



ORBIT SECURITIES  
COMPANY LIMITED

# AN OVERVIEW OF VODACOM Q3 FINANCIAL RESULTS AND THE TELCOM INDUSTRY

# Condensed statement of profit or loss and other comprehensive income

## for the quarter ended 31 December 2022

	Group		Company	
TZS m	Quarter 3 31/12/2022	Quarter 3 31/12/2021	Quarter 3 31/12/2022	Quarter 3 31/12/2021
Revenue	281 756	246 681	210 691	168 128
<b>Total expenses</b>	<b>(191 520)</b>	<b>(167 855)</b>	<b>(131 490)</b>	<b>(120 488)</b>
Direct expenses	(89 856)	(74 079)	(47 758)	(43 724)
Staff expenses	(17 036)	(16 184)	(12 337)	(11 031)
Publicity expenses	(5 740)	(8 892)	(1 693)	(5 632)
Other operating expenses	(78 888)	(68 700)	(69 702)	(60 101)
Depreciation and amortisation	(63 306)	(59 339)	(61 653)	(57 749)
Net credit losses on financial assets	(537)	245	(524)	248
<b>Operating profit/(loss)</b>	<b>26 393</b>	<b>19 732</b>	<b>17 024</b>	<b>(9 861)</b>
Finance income*	5 959	5 636	74 442	556
Finance costs	(19 463)	(18 944)	(15 291)	(15 133)
Net gain on foreign currency translation	132	64	92	71
<b>Profit/(loss) before tax</b>	<b>13 021</b>	<b>6 488</b>	<b>76 267</b>	<b>(24 367)</b>
Income tax expense	(7 886)	(9 956)	(4 793)	(577)
<b>Profit/(loss) for the period</b>	<b>5 135</b>	<b>(3 468)</b>	<b>71 474</b>	<b>(24 944)</b>
Other comprehensive income	—	—	—	—
<b>Total comprehensive income/(loss) for the period</b>	<b>5 135</b>	<b>(3 468)</b>	<b>71 474</b>	<b>(24 944)</b>
	TZS	TZS	TZS	TZS
Basic and diluted gain/(loss) per share (TZS)	2.29	(1.55)	31.91	(11.14)

### Revenues: Up by 14%

- Service revenue grew by 13.9%, driven by a strong performance across M-Pesa, data and fixed revenue.
- Average Revenue Per User : +7.8%
- Voice (Average Price Per Unit): -21.3%

### Total expenses: Up by 14.6%

- Direct expenses grew at a larger magnitude, 21.3%.
- Causes: Energy costs, investment in 5G technology, contractual price escalations and foreign exchange losses.

### Operating Profit: Up by 33.8%

**Profit after tax: TZS 5 bln from a TZS Bln loss.**

# KPIs and other business updates

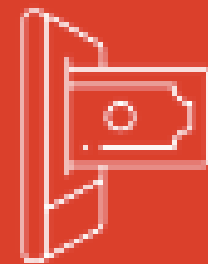
## Salient features



6.0% customers growth and

# 7.8%

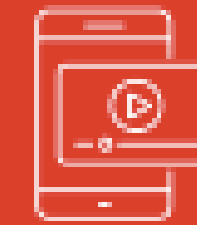
increase in ARPU reflecting effective commercial initiatives.



M-Pesa customers up

# 11.8%

to 8.0 million exceeding pre-levies level.



Data customers grew

# 10.5%

to 8.4 million, with close to 60% using smartphones.

## Key indicators' review

	31 Dec 2022	30 Sep 2022	31 Dec 2021	YoY % change	Quarterly % change
Customers <sup>4</sup> (thousand)	16 292	16 008	15 365	6.0%	1.8%
Data Customers <sup>5</sup> (thousand)	8 445	7 971	7 641	10.5%	5.9%
M-Pesa Customers <sup>6</sup> (thousand)	7 960	7 726	7 118	11.8%	3.0%
MOU per month <sup>7</sup>	286	288	246	16.3%	(0.7%)
Total ARPU <sup>8</sup> (shillings per month)	5 558	5 466	5 154	7.8%	1.7%

MOU : Minutes of Use

# KEY INITIATIVES AND STRATEGIES

## M - Mkulima

- The described platform is a tool for farmers that stores their profile information and farm details, and provides them with information on agriculture trends and pests.
- The farmers can sell their crops through the platform and receive payment via mobile using M-Pesa.
- The platform offers benefits to both farmers and agribusinesses, such as database management, efficient transactions, informed decision-making, transparency, enhanced trust, and increased production and efficiency.

