5) (rand per month)	103	109	109	(5.5)	(5.5)
Prepaid	58	61	60	(3.3)	(4.9)
Contract	393	401	401	(2.0)	(2.0)
Traffic(6) (millions of minutes)	14 426	14 462	13 939	3.5	(0.2)
Outgoing	12 109	12 105	11 575	4.6	-
Incoming	2 317	2 357	2 364	(2.0)	(1.7)

Notes:

1. Customers are based on the total number of mobile customers using any service during the last three months. This includes customers paying a monthly fee that entitles them to use the service even if they do not actually use the service and those customers who are active whilst roaming.
2. Data customers are based on the number of unique users generating billable data traffic during the month. Also included are users on integrated tariff plans, or who have access to corporate APNs, and users who have been allocated a revenue generating data bundle during this month. A user is defined as being active if they are paying a contractual monthly fee for this service or have used the service during the reported month.
3. Internet of Things (IoT), previously machine-to-machine, 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. Minutes of use (MOU) per month is calculated by dividing the average monthly minutes (traffic) during the period by the average monthly active customers during the period.
5. Total ARPU is calculated by dividing the average monthly service revenue by the average monthly active customers during the period. Prepaid and contract ARPU only include service revenue generated from Vodacom mobile customers.
6. 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.

International

	30 June 2017	31 March 2017	30 June 2016	Yoy % change	Quarterly % change
Customers(1) (thousand)	29 936	29 655	26 722	12.0	0.9
Tanzania	12 611	12 653	12 060	4.6	(0.3)
DRC	10 792	10 388	8 486	27.2	3.9
Mozambique	5 147	5 146	4 817	6.9	-
Lesotho	1 386	1 468	1 359	2.0	(5.6)
Data customers(2) (thousand)	13 807	12 997	10 919	26.4	6.2
Tanzania	6 767	6 463	5 440	24.4	4.7
DRC	3 982	3 705	2 885	38.0	7.5
Mozambique	2 470	2 280	2 112	17.0	8.3
Lesotho	588	549	482	22.0	7.1
M-Pesa customers(3) (thousand)	13 272	12 922	10 559	25.7	2.7
Tanzania	7 698	7 966	7 467	3.1	(3.4)
DRC	2 412	2 086	1 357	77.7	15.6
Mozambique	2 745	2 474	1 478	85.7	11.0
Lesotho	417	396	257	62.3	5.3
MOU per month(4)					
Tanzania	153	146	158	(3.2)	4.8
DRC	44	44	50	(12.0)	-
Mozambique	130	130	109	19.3	-
Lesotho	81	79	79	2.5	2.5
Total ARPU(5) (rand per month)					
Tanzania	35	34	40	(12.5)	2.9
DRC	42	37	58	(27.6)	13.5
Mozambique	48	40	56	(14.3)	20.0
Lesotho	64	54	62	3.2	18.5
Total ARPU(5) (local currency per month)					
Tanzania (TZS)	5 946	5 674	5 876	1.2	4.8
DRC (USD)	3.2	2.8	3.9	(17.9)	14.3
Mozambique (MZN)	228	209	207	10.1	9.1

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. 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. M-Pesa customers are based on the number of unique customers who have generated revenue related to M-Pesa during the last three months.
4. Minutes of use (MOU) per month is calculated by dividing the average monthly minutes (traffic) during the period by the average monthly active customers during the period.
5. Total ARPU is calculated by dividing the average monthly service revenue by the average monthly active customer during the period.

## Historical financial review

### Revenue

	30 June 2017	31 March 2017	31 December 2016	30 September 2016	30 June 2016	31 March 2016	31 December 2015
Rm							
South Africa	16 654	16 141	17 142	16 003	15 443	15 640	16 347
International	4 240	3 985	4 316	4 429	4 620	5 086	4 740
Corporate and eliminations	(209)	(221)	(236)	(183)	(161)	(173)	(115)
Group revenue	20 685	19 905	21 222	20 249	19 902	20 553	20 972

### Revenue yoy % change for the quarter ended

%	Reported				Normalised*	
	30 June 2017	30 September 2016	31 December 2016	31 March 2017	30 June 2017	30 June 2017
South Africa	7.8	3.2	4.9	3.6	7.8	7.8
International	(8.2)	(21.6)	(8.9)	(0.1)	8.0	8.0
Corporate and eliminations	(29.8)	(27.7)	(105.2)	(34.6)	(29.8)	(29.8)
Group revenue	3.9	(3.1)	1.2	2.5	7.7	7.7

### Service revenue

	30 June 2017	31 March 2017	31 December 2016	30 September 2016	30 June 2016	31 March 2016	31 December 2015
Rm							
South Africa	13 123	13 198	13 410	13 037	12 426	12 503	12 707
International	4 122	3 844	4 206	4 246	4 479	4 903	4 581
Corporate and eliminations	(147)	(167)	(173)	(121)	(99)	(111)	(64)
Group service revenue	17 098	16 875	17 443	17 162	16 806	17 295	17 224

