



Vodacom Tanzania Public Limited Company

Consolidated interim results

for the six months ended 30 September 2017



Managing Director

Ian Ferrao

2017 has been momentous for Vodacom Tanzania. In recent months, we completed the largest IPO in Tanzania's history, held our first annual general meeting and declared our first dividend as a newly listed company. Simultaneously, our business has delivered on its key strategic drivers resulting in continued commercial momentum and robust revenue growth from data, M-Pesa and enterprise.

These interim results are particularly pleasing as they show that our M-Pesa platform, superior data network and relevant consumer propositions have yielded a step-change in growth within a highly competitive marketplace.

Despite the challenging business environment in Tanzania, we managed to maintain revenue and customer growth, consolidating our position as the country's leading mobile operator and mobile financial services provider, with the fastest nationwide data network and the largest mobile money network.

This is largely due to a counter-cyclical capital investment strategy which we employed over the previous two years. This resulted in expanded coverage, placing us at the forefront of monetising mobile data opportunities as the market continues to recover from the entry of a new competitor in 2015.

During the period under review, our network investments were largely focussed on expanding capacity. We increased 3G data capacity on over 25% of our sites, mainly located in major urban centres, while launching 4G in three new cities and enhancing 4G coverage and capacity in Dar es Salaam.

Our partnership-led low-cost smartphone campaign has proven to be highly successful, evidenced by the 4 ppts growth in smartphone penetration to above 27%. As we enter the second half of the financial year, we will continue to accelerate data growth and usage through non-smartphone and low data usage customer conversions.

Through maintaining a strong focus on network experience and customer service, we continued to increase our lead over our competitors with the highest weighted net promoter score – a key indicator of customer satisfaction.

We remain fully cognisant of all regulatory risks and have taken actions towards achieving compliance with customer registration requirements, intensifying our focus on cost containment as a result.

Our IPO and the sale of our equity stake in Helios Towers Tanzania further enhances our balance sheet and strategic options.

By maintaining our network superiority and leading user experience in our key growth regions, I am confident that we have the right strategy and people in place to enable us to realise our vision to lead Tanzania into the digital age and to change lives through technology.

Highlights

Service revenue grew

6.4% to TZS 479.2 billion,
continuing the momentum of M-Pesa and mobile data revenue growth.

M-Pesa revenue grew

17.2% to TZS 141.6 billion,
supported by greater activity and robust active base growth.

Data revenue grew

21.0% to TZS 62.0 billion,
fuelled by smartphone adoption and over 600 000 new active data customers.

Operating free cash flow grew by

73.2% to TZS 58.4 billion.

EBITDA of

TZS 127.9 billion

margin improvement was primarily impacted by compensation received from service providers in the previous year.

Capital expenditure of

TZS 102.4 billion

expanded 4G to three new cities, improved 3G data capacity in major urban centres and enhanced 4G coverage and capacity in Dar es Salaam.

Earnings per share ('EPS')^{1,2} of

TZS 10.36

impacted by non-recurring items which weighed on earnings growth.

Concluded the **sale of an equity stake** in Helios Towers Tanzania Limited ('HTT') in October 2017.

Declared a gross dividend of

TZS 12.74 per share

on 27 October 2017.

Summary financial information

TZS'm	Six months ended 30 September		Year-on-year % change
	2017	2016	16/17
Service revenue	479 202	450 287	6.4
Revenue	485 820	460 549	5.5
EBITDA	127 944	133 103	(3.9)
EBIT	44 634	58 016	(23.1)
Operating profit	38 026	58 016	(34.5)
Net profit after tax ²	18 897	32 680	(42.2)
Operating free cash flow	58 425	33 735	73.2
Free cash flow	(72 360)	(21 430)	<(200)
Capital expenditure	102 407	99 836	2.6
Net cash (debt)	409 513	(117 827)	>200
Earnings per share ('EPS') ^{1,2} (shillings)	10.36	19.45	(46.7)
Contribution margin (%)	68.6	65.6	3.0 ppts
EBITDA margin (%)	26.3	28.9	(2.6) ppts
EBIT margin (%)	9.2	12.6	(3.4) ppts
Operating profit margin (%)	7.8	12.6	(4.8) ppts
Effective tax rate ² (%)	39.0	30.2	8.8 ppts
Net profit margin ² (%)	3.9	7.1	(3.2) ppts
Net cash (debt)/EBITDA (times)	3.2	(0.9)	n/a
Capital intensity ³ (%)	21.1	21.6	(0.5) ppts

1. The number of shares in issue as at 30 September 2017 was 2 240 000 300, which includes 560 000 100 shares issued as part of an initial public offering on 15 August 2017. The weighted average number of shares during the six month period ended 30 September 2017 – 1 823 825 362 – has been applied to the EPS calculation as of 30 September 2017. During the previous financial year, Vodacom Tanzania Public Limited Company conducted a share split. The total number of shares outstanding immediately after the share split – 1 680 000 200 shares – has been applied to the EPS calculation as of 30 September 2016.

2. During the year ended 31 March 2017, Vodacom Tanzania revised its income tax computations for the financial years ended 31 March 2014, 2015 and 2016. In addition, withholding tax on interest income generated from amounts owed to M-Pesa customers was re-classified from a tax expense to a component of finance cost. These revisions have been applied to the comparative period shown above.

3. Capital expenditure as a percentage of revenue.

All growth rates quoted are year-on-year growth rates unless otherwise stated.