# KEY INITIATIVES AND STRATEGIES

## 1. M - Mkulima Milestones:

- Over 2.8 Million registered farmers.
- Over TZS 1.5 Billion was disbursed to farmers via M-Pesa in the Quarter

## 2. Acquiring a Spectrum

Total price: US\$ 63.2 Mln

A spectrum is a range of radio frequencies used for communication purposes, such as telephone, television, and internet transmission. It is a finite resource that is divided into different bands and allocated to specific uses.

The allocation and use of the spectrum is regulated to ensure efficient use and to prevent interference between different communication services. It is a common practice for telecom companies to purchase or lease spectrum from the government to provide their services.

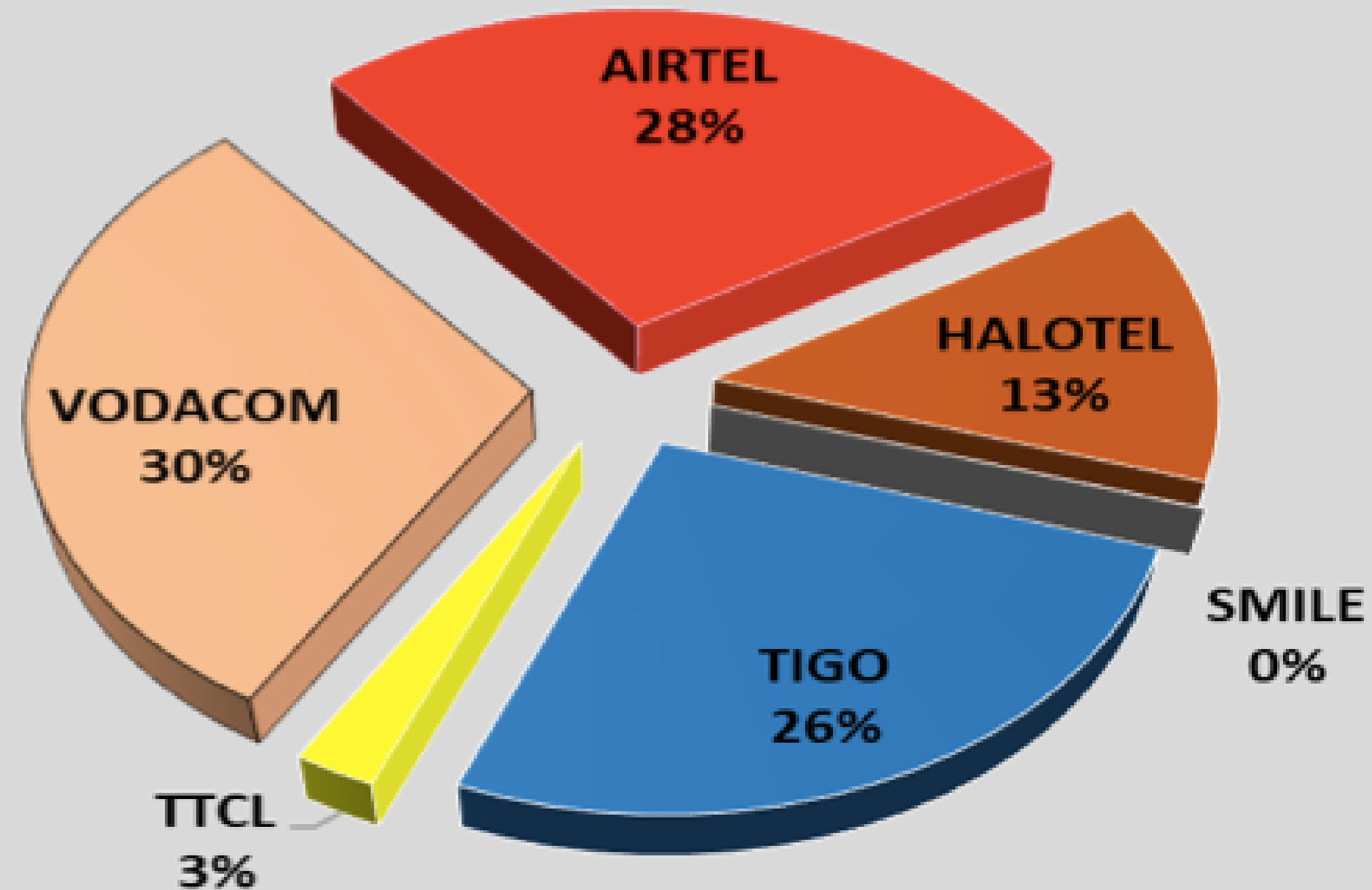
# KEY INITIATIVES AND STRATEGIES

## Prospects

- Continue the 5G network roll-out.
- Leverage on M-Pesa Africa Hub via enhancing financial inclusions through innovative and transformative M-Pesa services.

