

# Vodacom Tanzania Public Limited Company

Trading update for the quarter ended 30 June 2020

Vodacom Tanzania Public Limited Company  
(Incorporated in the United Republic of Tanzania)  
Registration number: 38501

## News release

### Vodacom Tanzania Public Limited Company trading update for the quarter ended 30 June 2020

22 July 2020

#### Salient features

- We now connect 14.7 million customers, up 2.9% despite barring services to 2.9 million customers in the 4<sup>th</sup> quarter of the financial year.
- Gained 439 000 M-Pesa customers during the quarter, driven by ecosystem expansion.
- Increased data penetration to 52.3%, achieved through sustained network investment, targeted data campaigns and enhanced data experience.

#### Key Indicator review

	30-Jun 2020	31-Mar 2020	30-Jun 2019	YoY % change	Quarterly % change
Customers <sup>1</sup> (thousand)	14 743	15 513	14 322	2.9%	-5.0%
Data customers <sup>2</sup> (thousand)	7 714	7 687	8 106	-4.8%	0.4%
M-Pesa customers <sup>3</sup> (thousand)	7 124	6 685	7 277	-2.1%	6.6%
MOU per month <sup>4</sup>	209	167	170	22.9%	25.1%
Total ARPU <sup>5</sup> (shillings per month)	4 978	4 755	5 901	-15.6%	4.7%

The quarter was characterised by the economic impact of the global COVID-19 pandemic and a recovery from mandatory customer barring in the previous financial year. Despite these headwinds, we delivered a strong commercial execution underpinned by the continued success of our personalised bundles offering to customers through our 'Just 4 You' platform. Our customer base grew 2.9% despite barring services to 2.9 million customers during the last quarter of the previous financial year.

We added 439 000 M-Pesa customers during the quarter having had to bar 800 000 M-Pesa customers in the previous quarter. We now service 7.1 million M-Pesa customers, marginally lower on a YoY basis. The success of our overdraft product continued during the quarter with facilities of over TZS50 billion, extended to more than 1.5 million customers. We enhanced this product to include multiple facilities to customers that saw more than 385 000 customers accessing this service. Our international money transfer business progressed well, with a total of TZS102 billion received during the quarter, up more than 300%, and our remittances reached TZS16 billion, a 44% increase. We continued to widen our partner network, with the launch of "Mama Money" and "Remitly" during the quarter, which enabled customers to receive money from South Africa.

Data customers decreased by 4.8% to 7.7million primarily due to barring of 600 000 data customers in the last quarter of the previous financial year. Our sustained investment programme, aimed at delivering a better data experience for customers, continues to yield results. This is evidenced by the 38.6% increase in data usage per customer reaching 1.2GB per month. Our \$25 smart-feature phone dubbed "Smart Kitochi" performed well, with a total of 30 000 customers empowered with access to an enhanced data experience.

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> M-Pesa customers are based on the number of unique customers who have generated revenue related to M-Pesa during the last month.

<sup>4</sup> 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.

<sup>5</sup> Total ARPU is calculated by dividing the average monthly service revenue during the period by the average monthly customers.

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## Regulatory matters

### SIM Card Registration

On 1 May 2019, the Tanzania Communication Regulatory Authority ('TCRA') issued new customer registration guidelines, directing the biometric registration of Sim Cards using the National Identification Number ('NIN') issued by the National Identification Authority ('NIDA'), as the only accepted identification. From January until March 2020, a total of 2.9 million customers were barred from service, with 745 000 customers reconnected. Since April, the TCRA suspended further service barring due to COVID-19 pandemic. As at 30 June 2020, 2.1 million SIM Cards, generating more than TZS4.0 billion per month, remain not biometrically registered. We await further instruction from the TCRA with regard to the barring of service to the remaining non-biometrically registered SIM cards.

On 7 February 2020, the Government published new Electronic & Postal Communications (SIM Card Registration) Regulations 2020. The Regulations provide for a biometric registration of SIM Cards using the National ID, as the sole means of registering SIM Cards in the United Republic of Tanzania. The regulation also introduced limitation on ownership of the number of SIM Cards for individuals and companies or institutions effective from 1 July 2020. An individual is not allowed more than one SIM Card for use on voice, SMS and data services and not more than four SIM Cards for use on machine to machine communication from each mobile network operator, unless approved by the regulator. A company or institution is allowed not more than 30 SIM Cards for use on voice, SMS and data services and not more than 50 SIM Cards for use on machine to machine communication from each mobile network operator, unless approved by the regulator. On 1 July 2020, the TCRA issued a public release that required customers who biometrically registered more than one SIM card per service provider to verify their SIM Card ownership by 31 July 2020 through their mobile phones. A customer may request an approval for additional SIM Cards through service providers' retail outlets. The automated process of requesting approval for an additional SIM card will be implemented from 1 August 2020 whereby customers will initiate the request from their mobile phones through Unstructured Supplementary Service Data (USSD).

### Compliance order and fine

On 5 May 2020, the TCRA issued a compliance order against Vodacom and other operators. Following Vodacom's defense on 12 June 2020, on 18 June 2020 TCRA issued a fine of TZS400 million against Vodacom on the basis that Vodacom failed to 1) provide sufficiently clear terms and conditions; and 2) implement rollover options for unused bundle units before expiry. Vodacom Tanzania Plc paid the fine and will ensure compliance by 31 July 2020 as directed by TCRA.

## Other matters

### COVID-19 pandemic

The COVID-19 pandemic, which gained momentum in early 2020, caused unprecedented turmoil globally, shutting down entire sectors of economies, disrupting supply chains, and placing many people out of work. We saw a significant impact on the hospitality and tourism industry in Tanzania and a further softening in economic growth, with a general reduction in consumer spend. While the country did not introduce a lock-down, the imperative of social distancing, the closure of schools and the general slowdown in day-to-day activities as people were encouraged to work from home, had both positive and negative business impacts. We continued to support Government's efforts to combat COVID-19 while ensuring our customers stay connected, and that organisations in both the private and public sector continue to operate efficiently whilst working remotely.

In May 2020, the Government announced the re-opening of schools and colleges starting from 1 June 2020, citing the significant reduction in COVID-19 cases as well as insisting the citizens to follow the advice from Ministry of Health on the preventive measures. With the economy opening up and businesses slowly recovering from the COVID-19 pandemic, still remains uncertainty relating to the potential impact of the virus on the Tanzanian economy. The magnitude of the impact depends on future developments, which are highly unknown and cannot be anticipated at this stage.

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## Historical key indicators

	<b>30-Jun 2020</b>	31-Mar 2020	31-Dec 2019	30-Sep 2019	<b>30-Jun 2019</b>
Customers (thousand)	<b>14 743</b>	15 513	15 598	14 755	<b>14 322</b>
Data customers (thousand)	<b>7 714</b>	7 687	8 369	8 166	<b>8 106</b>
M-Pesa customers (thousand)	<b>7 124</b>	6 685	7 477	7 197	<b>7 277</b>
MOU per month	<b>209</b>	167	169	180	<b>170</b>
Total ARPU (shillings per month)	<b>4 978</b>	4 755	5 826	6 050	<b>5 901</b>

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

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## Trademarks

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## Forward-looking statements

This update which sets out the quarterly results for Vodacom Tanzania Public Limited Company for the three months ended 30 June 2020, 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.