Operating and financial review

	Six months ended 30 September		Year-on-year % change
TZS'm	2017	2016	16/17
Mobile voice revenue	207 019	210 554	(1.7)
M-Pesa revenue	141 614	120 792	17.2
Mobile data revenue	61 999	51 253	21.0
Mobile incoming revenue	44 889	49 688	(9.7)
Messaging revenue	13 417	10 868	23.5
Other service revenue	10 264	7 132	43.9
Service revenue	479 202	450 287	6.4
Non-service revenue	6 618	10 262	(35.5)
Revenue	485 820	460 549	5.5
Direct expenses	(152 411)	(158 557)	3.9
Staff expenses	(27 015)	(26 527)	(1.8)
Publicity expenses	(14 449)	(18 463)	21.7
Other operating expenses	(166 385)	(127 816)	(30.2)
Depreciation and amortisation	(80 926)	(71 170)	(13.7)
Share-based payment charges ¹	(6 608)	–	(100.0)
Operating profit	38 026	58 016	(34.4)
EBITDA	127 944	133 103	(3.9)
EBITDA margin (%)	26.3	28.9	(2.6) ppts
EBIT	44 634	58 016	(23.1)
EBIT margin (%)	9.2	12.6	(3.4) ppts

Revenue

Service revenue grew 6.4% to TZS 479.2 billion, as we built on the commercial momentum gained during the second half of the previous financial year. **Revenue** grew 5.5% to TZS 485.8 billion and includes lower equipment revenue as a result of elevated sales made in the previous year from replacing unregistered devices on our network.

The acceleration in **service revenue** growth from the previous year has been facilitated by our strategy of delivering a superior data user experience and wider M-Pesa ecosystem which resulted in the continued expansion of our **active customer base**, which reached 12.9 million customers, up 4.1%. **Average revenue per user** ("ARPU") grew 1.5%, supported by greater customer spend through the M-Pesa platform as well as a continued focus on targeted data propositions.

Mobile voice revenue decreased 1.7% to TZS 207.0 billion. **Minutes of use** ("MoU") per month was maintained, while personalised voice offers made through our "Just for you" platform assisted an improvement in voice revenue trend.

M-Pesa revenue grew 17.2% to TZS 141.6 billion, supported by robust customer base growth of 12.7%² and a greater number of revenue generating transactions per customer. M-Pesa revenue now accounts for 29.6% of service revenue, an improvement of 2.8 ppts from the prior year. Our active "Lipa kwa M-Pesa" merchant base has transacted over TZS 100 billion during the period and has grown to over 3 thousand merchants.

1. These costs relate to an underwriting arrangement between the Public Investment Corporation (SOC) Ltd, Vodacom Tanzania and Vodacom Group Limited, as part of the initial public offering of 25% of Vodacom Tanzania's ordinary shares.

2. The number of unique customers who have generated revenue related to M-Pesa in the past 90 days was 7.9 million, of which 6.2 million have been active in the past 30 days.

Mobile data revenue increased 21.0% to TZS 62.0 billion. Our "Smart Bomba" affordable smartphone campaign effected greater 2G to 3G customer migration, while targeted data propositions – many centred around the growing trend of social media use in Tanzania – continued to increase the number of data bundles sold by more than 40%. Greater headline data price stability also contributed to improved monetisation.

Active data customers reached 7.1 million, up 17.5% and now make up 55.0% of our active customer base, an improvement of 3.9 ppts during the period under review.

Mobile incoming revenue declined by 9.7% to TZS 44.9 billion as a result of a reduction in incoming minutes from greater adoption of on-net propositions and a 6% mobile termination rate ('MTR') reduction in January 2017.

Messaging revenue increased by 23.5% to TZS 13.4 billion with the number of short message service ('SMS') messages transmitted up 145.6% to 18.9 billion, primarily as result of the continued success of SMS-only bundles and greater activity seen from our wholesale SMS partners.

Total expenses¹

Total expenses¹ increased 8.7% to TZS 360.3 billion, impacted by credit notes² issued by our trading partners, which offset expenditure incurred in the prior year, as well as provisions made as part of an equipment verification project³ during the period under review. Excluding these items, total expenses increased by 2.7%. This increase was mainly attributable to greater network operating costs as a result of a higher number of network elements and inflation adjustments applied under service contracts. Cumulatively, all other expenses decreased by 6.0%, primarily as a result of lower publicity costs, various savings realised as part of our "Fit for growth" cost containment programme during the period and lower volumes of devices sold.

EBIT

EBIT declined by 23.1% to TZS 44.6 billion, impacted by credit notes² received in the prior year and provisions made as part of an equipment verification project³ during the period under review. Excluding these items, EBIT grew by 13.4% with the EBIT margin expanding by 0.7 ppts to 10.6%. This includes a higher depreciation and amortisation charge of TZS 80.9 billion, representing an increase of 13.7%. The impact from greater network operating costs was limited by our vigorous focus on cost containment through our "Fit for growth" programme, increasing the resilience of our EBIT margin.

Operating profit

Operating profit declined by 34.4% to TZS 38.0 billion. It includes TZS 6.6 billion of share-based payment charges relating to an underwriting arrangement between the Public Investment Corporation (SOC) Ltd, Vodacom Tanzania and Vodacom Group Limited, as part of the initial public offering of 25% of Vodacom Tanzania's ordinary shares.

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

2. Credit notes related to both compensation and a retrospective reduction in fees from network service providers (2016: TZS 12.7 billion).

3. Vodacom Tanzania and HTT have established a joint project to verify records of equipment located on each of HTT's sites. Once completed, the project team may determine the actual space utilised on each of HTT's sites and apply an accurate charge in accordance with our service agreements. Following the review of sites which were believed to have the greatest difference between recorded and actual space utilised, we have recognised a provision (2017: TZS 6.8 billion). The project is ongoing and no agreement between Vodacom Tanzania and HTT has been reached to retrospectively adjust any fees charged.

Operating and financial review continued

Capital expenditure

Capital expenditure of TZS 102.4 billion, representing 21.1% of revenue. Our investments were focussed on increasing our data network capacity, deploying 115 new 4G sites with fibre and high capacity microwave backhaul as well as conducting capacity upgrades to over 25% of our 3G sites.

We launched 4G in Moshi, Morongoro and Tanga and enhanced 4G coverage and capacity in Dar es Salaam. We also increased the number of 2G and 3G sites to 2 891 and 2 054 respectively (an additional 158 2G and 32 3G sites during the year).