# TCRA REPORT

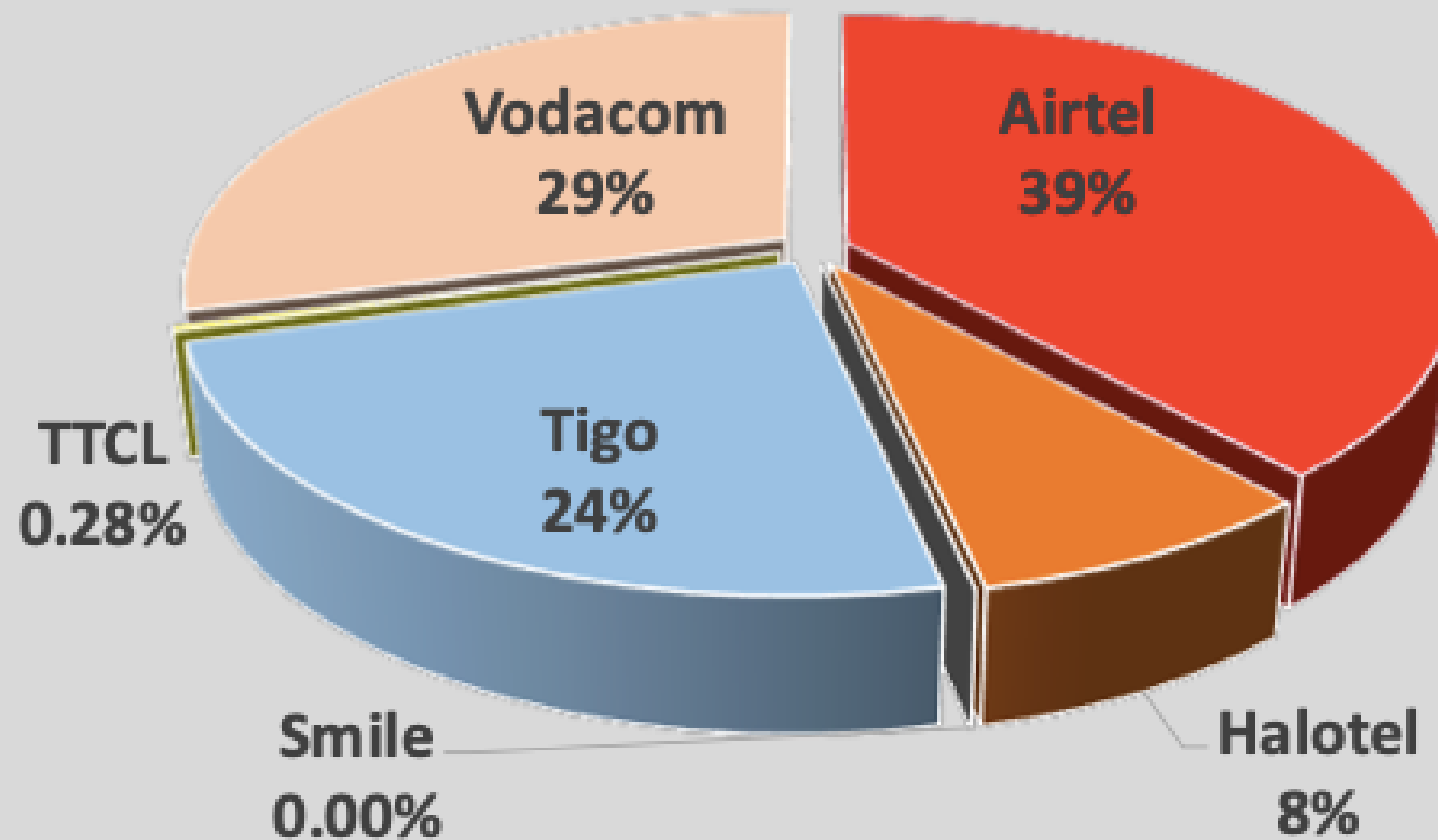
Chart 1.1.1 Operator's Subscriptions Market Shares



