



Vodacom Tanzania Public Limited Company

Preliminary consolidated financial results

for the year ended 31 March 2019

The future is exciting.

Ready?



Vodacom Tanzania PLC continues to strengthen its leadership position as the country's fastest data network¹ resulting in an increase in market share² in terms of customers (32.4%) and the mobile money market (38.6%). We continue to be the preferred network across various customer segments as evidenced by the lead we maintain in net promoter scores with a significant gap to our nearest competitor based on service, value and best network performance. Delivering on our strategy of exceptional commercial execution and consistent investment in our network, has yielded good results, with service revenue and EBIT growing at 5.4% and 20.3% respectively. Our customer base grew 9.6%, reaching 14.1 million, of which 7.0 million use M-Pesa and 7.9 million access data services.



Vodacom Tanzania PLC Managing Director

HISHAM HENDI commented

We delivered strong growth in our key strategic growth pillars M-Pesa and data. M-Pesa revenue increased 14.5% and data revenue was up 17.9% while proactive measures to stabilise voice revenue decline are proving to be successful. Despite continued pricing pressure, which was accelerated by the reduction in mobile termination rates, voice revenues were only marginally lower by 1.1%.

Expanding services on our M-Pesa platform has empowered 620 000 new customers to transact using mobile money. This is a healthy 9.7% growth in customers using this service. Our "Lipa kwa M-Pesa" merchant solution, which provides customers with the ability to make seamless point-of-sale payments has grown substantially. The platform now has 11 000 active merchants that effected TZS1.1 trillion in transactions during the year, an increase of 186.0%.

Our continued focus on enhancing customer experience through consistent investment in the network as well as our digital social media partnerships and smartphone campaigns resulted in an impressive 7.4% increase in data customers³, reaching 7.9 million. Of these, 45.2% are using smartphones, growing 12.6%. During the year, we

invested TZS171.4 billion (16.7% of revenue) focussed on increasing 4G coverage in major cities, upgrading capacity and modernising the network to enable a superior data customer experience. We added 197 3G sites and 322 4G sites to reach a total of 2 429 3G and 861 4G sites covering major cities and continue to maintain 4G coverage leadership across the country.

Our focus on cost optimisation through our 'Fit for Growth' programme has supported a remarkable 20.3% growth in EBIT with a margin of 11.2%, expanding 1.4ppts.

Looking ahead, we remain steadfast in delivering on our strategy by targeting an enhanced data user experience across the country, expanding our mobile money ecosystem through new partnerships and services, and further investment into our high-value and youth segments. We also endeavour to continue providing a superior 4G data user experience to more regions, allowing for further improvement to the monetisation of data traffic country-wide.

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

1. Ookla speed test report as at 31 March 2019.

2. Tanzania Communication Regulatory Authority's quarterly communications statistics as at 31 December 2018.

3. The number of unique customers who have generated data revenue in 30 days.

Financial information and growth rates on a comparable IAS 18 basis for the year ended 31 March 2019, marked as # in this document.

All growth rates quoted are on a year on year basis for the period ending 31 March unless otherwise stated.

Highlights

Service revenue up

5.4% (7.3% excluding the impact of mobile termination rates (MTRs)) reaching **TZS1 018.9 billion** driven by strong growth in M-Pesa, mobile data and messaging revenue.

We added **1.2 million** customers during the year to **14.1million**, up 9.6%.

EBITDA increased

8.1% to **TZS287.9 billion**, with margin improvement of 0.9ppts to 28.1% achieved through strong service revenue growth supported by our cost containment programme.

Significant capital investment of

TZS171.4 billion to expand our 4G coverage in major cities and improve the quality of our network.

Net profit increased

33.8%¹ to **TZS90.2 billion** mainly attributable to good growth in service revenue supported by strong delivery on our 'Fit for Growth' programme.

Adjusted free cash flow grew

84.5%² to **TZS114.9 billion** predominantly from the improved trading performance as well as our strong working capital management.

Summary financial information

TZS m	Year ended 31 March			Year-on-year % change IAS 18 Basis
	2019 IFRS 15	2019 IAS 18 [#]	2018 IAS 18	
Service revenue	1 016 237	1 018 910	966 275	5.4
Revenue	1 024 587	1 023 763	977 994	4.7
EBITDA	288 656	287 879	266 370	8.1
EBIT	115 682	114 905	95 509	20.3
Operating profit	115 333	114 556	88 901	28.9
Net profit after tax	90 761	90 217	170 240	(47.0)
Operating free cash flow	142 151	142 151	89 811	58.3
Free cash flow	114 919	114 919	(42 245)	>200%
Capital expenditure	171 432	171 432	159 705	7.3
Net cash	390 821	390 821	434 091	(10.0)
Earnings per share (shillings)	40.52	40.28	83.81	(51.9)
Contribution margin (%)	70.4	70.4	69.0	1.4ppts
EBITDA margin (%)	28.2	28.1	27.2	0.9ppts
EBIT margin (%)	11.3	11.2	9.8	1.4ppts
Operating profit margin (%)	11.3	11.2	9.1	2.1ppts
Effective tax rate (%)	32.7	32.7	21.3	11.4ppts
Net profit margin (%)	8.9	8.8	17.4	(8.6)ppts
Net cash/EBITDA (times)	1.4	1.4	1.6	(0.2)ppts
Capital intensity (%)	16.7	16.7	16.3	0.4ppts

Following the prospective adoption of IFRS 15, Revenue from Contracts with Customers on 1 April 2018, the Company's results for the twelve months ended 31 March 2019 are on an IFRS 15 basis, whereas the results for the twelve months ended 31 March 2018 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 twelve months ended 31 March 2019 have been disclosed on both an IFRS 15 and IAS 18 basis and our commentary describing our operating performance in the operating and financial 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.

