

**VODACOM – Analyst and investor call – 4pm SAST 19 MAY 2025**

Good afternoon and good morning to those joining the call in the US. Welcome to the highlights call for our year ended 31 March 2025.

I am joined by our Group CFO Raisibe Morathi as well as our head of Investor Relations, JP Davids. We trust that you enjoyed our video presentation we screened before this call. The video is available on our website.

As we draw the curtain on our Vision 2025 strategy, I am immensely proud of the progress we have made over the past five years. We have emerged as a purpose-led, leading African operator with clear opportunities to positively impact society and accelerate our growth. This transformation was achieved despite a challenging macroeconomic environment.

Our purpose of connecting people for a better future has remained our true north through Vision 2025. It has gathered a momentum of its own, as we advanced our three purpose pillars – empowering people, protecting the planet and maintaining trust. In an ever-changing environment we remain committed to doing what is right. Over the last five years we have emerged as an ESG leader, and expect to be even more progressive over the next five years.

Vision 2025 has also shaped an investment case into one that combines attractive growth with excellent return prospects. These growth opportunities lie in our geographic and product diversification. We expanded into new markets by acquiring Vodafone Egypt and rolling out a greenfield operation in Ethiopia as part of a Safaricom-led consortium. In FY2020, South Africa contributed 71% of the Group's operating profit. 5 years later, its contribution is 55% with Egypt contributing a significant 28%.

We have also build a formidable financial services business, with 88 million customers that generates 2 billion US dollars of revenue, including Safaricom. This business is expected to compound revenues at 15 to 20% over the next five years.

Our return profile is supported by the combination of our market leadership position in connectivity and financial services, with our infrastructure scale. In FY2025, we reported a return on capital employed of 23.5%, up from 23.1% in the last year.

As we look ahead to our next strategic phase, called Vision 2030, we intend to build on the success of the last five years. Our Vision 2030 ambitions support a double-digit EBITDA growth outlook, which represents an upgrade from Vision 2025.

While we are laser focused on our growth and returns, our purpose will continue to lead our strategic direction. It is embedded in how we operate. Through our operations we aim to close the digital divide, empower our customers, support communities, digitalise governments and protect the planet. We believe a responsible approach to increasing connectivity can create a better future for all.

Switching gear to the results for FY25.

At a Group level:

- Revenue of R152.2 billion was up 1.1%, despite significant foreign exchange headwinds.
- On a normalised basis, and equivalent to a constant currency measure, Group service revenue increased 11.2%.
- This exceeded our target of high single-digit growth.
- Group EBITDA decreased 1.1% to R55.5 billion, with normalised growth offset by foreign exchange rate headwinds.
- On a normalised basis, EBITDA growth was 7.8%, in-line with our medium-term target.
- Our headline earnings per share increased 1.3% to 857 cents per share.
- This represented a significant recovery in the second half of the financial year, with earnings growth of 23.5% compared with a decline of 19.4% in the first half.
- On the back of the full year earnings we announced a full year dividend of R6.20. This represents growth of 5.1%.
- Looking in FY2026, we are hopeful that the strong earnings outlook for Vodacom and our associate Safaricom can translate into attractive dividend growth.

Shifting the discussion now to our performance at a product level:

- Beyond mobile, reached 21.4% of Group service revenue.
- Beyond mobile includes fixed, IoT, digital and financial services and we target a 30% contribution by 2030.
- We remain Africa's leading fintech operator with 451 billion US dollars of transactions processed through our mobile money platforms over the last twelve months, including Safaricom.
- Our financial services business was up 7.6% in rands, or 17.6% on a normalised basis, and made up 11.6% of Group service revenue.
- The scaling of this business is important to our earnings and return outlook, given the lower capital intensity of financial services.

And then to our geographic segments

In South Africa

- service revenue grew 2.3% to R63.0 billion.