# TCRA REPORT

Percentage Shares of Traffic Minutes Per Operators as of December 2022

Chart 1.3.2.1a Percentages Shares of On Net Traffic

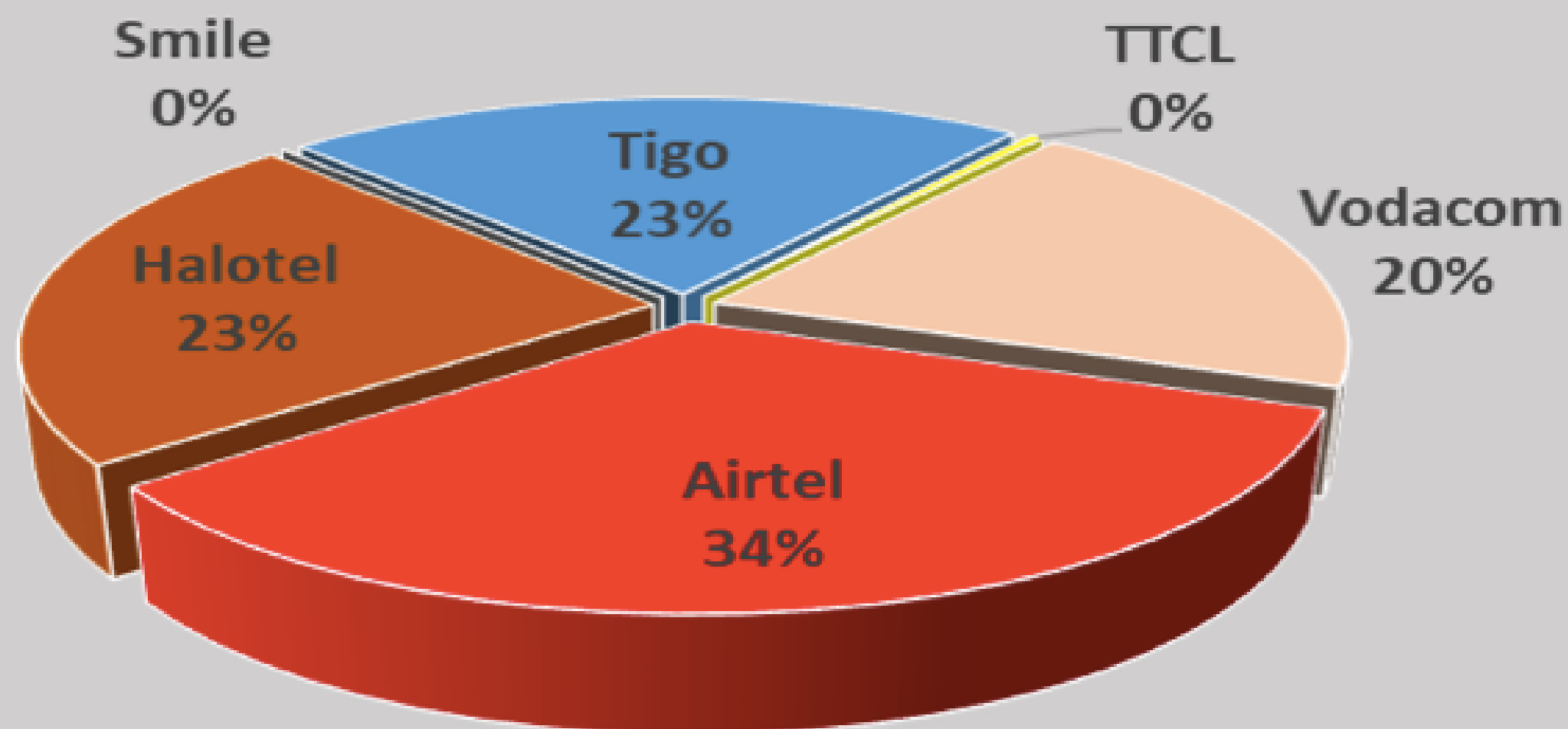




# TCRA REPORT

## 1.4.1 (b) Percentage Shares of SMS Per Operators as of December 2022

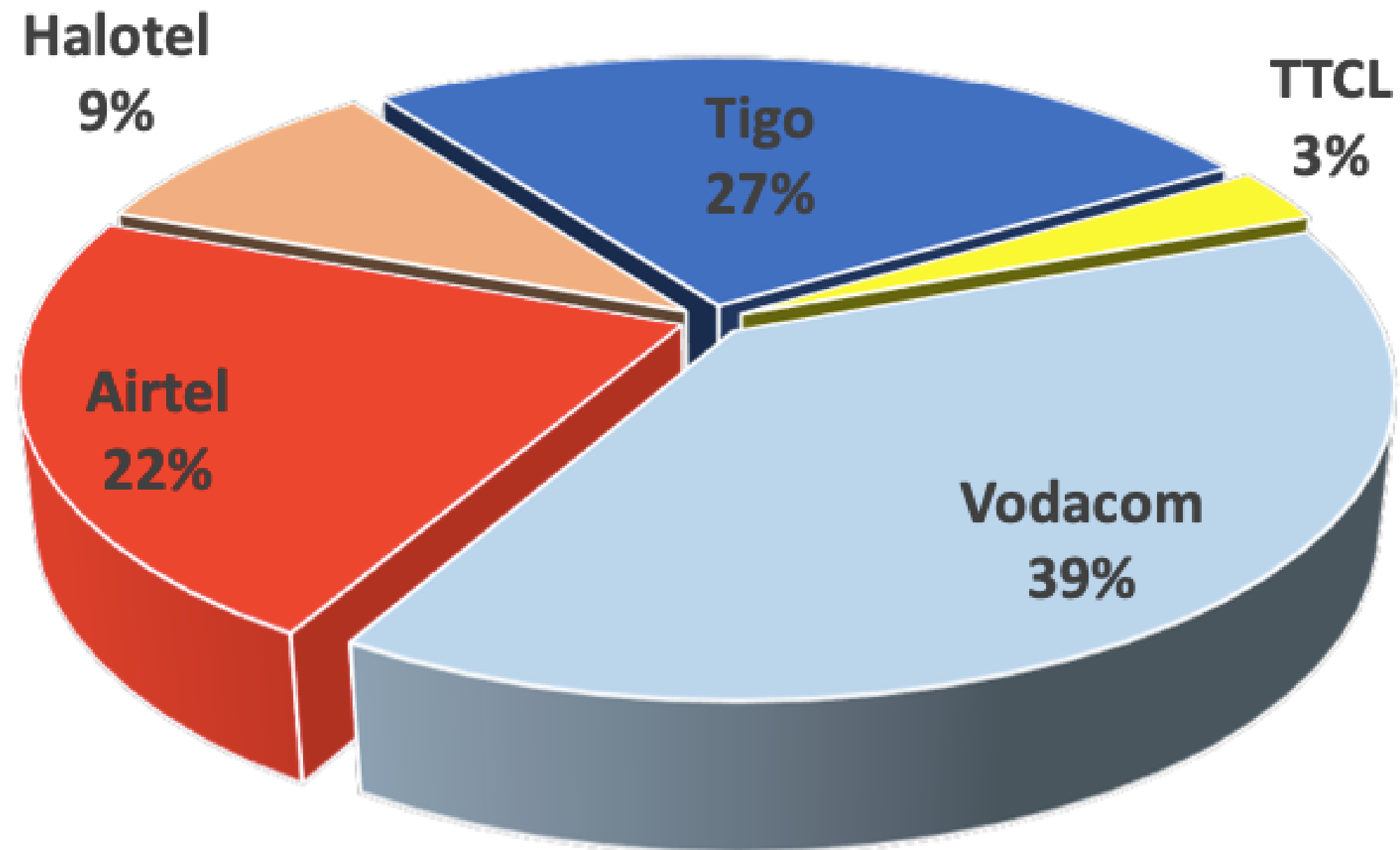
Chart 1.4.1.1a Percentage shares of Local SMS



# TCRA REPORT

## Mobile Money Transfer

Chart 2.1 Market Shares on Subscriptions



# TCRA REPORT

**Table 2.2b. Monthly Trend of Mobile Money Transactions**

Reporting Month	Year	No. of Subs	No. of Trans	Value of Trans.
JANUARY	2022	35,201,960	308,569,751	10,350,248,535,456
FEBRUARY	2022	35,578,052	292,626,474	9,539,172,477,200
MARCH	2022	35,749,298	330,148,997	10,703,041,422,029
APRIL	2022	36,068,839	327,324,035	10,321,267,168,688
MAY	2022	36,302,884	352,362,035	10,689,193,723,704
JUNE	2022	37,407,233	343,639,879	11,608,009,683,538
JULY	2022	38,008,482	349,952,830	12,548,569,958,747
AUGUST	2022	38,504,971	356,790,863	12,741,158,372,863
SEPTEMBER	2022	39,590,502	366,178,409	12,722,059,888,707
OCTOBER	2022	40,169,159	379,219,903	12,987,412,009,340
NOVEMBER	2022	40,353,939	378,344,304	12,867,894,342,836
DECEMBER	2022	40,953,496	410,741,935	13,899,743,783,982