1. Excluding prior year's gain on sale of equity stake in Helios Towers and share based payment.
2. Adjusted for prior year's TZS104. 6 billion interest on loan that was paid to Vodacom Group from internally generated cash flow.

Operating and financial review

TZS m	Year ended 31 March		Year-on-year % change IAS 18 Basis
	2019 IAS 18*	2018 IAS 18	
Mobile voice revenue	388 171	392 294	(1.1)
M-Pesa revenue	333 519	291 193	14.5
Mobile data revenue	167 016	141 610	17.9
Mobile incoming revenue	65 709	82 368	(20.2)
Messaging revenue	41 441	31 571	31.3
Other service revenue	23 054	27 239	(15.4)
Service revenue	1 018 910	966 275	5.4
Non-service revenue	4 853	11 719	(58.6)
Revenue	1 023 763	977 994	4.7
Direct expenses	(303 239)	(302 712)	(0.2)
Staff expenses	(59 387)	(55 328)	(7.3)
Publicity expenses	(36 311)	(30 649)	(18.5)
Other operating expenses	(344 087)	(329 202)	(4.5)
Depreciation and amortisation	(165 834)	(164 594)	(0.8)
Impairment charges	(349)	–	n/a
Share-based payment charges	–	(6 608)	100.0
Operating profit	114 556	88 901	28.9
EBITDA	287 879	266 370	8.1
EBITDA margin (%)	28.1%	27.2%	0.9ppts
EBIT	114 905	95 509	20.3
EBIT margin (%)	11.2%	9.8%	1.4ppts

Revenue

Service revenue grew 5.4% (7.3% excluding the impact of MTRs) to TZS1 018.9 billion underpinned by impressive growth from M-Pesa, mobile data and messaging revenue.

Our commercial momentum, enabled by our sophisticated CVM platform has helped to protect our customer base and together with our coastal focus strategy produced a significant growth in customer base. We added 1.2 million customers, a solid customer growth of 9.6% reaching 14.1 million.

Revenue grew 4.7% to TZS1 023.8 billion primarily from service revenue growth partially offset by lower equipment revenue as a result of implementing a new, distributor-based, device sales model aimed at widening the device distribution using third parties.

Voice revenue remained resilient, decreasing by only 1.1% to TZS388.2 billion as we continue to see competitive pressure on pricing which was largely compensated for by an increase in average minutes of use per month by 5.5%. Price optimisation through 'Just for You' and segmentation of offers to our base, contributed significantly to the improvement in the voice revenue rate decline during the year.

M-Pesa revenue grew 14.5% to TZS333.5 billion, primarily from the significant growth in our customer base as well as an increasing uptake of mobile money products as the ecosystem continues to expand. Growth was achieved despite the increased competitive pressure and the implementation of the government electronic payment gateway, which effectively reduced fee income from electricity purchases to operators. M-Pesa now contributes 32.7% of service revenue (up 2.6ppts).

Operating and financial review *continued*

On average, TZS4.1 trillion was processed monthly through our M-Pesa platform, growing by 16.0%. Our wide range of mobile money products supported by an extensive agent distribution network, M-Pesa system and excellent customer service have led to a stable mobile money net promoter score.

Our 'Lipa kwa M-Pesa' merchant payment solution continues to grow, with over 11 000 merchants now actively trading on the platform.

Mobile data revenue continues with an upward trend, growing at 17.9% to TZS167.0 billion primarily driven by a 7.4% increase in data customers to 7.9 million, representing 55.8% of the customer base. Data traffic grew 34.2%, with significant growth in 4G traffic, reflecting strong demand of mobile data services. Our focus on youth and high value customer segments, coupled with partnership-led smartphone campaigns, resulted in active smartphone users growth of 12.6%, reaching a penetration of 30.3% (up 0.8ppts) of our customer base.

Mobile incoming revenue declined by 20.2% to TZS65.7 billion, reflecting a 33.3% mobile termination rate reduction in January 2019 in line with the regulated glide path, partially offset by a 22.3% increase in the number of incoming minutes as operators continued to offer more value in their all-net bundles. We continue to see the decline in the contribution of mobile incoming revenue to service revenue, currently at 6.4% (down 2.1ppts).

Messaging revenue increased by 31.3% to TZS41.4 billion with the number of SMSs transmitted declining by 11.2% to 34.3 billion while price per SMS increased by 34.1%. This is a result of the introduction of SMS-only bundles in the prior year and a significant improvement in monetising these bundles during the year.

Total expenses¹

Total expenses increased 3.5% to TZS743.0 billion (excluding a one-off penalty², total expenses increased 2.8% to TZS737.7).

Our cost containment programme ('Fit for Growth') continued to yield strong results from the savings realised further supported by the lower interconnect costs resulting from reduction in MTR together with the lower device sales cost 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 and greater publicity costs from increased on-the-ground marketing.