- The result was negatively impacted by a 1.9 percent point headwind from wholesale revenue, so, this puts the underlying growth trend at around 4 percent.
- Pleasingly, our second half was stronger than the first.
- This improvement was lead by prepaid revenue, which grew 3.5% in the year and 4.5% in the second half.
- The prepaid improvement was supported by an increased focus on rate management.
- Mobile contract customer revenue was also a source of growth in the year, up 3.8%.
- This was supported by the consumer segment and our more-for-more price increases.
- We also reported good growth in our beyond mobile services.
- Fixed service revenue was up 17.9%, excluding low margin wholesale transit revenue.
- Service revenue generated from financial services was up 7.9% to R3.4 billion, supported by a strong result for insurance.
- The EBITDA margin was stable at 37.0%, while operating profit increased 2.1% as we moderated our investment into energy resilience.
- Looking in FY2026, we are targeting mid-single digit EBITDA growth for South Africa.
- Lapping the wholesale headwind should help, but we will also remain laser focussed on cost efficiencies.
- Across the Group we see structural opportunities for cost savings through more sharing.
- We recently approached the Competition Commission in South Africa with MTN to advance our sharing agenda.
- This will be done under the provisions of government's Energy Users Block Exemption regulation.
- We are also progressing with our virtual wheeling project with Eskom, and hope to provide a joint update with the utility in the near term.
- Separately, we were disappointed that the Maziv transaction was prohibited by the Competition Tribunal, especially given that it had received support from ICASA, our competitors and the South Africa government.
- Vodacom and CIVH have lodged an appeal with the Competition Appeal Court, challenging the Competition Tribunal's prohibition.
- The Department of Trade, Industry and Competition has also lodged an appeal alongside us.
- The hearing has been scheduled for 22 July.

#### Egypt's performance was stellar

- Service revenue in local currency was up 45.2%, well above inflation.
- The result was broad-based with strong growth in consumer mobile and fixed, business and Vodafone Cash.
- In the fourth quarter, growth accelerated to 47.7%, supported by price actions in December.

- Vodafone Cash was a standout result with revenue up 80.1% and its contribution at 8.0% of service revenue.
- Egypt delivered R13.4 billion of EBITDA, equivalent to 24.2% of the Group's results.
- The normalised EBITDA margin was 45.0%, a healthy outcome, reflecting good cost containment in a high inflation environment.
- The bottom line result from Egypt was even more impressive.
- Net income growth was 99.0% in local currency, and translated to 19.2% growth in rands.
- Looking into FY2026, we expect Egypt to deliver comfortably above our medium-term growth target of 20%.

Our International business reported good service revenue growth, but had a disappointing EBITDA performance

- Service revenue was R30.6 billion, up 2.6%, or 7.1% on a normalised basis.
- From a market perspective, we delivered 20.5% local currency growth in Tanzania, 10.4% in Lesotho, and 8.2% US dollar service revenue growth in DRC.
- Mozambique had a tough year, declining 12.8% due to repricing.
- International EBITDA was R9.5 billion and declined by 13.8%.
- This was a disappointing result given the segment's commercial momentum and one-off costs in DRC from the first half and the year-on-year revenue pressure in Mozambique.
- Looking into FY2026, we expect a good recovery from international, and a return to double-digit EBITDA growth.
- This will be driven by good momentum in Tanzania, improving trends in Mozambique and an easier comparative for DRC.

Our fourth business segment, Safaricom, is an important earnings driver.

- Safaricom delivered an excellent year overall.
- Service revenue increased 10.8%, with the Kenyan business delivering double-digit growth.
- EBITDA increased 5.4% in shillings, with Ethiopia supporting a strong recovery in the second half of the financial year.
- At a net income level Safaricom reported growth of 10.8%, or 14.2% excluding foreign exchange impacts.
- This result and the declaration of a stable dividend represent important milestones for Safaricom as it scales the greenfield roll-out in Ethiopia.
- In Kenya, service revenue growth was supported by excellent results for M-Pesa, mobile data and fixed.
- The strong revenue performance set up strong profitability metrics.
- Kenya EBITDA grew 10.1%, with margins at 54.0%.

- Switching to Ethiopia, we reached 8.8 million customers, doubling year on year.
- Service revenue increased 239%, with strong growth in ARPU adding to the customer traction.
- Looking into FY2026, Safaricom is guiding to another excellent year for Kenya, while also forecasting lower losses for Ethiopia.
- The combination of Kenya growth and Ethiopia scaling means that the Safaricom Group is expected grow EBIT by around 50% in FY2026.
- This would clearly have a positive impact on our earnings outlook for the coming year.