Net finance charges

	Six months ended 30 September		Year-on-year % change
TZS'm	2017	2016	16/17
Interest receivable on M-Pesa balances	13 790	15 996	(13.8)
Cash interest receivable	4 932	4 480	10.1
Other finance income	521	5 832	(91.1)
Finance income	19 243	26 308	(26.9)
Interest payable on M-Pesa balances ¹	(13 743)	(14 363)	4.3%
Interest payable on borrowings and finance leases	(6 490)	(11 804)	45.0%
Finance costs¹	(20 233)	(26 167)	22.7
Net loss on re-measurement and disposal of financial instruments	(6 051)	(11 311)	46.5
Net finance charges¹	(7 041)	(11 170)	37.0

Net finance charges decreased by TZS 4.1 billion to TZS 7.0 billion primarily due to reduced net losses from the re-measurement of loans, as amounts owed under South African rand and United States dollar denominated loans provided by Vodacom Group Limited were fully repaid from internally generated cash-flows. In addition, both finance income and costs were reduced as a result of a partial repayment of a loan extended to Helios Towers Tanzania Limited ('HTT') and the aforementioned repayment of loans from Vodacom Group Limited respectively. Finance income was also impacted by a 700 basis point reduction to the Bank of Tanzania's discount rate, following cuts made in March and August.

Taxation

The tax expense of TZS 12.1 billion is 14.7% lower than the prior year² (2016: TZS 14.2 billion).

The effective tax rate increased to 39.0% from 30.2%^{1,2} as a result of greater unrecognised losses from a subsidiary³ and increased non-deductible costs relating to the underwriting of the initial public offering⁴, partially offset by tax deductible capitalised expenditure which relates to the listing of our shares on the Dar es Salaam stock exchange.

1. During the year ended 31 March 2017, withholding tax on interest income generated from amounts owed to M-Pesa customers was re-classified from a tax expense to a component of finance cost.
2. During the year ended 31 March 2017, Vodacom Tanzania revised its income tax computations for the financial years ended 31 March 2014, 2015 and 2016. These revisions have been applied to the tax expense and effective tax rate of the period ended 30 September 2016.
3. Shared Networks Tanzania Limited, a wholly-owned subsidiary of Vodacom Tanzania, acquired in July 2016. Loss generated by the subsidiary does not result in the recognition of a deferred tax asset.
4. Costs which related to an underwriting arrangement between the Public Investment Corporation (SOC) Ltd, Vodacom Tanzania and Vodacom Group Limited, as part of the initial public offering of 25% of Vodacom Tanzania's ordinary shares.

Earnings

Earnings per share ('EPS') decreased by 46.7%^{1,2} to 10.36 shillings per share.

Adjusting for the provisions made as part of an equipment verification project and the share-based payment charges incurred during the period, as well as credit notes in the prior year, net profit after tax would have grown by 27.1% during the period, as a result of lower taxation and net finance charges.

Statement of financial position

Property, plant and equipment and intangible assets increased 0.1% to TZS 681.6 billion, excluding the acquisition of Shared Networks Tanzania Limited ('SNT') in the previous year.

Non-current assets held for sale, consisting of our investments in HTT, reduced by TZS 73.1 billion to TZS 19.4 billion as a result of a partial repayment of a shareholder loan provided by Vodacom Tanzania to HTT.

Net cash (debt)

TZS'm	Six months ended 30 September		Movement
	2017	2016	16/17
Bank and cash balances	415 395	102 912	312 483
Bank overdrafts	–	(10 110)	10 110
Other borrowings and finance leases	(5 882)	(210 629)	204 747
Net cash (debt)³	409 513	(117 827)	527 340
Net cash (debt)³/EBITDA (times)	3.2	(0.9)	n/a

A net cash position of TZS 409.5 billion was achieved, following the repayment of loans from Vodacom Group Limited and receipt of IPO proceeds. The net cash position is invested across six local relationship banks, as well as an additional TZS 20.0 billion invested in government treasury bills.

1. During the year ended 31 March 2017, Vodacom Tanzania revised its income tax computations for the financial years ended 31 March 2014, 2015 and 2016. These revisions have been applied to the tax expense and effective tax rate of the period ended 30 September 2016.
2. The number of shares in issue as at 30 September 2017 was 2 240 000 300, which includes 560 000 100 shares issued as part of an initial public offering on 15 August 2017. The weighted average number of shares during the six month period ended 30 September 2017 – 1 823 825 362 – has been applied to the EPS calculation as of 30 September 2017. During the previous financial year, Vodacom Tanzania Public Limited Company conducted a share split. The total number of shares outstanding immediately after the share split – 1 680 000 200 shares – has been applied to the EPS calculation as of 30 September 2016.
3. Debt includes interest bearing debt, bank overdrafts and finance leases. Cash excludes investments in government treasury bills (2017: TZS 20.0 billion).

Operating and financial review continued

Cash flow

Free cash flow

	Six months ended 30 September		Year-on-year % change
TZS'm	2017	2016	16/17
EBITDA	127 944	133 103	(3.9)
Working capital	24 059	(217)	>200
Capital expenditure ¹	(102 407)	(99 836)	(2.6)
Disposal of property, plant and equipment	2 775	685	>200
Other cash flows	6 054	–	–
Operating free cash flow	58 425	33 735	73.2
Tax paid	(25 843)	(33 537)	22.9
Net finance costs paid ²	(104 942)	(21 628)	<(200)
Free cash flow²	(72 360)	(21 430)	<(200)

Operating free cash flow increased 73.2% to TZS 58.4 billion, positively impacted by a re-phasing of working capital, offsetting a 2.6% increase in capital expenditure.

An outflow of TZS 72.4 billion from free cash flow is primarily a result of the repayment of interest outstanding on loans from Vodacom Group Limited, made from internally generated cash flows. The 22.9% decrease in tax paid primarily relates to a non-recurring TZS 11 billion top-up payment, required as part of our 2016 tax return, partially offset by greater provisional tax payments made during the period, due to an estimated increase in taxable income for the 2018 tax year.

Sale of stake in Helios Towers Tanzania Limited ('HTT')

In October 2017, Vodacom Tanzania sold both its 24.06% equity stake and debt holding in HTT, a passive infrastructure service provider, to HTT's parent, HTA Holdings, LTD ('HTA') for US\$58.5 million and US\$2.7 million respectively.

