



LIPA KWA M-PESA

1. Weka LIPA Namba
2. LIPU
3. Changua kwerezi auoaha
4. Weka namba ya kampauni
5. Weka ya senkati
6. M-Pesa Mastercard
7. Michoro ya kutafutisha
8. Jami

Vodacom Tanzania Public Limited Company

# Consolidated interim results

for the six months ended 30 September 2018

The future is exciting.

## Ready?



Our business continues to deliver solid results despite challenging trading conditions. Our second set of Interim Results, following our listing on the Dar es Salaam Stock Exchange, reflect pleasing service revenue growth of 3.9% and EBIT growth of 10.5% even though mobile termination rates declined significantly and pricing pressure has intensified. We have delivered commercial momentum and robust customer growth by executing on our strategy and maintaining resolute focus on data and M-Pesa, our primary strategic growth drivers.



## Acting Managing Director

**HISHAM HENDI**

Our digital social media partnerships and smartphone campaigns contributed to strong demand for mobile data services, resulting in a 27.1% increase in data revenue and 14.0% increase in data customers. We focussed our investments to increase our data network capacity in Dar Es Salaam as well as 4G coverage in major urban centres.

We continued to deliver solid M-Pesa revenue growth of 10.9% and gained over 629 000 active M-Pesa customers during the period. In June 2018, we celebrated 10-years of Vodacom M-Pesa in Tanzania and now have 6.8 million 30 days active customers. The celebratory prize-giving campaign was integral in achieving the robust 30 day active M-Pesa customer base growth of 10.2% and promoting an elevated number of revenue generating transactions during the period. We achieved this at a time when competitive pressure is increasing across mobile financial services.

Looking ahead, we aim to maintain the encouraging momentum of the first half of this financial year by targeting an enhanced data user experience across the country, expanding our mobile money ecosystem through new partnerships and further investment into our high-value and youth segments. Having secured an additional 2 x 10 MHz of 700 MHz spectrum, we also expect to provide a superior 4G data user experience to a greater number of regions, allowing for further improvement to the monetisation of data traffic country-wide.

I am confident that this approach will continue to provide resilience in a tough market as we seek to deliver on our vision to lead Tanzania into the digital age and to change lives through technology.

# Highlights

Service revenue increased

**3.9%** (7.6% excluding changes to the MTR) to **TZS497.8 billion**, underpinned by solid M-Pesa and mobile data revenue growth.

M-Pesa revenue

which accounts for **31.6%** of service revenue, grew 10.9% to **TZS157.1 billion** predominantly driven by robust customer growth.

Mobile data revenue

was up **27.1%**, achieving **TZS78.8 billion**, through targeting specific customer segments and geographies.

EBITDA increased

**4.5%** to **TZS133.7 billion**, with margin improvement of 0.4pp achieved through the implementation of a new, distributor-based, device sales model aimed at widening the device distribution using third parties and savings in operating expenses through our 'fit for growth' programme.

Capital expenditure of

**TZS75.7 billion**

spent on increasing high speed data coverage and capacity in Dar es Salaam as well as enhancing data user experience in major urban centres.

Free cash flow rose by

**135.5%** to **TZS25.7 billion** primarily resulting from savings of interest on loans provided by Vodacom Group Limited being fully paid from internally generated cash-flows in the prior year.

Earnings per share (EPS) grew

**64.6%** to **TZS17.05**, mainly attributable to increased net finance income from cash and government treasury bill investments.

Declared a 36.0% increase in gross dividend

of **TZS17.33** per share for the 2018 financial year payable on Friday 30 November 2018.

## Summary financial information

TZSm	Six months ended 30 September			Year-on-year % change
	2018 IFRS 15	2018 IAS 18*	2017 IAS 18	17/18 IAS 18 basis
Service revenue	496 629	497 846	479 202	3.9%
Revenue	502 014	501 103	485 820	3.1%
EBITDA	134 479	133 670	127 944	4.5%
EBIT	50 135	49 326	44 634	10.5%
Operating profit	50 135	49 326	38 026	29.7%
Net profit after tax	38 747	38 181	18 897	102.0%
Operating free cash flow	47 277	47 277	58 425	(19.1%)
Free cash flow	25 675	25 675	(72 360)	135.5%
Capital expenditure	75 748	75 748	102 407	(26.0%)
Earnings per share (EPS) <sup>1</sup> (shillings)	17.30	17.05	10.36	64.6%
Contribution margin (%)	69.2	69.1	68.6	0.5ppts
EBITDA margin (%)	26.8	26.7	26.3	0.4ppts
EBIT margin (%)	10.0	9.8	9.2	0.6ppts
Operating profit margin (%)	10.0	9.8	7.8	2.0ppts
Effective tax rate (%)	32.9	33.0	39.0	(6.0ppts)
Net profit margin (%)	7.7	7.6	3.9	3.7ppts
Capital intensity <sup>2</sup> (%)	15.1	15.1	21.1	(6.0ppts)

Following the prospective adoption of IFRS 15 Revenue from Contracts with Customers on 1 April 2018, the Company's results for the six months ended 30 September 2018 are on an IFRS 15 basis, whereas the results for the six months ended 30 September 2017 are (as previously reported) on an IAS 18 basis. Comparisons between the two bases of reporting are not meaningful and to ensure appropriate disclosure during the period of transition onto IFRS 15, certain financial metrics for the six months ended 30 September 2018 has been disclosed on both an IFRS 15 and IAS 18 basis and our commentary describing our operating performance in the Operating Review has been provided solely on an IAS 18 basis. The impact of the adoption of this new standard is not material to the Company, and hence further disclosure and commentary on the results will be based on IAS 18 for the remainder of the financial year. The accounting standard applied is clearly marked in the heading of relevant columns in the news release.