That concludes my review. Raisibe and I are now ready to answer any questions you may have.

#### **JP DAVIDS**

We'll kick off with questions from Preshendran from 36One, he's got a couple on SA, and then one overall question on South Africa, asking the extent of Prepaid charges now made up from Airtime Advance, and then just asking about the voice trend that we saw in Prepaid for the last quarter of the year. So, it's the two SA questions and a Group question, around the financial assets, noting that there's been a material increase in the credit loss associated with financial assets, perhaps that one you can take Raisibe. Shameel, start with South Africa.

#### **SHAMEEL JOOSUB**

Sure. So I think firstly, on the Prepaid revenue, or the voice revenue trends, we saw basically a minus 8.5 in Q4, where the full year was around minus 5, so a slight acceleration, but also, you know, in the last quarter, you saw promotions and so on. So we're not overly worried about that. In terms of Airtime Advance, just below 50% of Prepaid recharges, would go through Airtime Advance first.

#### **JP DAVIDS**

And then ECL.

#### **RAISIBE MORATHI**

Hi, everyone. So, the question about the trend on ECL, so the main driver there is the DRC one offs, that we called out in the first half. Fortunately, it really was just in the first half, and here we did a bit of detailed review of our book. And having exposure to government, they do eventually pay, but they just pay a bit slower, and as a result, we took ECL, and as we stand right now, we are actually in a recovery mode. But whilst looking at DRC, we looked at government exposures across the board. So elevation is a result of taking a more conservative view around the government exposures in particular.

#### **JP DAVIDS**

Okay, our next question is asked by both Jonathan from Prescient, and Myuran from MIBFA, both asking about price increases. So can we just talk a little bit about the price increases we've put through

on Prepaid and Postpaid, scope for further price increases into FY2026, and then, I guess the point that both are making is, is those looking a little bit higher than inflation at the moment. So can we, see price increases of this type of nature going forward, sort of call, it mid single digit when inflation is around three or four. So, the prospects for price increases in both Prepaid and Postpaid into FY26.

#### **SHAMEEL JOOSUB**

On Postpaid the price increase went in during March, around about 6% but remember, the strategy is more for more, so effectively, we put the price up, but also give customers value, specifically, more data. So, essentially, that more for more strategy we've been doing now for what, close to four years, and I think, it's well received, well accepted within the market. In terms of Prepaid, there it's more opportunistic, and it's all about rate management, to be frank, and more, what we're trying to do is to make sure that we can try and manage the rate for an outcome more than price increases. So that's a combination of price increases, removal of certain bundle options, and then, of course, making sure that we have a stronger handle on the outcome of our CVM promotions.

#### **JP DAVIDS**

We have a few questions around the Prepaid customer base trend in the fourth quarter. Mike from Avior was asking around that, Rohit from City, and Nadim from SBG. Nadim was also just asking around what we're seeing from a market share perspective in SA Prepaid over the last quarter, how do we think we've shaped up with the rest of the industry. So, the subscribers and then the market share.

#### **SHAMEEL JOOSUB**

So on the subscribers, there was a cleanup, and the cleanup would have affected the financial service numbers, affected the customer numbers and so on as well, but essentially what we've done is basically, deleted low value, no value sims, where, and one of the structural problems in South Africa still, is the sim washing machine, which we hope to fix with a new process for customer registration, which is as an industry we dealing with, with government. And once that's implemented, I think it will start to help fix the sim wastage, as I call it. When we look at the active 30 day base, it's still growing. So that's the base that we really look at internally, versus the 90 day base. So there we still seeing good growth, and we're happy with the performance of the base. And also, when you delete the low value customers, what happens then, or no value customers, your output actually goes out. So it's just a tighter lens of deleting those customers, so you can get the numbers back quicker.

#### **JP DAVIDS**

Okay, just sticking with South Africa, we will move to the other markets in a moment. On South Africa, Nadim wants to do check in with us on SA handset revenue, he noted that it declined modestly in the fourth quarter, just any feedback we have there. And then perhaps switching gear to Raisibe and cost

savings, Siphelele of Matrix, just asking around South Africa's cost saving initiatives, where these are coming from.