These holdings were acquired as a result of a series of sale and leaseback transactions, occurring between September 2013 and January 2017, where HTT issued both equity and debt instruments in exchange for some of Vodacom Tanzania's towers.

During the year ended 31 March 2016, the Vodacom Tanzania Board approved a plan to exit its investment in HTT, given that it no longer complimented its core business objectives. In February 2017, an agreement with HTA was made and the transaction concluded in October 2017, following receipt of all regulatory approvals.

As a result of losses recognised against Vodacom Tanzania's investment in HTT over previous years, the transfer of shares resulted in an accounting profit from disposal of TZS 106 billion after tax, which will be reported in our full-year results.

- Capital expenditure comprises the purchase of property, plant and equipment and intangible assets, other than license and spectrum payments or assets acquired as part of any business combination. Therefore, capital expenditure during the period ended 30 September 2016 excluded additions to property, plant and equipment and intangible assets resulting from the acquisition of Shared Networks Tanzania Limited ('SNT').
- Free cash flow includes net interest paid to M-Pesa customers (2017: cash outflow of TZS 5.1 billion; 2016: cash inflow of TZS 1.6 billion) and interest repaid as part of the repayment of a loan from Vodacom Group Limited (2017: cash outflow of TZS 104.6 billion; 2016: cash outflow of TZS 27.0 billion). Excluding this, free cash flow grew >200% during the year to TZS 37.3 billion (2016: TZS 7.2 billion).

Regulatory matters

Customer registration

In April 2017, the Tanzania Communications Regulatory Authority ('TCRA') issued non-compliance orders to operators which were subject to a SIM card registration audit conducted in December 2016. During July 2017, the TCRA issued fines, associated with these non-compliance orders, from which Vodacom Tanzania was fined a total of TZS 1.9 billion. Vodacom Tanzania remains committed to proactively participating in the TCRA-led steering committee, as well as achieving compliance with the TCRA's customer registration requirements by investing in enhanced registration processes.

Listing of Vodacom Tanzania

Under Section 26 of the Electronic and Postal Communications Act, 2010 ('EPOCA') (as amended by the Finance Act 2016), licensed telecommunications operators are required to issue 25% of their share capital through an initial public offering ('IPO') and thereafter list the said shares on the Dar es Salaam stock exchange ('DSE'). Vodacom Tanzania listed its shares on the DSE, under the main investment market segment, on 15 August 2017 and became the first telecommunications operator to comply with the government's mandatory listing requirements.

Shared Networks Tanzania Limited ('SNT')

In July 2016, Vodacom Tanzania acquired SNT, a company which holds a license for usage of spectrum in the 900MHz band in rural Tanzania. Both the TCRA and Fair Competition Commission approved Vodacom Tanzania's acquisition of 100% of SNT's issued share capital for US\$11 million, following which the transfer of shares was completed. In July 2017, the TCRA advised that the spectrum licence held by SNT was not transferrable. Vodacom Tanzania plans, subject to regulatory approval, to deploy SNT, as is the case at present, as a multi-operator core network wholesaler.

Electronic revenue collection system ('ERC system')

The Tanzanian Revenue Authority ('TRA') has implemented an electronic revenue collection system ('ERC system') designed to calculate and collect taxes, including value added tax and excise duty. All mobile network operators and financial institutions are mandated to provide information requested by the ERC system in compliance with the Tax Administration (Electronic Revenue Collection System) Regulations, 2017. Information provided under the ERC system includes mobile phone numbers, traffic and revenue. Vodacom Tanzania is in the advanced stages of achieving compliance with the ERC system requirements.

Outlook

Our strategy of maintaining focussed investments across our key strategic drivers being data, M-Pesa, and enterprise, has enabled us to build on the commercial momentum gained during the second half of the previous financial year, advancing robust revenue growth and stable base expansion over the first half of this financial year.

Improved data monetisation remains a core objective as we continue to drive up the number of smartphones on our network and invoke low data usage users to fully realise the potential of their devices. We also anticipate growth in the number of M-Pesa transactions as we continue to roll-out our "Lipa kwa M-Pesa" merchant payments platform.

Notwithstanding our solid performance over the past 12 months, greater regulatory uncertainty and macro-economic pressure could pose risks to earnings growth in the second half of the year.

Operating and financial review continued

Actions taken towards achieving compliance with customer registration requirements are expected to exert pressure on revenue growth over the short term. However, our continued focus on customer segmentation and personalised offers will help offset churn and build on customer loyalty within our registered customer base.

Increases to regulatory levies, enhancements made to our customer registration processes and mandatory capital expenditure as part of state-run projects place greater pressure on margins.

With the above in mind, we are confident that an intensified focus on cost containment will assist in offsetting some of these risks. Furthermore, the profit generated from the sale of our equity stake in HTT should also help to offset risks to the profitability targets included in our IPO prospectus¹.

Declaration of dividend – payable from income reserves

At the Annual General Meeting held on Friday 27 October 2017, the shareholders of Vodacom Tanzania Public Limited Company ('the Company') approved a gross final dividend of TZS 12.74 per share, payable from income reserves, in respect of the financial year ended 31 March 2017. The dividend amount is equivalent to 60% of net profit after tax.

The dividend will be paid on Thursday 30 November 2017 to shareholders recorded in the register at the close of trading on Friday 13 October 2017.

The last day which shares traded cum dividend was Tuesday 10 October 2017. Shares commenced trading ex-dividend on Wednesday 11 October 2017.

The number of ordinary shares in issue at the date of the Board's recommendation was 2 240 000 300.

The dividend will be subject to a local withholding tax rate to those shareholders not exempt from paying dividend withholding tax.

On Thursday 30 November 2017, the final dividend will be either electronically transferred to the bank or mobile money accounts of all certificated shareholders, where this facility is available.

Dividend policy

The dividend policy is to pay out at least 50% of earnings after tax, subject to factors stated below.

The Company 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 recommended by the Board and approved by the shareholders at the time of declaration, subject to the DSE listing requirements.