### Service revenue yoy % change for the quarter ended

%	Reported				Normalised*	
	30 June 2017	30 September 2016	31 December 2016	31 March 2017	30 June 2017	30 June 2017
South Africa	5.6	5.6	5.5	5.6	5.6	5.6
International	(8.0)	(21.6)	(8.2)	(2.0)	8.0	8.0
Corporate and eliminations	(48.5)	(50.5)	(170.3)	(23.5)	(48.5)	(48.5)
Group service revenue	1.7	(2.4)	1.3	3.5	5.9	5.9

## Historical key indicators

### South Africa

	30 June 2017	31 March 2017	31 December 2016	30 September 2016	30 June 2016	31 March 2016	31 December 2015
Customers(1) (thousand)	39 381	37 131	36 375	35 685	35 112	34 178	34 103
Prepaid	34 248	32 000	31 188	30 641	30 148	29 265	29 206
Contract	5 133	5 131	5 187	5 044	4 964	4 913	4 897
Data customers(2) (thousand)	19 167	19 549	19 261	18 158	18 054	18 056	18 353
Internet of Things connections(3) (thousand)	3 100	2 979	2 810	2 626	2 515	2 264	2 174
MOU per month(4)	125	131	145	136	134	134	138
Prepaid	115	122	138	127	124	125	129
Contract	190	190	187	192	190	191	192
Total ARPU(5) (rand per month)	103	109	114	112	109	112	116
Prepaid	58	61	64	63	60	62	66
Contract	393	401	414	415	401	404	409
Traffic(6) (millions of minutes)	14 426	14 462	15 550	14 458	13 939	13 699	13 964
Outgoing	12 109	12 105	13 158	12 062	11 575	11 352	11 516
Incoming	2 317	2 357	2 392	2 396	2 364	2 347	2 448

#### Notes:

- Customers are based on the total number of mobile customers using any service during the last three months. This includes customers paying a monthly fee that entitles them to use the service even if they do not actually use the service and those customers who are active whilst roaming.
- Data customers are based on the number of unique users generating billable data traffic during the month. Also included are users on integrated tariff plans, or who have access to corporate APNs, and users who have been allocated a revenue generating data bundle during this month. A user is defined as being active if they are paying a contractual monthly fee for this service or have used the service during the reported month.
- Internet of Things (IoT), previously machine-to-machine, 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.
- 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 during the period by the average monthly active customers. 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.



International

	30 June 2017	31 March 2017	31 December 2016	30 September 2016	30 June 2016	31 March 2016	31 December 2015
Customers(1) (thousand)	29 936	29 655	28 794	27 918	26 722	27 127	31 130
Tanzania	12 611	12 653	12 419	12 354	12 060	12 375	12 714
DRC	10 792	10 388	9 702	9 204	8 486	8 527	11 814
Mozambique	5 147	5 146	5 208	4 987	4 817	4 826	5 240
Lesotho	1 386	1 468	1 465	1 373	1 359	1 399	1 362
Data customers(2) (thousand)	13 807	12 997	12 620	11 965	10 919	10 055	11 231
Tanzania	6 767	6 463	6 484	6 021	5 440	5 415	5 727
DRC	3 982	3 705	3 354	3 191	2 885	1 996	2 806
Mozambique	2 470	2 280	2 196	2 236	2 112	2 112	2 178
Lesotho	588	549	586	517	482	532	520
M-Pesa customers(3) (thousand)	13 272	12 922	12 032	10 994	10 559	9 224	9 735
Tanzania	7 698	7 966	7 488	7 035	7 467	7 030	7 964
DRC	2 412	2 086	1 969	1 662	1 357	866	825
Mozambique	2 745	2 474	2 220	1 916	1 478	1 104	745
Lesotho	417	396	355	321	257	224	201
MOU per month(4)							
Tanzania	153	146	162	162	158	124	130
DRC	44	44	48	56	50	40	39
Mozambique	130	130	122	123	109	111	105
Lesotho	81	79	90	81	79	78	83
Total ARPU(5) (rand per month)							
Tanzania	35	34	40	40	40	41	39
DRC	42	37	48	56	58	52	41
Mozambique	48	40	41	44	56	61	54
Lesotho	64	54	66	63	62	59	65
Total ARPU(5) (local currency per month)							
Tanzania (TZS)	5 946	5 674	6 279	6 187	5 876	5 631	5 957
DRC (USD)	3.2	2.8	3.4	3.9	3.9	3.3	2.9
Mozambique (MZN)	228	209	223	223	207	185	180

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. 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. M-Pesa customers are based on the number of unique customers who have generated revenue related to M-Pesa during the last three months.
4. Minutes of use (MOU) per month is calculated by dividing the average monthly minutes (traffic) during the period by the average monthly active customers during the period.
5. Total ARPU is calculated by dividing the average monthly service revenue by the average monthly active customer during the period.