- The weighted average number of shares as at 30 September 2018 was 2 240 000 300 (2017: 1 823 825 362) and has been applied to the EPS calculation.
  - Capital expenditure as a percentage of revenue.
- # Financial information and growth rates on a comparable IAS 18 basis for the six months ended 30 September 2018, marked as # in this document.

# Operating and financial review

TZSm	Six months ended 30 September		Year-on-year % change
	2018 IAS 18*	2017 IAS 18	17/18
Mobile voice revenue	197 818	207 019	(4.4)
M-Pesa revenue	157 090	141 614	10.9
Mobile data revenue	78 796	61 999	27.1
Mobile incoming revenue	34 215	44 889	(23.8)
Messaging revenue	19 032	13 417	41.8
Other service revenue	10 895	10 264	6.1
<b>Service revenue</b>	<b>497 846</b>	<b>479 202</b>	<b>3.9</b>
Non-service revenue	3 257	6 618	(50.8)
<b>Revenue</b>	<b>501 103</b>	<b>485 820</b>	<b>3.1</b>
Direct expenses	(154 707)	(152 411)	(1.5)
Staff expenses	(28 529)	(27 015)	(5.6)
Publicity expenses	(17 835)	(14 449)	(23.4)
Other operating expenses	(169 976)	(166 385)	(2.2)
Depreciation and amortisation	(80 730)	(80 926)	0.2
Share-based payment charge <sup>1</sup>	–	(6 608)	100.0
<b>Operating profit</b>	<b>49 326</b>	<b>38 026</b>	<b>29.7</b>
EBITDA	133 670	127 944	4.5
EBITDA margin (%)	26.7	26.3	0.4ppts
EBIT	49 326	44 634	10.5
EBIT margin (%)	9.8	9.2	0.6ppts

## Revenue

**Service revenue** grew 3.9% (7.6%\*) to TZS497.8 billion. Strong fundamental growth was delivered through our key strategic drivers – data and M-Pesa – despite a continuation of market pricing pressure seen from the final quarter of the previous financial year.

Market pricing pressure continues following the 42.1% reduction in mobile termination rate (MTR) in January 2018. Minutes included within bundles increased by approximately 75% resulting in a decline in the effective price per minute.

Through strong commercial execution we protected our customer base, achieving robust growth in active customers<sup>2</sup> of 8.8%, through our 'Just 4 You' platform and improved monetisation of high-value and youth segments. Simultaneously, actions were taken towards improving compliance with customer registration requirements.

These actions together with delivering a superior data user experience and mobile money ecosystem to our customers, as well as obtaining significant traction from our segmented high-value, youth and coastal-focussed bundles, resulted in us maintaining our leading market share of 31.7%<sup>3</sup>.

1. This cost relates to an underwriting arrangement between the Public Investment Corporation (SOC) Ltd in South Africa, Vodacom Tanzania and Vodacom Group Limited, as part of the initial public offering of 25% of Vodacom Tanzania's ordinary shares.

2. Active customers are based on the total number of mobile customers using any service during the last three months. These customers grew 8.8% during the period whereas our 30 day active customer base, excluding customers which solely received incoming calls, grew by 9.7%. This is indicative of an improvement in revenue generating activity across our customer base.

3. Quarterly Communications Statistics Reports, Tanzania Communications Authority (TCRA), June 2018.

\* Adjusted for reductions made to the mobile termination rate (MTR) in January 2017 and January 2018.

**Revenue** grew 3.1% to TZS501.1 billion and includes lower equipment revenue as a result of implementing a new, distributor-based, device sales model aimed at widening the device distribution using third parties.

**Mobile voice** revenue decreased 4.4% to TZS197.8 billion as we continue to see competitive pressure on effective on-net pricing which drove an increase in minutes of use (MoU) per month by 13.1%. We will continue using 'Just 4 You' and segmentation for upselling and price optimisation.

**M-Pesa** revenue grew 10.9% to TZS157.1 billion. June 2018 marked 10-years of Vodacom M-Pesa in Tanzania. We celebrated with a prize-giving campaign that was integral in achieving the robust 30 day active M-Pesa customer base growth of 10.2%<sup>1</sup> and increasing revenue generating transactions during the period.

Competitive pressure has intensified across mobile financial services, where agent and customer incentives to use competing platforms have increased. This resulted in M-Pesa revenue growth decelerating during the period, particularly when combined with the implementation of the government electronic payment gateway, which effectively reduced fee income from electricity purchases to operators.

Our 'Lipa kwa M-Pesa' merchant payment solution continues to gain momentum, with over 8 000<sup>2</sup> merchants now actively trading on the platform.

M-Pesa revenue accounts for 31.6% of service revenue, an improvement of 2.0ppts from the prior year.

**Mobile data** revenue increased 27.1%, achieving revenue of TZS78.8 billion during the period. Our focus on youth and high value customer segments, coupled with partnership-led smartphone campaigns, resulted in a continuation of strong demand for our mobile data services. Active smartphone users increased 18.1%, reaching a penetration of 29.6% of our customer base.

Active data customers reached 8.1 million, up 14.0%. We continued to target specific customer segments and geographies which allow for further improvement to the monetisation of data traffic.