EBIT

EBIT grew 20.3% to TZS114.9 billion, resulting in an EBIT margin expansion of 1.4ppts to 11.2%. EBIT includes a depreciation and amortisation charge of TZS165.8 billion, representing an increase of 0.8% primarily from additional investments.

Capital expenditure

Capital expenditure was TZS171.4 billion an increase of 7.3% or 16.7% of revenue. Our investments were focused on increasing data network capacity and enhancing 4G coverage in the major cities. An additional 322 new 4G sites were deployed with fibre and high capacity microwave backhaul further enhancing customer data experience and solidifying our lead as the fastest network across the country.³ We also modernised our network with the continuation of capacity upgrades across our 3G sites as well as increased the number of 3G sites by 197 sites to 2 429 sites.

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

2. One-off compensation and penalty ordered at a court hearing amounting to TZS5.3 billion, refer to page 6 – Other matters.

3. Ookla speed test report as at 31 March 2019.

Operating and financial review *continued*

Net finance charges

	Year ended 31 March		Year-on-year % change IAS 18 Basis
	2019 IAS 18*	2018 IAS 18	
Interest income from M-Pesa cash balances	19 841	26 196	(24.3)
Interest income from cash and government Treasury bill investments	18 634	18 089	3.0
Other finance income	–	483	(100.0)
Finance income	38 475	44 768	(14.1)
Finance costs of M-Pesa cash balances	(19 733)	(26 099)	24.4
Finance costs from borrowing and finance leases	(158)	(8 386)	98.1
Finance costs	(19 891)	(34 485)	42.3
Net loss on re-measurement and disposal of financial instruments	970	(3 099)	131.3
Net finance income	19 554	7 184	172.2

Net finance income increased by TZS12.4 billion, primarily as a result of the loan repaid 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 TZS6.3 billion mainly due to the reduction in interest rates on M-Pesa deposits, partly offset by higher interest income from increased cash and government Treasury bill investments.

Taxation

In the prior year the tax charge was inflated by the TZS14.7 billion capital gains tax paid on the profit on disposal of the investment in Helios Towers. Excluding the profit on the sale and the related capital gains tax, the TZS43.9 billion tax charge increased in line with the increase in the profit before tax.

The effective tax rate of 32.7% is higher than the statutory rate of 30.0% due to the unrecognised tax loss from a subsidiary¹ as well as the disallowed tax expense relating to the penalty imposed.

Earnings

Earnings per share declined by 51.9% to TZS40.28. Excluding the accounting gain on the sale of equity stake in Helios Towers, share based payments that were recognised in the prior year and penalty in the current year, EPS grew 21.4% attributable to strong growth in service revenue complimented by strong results from our 'Fit for Growth' programme in containing costs and an improved net finance income position.

Statement of financial position

Property, plant and equipment and intangible assets increased by 4.3% to TZS722.7 billion, primarily due to investments made during the year which includes the acquisition of 700 MHz spectrum costing TZS22.7 billion, largely offset by the depreciation of network infrastructure assets.

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

Operating and financial review *continued*

Net cash

	Year ended 31 March		Movement IAS 18 Basis
	2019 IAS 18*	2018 IAS 18	
Bank and cash balances	396 622	439 889	(43 267)
Other borrowings and finance leases	(5 801)	(5 798)	(3)
Net cash	390 821	434 091	(43 270)
Net cash to EBITDA (times)	1.4	1.6	(0.2)x

The reduction in net cash is a result of a significant increase in investment in government Treasury bills to TZS219.0 billion (2018: TZS121.2 billion) and a dividend payment of TZS38.8 billion; partially offset by cash generated from operations.

Cash flow

TZS m	Year ended 31 March		Year-on-year % change IAS 18 Basis
	2019 IAS 18*	2018 IAS 18	
EBITDA	287 879	266 370	8.1
Working capital	25 684	(17 927)	>200%
Capital expenditure	(171 432)	(159 705)	(7.3)
Other cash flows	20	1 073	(98.1)
Operating free cash flow	142 151	89 811	58.3
Net finance income received/(paid)	17 967	(81 191)	122.1
Tax paid	(45 199)	(50 865)	11.1
Free cash flow	114 919	(42 245)	>200%

Operating free cash flow increased 58.3% to TZS142.2 billion, primarily as a result of the improvement in working capital management partially offset by a 7.3% increase in capital expenditure.

Free cash flow grew by more than 200% to TZS114.9 billion predominantly from lower interest payments and improved trading performance as well as our strong working capital management.

Regulatory matters

Telecommunication and broadcasting market review

In May 2018, the Tanzania Telecommunication Regulatory Authority (TCRA) initiated a market review to identify dominant operators in different market segments and determine potential regulatory intervention. Vodacom Tanzania PLC attended an industry consultation meeting on 7 December 2018 and submitted written comments on 21 December 2018. TCRA is yet to issue the final market review report.

Retail services pricing and service providers' market conduct

On 24 December 2018, the TCRA issued a report on retail service pricing and service providers' market conduct. The report outlines additional rules on promotions and special offers, cost based pricing on all basic tariffs as well as on- and off-net pricing differentials. Vodacom Tanzania PLC and the industry attended a consultation meeting and provided written comments in January 2019. The final report is pending.