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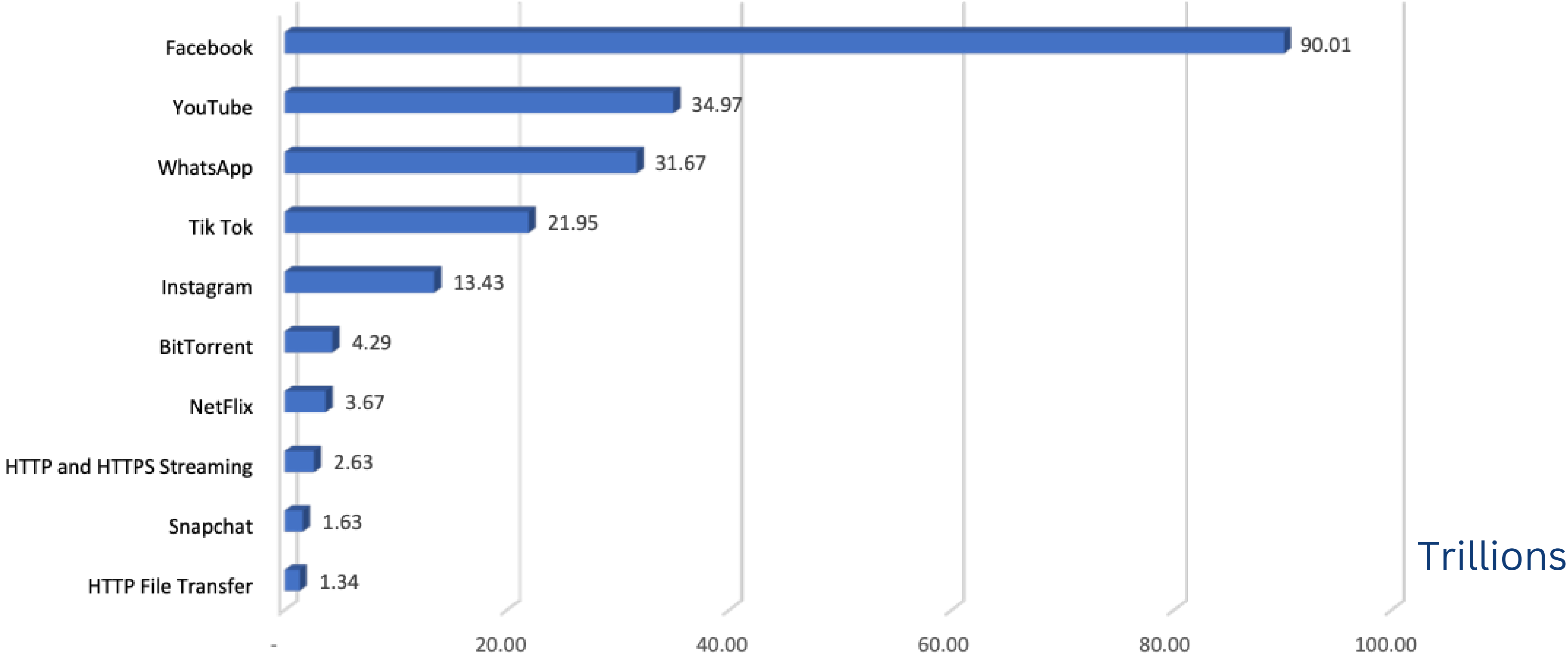
# TCRA REPORT

**Table 2.3 . Monthly average number and value of transactions per user**

	OCTOBER	NOVEMBER	DECEMBER	TOTAL
No. of Trans per User	9	9	10	29
Value of Trans. Per User	323,318	318,876	339,403	981,597

# TCRA REPORT

Chart 3.6 Total Bandwidth (in GB) used in Social Media



# POTENTIAL NEW PLAYER IN THE INDUSTRY?



STARLINK

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