**Mobile incoming** revenue declined by 23.8% to TZS34.2 billion, adversely impacted by the 42.1% mobile termination rate (MTR) reduction in January 2018 and partially offset by an 16.7% increase in the number of incoming minutes as operators increased all-net bundles in their offers.

**Messaging** revenue increased by 41.8% to TZS19.0 billion with the number of short message service (SMS) messages transmitted declining by 9.5% to 17.0 billion. This is a result of the introduction of SMS-only bundles in the prior year and a significant improvement in monetising these same bundles during the period.

### Total expenses<sup>3,4</sup>

**Total expenses<sup>3,4</sup>** increased 3.0% to TZS371.0 billion.

Various savings were realised as part of our 'Fit for growth' cost containment programme during the period as well as savings from lower interconnect costs and lower devices sales as a result of adopting a new, distributor-based, device sales model. This was offset by greater network operating costs, as a result of a higher number of network elements and inflation adjustments applied under service contracts, as well as greater publicity costs from greater on-the-ground marketing activity during the period and increased regulatory fees.

### EBIT

**EBIT** grew 10.5% to TZS49.3 billion, resulting in an EBIT margin expansion of 0.6ppts to 9.8%. EBIT includes a depreciation and amortisation charge of TZS80.7 billion, representing a decrease of 0.2%.

1. The number of unique customers who have generated revenue related to M-Pesa in the past 30 days. In the past 90 days, 8.9 million unique customers generated revenue related to M-Pesa.
2. The number of merchants who have done M-Pesa transactions in the past 30 days. In the past 90 days, more than 10 000 merchants transacted.
3. Excluding depreciation, amortisation, impairment losses and share-based payment charges.
4. A provision of TZS6.8 billion was made in the prior year in relation to a joint project to verify records of equipment located on each of Helios Towers Tanzania (HTT)'s sites. Vodacom and HTT have since agreed a final retrospective fee adjustment in the prior year, of which approximately TZS8.4 billion is an annual, recurring incremental charge.

## Operating and financial review *continued*

### Operating profit

**Operating profit** grew 29.7% to TZS49.3 billion. In the prior year, a TZS6.6 billion share-based payment charge was applied, 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.

### Capital expenditure

**Capital expenditure** was TZS75.7 billion, representing 15.1% of revenue. Our investments were focussed on increasing our data network capacity and enhancing 4G coverage in Dar es Salaam. We deployed 183 new 4G sites in the capital (203 new sites in total across the country) with fibre and high capacity microwave backhaul. We also modernised our network with the continuation of capacity upgrades across our 3G sites as well as increased the number of 2G and 3G sites to 3 006 and 2 370 respectively (an additional 55 2G and 138 3G sites during the period).

### Net finance charges

TZSm	Six months ended 30 September		Year-on-year % change
	2018 IAS 18*	2017 IAS 18	17/18
Interest income from M-Pesa balances	10 147	13 790	(26.4)
Interest income from cash and government treasury bill investments	7 620	4 932	54.5
Other finance income	–	521	(100.0)
<b>Finance income</b>	<b>17 767</b>	<b>19 243</b>	<b>(7.7)</b>
Finance cost of M-Pesa cash balances	(10 095)	(13 743)	26.5
Finance costs from finance leases and short-term borrowings	(81)	(6 490)	98.8
<b>Finance costs</b>	<b>(10 176)</b>	<b>(20 233)</b>	<b>49.7</b>
<b>Net loss on re-measurement and disposal of financial instruments</b>	<b>38</b>	<b>(6 051)</b>	<b>100.6</b>
<b>Net finance income/(charges)</b>	<b>7 629</b>	<b>(7 041)</b>	<b>&gt;200</b>

Net finance income increased by TZS14.7 billion, primarily as a result of loans, provided by Vodacom Group Limited, being fully repaid from internally generated cash-flows in the prior year. This reduced both finance costs and the net loss from the re-measurement of these loans, which were denominated in South African rand and United States dollars.

Finance income decreased by TZS1.5 billion mainly due to the reduction in interest rates on M-Pesa deposits and the repayment of a loan extended to HTT in October 2017, partly offset by higher interest income from increased cash and government treasury bill investments.

### Taxation

The tax expense of TZS18.8 billion is 55.3% greater than the prior year (2017: TZS12.1 billion) primarily due to the increase in taxable profits.

The effective tax rate decreased to 33.0% from 39.0%<sup>1</sup> and is higher than the statutory rate of 30.0% primarily as a result of a decrease in the current year of unrecognised losses from a subsidiary<sup>1</sup>.

1. Shared Networks Tanzania Limited (SNT), a wholly-owned subsidiary of Vodacom Tanzania, acquired in July 2016. Losses generated by this subsidiary does not result in the recognition of a deferred tax asset.

## Earnings

Earnings per share (EPS) increased by 64.6%<sup>1</sup> to TZS17.05 per share, mainly attributable to increased net finance income.

## Statement of financial position

Property, plant and equipment and intangible assets decreased by 0.9% to TZS711.5 billion, primarily due to accelerated depreciation of network infrastructure assets partially offset by the acquisition of 2 x 10 MHz of 700 MHz for USD10 million (equivalent to TZS22.7 billion).

Non-current assets held for sale reduced by TZS10.3 billion to TZS2.3 billion as a result of the sale of both our equity stake and debt holding in HTT in October 2017.