Mobile termination rates

The TCRA published new mobile termination rates (MTRs) on 29 December 2017 effective from January 2018 to December 2022. As a result, MTRs declined from TZS 15.60 to TZS 10.40 in January 2019. The TCRA's 'glide path' reduces the MTR annually until it becomes TZS 2.00 in January 2022. Vodacom Tanzania PLC's appeal against the TCRA's new MTR is still pending a hearing at the Fair Competition Tribunal (FCT).

Customer registration

Vodacom Tanzania PLC continued to invest in enhanced customer registration processes. TCRA has informed all operators to ensure readiness for biometric registration and integration with the National Identification Agency system. Vodacom Tanzania PLC in alignment with the industry are engaging with the TCRA and the industry to ensure compliance in a cost optimal and efficient way.

Operating and financial review *continued*

Other matters

In April 2019, several of Vodacom Tanzania Plc's (Vodacom Tanzania) employees, including the Managing Director, were arrested by the Tanzanian Police in relation to a customer's alleged illegal use of network facilities. These employees were charged with a number of offences, including economic crimes which are non-bailable offences under Tanzania's Economic Organised Crime Act ("EOCA"). Vodacom Tanzania paid a fine of TZS 30 million as well as an amount of TZS 5.3 billion, as compensation for the financial losses occasioned to the Tanzanian Communication Regulatory Authority ("TCRA"), after pleading guilty to the offences of occasioning pecuniary loss to a specified authority and permitting use of network services in contravention of the Electronic and Postal Communications Act ("EPOCA"). Vodacom Tanzania, its parent companies Vodacom Group Limited and Vodafone Group Plc are committed to upholding the highest standards of business integrity, ethics and good corporate governance. The companies have retained global law firm, Squire Patton Boggs to assist it with an internal investigation into the underlying facts in line with the companies' legal and corporate governance principles and to safeguard the company.

Outlook

We will continue to drive long-term shareholder value and lead Tanzania through the digital journey, leveraging data analytics and segmentation (while changing lives through technology). The acquisition of 700 MHz spectrum in the year provides a good opportunity to increase 4G coverage across the country and extend our leadership position in data user experience. Our focus on data monetisation and acceleration of smartphone penetration through further partnership-led, low-cost smartphone campaigns as well as leveraging on our expanding base to drive data adoption, remain the key drivers to help bridge the digital divide.

M-Pesa continues to be a key growth driver and the "Lipa kwa M-Pesa" merchant solution is gaining momentum. Our main focus will be to leverage off the growing customer base, expand the agency network and merchant base to grow the existing M-Pesa revenue streams through new partnerships, and enhance the mobile money ecosystem.

Through our sophisticated CVM platform, we will continue with our targeted segmentation strategy to drive acquisition and gain market share while protecting our share in the rest of the regions. Our various voice initiatives are expected to offset the decline in voice revenue.

With this in mind, we continue to target mid-single-digit service revenue growth, with broadly stable capital intensity in the up-coming financial year. This guidance assumes a stable currency, regulatory and macroeconomic environment.

Dividend

At the Annual General Meeting held on Monday 1 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 represented 60% of net profit after tax, excluding post-tax accounting gain from the sale 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 was paid on Friday 30 November 2018 to shareholders recorded in the register at the close of trading on Wednesday, 4 July 2018.

The Board will recommend a final dividend, in relation to the financial year ended 31 March 2019, for approval by the shareholders at the annual general meeting. The Board's recommendation will be in accordance with the dividend policy to pay out at least 50% of earnings after tax, subject to the 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.

Operating and financial review *continued*

Social impact

Vodacom Tanzania PLC is a major investor, taxpayer, employer and purchaser of local goods and services, and contributes to value creation in Tanzania.

Our employees

Vodacom Tanzania PLC continues to be recognized as the employer of choice having been awarded the Top Employer Tanzania and Top Employer Africa awards in 2019. Vodacom Tanzania PLC is an important source of employment and skills transfer. We provide incomes, benefits and the potential for a technology sector career path, as well as skills development.

We invested TZS59 billion in our people. This was through remuneration, training and developing our 548 permanent employees. We continue to invest in leadership and management training to middle and senior managers supporting our strategic pillar People: Best talent and best practice.

Government, suppliers and contractors

We play our role as a good corporate citizen with over TZS1.1 trillion (2019: TZS0.4 trillion) of cash contributions to public finances in taxes, spectrum and regulatory fees over the last three years.

We supported local businesses by spending over TZS350 billion working with about 300 local suppliers and partner companies in Tanzania, each of which relies to a greater extent on revenues from Vodacom Tanzania PLC thereby facilitating and sustaining job creation.

Vodacom Tanzania PLC contributes to improved livelihoods by providing indirect employment to over 127 000, of which 106 000 M-Pesa agents, 400 call center agents, more than 1 200 contractors (shops and network) and over 20 000 freelancers. With this employment, we help communities in Tanzania improve their livelihood.

Our community

Through Vodacom Tanzania Foundation, we aim to be the leading digital company that empowers connected societies as we use mobile technology to help women and girls across Tanzania improve their health, gain access to rights-to-education and generate opportunities for financial inclusion.