**SHAMEEL JOOSUB**

So on the sharing agenda, what we're doing is and looking at, where can we share more, and we're doing that with operators across the continent. We're doing a similar exercise with Airtel. Of course you've seen the JV announcement with Orange in the DRC. So we're looking at how can we share more, what I call the non-competitive parts of the network, and help use that to drive down costs, optimize Capex.

**RAISIBE MORATHI**

Okay, and then on SA's cost savings program, so in line with our fit for growth, which is a program that we've had for generations. And every time you really identify areas to zoom into. So there was a detailed review line by line, run by Sitho and Refilwe and the team, and really looked at where we can optimize on some of the contracts, looked at where we can manage the demand for different things that we do, the timing of that, and whether you really need the widget that you are asking for, the pricing for different things, and lots of RFPs with different suppliers. I think more notably, we also changed a large contract on the field force operations. We have continued to look at optimizing the energy related activities, more sharing agenda from within the group, and obviously the sharing with the MTN is also one of the initiatives that has been looked at. So we are really pleased with the direction that the team in SA has taken. Of course, the other markets are also doing similar things, but really excited about the outcomes of that. And, you know, maintained cost growth at below inflation, whilst there's still some opportunities to support the business for growth.

**SHAMEEL JOOSUB**

On devices, basically, where we seeing 2.7% growth for the full year, and you would have seen a minus 6.8 in Q4, nothing to really worry about there, it's just the lumpiness of some of the rebates.

Remember handsets remain a strategic advantage for us in the SA market, being the only operator that really has full control over the supply.

**JP DAVIDS**

A couple more on South Africa, Rohit from Citi is asking, around the Telcom wholesale contract. Any expectations or color we can share on that into FY26 and, and then a couple of questions from Cesar from Bank of America, on South Africa, he's wanting to check in whether we could potentially see service revenue accelerate in South Africa into FY26, and then to what extent that, that could also track EBITDA, EBITDA could track service revenue growth, into FY26.

**SHAMEEL JOOSUB**

So let me start off with that one, which is essentially what we've communicated, is that, look, the wholesales contracts cost us about 1.9 percentage points. We see more stability in that, given that we signed a long term agreement with Cell C. We did an extension with Telkom, but also looking to sign the long term agreement, but it won't be at different rates or much reduced rates to what we have currently. So we see a lot more stability in the wholesale segment going forward, and that will bode well into the numbers. So we put SAs growth in EBITDA at between 4 and 5% on service revenue.

#### **JP DAVIDS**

Okay, last one on South Africa for the moment, and then we will switch to Egypt. In South Africa, Preshendran's, just come back and said, that he is comfortable with the answer around the group ECL discussion, but he wanted to get an update on South Africa specifically around expected credit losses. If we can, provide some commentary on that through Raisibe.

#### **RAISIBE MORATHI**

Similarly, in South Africa, we have a slow paying government. So one of the contributors will be that. We also started a new product for handset financing, called Easy to Own, and taken a more conservative approach in terms of ECL provisioning, but it is still early days, so really this is just a modeling issue, not so much that the book has any problems, and Easy to Own, just a reminder is where we finance Prepaid account holders for owning phones on the basis of, you know, the locking mechanism, and the phone unlocks as and when you charge for airtime on a normal basis. So, yes, so we have taken a bit more ECL from that perspective, but it is a small book in the bigger scheme. So otherwise, it's just really, in the normal course, nothing that really stands out, or problematic, in terms of our book.

#### **JP DAVIDS**

So, switching gear to Egypt, Maddie, from HSBC, is asking a couple of questions on Egypt. Firstly, can the growth momentum be sustained without further price hikes, and related to that, what are our expectations for price hikes in Egypt. Then he's asking separately, around the EBITDA margin in Egypt. Why are we not seeing as much margin expansion, perhaps, as he was looking for, despite the strong revenue growth. So expectations on service revenue, and expectations on margin. There is a separate question coming through, just on the net income margin for Egypt. So, what are we seeing on the net income margin, maybe that can help complete the story.