### Net cash

TZSm	Six months ended 30 September		Movement
	2018 IAS 18*	2017 IAS 18	17/18
Bank and cash balances <sup>2</sup>	343 489	415 395	(71 906)
Finance leases and short-term borrowings	(5 711)	(5 882)	171
<b>Net cash<sup>3</sup></b>	<b>337 778</b>	<b>409 513</b>	<b>(71 735)</b>
<b>Net cash to EBITDA (times)</b>	<b>1.3</b>	<b>1.6</b>	<b>(0.3x)</b>

The reduction in net cash is a result of a significant increase in investment in government treasury bills amounting to TZS199.2 billion, TZS22.7 billion acquisition of 700 MHz spectrum and dividend payments of TZS28.5 billion; partially offset by TZS130.5 billion proceeds from sale of an equity stake in Helios Towers Tanzania (HTT), TZS6.8 billion interest income received from HTT and cash generated from operations.

## Cash flow

### Free cash flow

TZSm	Six months ended 30 September		Year-on-year % change
	2018 IAS 18*	2017 IAS 18	17/18
EBITDA	133 670	127 944	4.5
Working capital	(10 666)	24 059	(144.3)
Capital expenditure <sup>4</sup>	(75 748)	(102 407)	26.0
Disposal of property, plant and equipment	21	2 775	(99.3)
Other cash flows	–	6 054	(100.0)
<b>Operating free cash flow</b>	<b>47 277</b>	<b>58 425</b>	<b>(19.1)</b>
Tax paid	(27 101)	(25 843)	(4.9)
Net finance income received	5 499	(104 942)	105.2
<b>Free cash flow<sup>5</sup></b>	<b>25 675</b>	<b>(72 360)</b>	<b>135.5</b>

- The weighted average number of shares as at 30 September 2018 was 2 240 000 300 (2017: 1 823 825 362) and has been applied to the EPS calculation.
- Bank and cash balances include restricted cash of TZS4.6 billion that has been placed as bank guarantee.
- Net cash includes the total of cash and cash equivalents, interest bearing debts and finance leases. Cash excludes investment in government treasury bills TZS219.2 billion (2017: TZS20.0 billion).
- 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.
- Free cash flow includes net interest received from or paid to M-Pesa customers (2018: cash inflow of TZS1.8 billion; 2017: cash outflow of TZS5.1 billion), interest paid as part of the repayment of a loan from Vodacom Group Limited (2017: cash outflow of TZS104.6 billion). Excluding these items, free cash flow decreased 36.0% during the period to TZS25.7 billion (2017: TZS37.3 billion).

## Operating and financial review *continued*

Operating free cash flow decreased 19.1% to TZS47.3 billion, primarily as a result of greater outflows from working capital – which included the re-phased settlement of balances due to our capital creditors partially offset by a 26.0% decrease in capital expenditure.

Free cash flow increased by 135.5% to TZS25.7 billion primarily from the savings of interest on loans provided by Vodacom Group Limited being fully paid from internally generated cash-flows in the prior year, boosted by the increase in finance income driven by the significant investment in government treasury bills. The 4.9% increase in tax paid primarily relates to higher provisional tax payments made during the period and a deposit paid to object the revised corporate tax assessments for the years 2014 to 2016.

### Regulatory matters

#### 700 MHz spectrum auction

An auction of spectrum in the 700 MHz frequency range was concluded on 8 June 2018, where Vodacom Tanzania successfully acquired 2 x 10 MHz for USD10 million. Vodacom Tanzania plans to utilise the spectrum to provide a superior 4G data customer experience to a greater number of communities.

#### Mobile termination rates

The Tanzania Communication Regulatory Authority (TCRA) published new mobile termination rates (MTRs) on 29 December 2017 that will apply from January 2018 to December 2022. MTRs declined from TZS26.96 to TZS15.60 from January 2018, directly impacting interconnect revenue and cost. The TCRA's 'glide path' reduces the MTR annually until it becomes TZS2.00 in January 2022. We have presented our appeal against the TCRA's new MTRs, made on the grounds that the 'glide path' sets MTRs below the costs incurred by operators, to the Fair Competition Tribunal (FCT) which is yet to be heard and determined by the FCT.

#### Customer registration

During the period, we continued to invest in enhanced customer registration processes and took actions to improve our compliance as required by the TCRA.

#### Other matters

Vodacom Group has entered into an agreement with Mirambo Limited, and certain of Mirambo's shareholders, under the terms of which Vodacom Group will acquire all of Mirambo's 588 million shares in Vodacom Tanzania. This will result in Vodacom Group increasing its total interest in Vodacom Tanzania from 61.6% (direct and indirect) to 75% (direct). The transaction close is subject to conditions precedent, including requisite regulatory approvals.

### Outlook

We expect that the momentum from the resilience of our strategy in the first six months will continue into the second half of the year. In particular, our cost optimisation programme combined with growth in data and M-Pesa revenue positions the business well in spite of intensified pricing pressures.

From an M-Pesa perspective, we continue to establish new partnerships to further enhance the mobile money ecosystem.

Having acquired 700 MHz spectrum in June 2018, this allows us to prioritise investments over the short-term to extend our leadership position in data user experience to improve data monetisation across strategically significant regions. Additionally, we will continue to drive further increases in smartphone penetration to help bridge the digital divide through further partnership-led, low-cost smartphone campaigns.

Our segmented marketing propositions allow us to better protect our share of the market in key segments and we are encouraged by the significant traction gained from our high-value, youth and coastal-focussed segments in the first half. Momentum in this area is contingent, in the short-term, on the outcomes from proactive measures to further enhance compliance with customer registration requirements.