We made social investment of over TZS11.0 billion since 2014 with over 2.8 million direct and indirect beneficiaries across Tanzania. We supported a total of over 40 000 beneficiaries on donation based projects, provided over 60 000 students nation-wide direct access to instant schools and information technology, enabled over 2 500 cooperative members access to financial inclusion and mobile safe cash storage and empowered over 5 500 girls in the Lindi region through the girls empowerment project dubbed 'Hakuna Wasichoweza'.

For and on behalf of the Board



Ali Mufuruki
Chairman

Dar es Salaam

10 May 2019



Jacques Marais
Finance Director

Statement of directors' responsibilities

The directors are responsible for the preparation, integrity and fair presentation of the preliminary condensed consolidated financial statements as at 31 March 2019 of Vodacom Tanzania Public Limited Company and its subsidiaries ('the Group') in accordance with the framework concepts, the recognition and measurement criteria of International Financial Reporting Standards ('IFRS') and 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'), 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). The directors are also responsible for safeguarding the assets of the Group and taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

These preliminary condensed consolidated financial statements have been reviewed by the independent auditor PricewaterhouseCoopers (PwC) who was given unrestricted access to all financial records and related data, including minutes of meetings of shareholders, the Board and committees of the Board. The directors believe that all representations made to the independent auditor during their review were valid and appropriate. The auditor's review report is presented on page 9.

The directors are of the opinion that the preliminary condensed consolidated financial statements have been prepared, in all material respects, in accordance with the basis of preparation described in Notes 1 and 2 of the preliminary condensed consolidated financial statements. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the preliminary condensed consolidated financial statements, as well as designing, implementing and maintaining internal control relevant to the preparation of preliminary condensed consolidated financial statements that is free from material misstatement whether due to fraud or error. The going concern basis has been adopted in preparing the preliminary condensed consolidated financial statements.



Ali Mufuruki
Chairman

10 May 2019



Jacques Marais
Finance Director

10 May 2019

Review report of the independent auditor

To the shareholders of Vodacom Tanzania Public Limited Company

Report on review of preliminary condensed consolidated financial statements

We have reviewed the accompanying preliminary condensed consolidated financial statements of Vodacom Tanzania Public Limited Company ('the Company') and its subsidiaries (together 'the Group') set out on pages 10 to 18, which comprise the condensed consolidated statement of financial position as at 31 March 2019 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 year then ended, and selected explanatory notes.

Directors' responsibility for the preliminary condensed consolidated financial statements

The directors are responsible for the preparation of the preliminary condensed consolidated 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 preliminary condensed consolidated 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 preliminary condensed consolidated financial statements as at 31 March 2019 and for the year 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 preliminary condensed consolidated financial statements.



Patrick Kiambi, TACPA – PP

For and on behalf of PricewaterhouseCoopers

Certified Public Accountants

Dar es Salaam

10 May 2019

Preliminary condensed consolidated financial statements

Statement of profit or loss and other comprehensive income

For the year ended 31 March 2019

TZS m	Notes	2019 ¹ Reviewed	2018 Audited
Revenue		1 024 587	977 994
Direct expenses		(303 306)	(302 712)
Staff expenses		(59 368)	(55 328)
Publicity expenses		(36 311)	(30 649)
Other operating expenses		(344 086)	(329 202)
Depreciation and amortisation	5,6	(165 834)	(164 594)
Share-based payment charges		–	(6 608)
Impairment charges		(349)	–
Operating profit		115 333	88 901
Gain on sale of investment in associate		–	120 251
Finance income		38 475	44 768
Finance costs		(19 891)	(34 485)
Net profit/(loss) on re-measurement of financial instruments		970	(3 099)
Profit before tax		134 887	216 336
Income tax expense	3	(44 126)	(46 096)
Net profit and total comprehensive income for the year		90 761	170 240
Basic and diluted earnings per share (TZS)	4	40.52	83.81

1. The reported figures for the year ended 31 March 2019 have been impacted by the adoption of IFRS 15 on 1 April 2018. Refer to Note 2 for the detailed analysis of the impact.

Preliminary condensed consolidated financial statements

Statement of financial position

As at 31 March 2019

TZS m	Notes	2019 Reviewed	2018 Audited
Assets			
Non-current assets		857 074	807 724
Goodwill		1 639	1 988
Property, plant and equipment	5	646 288	644 772
Intangible assets	6	74 740	47 175
Operating lease prepayments		58 385	46 764
Income tax receivable		19 724	11 156
Trade and other receivables ²		7 705	252
Deferred loss		48 593	55 617
Current assets		1 134 121	1 070 980
Inventory		2 145	1 985
Operating lease prepayments		11 527	9 782
Trade and other receivables ¹		126 232	134 590
Income tax receivable		–	10 666
Financial assets ³		378 019	352 876
Short term investment		219 576	121 192
Cash and cash equivalents		396 622	439 889
Non-current assets held for sale		1 307	2 257
Total assets		1 992 502	1 880 961
Equity and liabilities			
Capital and reserves		1 263 844	1 210 454
Share capital	7	112 000	112 000
Share premium	7	442 435	442 435
Capital contribution		27 698	27 698
Retained earnings		681 711	628 321
Non-current liabilities		100 790	100 076
Finance lease liability		5 801	5 513
Government grant		2 922	4 695
Deferred tax		45 687	49 649
Trade and other payables		46 380	40 219
Current liabilities		627 868	570 431
Borrowings		–	285
Trade and other payables ⁴		584 018	541 697
Interest due to customers		31 577	22 952
Income tax payable		1 983	–
Government grant		2 379	1 772
Provisions		7 911	3 725
Total liabilities		728 658	670 507
Total equity and liabilities		1 992 502	1 880 961

The condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 10 May 2019 and were signed on its behalf by:



Ali Mufuruki
Chairman



Jacques Marais
Finance Director

- The reported figures for the year ended 31 March 2019 have been impacted by the adoption of IFRS 15 on 1 April 2018. Refer to Note 2 for the detailed analysis of the impact.
- Trade and other receivables as at 31 March 2019 include contract asset receivables; current TZS 1 520 million and non-current TZS 895 million.
- Financial assets represent restricted cash balances from M-Pesa deposits.
- Trade and other payables include amounts owed to M-Pesa customers. As at 31 March 2019 this amount was TZS 350 492 million (2018: TZS333 220 million)

Preliminary condensed consolidated financial statements

Statement of changes in equity

For the year ended 31 March 2019

TZ m	Notes	Share capital	Share premium	Capital contribution	Retained earnings	Total
Balance at 31 March 2018 as originally presented		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
Total equity at 1 April 2018		112 000	442 435	27 698	629 769	1 211 902
Total comprehensive income		–	–	–	90 761	90 761
Dividends declared		–	–	–	(38 819)	(38 819)
31 March 2019		112 000	442 435	27 698	681 711	1 263 844
1 April 2017		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)
31 March 2018		112 000	442 435	27 698	628 321	1 210 454

Preliminary condensed consolidated financial statements

Statement of cash flows

For the year ended 31 March 2019

TZS m	2019 Reviewed	2018 Audited
Cash flows from operating activities		
Cash generated from operations	318 541	269 039
Income taxes paid	(45 197)	(50 865)
Net cash generated from operating activities	273 344	218 174
Cash flows from investing activities		
Additions to property, plant and equipment and intangible assets	(184 843)	(149 859)
Acquisition of subsidiary	–	(3 637)
Proceeds from disposal of property, plant and equipment	20	1 073
Government grants received	2 489	12 008
Short term investment made	(89 307)	(121 192)
Finance income received ⁵	9 557	22 044
Proceeds from sale of HTT investment	–	130 582
Cash held in restricted deposits	(25 143)	(38 522)
Interest received from M-Pesa deposits	19 841	26 196
Net cash utilised in investing activities	(267 386)	(121 307)
Cash flows from financing activities		
Dividends paid	(38 783)	(28 463)
Proceeds from an initial public offering of shares	–	476 000
Payment of initial public offering cost	–	(7 449)
Interest paid on other borrowings	(324)	(465)
Interest paid to M-Pesa customers	(11 108)	(27 222)
Principal repayment of a shareholder loan	–	(107 071)
Interest payment made on a shareholder loan	–	(104 574)
Cash (utilised in)/generated from financing activities	(50 215)	200 756
Net (decrease)/increase in cash and cash equivalents	(44 257)	297 623
Cash and cash equivalents at the beginning of the year	439 889	140 913
Effects of exchange rate changes on cash and cash equivalents held in foreign currencies	990	1 353
Cash and cash equivalents at the end of the year	396 622	439 889

5. Finance income includes interest received on a loan to associate TZS nil (31 March 2018: TZS6 785 million)

Notes to the preliminary condensed consolidated financial statements

For the year ended 31 March 2019

1 Basis of preparation

These preliminary condensed consolidated financial statements have been prepared in accordance with, and contain 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 and current years, except as disclosed in Note 2.

2 Changes in accounting policies

The Group adopts International Financial Reporting Standards (IFRS) in the preparation of its consolidated annual financial statements. 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 2018. On 1 April 2018 the Group adopted new accounting policies where necessary to comply with amendments to International Financial Reporting Standards. The accounting pronouncements considered by the Group to have an impact on adoption are IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" as set out below.

Other IFRS changes adopted on 1 April 2018, which had also been issued by the IASB, have no impact on the consolidated results, financial position or cash flows of the Group.

The detailed accounting policies will be disclosed in the Group's consolidated annual financial statements for the year ended 31 March 2019.

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

IFRS 15 "Revenue from Contracts with Customers" was adopted by the Group on 1 April 2018 with the cumulative retrospective impact reflected as an adjustment to equity on the date of adoption. The Group's IAS 18 accounting policy, and the key differences between the Group's IAS 18 and IFRS 15 accounting policies, are disclosed in the Group's annual financial statements for the year ended 31 March 2018.

The main impact of IFRS 15 on the Group's revenue results from service agreements entered into with customers which contain both devices and services as deliverables. Under IAS 18, revenue allocated to devices on inception of a customer contract was limited to the amount received. IFRS 15 requires revenue to be recognised for devices on inception of the contract, irrespective of the amount received, with a corresponding contract asset representing the unbilled portion, or a contract liability in cases where revenue recognised under IFRS 15 is less than the actual invoiced amount for any obligation as a result of an advance payment received. The remainder of the subscription fee is recognised over the contract term as services are delivered.