#### **SHAMEEL JOOSUB**

Firstly, on the price hikes. Essentially, we've had a price hike of 30% in December. So of course, that will carry on for the better part of this new fiscal, until December next year. So you've got that price increase through. Remember, the justification of pushing the price increases hard was also the March 2024 devaluation. So that pressures off with the stability in the currency now. Let's say it's not an



automatic every year price increase market. It's a, you know, if there's a disaster, we need help, type of increase. That said, remember, Egypt's got a structural price floor, and that structural price floor helps for everything to convert into strong revenue growth. We have that in Tanzania, and we have that in Egypt, and that's why you're seeing the stronger growth coming through, and that's basically based on the health of the industry, and you know, we recently hosted some investors in Egypt, and the government confirmed that they saw this as something that would stay, but also something that created a win win situation, and that they were very proud, and saw it as best practice that should be implemented by many more markets. In terms of margin, you know, we're very happy with a 45% EBITDA margin in Egypt, and that's coming from, the continuous growth in data. But also, just remember, we have a mixed part as well. The margin on fiber is a bit lower because it's an ISP model, but it contributes at the net profit level. The net profit margins the highest in the group, at about 25%, JP correct?.

**JP DAVIDS**

That's spot on.

**SHAMEEL JOOSUB**

So 25% net profit margin, which is very, very strong in terms of the net income margin for this business.

**JP DAVIDS**

A few more on Egypt. There's a question from Nadim around expectations for elasticity. I guess we've obviously put up the price, what are our thoughts around elasticity. Then perhaps one I can just quickly take because it's largely related to Egypt, which was, please can you share the minority dividend in FY25, and how much can you expect for FY26, thanks. That's from Rohit of Citi.

I'll just quickly deal with the minority dividend. We disclosed that together with the receipt of Safaricom dividend. So net number, in FY 2025 was positive R900 million, the minority element of that, was a negative of about R1.8 billion, largely from Egypt. Expectations for FY26, I suppose, would be guiding on both the net income of Safaricom and Vodafone Egypt, which we not going to do. But I think qualitatively, to say that both the position for very good growth into FY 2026. We expecting good growth from Safaricom, and good growth from Vodafone Egypt. Shameel, back to you on the elasticity question.

**SHAMEEL JOOSUB**

Yes, I think on the elasticity part, what you will see, which we've seen in all markets, right, is when you do a price adjustment, there is an immediate effect in terms of decrease in volume, but then over time, that recovers back, because people still need to utilize the data. So, you know, general rule of thumb,

about four months before it fully recovers. So, you know, but of course, more than offset, in this case, with the price increase.

**JP DAVIDS**

Maddie from HSBC has a question on international, and specifically Mozambique, just asking if the worst is behind us there.

**SHAMEEL JOOSUB**

What we are doing is still pushing for a price floor there. We don't have one now to be upfront, but what we are seeing is we're now lapping the price changes that we made. We're fully competitive now in that market. So, yes, it's now turned the corner, so lapping that, and starting to be a lot more positive. We want to see a lot more positivity, and we think that, a price floor is the right way to ensure healthy investment, healthy returns, good sector, and so on, because you did have price dumping in that market, and that's the discussions we're currently having with the regulator.

**JP DAVIDS**

There a few more questions on South Africa. So we're going to go back there. Jono from Absa, wanted to get our take on the Maziv transaction. If we don't get this ruling in our favor, what are our near term, and longer term plans in the fiber space. Would we, consider M&A opportunities, or rather, perhaps pursue a partnership approach. So that's on the Maziv transaction. Then, just a separate question on the Rain roaming deal that we have, over what sort of time frame does that come up for renewal, and to what extent do you still need additional capacity, given our new spectrum position, post the auction. If we can just squeeze in the third one on South Africa, and then we'll pause, on the Easy to Own, he had a specific question on when the device is locked, can a user still connect to WiFi.

I can answer that one, the phone is basically a paperweight when you haven't unlocked it. Otherwise there wouldn't be a good incentive to recharge. But perhaps Shameel, you can take the other two.