Assuming a stable currency, regulatory and macroeconomic environment, our guidance remains unchanged. We continue to target mid-single-digit service revenue growth, with broadly stable capital intensity in the second half of the financial year.

### Declaration of dividend – payable from income reserves

At the Annual General Meeting held on Monday 01 October 2018, the shareholders of Vodacom Tanzania Public Limited Company (the Company) approved a gross final dividend of TZS17.33 per share, up 36.0% year-on-year (2017: TZS12.74), in line with policy and payable from income reserves, in respect of the financial year ended 31 March 2018.

The final dividend represents 60% of net profit after tax, excluding post-tax accounting gain from the sale<sup>1</sup> of a 24.06% equity stake in an associate, Helios Towers Tanzania Limited in October 2017. Proceeds from the sale are required for future strategic investment opportunities.

The dividend will be paid on Friday 30 November 2018 to shareholders recorded in the register at the close of trading on Wednesday 4 July 2018.

The last day which shares traded cum dividend was Friday 29 June 2018. Shares commenced trading ex-dividend on Monday 2 July 2018.

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 Friday 30 November 2018, 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

9 November 2018



**Hisham Hendi**  
Acting Managing Director



**Jacques Marais**  
Finance Director

1. 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. As a result of losses recognised against Vodacom Tanzania's investment in HTT over previous years, the transfer of shares resulted in a pre-tax accounting gain of TZS120.3 billion (tax charges amounted to TZS14.7 billion).

# 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 comprise the condensed consolidated statement of financial position as at 30 September 2018 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 period then ended, and selected explanatory notes.

## 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 as issued by the International Accounting Standards Board (IASB), the requirements of the Tanzanian Companies Act No. 12 of 2002, 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 financial information performed by the independent auditor of the entity'. A review of 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 2018 and for the six month period then ended, have not been prepared, in all material respects, in accordance with the basis of preparation described in Notes 1 and 2 of the condensed consolidated interim financial statements.



Patrick Kiambi, TACPA – PP

For and on behalf of PricewaterhouseCoopers

Certified Public Accountants

Dar es Salaam

9 November 2018

Condensed consolidated interim financial statements

## Statement of profit or loss and other comprehensive income

For the six months ended 30 september 2018

TZS m	Notes	30 September 2018 Reviewed	30 September 2017 Reviewed	Year ended 31 March 2018 Audited
<b>Revenue</b>		502 014	485 820	977 994
Direct expenses		(154 823)	(152 411)	(302 712)
Staff expenses		(28 514)	(27 015)	(55 328)
Publicity expenses		(17 835)	(14 449)	(30 649)
Other operating expenses		(169 977)	(166 385)	(329 202)
Depreciation and amortisation	5,6	(80 730)	(80 926)	(164 594)
Share-based payment charges		–	(6 608)	(6 608)
<b>Operating profit</b>		50 135	38 026	88 901
Gain on sale of investment in associate		–	–	120 251
Finance income		17 767	19 243	44 768
Finance costs		(10 176)	(20 233)	(34 485)
Net gain/(loss) on re-measurement of financial instruments		38	(6 051)	(3 099)
<b>Profit before tax</b>		57 764	30 985	216 336
Income tax expense	3	(19 017)	(12 088)	(46 096)
<b>Net profit and total comprehensive income for the period</b>		38 747	18 897	170 240
<b>Basic and diluted earnings per share (TZS)</b>	4	17.30	10.36	83.81

Condensed consolidated interim financial statements

# Statement of financial position

as at 30 September 2018

TZ\$ m	Notes	30 September 2018 Reviewed	30 September 2017 Reviewed	Year ended 31 March 2018 Audited
<b>Assets</b>				
<b>Non-current assets</b>				
		851 273	826 631	807 724
Goodwill		1 988	1 988	1 988
Property, plant and equipment	5	640 435	674 748	644 772
Intangible assets	6	69 077	41 378	47 175
Operating lease prepayments		60 007	37 935	46 764
Income tax receivable		19 724	11 156	11 156
Trade and other receivables <sup>1</sup>		7 938	275	252
Deferred loss		52 104	59 151	55 617
		<b>1 109 678</b>	<b>972 425</b>	<b>1 070 980</b>
<b>Current assets</b>				
Inventory		1 497	4 499	1 985
Operating lease prepayments		13 291	8 688	9 782
Trade and other receivables <sup>1</sup>		144 975	160 199	134 590
Income tax receivable		4 181	18 528	10 666
Financial assets <sup>2</sup>		384 104	345 116	352 876
Short term investment		222 774	20 000	121 192
Cash and cash equivalents		338 856	415 595	439 889
		<b>2 257</b>	<b>19 411</b>	<b>2 257</b>
<b>Non-current assets held for sale</b>				
<b>Total assets</b>		<b>1 963 208</b>	<b>1 818 467</b>	<b>1 880 961</b>
<b>Equity and liabilities</b>				
<b>Capital and reserves</b>				
		1 250 649	1 087 691	1 210 454
Share capital	7	112 000	112 000	112 000
Share premium	7	442 435	442 477	442 435
Capital contribution		27 698	27 698	27 698
Retained earnings		668 516	505 516	628 321
		<b>102 629</b>	<b>87 489</b>	<b>100 076</b>
<b>Non-current liabilities</b>				
Finance lease liability		5 656	5 411	5 513
Government grant		3 808	–	4 695
Deferred tax		49 551	48 526	49 649
Trade and other payables		43 614	33 552	40 219
		<b>609 930</b>	<b>643 287</b>	<b>570 431</b>
<b>Current liabilities</b>				
Borrowings		55	470	285
Trade and other payables <sup>3</sup>		574 397	598 813	541 697
Interest due to customers		24 637	18 896	22 952
Government grant		1 772	15 523	1 772
Provisions		9 069	9 585	3 725
		<b>712 559</b>	<b>730 776</b>	<b>670 507</b>
<b>Total liabilities</b>		<b>712 559</b>	<b>730 776</b>	<b>670 507</b>
<b>Total equity and liabilities</b>		<b>1 963 208</b>	<b>1 818 467</b>	<b>1 880 961</b>