For and on behalf of the Board



Ali Mufuruki
Chairman

Dar es Salaam

10 November 2017



Ian Ferrao
Managing Director



Jacques Marais
Finance Director

1. The sale of our equity stake in HTT will generate a TZS 106 billion profit after tax. Note that the targets shown in our IPO prospectus excluded any spectrum purchases and/or any merger and acquisition activity and assumed a stable regulatory and macroeconomic environment, with broad stability of the Tanzanian shilling against major trading currencies.

Review report of the independent auditor

To the shareholders of Vodacom Tanzania Public Limited Company

Report on review of condensed consolidated interim financial statements

We have reviewed the accompanying condensed consolidated interim financial statements of Vodacom Tanzania Public Limited Company (the 'Company') and its subsidiaries (together the 'Group') which comprises the condensed consolidated statement of financial position as at 30 September 2017 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six month period then ended, and notes, which include a summary of significant accounting policies and other explanatory disclosures.

Directors' responsibility for the condensed consolidated interim financial statements

The directors are responsible for the preparation of the condensed consolidated interim financial statements 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'), and the requirements of the Dar es Salaam Stock Exchange PLC Rules, 2016 (Amended).

Auditor's responsibility and scope of review

Our responsibility is to express a conclusion on the condensed consolidated interim financial statements based on our review.

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at 30 September 2017 and for the six month period then ended, have not been prepared, in all material respects, in accordance with and containing the information required by the International Accounting Standard 34: Interim Financial Reporting ('IAS 34'), and the requirements of the Dar es Salaam Stock Exchange PLC Rules, 2016 (Amended).



Patrick Kiambi, TACPA – PP

For and on behalf of PricewaterhouseCoopers

Certified Public Accountants

Dar es Salaam

09 November 2017

Condensed consolidated interim statement of profit or loss and other comprehensive income

for the six months ended 30 September

TZS'm	Notes	2017 Reviewed	2016 Restated ¹	Year ended 31 March 2017 Restated ²
Revenue		485 820	460 549	931 515
Direct expenses		(152 411)	(158 557)	(310 114)
Staff expenses		(27 015)	(26 527)	(58 668)
Publicity expenses		(14 449)	(18 463)	(40 057)
Other operating expenses		(166 385)	(127 816)	(280 406)
Depreciation and amortisation	6.7	(80 926)	(71 170)	(150 182)
Share-based payment charges	3	(6 608)	–	–
Operating profit		38 026	58 016	92 088
Finance income		19 243	26 308	50 045
Finance costs		(20 233)	(26 167)	(52 233)
Net loss on re-measurement of financial instruments		(6 051)	(11 311)	(18 560)
Profit before tax		30 985	46 846	71 340
Income tax expense	4	(12 088)	(14 166)	(23 786)
Net profit and total comprehensive income for the period/year		18 897	32 680	47 554
Basic and diluted earnings per share (TZS)	5	10.36	19.45	28.30

1. Refer to Note 10.

2. Refer to Note 11.

Condensed consolidated interim statement of financial position

as at 30 September

TZS'm	Notes	2017 Reviewed	2016 Restated ³	As at 31 March 2017 Audited
Assets				
Non-current assets		826 631	835 705	814 368
Goodwill		1 988	1 988	1 988
Property, plant and equipment	6	674 748	685 478	656 241
Intangible assets	7	41 378	36 092	40 152
Operating lease prepayments		37 935	38 738	40 855
Trade and other receivables		11 431	10 489	11 324
Deferred loss		59 151	62 920	63 808
Current assets		972 425	626 389	614 779
Inventory		4 499	13 283	13 653
Operating lease prepayments		8 688	7 499	7 557
Trade and other receivables		160 199	206 057	124 681
Income tax receivable		18 528	13 247	13 621
Financial assets ⁴		345 116	283 391	314 354
Short term investment		20 000	–	–
Cash and cash equivalents		415 395	102 912	140 913
Non-current assets held for sale		19 411	92 538	18 768
Total assets		1 818 467	1 554 632	1 447 915
Equity and liabilities				
Capital and reserves		1 087 691	595 233	593 593
Share capital	8	112 000	84 000	84 000
Share premium	8	442 477	–	–
Capital contribution		27 698	22 974	22 974
Retained earnings		505 516	488 259	486 619
Non-current liabilities		87 489	88 745	86 387
Finance lease liability		5 411	–	–
Deferred tax		48 526	64 123	57 214
Trade and other payables		33 552	24 622	29 173
Current liabilities		643 287	870 654	767 935
Borrowings	9	470	220 739	201 494
Trade and other payables		598 813	604 223	529 488
Interest due to customers		18 896	35 816	24 075
Government grant		15 523	8 076	9 469
Provisions		9 585	1 800	3 409
Total liabilities		730 776	959 399	854 322
Total equity and liabilities		1 818 467	1 554 632	1 447 915

3. Refer to Note 10 and 11.

4. Financial assets represent restricted bank balances from M-Pesa deposits.

Condensed consolidated interim statement of changes in equity

for the six months ended 30 September

TZS'm	Notes	Share capital	Share premium	Capital contribution	Retained earnings	Total
1 April 2017		84 000	–	22 974	486 619	593 593
Shares issued		28 000	442 477	–	–	470 477
Profit and total comprehensive income		–	–	–	18 897	18 897
Share-based payment charge ⁵	3	–	–	4 724	–	4 724
30 September 2017 (Reviewed)	8	112 000	442 477	27 698	505 516	1 087 691
1 April 2016		84 000	–	22 974	455 579	562 553
Profit and total comprehensive income (restated)		–	–	–	32 680	32 680
– As previously reported		–	–	–	16 548	16 548
– Prior year restatement ⁶		–	–	–	16 132	16 132
30 September 2016 (Restated)	8	84 000	–	22 974	488 259	595 233
1 April 2016		84 000	–	22 974	455 579	562 553
Profit and total comprehensive income		–	–	–	47 554	47 554
Dividends paid		–	–	–	(16 514)	(16 514)
31 March 2017 (Audited)	8	84 000	–	22 974	486 619	593 593

5. The equity-settled share-based payment charge was incurred as a result of Vodacom Group Limited writing an option on the Group's shares as part of an underwriting arrangement with the Public Investment Corporation (SOC) Ltd. Under IFRS 2, this was treated as a capital contribution from the Group's parent, Vodacom Group Limited (refer to Note 3).