Contract assets are also raised for the impact of capitalising customer incentive bonuses (CIB). Under IAS 18, incremental costs such as CIB were expensed in the income statement as incurred. Under IFRS 15, CIB costs incurred in acquiring a contract customer are deferred and recognised as an asset at inception and amortised against revenue over the term of the contract.

Under IAS 18, incremental costs were expensed in the income statement as incurred. Under IFRS 15, incremental costs incurred in acquiring a contract customer are deferred and recognised as an asset at inception. Certain of these costs are subsequently amortised against direct costs over the term of the contract.

The impact on the main disclosure line items in the preliminary condensed consolidated income statement for the year ended 31 March 2019, is an increase in revenue of TZS 824 million, an increase in direct expenses of TZS 67 million and an increase of TZS 776 million in operating profit. The impact of the cumulative retrospective adoption of IFRS 15 on the opening balances of the condensed consolidated statement of financial position at 31 March 2019 is an increase in non-current "Trade and other receivables" of TZS 672 million, an increase in current "Trade and other receivables" of TZS 1 330 million and the resulting impact in retained earnings and deferred tax liabilities.

Notes to the preliminary condensed consolidated financial statements *continued***2. Changes in accounting policies – continued**

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.

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

Impairment

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase.

The impact on adoption of IFRS 9 on the impairment of financial assets was an decrease of TZS 66 million (pre-tax) to the loss allowance relating to trade receivables and an increase of TZS 292 million (pre-tax) to the loss allowance relating to contract assets recognised under IFRS 15.

3. Income tax expense

TZS m	2019 Reviewed	2018 Audited
Expected income tax expense at the Tanzania statutory tax rate of 30%	40 466	64 901
Adjusted for:		
– Non-deductible expenditure	2 290	2 159
– Non-taxable gaming income	(499)	(2 739)
– Non-taxable gain on disposal of assets	–	(21 392)
– Subsidiary tax losses not recognised	1 079	2 816
– Other adjustments to profit before tax and/or tax charge	790	351
Income tax expense	44 126	46 096
Effective tax rate	32.7%	21.3%

4. 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 year, as shown below.

TZS m	2019 Reviewed	2018 Audited
Basic and diluted earnings per share (TZS)	40.52	83.81
Earnings attributable to shareholders (TZS million)	90 761	170 240
Weighted average number of ordinary shares outstanding ⁶	2 240 000 000	2 031 342 728
Dividends per share (TZS)	17.33	12.74

6. The weighted average number of shares is based on the number of shares outstanding during the year applying a weighting for the number of days of which those shares were outstanding. The effect of share split is excluded in terms of IFRS

Notes to the preliminary condensed consolidated financial statements *continued*5. **Property, plant and equipment**

TZS m	2019 Reviewed	2018 Audited
Net book value as at 1 April	644 772	656 241
Additions	155 380	145 140
Disposals	(135)	(851)
Depreciation	(154 456)	(157 166)
Other adjustment	727	1 408
Net book value as at end of year	646 288	644 772

6. **Intangible assets**

TZS m	2019 Reviewed	2018 Audited
Net book value as at 1 April	47 175	40 152
Additions	38 721	14 565
Amortisation charge	(11 378)	(7 428)
Other adjustments	222	(114)
Net book value as at end of year	74 740	47 175

7. **Share capital and share premium**

The Group is controlled by its parent Vodacom Group Limited, which, as at 31 March 2019, 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.

TZS m	2019 Reviewed	2018 Audited
Authorised ordinary shares	4 000 000 000	4 000 000 000
Par value (TZS)	50	50
Authorised capital (TZS m)	200 000	200 000
Issued shares	2 240 000 300	2 240 000 300
Share capital (TZS m)	112 000	112 000
Share premium (25% share capital issued through IPO):		
Share premium per share (TZS)	800	800
Share premium proceeds (TZS m)	442 435	448 000
IPO costs (TZS m) ⁷	–	(5 565)
Share premium (TZS m)	442 435	442 435

8. **Commitments**

TZS m	2019 Reviewed	2018 Audited
Network capacity and accommodation commitments	862 239	641 137
Capital expenditure contracted but not yet incurred	25 805	33 602
Other (including sports and marketing commitments)	205 156	100 478
	1 093 200	775 217

7. Costs which are deductible from equity raised through the IPO, and includes authorised 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 preliminary condensed consolidated financial statements *continued***9. Contingent liabilities****Tax matters**

The Group's future tax charge, effective tax rate and profit before tax could be affected by several factors including tax reform introduced in Tanzania and the resolution of open tax disputes with the TRA. The Group is routinely subject to audit by the TRA and the additional assessments received as a result of the audit are usually resolved through the Tanzanian legal system if the Group is not in agreement with the TRA findings. The Group is committed to acting with integrity and transparency in all tax matters including a policy of full transparency to the tax authorities and the payment of all taxes properly due under the Tanzanian tax laws.

The tax laws are in some instances subject to a broad range of interpretations. To address and manage this tax uncertainty good governance is fundamental to the Group's business sustainability. All major tax positions taken are subject to review by executive management and reported to the board of directors. The Group have support from external advisors supporting the positions taken in respect of the significant tax matters which confirms the application and interpretation of the tax legislation. The Group have considered all matters in dispute with the TRA and has accounted for any exposure identified, if required.