- Trade and other receivables as at 30 September 2018 include contract asset receivables; current TZ\$1 054 million and non-current TZ\$1 598 million.
- Financial assets represent restricted cash balances from M-Pesa deposits and cash collateral against a guarantee in favour of TRA relating to disputes over tax assessments TZ\$4 632 million.
- Trade and other payables include amounts owed to M-Pesa customers. As at 30 September 2018 this amount was TZ\$358 350 million (2017: TZ\$329 528 million; March 2018: TZ\$333 220 million).

## Condensed consolidated interim financial statements

**Statement of changes in equity**

For the six months ended 30 september 2018

TZS m	Notes	Share capital	Share premium	Capital contribution	Retained earnings	Total
<b>Balance at 31 March 2018 as originally presented</b>		112 000	442 435	27 698	628 321	1 210 454
Change in accounting policy						
IFRS 15 opening balance adjustment	2	–	–	–	1 402	1 402
IFRS 9 opening balance adjustment	2	–	–	–	46	46
<b>Total equity at 1 April 2018</b>		112 000	442 435	27 698	629 769	1 211 902
Profit and total comprehensive income		–	–	–	38 747	38 747
<b>30 September 2018 (Reviewed)</b>		112 000	442 435	27 698	668 516	1 250 649
<b>1 April 2017</b>		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		–	–	4 724	–	4 724
<b>30 September 2017 (Reviewed)</b>		112 000	442 477	27 698	505 516	1 087 691
<b>1 April 2017</b>		84 000	–	22 974	486 619	593 593
Shares issued		28 000	442 435	–	–	470 435
Total comprehensive income		–	–	–	170 240	170 240
Share-based payment charge		–	–	4 724	–	4 724
Dividend declared		–	–	–	(28 538)	(28 538)
<b>31 March 2018 (Audited)</b>		112 000	442 435	27 698	628 321	1 210 454

## Condensed consolidated interim financial statements

**Statement of cash flows**

For the six months ended 30 september 2018

TZS m	Period ended 30 September 2018 Reviewed	Period ended 30 September 2017 Reviewed	Year ended 31 March 2018 Audited
<b>Cash flows from operating activities</b>			
Cash generated from operations	129 342	132 888	269 039
Income taxes paid	(27 101)	(25 843)	(50 865)
<b>Net cash generated from operating activities</b>	<b>102 241</b>	<b>107 045</b>	<b>218 174</b>
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment and intangible assets	(85 524)	(47 316)	(149 859)
Acquisition of subsidiary	–	–	(3 637)
Proceeds from disposal of property, plant and equipment	20	2 775	1 073
Government grants received	1 267	6 054	12 008
Short term investment made	(97 984)	(20 000)	(121 192)
Finance income received <sup>4</sup>	4 021	4 932	22 044
Proceeds from sale of HTT investment	–	–	130 582
Cash held in restricted deposits	(26 595)	(30 810)	(38 522)
Interest received from M-Pesa deposits	10 147	13 790	26 196
<b>Net cash used in investing activities</b>	<b>(194 648)</b>	<b>(70 575)</b>	<b>(121 307)</b>
<b>Cash flows from financing activities</b>			
Dividends paid	(13)	–	(28 463)
Proceeds from an initial public offering of shares	–	476 000	476 000
Payment of an initial public offering cost	–	(7 407)	(7 449)
Interest paid on other borrowings	(260)	(168)	(465)
Interest paid to M-Pesa customers	(8 409)	(18 922)	(27 222)
Principal repayment of a shareholder loan	–	(107 071)	(107 071)
Interest payments made on a shareholder loan	–	(104 574)	(104 574)
<b>Cash (utilised in)/generated from financing activities</b>	<b>(8 682)</b>	<b>237 858</b>	<b>200 756</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(101 089)</b>	<b>274 328</b>	<b>297 623</b>
Cash and cash equivalents at the beginning of the year	439 889	140 913	140 913
Effects of exchange rate changes on cash and cash equivalents held in foreign currencies	56	154	1 353
<b>Cash and cash equivalents at the end of the period</b>	<b>338 856</b>	<b>415 395</b>	<b>439 889</b>

4. The amount includes interest received on loan to associate TZS nil (September 2017: TZS4 932 million; March 2018 TZS6 785 million).

# Notes to the condensed consolidated interim financial statements

For the six months ended 30 september 2018

## 1. Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with, and containing the information required by the International Accounting Standard 34 as issued by the International Accounting Standards Board (IASB), the requirements of the Tanzanian Companies Act No. 12 of 2002, 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, except as disclosed in Note 2.

## 2. Changes in accounting policies

The Group adopted the new, revised or amended accounting pronouncements as issued by the IASB, which were effective and applicable to the Group from 1 April 2018. The IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" are set out below. The detailed accounting policies will be disclosed in the Group's consolidated annual financial statements for the year ending 31 March 2019.