**SHAMEEL JOOSUB**

Yes, so on the Maiv transaction, effectively, the hearings will come up in July. What's the alternative, you know, as I've been saying today, you might have heard in the media, the money is in the bank, so effectively, we have all the optionality in our stable, in terms of what we can do and where can we invest. Would we do another M&A transaction, no. I think, being stuck for three years in the ComCom, thank you very much, but no, thank you. We have a lot of opportunities across our markets for fibre, so we'll look at where best to put the money. And that doesn't rule out that we'll do something in South Africa, but we're not going to go and sit in front of the ComCom for three years. So, if you don't want our money, we'll go invest it somewhere else.

**JP DAVIDS**

Perhaps two questions for Raisibe, the first one from Maddie of HSBC, just noting the strong free cash flow generation, asking if we've got scope to see higher dividend per share payouts going forward, or do you still want to keep some cash for M&A, so that's question one. And then question two from Mike at Anchor Capital, asking for an update around the please call me matter and thoughts on any potential timing there.

**RAISIBE MORATHI**

In terms of the free cash flow, yes, we quite pleased with our progress in terms of our capital allocation, where we have increased paid dividend at higher than 75%, noting that our policy is at least 75%, so we paid at 78%, comprised of an even higher payout in the first half, at 87%, 71% for the final dividend combined gives us 78%. Why we did that, was to give investors a little bit of relief from the devaluation impacts coming out of Ethiopia. But now just bring this all to a close, in terms of that capital allocation is that, this is the year that we have paid off some of the expensive debt, and increased the dividend to an extent that we thought appropriate, and whilst continue to support our other internal purposes, i.e., Capex, working capital, and so on. And with our net debt to EBITDA remaining flat at 0.9 times, with headroom for M&A should opportunities arise, and obviously more on the radar being the Maziv transaction, should the approval come through. That gives you an indication of the flexibility that we will apply as and when opportunities arise. But we do recognize that on delivering there's still a road to go. So we paid off R2.4 billion, and given an opportunity, we will continue that journey of making sure that we optimize on our debt holdings.

From a PCM perspective, no further developments since the last event being, when the case was heard in the Constitutional Court, which was on the 21st of November 2024. So, we just wait at this point in time, waiting to hear the outcome from that process.

**SHAMEEL JOOSUB**

We didn't answer the Rain question. So effectively, the Rain contracts start coming off from 2027, it's staggered different portfolios at different times, and of course, we will re look to renegotiate the terms, given that, you know, we're not under pressure anymore for spectrum, so I think that would be our stance on that. And then to answer your question, when we do fiber, it will probably be in the form of JVs going forward. Just to be clear, we're not going on a, buying or going into new markets approach. We'd rather double down on the markets that we in. And we're trying to, do as much as we can through partnerships, the logic being that at least we'll have a play in that fiber part, because we don't have the money to do everything, and bringing on a partner, a like minded partner, will allow us, one, we share the economics, but two, to have a meaningful play in that context.

**JP DAVIDS**

There's just been a request to cover, the dynamics we're seeing in terms of market share in South Africa, in Prepaid in particular. And then a separate question from, Chris from New Street Research, asking around the strong performance he's noted in fixed services in South Africa. So where we seeing this growth coming from, and any color around that would be appreciated.

**SHAMEEL JOOSUB**

So Prepaid market share, we see more or less flattish in terms of overall performance on Prepaid market share. Of course, customers would have been impacted by the deletion, so we would have seen an uptick in customers, and then, over last year, and then in the last quarter, clean up on those, on the customers.

**JP DAVIDS**

And fixed.

**SHAMEEL JOOSUB**

And then on fixed, yes, we've seen a nice step up, I think we've done very well in performance there. That's, a lot of it is enterprise sales. So, we've seen good performance on fiber, that's selling our own fiber, that's selling ISP fiber on the one side, but on the other side, it's basically enterprise solutions, including SD-WAN type solutions that we're seeing more traction in corporate.