The following open tax disputes are material and may have a significant impact on the profit of the company if these disputes are not resolved favourably.

Capital Allowances

The open tax disputes in relation to the classification of telecommunication equipment are currently in the tax court. The TRA disagrees with the company's classification of the equipment as there is no clearly defined category for telecommunication equipment in the Income Tax Act. The matter is however a timing difference as the capital allowance deductions claimed in future years of assessment will be more if the company does not resolve the dispute favourably.

Withholding tax on satellite, international roaming and undersea cable services

Another dispute currently in the court process is the assessments received by the company in respect of withholding tax on satellite services, international roaming and undersea cable services provided by foreign suppliers. The company did not apply the withholding tax on foreign services for these telecommunication services as Tanzania is a member of the International Telecommunication Union ("ITU") and is a signatory to the ITU conventions that established the elimination of double taxation of international telecommunication services.

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 31 March 2019.

10. Other matters**New mobile termination rates**

The TCRA published new mobile termination rates ('MTRs') on 29 December 2017 effective from January 2018 to December 2022. As a result, MTRs declined from TZS 15.60 to TZS 10.40 on January 2019. The TCRA's 'glide path' reduces the MTR annually until it becomes TZS 2.00 in January 2022. Vodacom Tanzania PLC's appeal against the TCRA's new MTR is still pending a hearing at the Fair Competition Tribunal ('FCT').

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.

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 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.

Notes to the preliminary condensed consolidated financial statements *continued***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 other than as stated below:

Alleged illegal use of network facilities

In April 2019, several of Vodacom Tanzania Plc's (Vodacom Tanzania) employees, including the Managing Director, were arrested by the Tanzanian Police in relation to a customer's alleged illegal use of network facilities. These employees were charged with a number of offences, including economic crimes which are non-bailable offences under Tanzania's Economic Organised Crime Act ("EOCA"). Vodacom Tanzania paid a fine of TZS 30 million as well as an amount of TZS 5.3 billion, as compensation for the financial losses occasioned to the Tanzanian Communication Regulatory Authority ("TCRA"), after pleading guilty to the offences of occasioning pecuniary loss to a specified authority and permitting use of network services in contravention of the Electronic and Postal Communications Act ("EPOCA"). Vodacom Tanzania, its parent companies Vodacom Group Limited and Vodafone Group Plc are committed to upholding the highest standards of business integrity, ethics and good corporate governance. The companies have retained global law firm, Squire Patton Boggs to assist it with an internal investigation into the underlying facts in line with the companies' legal and corporate governance principles and to safeguard the company.

Supplementary information

Key indicators

Key indicators	Year ended 31 March			Year-on-year % change IAS 18 Basis
	2019 IFRS 15	2019 IAS 18*	2018 IAS 18	
Active customers ¹ (thousand)	14 133	14 133	12 899	9.6
ARPU ² (shillings per month)	6 010	6 027	6 086	(1.0)
Active data customers ³ (thousand)	7 892	7 892	7 345	7.4
30 day active M-Pesa customers ⁴ (thousand)	6 989	6 989	6 369	9.7
Traffic⁵ (millions of minutes)	28 208	28 208	25 031	12.7
Outgoing	24 884	24 884	22 312	11.5
Incoming	3 324	3 324	2 719	22.3
MoU⁶ per month	172	172	163	5.5
Messaging (million)	34 269	34 269	38 596	(11.2)
Number of employees	548	548	537	2.0
Number of sites	3 025	3 025	2 987	1.3
4G	861	861	539	59.7
3G	2 429	2 429	2 232	8.8
2G	3 024	3 024	2 951	2.5

Notes:

- Customers are based on the total number of mobile customers using any service during the last three months. This includes customers paying a monthly fee that entitles them to use the service even if they do not actually use the service and those customers who are active whilst roaming.
- ARPU is calculated by dividing the average monthly service revenue by the average monthly active customers during the period.
- 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.
- 1 month M-Pesa customers are the number of unique customers who have generated billable transactions during the month. In the past 3 months, 9.1million 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 preliminary consolidated financial results of Vodacom Tanzania Public Limited Company ('the Company') and its subsidiaries (together 'the Group') for the twelve months ended 31 March 2019. 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 preliminary results of the Group for the year ended 31 March 2019, contains 'forward-looking statements', which have not been reviewed or reported on by the Group's auditors, with respect to the Group's financial condition, results of operations and businesses and certain 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 Mufuruki¹ (Chairman), H Hendi (Managing Director)⁸,
JJ Marais (Finance Director)³, D Gutierrez⁴, T Streichert⁵,
K Gomado⁶, M Mbungela³, ADJ Delport³, M Ikongo¹,
W Ouko², T Semane³, HJC Surtees⁷

1. Tanzanian 2. Kenyan 3. South African 4. Bolivian
5. German 6. Ghanalian 7. British 8. Egyptian

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

CSD & Registry Company Limited
Dar es Salaam Stock Exchange
14th Floor, Golden Jubilee Towers, Ohio Street,
P.O. Box 70081, Dar es Salaam, Tanzania.

Sponsoring licenced dealing member

Orbit Securities Company Limited

External communications

Rosalynn Mworia

Investor Relations

Hilda Bujiku, Robin Kimambo
investorrelations@vodacom.co.tz
www.vodacom.co.tz/investor-relations