### 2.1 IFRS 15 "Revenue from contracts with customers" (IFRS 15)

#### **Impact of IFRS 15 on revenue**

The adoption of IFRS 15 resulted in accelerated mobile device revenue, capitalisation of customer acquisition costs and the impairment of the resulting contract asset.

Revenue is accelerated in instances where the Group sells subsidised devices together with airtime service agreements to customers. Consequently, there is an increase in revenue allocated to equipment since revenue is recognised at contract inception, when control of the device typically passes to the customer, and a decrease in revenue subsequently recognised as services are delivered during the contract period. Where additional up-front unbilled revenue is recorded for the sale of devices, this is reflected in the consolidated statement of financial position as a contract asset.

Certain incremental costs incurred in acquiring a contract with a customer have been deferred and will be amortised against revenue is recognised under the related contract; this will generally lead to the later recognition of charges for some commissions payable to third party dealers and employees. In addition, certain types of contract acquisition costs are deducted from revenue as they are considered to relate to the funding of customer discounts.

The impact on the main disclosure line items in the condensed consolidated income statement for the six months ended 30 September 2018, is an increase in revenue of TZS911 million, an increase in direct expenses of TZS116 million and an increase of TZS567 million in net profit. The impact of the cumulative retrospective adoption of IFRS 15 on the opening balances of the condensed consolidated statement of financial position at 30 September 2018 is an increase in non-current "Trade and other receivables" of TZS672 million, an increase in current "Trade and other receivables" of TZS1 330 million and the resulting impact in retained earnings and deferred tax liabilities.

### 2.2 IFRS 9 "Financial instruments" (IFRS 9)

IFRS 9 impacts the classification and measurement of the Group's financial instruments. The Group has adopted IFRS 9 with the cumulative retrospective impact on the classification and measurement of financial instruments reflected as an adjustment to equity on the date of adoption.

*The key impacts were as follows:*

The Group has elected, under IFRS 9, to recognise the full amount of credit losses that would be expected to be incurred over the full recovery period of trade receivables, investment in treasury bills, contract assets recorded under IFRS 15, and finance lease receivables at the date of initial recognition of those assets; previously credit losses were not recognised on such assets until there was an indicator of impairment, such as a payment default.

Notes to the condensed consolidated interim financial statements *continued*

Financial assets that were classified as "Loans and receivables" under IAS 39 "Financial instruments: Recognition and measurement" (IAS 39) are now classified as "Amortised cost" under IFRS 9 with no change to the carrying values at 1 April 2018.

**Impairment**

The impact of IFRS 9 on the impairment of financial assets was a decrease of TZS66 million (pre-tax) to the loss allowance relating to trade receivables and an increase of TZS292 million (pre-tax) to the loss allowance relating to contract assets recognised under IFRS 15.

**3. Income tax expense**

TZS m	2018 Reviewed	2017 Reviewed	31 March 2018 Audited
Expected income tax expense at the Tanzania statutory tax rate of 30%	17 329	9 295	64 901
Adjusted for:			
– Non-deductible expenditure	1 593	783	2 158
– Non-taxable gaming income	(1 879)	(372)	(2 739)
– Non-taxable gain on disposal of assets	–	–	(21 391)
– Subsidiary tax losses not recognised	1 180	1 717	2 816
– Other adjustments to profit before tax and/or tax charge	794	665	351
<b>Income tax expense</b>	<b>19 017</b>	<b>12 088</b>	<b>46 096</b>
<b>Effective tax rate</b>	<b>33.0%</b>	<b>39.0%</b>	<b>21.3%</b>

**4. Earnings and dividends per share**

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

TZS m	2018 Reviewed	2017 Reviewed	31 March 2018 Audited
Basic and diluted earnings per share (TZS)	17.30	10.36	83.81
Earnings attributable to shareholders (TZS m)	38 747	18 897	170 240
Weighted average number of ordinary shares outstanding <sup>5</sup>	2 240 000 300	1 823 825 362	2 031 342 728
Dividends per share (TZS)	–	–	12.74

5. The comparative number of shares were weighted during the prior periods applying a weighting for the number of days of which those shares were outstanding.

Notes to the condensed consolidated interim financial statements *continued*

## 5. Property, plant and equipment

TZS m	2018 Reviewed	2017 Reviewed	31 March 2018 Audited
<b>Net book value as at 1 April</b>	<b>644 772</b>	656 241	656 241
Additions	71 838	95 313	145 140
Disposals	(122)	(502)	(851)
Depreciation	(75 831)	(77 596)	(157 166)
Other adjustment	(222)	1 292	1 408
<b>Net book value as at end of the period</b>	<b>640 435</b>	674 748	644 772

## 6. Intangible assets

TZS m	2018 Reviewed	2017 Reviewed	31 March 2018 Audited
<b>Net book value as at 1 April</b>	<b>47 175</b>	40 152	40 152
Additions <sup>6</sup>	26 579	4 556	14 565
Amortisation charge	(4 899)	(3 330)	(7 428)
Other adjustments	222	–	(114)
<b>Net book value as at end of period</b>	<b>69 077</b>	41 378	47 175

## 7. Share capital and share premium

The group is controlled by its parent Vodacom Group Limited, which, as at 30 September 2018, 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.