6. Refer to Note 10.

Condensed consolidated interim statement of cash flows

for the six months ended 30 September

TZS'm	2017 Reviewed	2016 Restated ⁷	Year ended 31 March 2017 Audited
Cash flows from operating activities			
Cash generated from operations	132 888	168 805	322 147
Income taxes paid	(25 843)	(33 537)	(44 377)
Net cash generated from operating activities	107 045	135 268	277 770
Cash flows from investing activities			
Additions to property, plant and equipment and intangible assets	(47 316)	(107 398)	(169 384)
Acquisition of subsidiary	–	(20 609)	(20 609)
Proceeds from disposal of property, plant and equipment	2 775	685	1 252
Government grants received	6 054	–	1 393
Short term investment made	(20 000)	–	–
Finance income received	4 932	4 480	23 867
Cash held in restricted deposits	(30 810)	(28 405)	(59 368)
Repayment of loan receivable	–	–	50 053
Interest received from M-Pesa deposits	13 790	15 996	31 470
Net cash used in investing activities	(70 575)	(135 251)	(141 326)
Cash flows from financing activities			
Dividends paid	–	–	(16 514)
Proceeds from an initial public offering of shares	476 000	–	–
Payment of an initial public offering cost	(7 407)	–	–
Interest paid on other borrowings	(168)	(711)	(1 565)
Interest paid to M-Pesa customers	(18 922)	(14 363)	(49 008)
Proceeds from/(repayment of) bank borrowings	–	6 240	(3 869)
Principal repayment of a shareholder loan	(107 071)	–	–
Interest payment made on a shareholder loan	(104 574)	(27 030)	(54 901)
Cash generated from/(utilised in) financing activities	237 858	(35 864)	(125 857)
Net increase/(decrease) in cash and cash equivalents	274 328	(35 847)	10 587
Cash and cash equivalents at the beginning of the period	140 913	129 215	129 215
Effects of exchange rate changes on cash and cash equivalents held in foreign currencies	154	(566)	1 111
Cash and cash equivalents at the end of the period⁸	415 395	92 802	140 913

7. Refer to Note 11.

8. The cash and cash equivalent balance as at 30 September 2016 includes TZS 10 110 million bank overdraft reported within the short term borrowings on the statement of financial position (refer to Note 9).

Notes to the condensed consolidated interim financial statements

for the six months ended 30 September

1. Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with, and contain information required by, the International Accounting Standard 34: Interim Financial Reporting ('IAS 34') as issued by the International Accounting Standards Board ('IASB') and the requirements of the Dar es Salaam Stock Exchange PLC Rules, 2016 (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 Tanzanian Shilling ('TZS'), which is the Group'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 and corresponding interim reporting period, except as disclosed in Note 2.

2. Changes in accounting policies

The Group adopted the new, or revised accounting pronouncements as issued by the IASB, which were effective and applicable to the Group from 1 April 2017, none of which had any material impact on the Group's financial results for the year.

Full details on changes in accounting policies will be disclosed in the Group's consolidated annual financial statements for the year ending 31 March 2018.

3. Share-based payment charges

The costs shown below are incurred as part of a tripartite underwriting arrangement between the Group, Vodacom Group Limited and Public Investment Corporation (SOC) Ltd (the 'underwriter') to ensure our compliance to the Electronic and Postal Communications Act, 2010 (as amended), following our initial public offering of 25% of the Group's ordinary shares.

TZS'm	2017 Reviewed
Underwriter's fees (cash-settled share-based payment)	1 884
Value of underwriter's put option (equity-settled share-based payment)	4 724
	6 608

4. Income tax expense

Expected income tax expense at the Tanzania statutory tax rate of 30%

Adjusted for:

TZS'm	2017 Reviewed	2016 Restated ⁹	31 March 2017 Audited
Expected income tax expense at the Tanzania statutory tax rate of 30%	9 295	14 054	21 402
Adjusted for:			
– Non-deductible expenditure	783	474	735
– Non-taxable gaming income	(372)	(656)	(895)
– Subsidiary tax losses not recognised	1 717	486	1 957
– Other adjustments to profit before tax and/or tax charge	665	(192)	587
Income tax expense	12 088	14 166	23 786
Effective tax rate	39.0%	30.2%	33.3%

9. Refer to Note 10.

Notes to the condensed consolidated interim financial statements

continued

5. Earnings and dividends per share

Earnings per share calculations use the earnings which are attributable to shareholders and the weighted average number of ordinary shares outstanding during the period, as shown below.

	2017 Reviewed	2016 Restated ¹⁰	31 March 2017 Audited
Basic and diluted earnings per share ('TZS')	10.36	19.45	28.30
Earnings attributable to shareholders ('TZS'm') ¹⁰	18 897	32 680	47 554
Weighted average number of ordinary shares outstanding ¹¹	1 823 825 362	1 680 000 200	1 680 000 200
Dividends per share ('TZS')	–	–	9.8

6. Property, plant and equipment

	2017 Reviewed	2016 Restated ¹²	31 March 2017 Audited
Net book value as at 1 April (before restatement)	656 241	584 800	646 214
Restatement	–	61 414	–
Net book value as at 1 April (after restatement)	656 241	646 214	646 214
Additions	95 313	90 047	136 683
Business combinations	–	17 238	17 238
Disposals	(502)	(1 617)	(1 060)
Depreciation	(77 596)	(69 579)	(145 044)
Other adjustment	1 292	3 175	2 210
Net book value as at end of period/year	674 748	685 478	656 241

7. Intangible assets

	2017 Reviewed	2016 Restated ¹²	31 March 2017 Audited
Net book value as at 1 April (before restatement)	40 152	71 394	9 980
Restatement	–	(61 414)	–
Net book value as at 1 April (after restatement)	40 152	9 980	9 980
Additions	4 556	5 590	13 490
Business combinations	–	24 101	24 101
Amortisation charge	(3 330)	(1 591)	(5 138)
Other adjustments	–	(1 988)	(2 281)
Net book value as at end of period/year	41 378	36 092	40 152

10. Refer to Note 10.

11. The weighted average number of shares is based on the number of shares outstanding during the period applying a weighting for the number of days of which those shares were outstanding. The effect of share split was normalised for comparability purposes.

