

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 31 December 2019

3 February 2020

#### Salient features

- Added 843 000 customers in the quarter, up 10.9%.
- M-Pesa customers up 8.5% to 7.5 million, driven by ecosystem expansion.
- Data customers reached 8.4 million, achieved through targeted data campaigns and improved data experience.

#### Key Indicator review

	31-Dec 2019	30-Sep 2019	31-Dec 2018	YoY % change	Quarterly % change
Customers <sup>1</sup> (thousand)	15 598	14 755	14 070	10.9	5.7
Data customers <sup>2</sup> (thousand)	8 369	8 166	8 132	2.9	2.5
M-Pesa customers <sup>3</sup> (thousand)	7 477	7 197	6 892	8.5	3.9
MOU per month <sup>4</sup>	169	180	168	0.6	(6.1)
Total ARPU <sup>5</sup> (shillings per month)	5 826	6 050	6 205	(6.1)	(3.7)

We continued with our strong commercial execution offering personalised bundles to our customers, through our 'Just 4 You' platform. Over 843 000 customers joined the Vodacom network, a 10.9% increase to 15.6 million, significantly driven by on the ground commercial activities across the country as well as existing customers registering new sim cards biometrically instead of re-registering their existing sim cards, as required by the new registration guidelines.

Our customer market share leadership position remained strong at 33.1%<sup>6</sup>.

We added 280 000 M-Pesa customers in the quarter, up 8.5% to 7.5 million; we now have 47.9% of our customers using our financial services offering. We continued to lead the industry with mobile money market share of 41.2%<sup>6</sup>. Our overdraft product known as 'Songesha' progressed well with 4.7 million customers utilising this service and TZS20 billion in overdrafts provided. During the quarter, we expanded our international remittance portfolio in partnership with global partners, including WorldRemit, remitting a total of TZS49 billion across the portfolio.

Data customers increased by 2.9% to 8.4 million while active smartphone users rose 4.5% to 3.8 million. During the quarter, we continued with our network and infrastructure investments focussing on 4G expansion across the country. We introduced an affordable \$25 smart-feature phone dubbed "Smart Kitochi" which provides customers with access to an enhanced data experience.

#### Regulatory matters

##### Customer Registration

On 1 May 2019, the Tanzania Communication Regulatory Authority (TCRA) issued new customer registration guidelines, directing the biometric registration of customers using the National Identification Number issued by the National Identification Authority (NIDA), as the only accepted identification.

The TCRA required eKYC registrations to stop and extended the deadline for biometric re-registration from 31 December 2019 to 20 January 2020. The Ministry of Communications intends to issue amendments to the SIM registration regulations.

Vodacom Tanzania Plc in alignment with the industry have continuously engaged with the TCRA to ensure compliance. The industry in association with the TCRA and NIDA launched country-wide awareness campaigns to drive biometric registrations.

<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> Active 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.

<sup>3</sup> M-Pesa customers are based on the number of unique customers who generated billable transactions during the month, of these 10.2 million have been active in the last three months.

<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 active 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 active customers.

<sup>6</sup> TCRA report as at 30 September 2019.

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Vodacom has taken all necessary measures to ensure that customers are biometrically registered. The low penetration of National Identification Numbers across the country has largely impacted the biometric registration process. On 20 January, the TCRA directed that customers be barred in phases, which led to the barring of 1.7 million customers from 20 January to 31 January. As at 31 January 2020, 5.0 million customers remain non biometrically registered. These customers will be barred on TCRA's instruction, until such time that the biometric registration is concluded for these customers.

We expect to reconnect majority of these customers over the short to medium term as we continue to engage with the TCRA and NIDA to ensure that barred customers resume access to services at the earliest time possible.

The significant number of barred customers will affect revenue growth. The revenue impact, with the increased compliance cost, will also adversely affect operating profits.

## Telecommunication and broadcasting market review

In May 2018, the TCRA initiated a market review to identify dominant operators in different market segments and determine potential regulatory intervention. On 7 December 2018, TCRA invited all stakeholders to discuss draft findings of the review. Vodacom Tanzania attended and submitted written comments on 21 December 2018. TCRA has published the 2018 report in December 2019 on its website.

## The Bank of Tanzania (Financial Consumer Protection) Regulations 2019

The Bank of Tanzania published new regulations on consumer protection on 22 November 2019. These regulations introduce a number of requirements to the financial services provider which includes mobile financial services industry, setting out a range of new consumer protection measures. Vodacom is engaging the Bank of Tanzania to clarify what matters are specifically applicable to mobile financial services.

## Mobile Termination Rate (MTR) Appeal

The TCRA published new MTR's on 29 December 2017 effective from January 2018 to December 2022. The TCRA's glide path reduces the MTR annually until it becomes TZS 2.00 in January 2022. Vodacom Tanzania appealed against the TCRA's new MTR highlighting procedural issues with the review and questioning the underlying analysis. In December the Fair Competition Tribunal dismissed the case. Vodacom Tanzania is still awaiting details of the judgement.

## Historical key indicators

	31-Dec 2019	30-Sep 2019	30-Jun 2019	31-Mar 2019	31-Dec 2018
Customers <sup>1</sup> (thousand)	15 598	14 755	14 322	14 133	14 070
Data customers <sup>2</sup> (thousand)	8 369	8 166	8 106	7 892	8 132
M-Pesa customers <sup>3</sup> (thousand)	7 477	7 197	7 277	6 989	6 892
MOU per month <sup>4</sup>	169	180	170	157	168
Total ARPU <sup>5</sup> (shillings per month)	5 826	6 050	5 901	5 752	6 205

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

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<sup>2</sup> Active 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.

<sup>3</sup> M-Pesa customers are based on the number of unique customers who generated billable transactions during the month, of these 10.2 million have been active in the last three months.

<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 active 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 active customers.

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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 31 December 2019, 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.