	2018 Reviewed	2017 Reviewed	31 March 2018 Audited
Authorized ordinary shares	4 000 000 000	4 000 000 000	4 000 000 000
Par value (TZS)	50	50	50
Authorised capital (TZS m)	200 000	200 000	200 000
Issued shares	2 240 000 300	2 240 000 300	2 240 000 300
<b>Share capital (TZS m)</b>	<b>112 000</b>	112 000	112 000
Share premium proceeds (TZS m) <sup>7</sup>	442 435	448 000	448 000
IPO cost (TZS m) <sup>8</sup>	–	(5 523)	(5 565)
<b>Share premium (TZS m)</b>	<b>442 435</b>	442 477	442 435

6. The additions include the acquisition of spectrum licenses of TZS22 669 million.

7. Share premium per share is TZS800.

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

Notes to the condensed consolidated interim financial statements *continued***8. Commitments**

TZS m	<b>2018 Reviewed</b>	2017 Reviewed	31 March 2018 Audited
Network capacity and accommodation commitments	<b>619 194</b>	646 241	641 137
Capital expenditure contracted but not yet incurred	<b>45 065</b>	31 166	33 602
Other (including sports and marketing commitments)	<b>142 178</b>	104 864	100 478
	<b>806 437</b>	782 271	775 217

**9. Contingent liabilities**

## 9.1 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.

## 9.2 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 2018.

## 10. Other matters

### 10.1 Customer registration

During the period, we continued to invest in enhanced customer registration processes and took actions to improve our compliance with the Tanzania Communications Regulatory Authority (TCRA)'s customer registration requirements.

In December 2017, the TCRA issued a compliance order against Vodacom Tanzania with 57 offences found during an audit conducted in September 2017. Vodacom Tanzania filed its defence for all 57 offences and no ruling has been made by the TCRA on this compliance order to date.

### 10.2 Government electronic payment gateway (GePG)

On 01 April 2018, the Ministry of Finance and Planning introduced a government electronic payment gateway (GePG) where all mobile money payments to state-owned companies are to be routed for an incremental service fee borne by the customer. Furthermore, commercial arrangements governing payments between Vodacom M-Pesa and Tanzania Electric Supply Company Limited (TANESCO), where the Group received a payment facilitation fee, were terminated.

### 10.3 Acquisition of Mirambo Shares

The Group's biggest shareholders, Vodacom Group Limited, Mirambo Limited (Mirambo), and certain of Mirambo's shareholders, have entered into an agreement in the terms of which Vodacom Group Limited will acquire all of Mirambo's 588 million shares in Vodacom Tanzania PLC. This will result in Vodacom Group Limited increasing its total interest in Vodacom Tanzania PLC from 61.6% (direct and indirect) to 75% (direct). The transaction close is subject to conditions precedent, including requisite regulatory approvals.

## 11. Events after 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.

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

At the Annual General Meeting held on Monday 1 October 2018, the shareholders approved a gross final dividend of TZS17.33 per share, payable from income reserves, in respect of the financial year ended 31 March 2018. The dividend amount is equivalent to 60% of net profit after tax, excluding the post-tax accounting gain on the sale of a 24.06% equity stake in associate, Helios Towers Tanzania Limited in October 2017. Proceeds from the sale are required for future strategic investment opportunities. The dividend will be paid on Friday 30 November 2018 to shareholders recorded in the register at the close of trading on Wednesday 4 July 2018.

# Supplementary information

## Key indicators

TZSm	Six months ended 30 September		Year-on-year
	2018 IAS 18	2017 IAS 18	% change 17/18
<b>Customers<sup>1</sup> (thousand)</b>	13 991	12 857	8.8
<b>ARPU<sup>2</sup> (shillings per month)</b>	6 060	6 122	(1.0)
<b>Data customers<sup>3</sup> (thousand)</b>	8 064	7 072	14.0
<b>30 day active M-Pesa customers<sup>4</sup> (thousand)</b>	6 818	6 189	10.2
<b>Traffic<sup>5</sup> (millions of minutes)</b>	14 472	12 226	18.4
Outgoing	12 863	10 847	18.6
Incoming	1 609	1 379	16.7
<b>MoU per month<sup>6</sup></b>	181	160	13.1
<b>Messaging (million)</b>	17 072	18 867	(9.5)
<b>Number of employees</b>	533	526	1.3
<b>Number of sites</b>			
4G	742	393	88.8
3G	2 370	2 054	15.4
2G	3 006	2 891	4.0

### 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.
- 30 day active M-Pesa customers are the number of unique customers who have generated billable transactions during the month. In the past 90 days, 8.9 million unique customers generated revenue related to M-Pesa.
- 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 2018. 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, EBIT and earnings per share.

## Trademarks

Vodafone, the Vodafone logo, M-Pesa, Vodacom, Connected Farmer and Vodafone Supernet 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 Limited Company (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 year ended 30 September 2018, 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 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

(ISIN: TZ1996102715 Share Code: VODA)

## Directors

AA Mufuruki<sup>1</sup> (Chairman), JJ Marais (Finance Director)<sup>3</sup>,  
D Gutierrez<sup>4</sup>, T Steichert<sup>5</sup>, K Gomado<sup>6</sup>, M Mbungela<sup>5</sup>,  
ADJ Delpont<sup>5</sup>, M Ikongo<sup>1</sup>, W Ouko<sup>2</sup>, T Semane<sup>5</sup>,  
HJC Surtees<sup>7</sup>

1. Tanzanian    2. Kenyan    3. South African    4. Bolivian  
5. German    6. Ghanaian    7. British

## Company secretary

Caroline Mduma

## Registered office

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## Transfer secretary

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## Sponsoring licenced dealing member

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