

# Our performance



## CFO's statement

Raisibe Morathi



Watch Raisibe Morathi's FY2022 results presentation

We are pleased to have delivered good results for the year, consistent with our medium-term targets, while dealing with the ongoing impacts of the COVID-19 pandemic. From a shareholder perspective, we declared a full-year dividend of 850cps, representing growth of 3.0%. This is a testament to our ongoing operational execution and financial position, both of which are good beacons to navigate us through the ongoing uncertainties of the macroeconomic environment.

### Highlights

Group revenue was up by 4.5% to

**R102.7 billion**

as strong normalised growth of 5.8% was partially offset by rand appreciation

Normalised Group service revenue of 4.6% and Group operating profit growth of

**5.4%** are in line with our medium-term targets

Added 6 million customers to serve a combined

**129.6 million customers**

across the Group, including Safaricom on a 100% basis

Total financial services customers, including Safaricom, are up by 5.0% to

**60.6 million**

Earnings per share (EPS) increased by

**3.6%**

and HEPS by 3.4%

Full-year dividend of

**850cps**

up 3.0%, and a final dividend of 430cps declared

Free cash flow up

**4.6%**

\* We present normalised results to assist in understanding the underlying growth trends, which adjust for: the impact of trading foreign exchanges; the impact of foreign currency translation on a constant currency basis; and merger, acquisition and disposal activities during the current year. In FY2022, the South African rand appreciated by around 5% relative to a basket of our international business's currencies, which diluted reported growth. Additionally, start-up losses in Ethiopia negatively impacted reported growth in operating profit. The Group has a 6.2% direct stake in the Safaricom-led consortium STEP that is rolling out mobile services in Ethiopia. Additionally, the Group has indirect exposure through Safaricom's 55.7% effective interest in STEP.



### New services driving strong results

Rm	FY2022	FY2021	Reported % change	Normalised* % change
Revenue	102 736	98 302	4.5	5.8
Service revenue	79 936	77 574	3.0	4.6
EBITDA	39 888	39 299	1.5	2.1
Operating profit	28 236	27 652	2.1	5.4
Operating profit – South Africa	21 133	20 515	3.0	3.0
Operating profit – International	4 352	3 833	13.5	13.1
Operating profit – Safaricom	3 122	3 542	(11.9)	17.7
HEPS (cps)	1 013	980	3.4	–

Pleasingly, Group revenue increased by 5.8% on a normalised basis to R102.7 billion, while service revenue increased by 3.0% to R79.9 billion. Normalised service revenue grew by 4.6%, in line with Vodacom’s medium-term targets. The growth in service revenue was mainly driven by a resilient performance in South Africa and the improvement in normalised service revenue growth in our international business.

**In South Africa, service revenue increased by 3.8% to R58.5 billion, supported by continued demand for connectivity, incremental wholesale revenue and growth in new services.**

**Despite a strong base, our international business reported service revenue growth of 0.3% to R22.2 billion. On a normalised basis, service revenue increased by 5.6%, supported by growth in M-Pesa and data revenue.**

Our new service offerings continue to grow, contributing to increasingly diverse revenue streams while, at the same time, delivering innovative new products to our customer base.

Collectively, new services – which include digital and financial services, fixed and IoT – accounted for 17.9% (FY2021: 17.2%) of Group service revenue, having generated R14.3 billion in FY2022. We have set a target of new services contributing between 25% and 30% of Group service revenue over the medium term.

Our financial services business, in particular, is integral to positioning Vodacom as a leading fintech operator across Africa and is the largest contributor to new services revenue. Group financial services revenue increased by 10.8% (14.4%\*) to R7.6 billion during the year as we continue to scale user adoption, new products and services. Growth was impacted by mobile money transaction levies imposed in Tanzania in July 2021. Adjusting for the estimated impact of these levies, the normalised growth was an impressive 23.4%\*. Including Safaricom, on a 100% basis, the number of financial services customers reached 60.6 million during the year. We continue to see strong growth potential for customer adoption, especially as we scale our super-apps across the footprint. We expect the number of financial services customers to reach 75 million by FY2025.

Group EBITDA increased by 1.5% (2.1%\*) to R39.9 billion and was negatively impacted by a one-off lease contract separation that increased opex and reduced right-of-use (ROU) depreciation and interest. The lease contract separation did not have a material impact on the Group’s net profit however, it diluted Group EBITDA growth by 1.6ppts. Additionally, the introduction of levies on mobile money transactions in Tanzania during July 2021 negatively impacted Group EBITDA growth by 1.0ppts. Adjusted for the one-off lease contract separation and mobile money levy impacts, normalised Group EBITDA was up 4.7%.

Operating profit grew by 2.1% (up 5.4%\*), consistent with our medium-term target, supported by a recovery in international profitability. Net profit from associates and joint ventures declined by 12.7% (up 17.5%\*) to R3.1 billion, impacted by start-up costs related to Ethiopia and foreign exchange translation headwinds. HEPS growth of 3.4% to 1 013cps was achieved despite foreign exchange headwinds, start-up costs for our investment in Ethiopia and the impact of mobile money levies in Tanzania.