#### Average quarterly exchange rates

	30 June 2017	31 March 2017	30 June 2016	Yoy % change	Quarterly % change
USD/ZAR	13.21	13.23	15.00	(11.9)	(0.2)
ZAR/MZN	4.74	5.28	3.71	(27.8)	10.2
ZAR/TZS	169.33	168.63	146.11	(15.9)	0.4
EUR/ZAR	14.52	14.09	16.94	(14.3)	3.1

#### Reconciliation of normalised growth

The reconciliation represents normalised growth at a constant currency (using the current period as the 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 nor reported on by the Group's auditors being PriceWaterhouseCoopers Inc.

#### Year-on-year reconciliation

	Reported(1) % change	Translation foreign exchange(2) ppt	Normalised* % change
Revenue			
Group	3.9	3.8	7.7
International	(8.2)	16.2	8.0
Service revenue			
Group	1.7	4.2	5.9
International	(8.0)	16.0	8.0
Data revenue			
Group	15.1	3.2	18.3
International	2.2	16.7	18.9
M-Pesa revenue			
International	7.4	17.5	24.9

## Quarter-on-quarter reconciliation

	Reported(3) % change	Translation foreign exchange(4) ppt	Normalised* % change
Revenue			
Group	3.9	(0.4)	3.5
International	6.4	(1.9)	4.5
Service revenue			
Group	1.3	(0.4)	0.9
International	7.2	(1.9)	5.3

### Notes:

1. The reported percentage change relates to the quarter to date year-on-year percentage growth between 30 June 2016 and 30 June 2017. 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 above.
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 30 June 2017 average rate (which is derived by dividing the individual subsidiary's translated rand value with the functional currency for the quarter) to 30 June 2016 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 above.
3. The reported percentage change relates to the quarter to date quarter on quarter percentage growth between 31 March 2017 and 30 June 2017. 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 above.
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 30 June 2017 average rate (which is derived by dividing the individual subsidiary's translated rand value with the functional currency for the quarter) to 31 March 2017 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 above.

## 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 announcement which sets out the annual results for Vodacom Group Limited for the three months ended 30 June 2017, contains 'forward-looking statements', which have not been reviewed or reported on by the Group's auditors, with respect to the Group's financial condition, results of operations and businesses and certain of the Group's plans and objectives. In particular, such forward-looking statements include, but are not limited to, statements with respect to: expectations regarding the Group's financial condition or results of operations including the confirmation of the Group's targets, expectations for the Group's future performance generally; expectations regarding the operating environment and market conditions and trends; intentions and expectations regarding the development, launch and expansion of products, services and technologies; growth in customers and usage; expectations regarding spectrum licence acquisitions; expectations regarding EBIT, capital additions, free cash flow, and foreign exchange rate movements; and expectations regarding the integration or performance of current and future investments, associates, joint ventures, non-controlled interests and newly acquired businesses.

Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as "will", "anticipates", "aims", "could", "may", "should", "expects", "believes", "intends", "plans" or "targets" (including in their negative form). By their nature, forward-looking statements are inherently predictive, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, the following: changes in economic or political conditions in markets served by operations of the Group; greater than anticipated competitive activity; higher than expected costs or capital expenditures; slower than expected customer growth and reduced customer retention; changes in the spending patterns of new and existing customers; the Group's ability to expand its spectrum position or renew or obtain necessary licences; the Group's ability to achieve cost savings; the Group's ability to execute its strategy in fibre deployment, network expansion, new product and service roll-outs, mobile data, Enterprise and broadband; changes in foreign exchange rates, as well as changes in interest rates; the Group's ability to realise benefits from entering into partnerships or joint ventures and entering into service franchising and brand licensing; unfavourable consequences to the Group of making and integrating acquisitions or disposals; changes to the regulatory framework in which the Group operates; the impact of legal or other proceedings; loss of suppliers or disruption of supply chains; developments in the Group's financial condition, earnings and distributable funds and other factors that the Board takes into account when determining levels of dividends; the Group's ability to satisfy working capital and other requirements; changes in statutory tax rates or profit mix; and/or changes in tax legislation or final resolution of open tax issues.

All subsequent written or oral forward-looking statements attributable to the Company, to any member of the Group or to any persons acting on their behalf are expressly qualified in their entirety by the factors referred to above. No assurances can be given that the forward-looking statements in this document will be realised. Subject to compliance with applicable law and regulations, Vodacom does not intend to update these forward-looking statements and does not undertake any obligation to do so.

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ADR depository bank: Deutsche Bank Trust Company Americas