**JP DAVIDS**

We are getting a couple of follow ups on our sharing agenda across the group. So Justin from NextGen, just asking around the sharing agenda across our markets, and are we considering active, RAN sharing, and if that is possible, which sort of markets could we get to do that in. Maddie is asking around a little bit more color on that MTN network, sharing deal with MTN, or that cost sharing deal with MTN. How many towers are we talking about, and does this involve the entire country or rural areas.

I think Maddie on that one, we'll probably have to come back to you, because we're in the process of going through this with the Competition Commission at the moment, so if you can just bear with us, we will give you more color in due course, but it's still at a point where we just need to respect the process and go through that with the ComCom. On active sharing, Shameel.

**SHAMEEL JOOSUB**

Yes, I mean, the DRC, 2000 towers is active sharing, so that will be an active sharing network. In other markets we're looking at the opportunity where, you know, we'll basically, where we build, example, on rural sites, we'll give access to our competitor, and they will give us access to their part. So one builds one side of the country, another part was the other side of the country, and effectively we share. So, that would be the intent. Effectively, we're looking at all forms of sharing. The active sharing

is one, towers another fibre, and then basically looking at, field force outsourcing is another. We're looking at all forms of where can we optimize our costs and performance as well. And sometimes it's as simple as, a co build, for example would be, let me give you an example in South Africa, where we did a national co build. So, we built with MTN and Liquid, many years ago, we did a co build from Joburg to Cape Town as an example. Yes, and then,, we did another one from Cape Town to Durban. So, these are the type of things that you look at, and you see, how can you share costs, and that's one of the reasons why we were interested in the Maziv deal, because we see DFA as a sharing opportunity of being able to do that. We are also, doing a lot more on our towers, given the fact that we have the largest amount of towers in SA, we have improved our customer service levels, to make sure that we can attract more of the Telcos businesses, onto sharing towers with us, but also optimizing our costs.

### **JP DAVIDS**

For the moment the final question from Jonathan, he's asking around our strategy, the group strategy regarding satellites across Africa, including the likes of Starlink and AST. And this specific question related to the overall strategy is, could this help us reduce backhaul costs.

### **SHAMEEL JOOSUB**

The way I see satellite is really in three blocks. Firstly, backhaul, I think backhaul is a no brainer. The LEO satellites effectively have lower latency, and essentially are coming in much cheaper than the GEOs were. So, as your contracts expire, and so on and so on, there's a clear opportunity to shop around and sell it. There will also be multiple different options as the satellite comes, you know, as more and more satellite providers come of age. So, my view is, don't tie yourself in too long to anyone, let the prices settle, and then sign a longer term agreement or an agreement with the different providers. So I think clear opportunity to put in perspective, we have about 1200 towers across the group that's still using satellite. So that's the one.

The second part is direct to dish, which is where Starlink is playing today, and where Kuiper will be playing as well, and also Oneweb, so, you're getting more players that are coming in that context. And there we see, of course, it's important that the markets are licensed for satellite, and not just for one player. And there, what the model seems to be is, both in the case of Starlink, direct to consumer model, but also basically a model where effectively that you have the chance to resell the product as well. That's not a cheap product, so initially they were playing around with very competitive pricing and so on, but they've since moved away from that and rejigged their products to a higher revenue model. So it's really where there isn't coverage.

And then the third one is direct to mobile. When you get to direct to mobile there's a different type of satellite technology which AST does, and that will give a better experience, but you'll also have the likes of Starlink also doing it. But there's a different construct. Starlink is effectively like 7600 satellites,

I believe is the number that's up at the moment, where there's someone like AST will be like 80, 90 satellites, but one satellites of the size of a football field. So, and they're very different propagation. And there in both cases you have to work to the Telcos, because it's the Telcos who hold the spectrum that these players need, but there will always be limited capacity on satellite. We reckon that not more than 4 to 5% of a traffic in a country can be carried by satellite.

**JP DAVIDS**

Okay, that is the end of the Q&A from, from my side. If there are any follow up questions, you're obviously welcome to reach out to me directly, and we'll get those answered for you. Shameel, handing back to you just to, just to close off.

**SHAMEEL JOOSUB**

Thank you for joining us on today's call. If there's any other questions that you might have, please reach out to the Vodacom Investor Relations Team. We'll see you on the road shows. Enjoy the rest of your day. Thank you.