12. During the financial year ended 31 March 2017 the Group re-classified intangible assets which were an integral part of PPE to PPE. The statement of financial position for the six months ended 31 September 2016 was restated to reflect this re-classification.

Notes to the condensed consolidated interim financial statements

continued

8. Share capital and share premium

In compliance with the Electronic and Postal Communications Act, 2010 (as amended by the Finance Act 2016), the Group launched an initial public offering ('IPO') of 560 000 100 of its ordinary shares (25% of total shares) at a price of TZS 850 per share (TZS 50 par value and TZS 800 share premium). The IPO was conducted from 9 March 2017 to 28 July 2017 and the Group shares were listed in Dar es Salaam Stock Exchange ('DSE') on 15 August 2017 under the ticker "VODA".

Following the IPO, the Group continues to be controlled by its parent Vodacom Group Limited, which, as at 30 September 2017, owns 48.75% of the Group's shares directly and 12.86% indirectly, through Mirambo Limited which owns 26.25%, with the remaining 25% held by the public.

	2017 Reviewed	2016 Reviewed	31 March 2017 Audited
Authorised ordinary shares	4 000 000 000	2 000 000 000	4 000 000 000
Par value ('TZS')	50	100	50
Authorized capital (TZS'm)	200 000	200 000	200 000
Issued shares	2 240 000 300	840 000 100	1 680 000 200
Share capital (TZS'm)	112 000	84 000	84 000
Share premium per share ('TZS')	800	–	–
Share premium proceeds (TZS'm)	448 000	–	–
IPO cost (TZS'm) ¹⁵	(5 523)	–	–
Share premium (TZS'm)	442 477	–	–

9. Borrowings

During the six months ended 30 September 2017 the Group repaid a loan provided by its parent, Vodacom Group Limited. The Group's related parties are its ultimate parent, its parent, its non-controlling shareholders, all its other related companies and key management personnel including directors. Full details of balances and transactions with related parties will be disclosed in the Group's consolidated annual financial statements for the year ending 31 March 2018.

TZS'm	2017 Reviewed	2016 Reviewed	31 March 2017 Audited
Non-current			
Finance lease liability	5 411	–	–
	5 411	–	–
Current			
Vodacom Group Limited (parent)	–	209 979	200 956
Mirambo Limited (shareholder)	470	650	538
Bank overdraft	–	10 110	–
	470	220 739	201 494

13. Costs which are deductible from the equity raised through an IPO, including: authorised collecting agency fees, lead receiving bank fees, lead advisors and sponsoring broker fees, central security depository fees, printing and various other fees.

Notes to the condensed consolidated interim financial statements

continued

10. Prior period restatement

During the year ended 31 March 2017 the Group revised its capital allowances computations for the financial years ended 31 March 2014, 2015 and 2016 as a result of revised classification of assets for tax purposes and the Helios Towers Tanzania Limited ('HTT') tower sales. In addition, withholding tax on interest income generated from amounts owed to M-Pesa customers was also re-classified from a tax expense to a finance cost. The impacts from the restatement on the statement of profit or loss and other comprehensive income for the six months ended 30 September 2016 and the statement of financial position as at 30 September 2016 are shown below.

TZS'm	After restatement	Before restatement	Restatement
Statement of profit or loss and other comprehensive income			
Finance costs	(26 167)	(24 567)	(1 600)
Income tax expense	(14 166)	(31 898)	17 732
Profit after tax	32 680	16 548	16 132
Statement of financial position			
Non-current assets: trade and other receivables	10 489	39 108	(28 619)
Non-current assets: operating lease prepayment	38 738	–	38 738
Current assets: income tax receivable	13 247	27 856	(14 609)
Non-current liabilities: deferred tax	64 123	84 745	(20 622)
Capital and reserves: retained earnings	488 259	472 127	16 132

11. Reclassification of comparative figures

Certain prior period amounts have been re-classified for consistency with the current period presentation.

Reclassifications do not impact net profit and/or total comprehensive income. The items which were re-classified are shown below:

TZS'm	After Reclassification	Before Reclassification	Reclassification
30 September 2016			
Statement of financial position			
Current assets:			
Operating lease prepayment	7 499	–	7 499
Trade and other receivables	206 057	213 556	(7 499)
Statement of cash flows			
Proceeds from disposal of property, plant and equipment	685	637	48
Proceeds from sale of passive infrastructure	–	48	(48)
31 March 2017			
Statement of profit or loss and other comprehensive income			
Staff expenses	58 668	66 205	(7 537)
Other operating expenses	280 406	272 869	7 537
Statement of cash flows			
Interest paid on other borrowings	1 565	54	1 511
Finance costs paid	–	1 511	(1 511)

Notes to the condensed consolidated interim financial statements
continued

TZS'm	2017 Reviewed	2016 Reviewed	31 March 2017 Audited
12. Commitments			
Operating leases	646 241	476 096	624 679
Capital expenditure contracted but not yet incurred	31 166	32 001	24 877
Other (including sports and marketing commitments)	104 864	158 634	130 088
	782 271	666 731	779 644

13. Contingent liabilities

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 can arise with tax authorities over the interpretation or application of certain tax rules applicable to the Group's businesses. These disputes may not necessarily be resolved in a manner that is favourable to the Group. Additionally, the resolution of the disputes could result in an obligation to the Group. The Group is currently involved in the resolution of significant tax demands arising from assessments by the Tanzania Revenue Authority (TRA), a substantial amount of which the Group disagrees with the TRA's interpretation of the tax laws and regulations, and consequently for which no provisions have been recorded. Having considered internal and external expert advice, the directors believe that the Group has made sufficient provision for any losses arising from tax exposures that are more likely to occur than not. There has been no material increase in exposure during the six months ended 30 September 2017.

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 30 September 2017.

Tower equipment verification

The Group and HTT have established a joint project to verify records of the Group's equipment located on each of HTT's sites. Once completed, the project team may determine the actual space utilised on each of HTT's sites and apply an accurate charge in accordance with the service agreement made between HTT and the Group. Following the review of sites which were believed to have the greatest difference between recorded and actual space utilised, we have recognized a provision of TZS 6 794 million. The project is ongoing and no agreement between the Group and HTT has been reached to retrospectively adjust fees charged, as a result, a complete amount of this liability cannot be reliably measured at this time.

Notes to the condensed consolidated interim financial statements

continued

14. Other matters

Customer registration

In April 2017, the Tanzania Communications Regulatory Authority (TCRA) issued non-compliance orders to operators which were subject to a SIM card registration audit conducted in December 2016. During July 2017, the TCRA issued fines, associated with these non-compliance orders, from which the Group was fined a total of TZS 1 917 million. The Group remains committed to proactively participating in the TCRA-led steering committee, as well as achieving compliance with the TCRA's customer registration requirements by investing in enhanced registration processes

Electronic revenue collection system ('ERC system')

The Tanzanian Revenue Authority (TRA) have implemented an electronic revenue collection system ('ERC system') designed to calculate and collect taxes, including value added tax and excise duty. All mobile network operators and financial institutions are mandated to provide information requested by the ERC system in compliance with the Tax Administration (Electronic Revenue Collection System) Regulations, 2017. Information provided under the ERC system includes mobile phone numbers, traffic and revenue. The Group is in the advanced stages of achieving compliance with the ERC system requirements.

15. Events after the reporting date

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:

Sale of investment in HTT

The Group sold its 24.06% equity stake in HTT to Helios Towers Africa Holding Limited ('HTA') in October 2017 for US\$58.5 million. This investment is included in non-current asset held for sale as at 30 September 2017. The sale of the equity stake generated profit after tax of approximately TZS 106 201 million. The remaining balance of loans receivable from HTT of TZS 6 898 million were also sold to HTA.

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

At the Annual General Meeting held on Friday 27 October 2017, the shareholders approved a gross final dividend of TZS 12.74 per share, payable from income reserves, in respect of the financial year ended 31 March 2017. The dividend amount is equivalent to 60% of net profit after tax. The dividend will be paid on Thursday 30 November 2017 to shareholders recorded in the register at the close of trading on Friday 13 October 2017.

Supplementary information

Key indicators

	Six months ended 30 September		Year-on-year % change
	2017	2016	16/17
Active customers¹ (thousand)	12 857	12 354	4.1
ARPU² (shillings per month)	6 122	6 032	1.5
Active data customers³ (thousand)	7 072	6 021	17.5
M-Pesa customers⁴ (thousand)	7 929	7 035	12.7
Traffic⁵ (millions of minutes)	12 226	11 713	4.4
Outgoing	10 847	10 192	6.4
Incoming	1 379	1 521	(9.3)
MoU per month⁶	160	160	0.0
Messaging (million)	18 867	7 683	145.6
Number of employees	526	562	(6.4)
Number of sites	2 926	2 768	5.7
4G	393	278	41.4
3G	2 054	2 022	1.6
2G	2 891	2 733	5.8

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.
- ARPU is calculated by dividing the average monthly service revenue by the average monthly active customers during the period.
- 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 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.
- M-Pesa customers are the number of unique customers who have generated billable transactions during the last three months.
- 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.
- 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.

Non-IFRS information

The auditor's report does not necessarily cover all of the information contained in this announcement, which sets out the consolidated interim results of Vodacom Tanzania Public Limited Company ('the Company') and its subsidiaries (together 'the Group') for the six months ended 30 September 2017. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's work they should obtain a copy of that report together with the accompanying financial information from the registered office of the Company. This announcement contains certain non-IFRS financial measures which has not been reviewed or reported on by the Group's auditors. 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 comparable IFRS measures. Refer to the 'Operating and financial review' section of this announcement for details relating to service revenue and EBITDA.

Trademarks

Vodafone, the Vodafone logo, M-Pesa, 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). M-Fundi, M-Shamba, M-Pawa and Vodacom Faraja are trademarks of Vodacom Tanzania Public Company Limited (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 consolidated interim results of the Group for the six months ended 30 September 2017, contains 'forward-looking statements', which, save as is otherwise stated in the Prospectus issued by the Company on 12 February 2017 (a copy of which is available on the Company's website), 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 information relating to 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 business by the government in the country 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" (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 4G network expansion; 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, the Company does not intend to update these forward-looking statements and does not undertake any obligation to do so.

Corporate Information

Vodacom Tanzania Public Limited Company

(Incorporated in the United Republic of Tanzania)

Registration number: 38501

(SIN: TZ1996102715 Share Code: VODA)

Directors

AA Mufuruki¹ (Chairman), I Ferrao² (Managing Director), JJ Marais (Finance Director)³, MS Aziz Joosub³, T Steichert⁴, M Mbungela⁵, M Joseph⁵, ADJ Delpoort³, M Ikongo¹, W Ouko⁶, T Semane³, HJC Surtees²

1. Tanzanian 2. British 3. South African
4. German 5. American 6. Kenyan

Company secretary

Caroline Mduma

Registered office

15th Floor, Vodacom Tower,
Ursino Estate, Plot 23, Bagamoyo Road,
P.O. Box 2369, Dar es Salaam, Tanzania.

Transfer secretary

Dar es Salaam Stock Exchange
14th Floor, Golden Jubilee Towers, Ohio Street,
PO Box 70081, Dar es Salaam, Tanzania.

Sponsoring licenced dealing member

Orbit Securities Company Limited

External communications

Rosalynn Mworia

Investor Relations

investorrelations@vodacom.co.tz

www.vodacom.co.tz/investor-relations

