



# Vodacom FY 2026 Investor call – 11 May 2026

## SHAMEEL JOOSUB – GROUP CEO

Good afternoon and good morning to those joining the call in the US.

Welcome to the highlights call for our year ended 31st of March 2026. I'm joined by our Group CFO Raisibe Morathi, as well as our head of investor relations, JP Davids.

We trust that you enjoyed the video presentation that we screened before this call. The video is available on our website, and covers our purpose-led strategy, called Vision 2030, and the performance against our strategic ambitions. For those not able to watch our presentation, I'll take you through some of the key highlights. We will then move into a Q&A session.

We had a great financial year, which showcased our geographic and product diversification, and growth potential.

- We delivered on our double-digit EBITDA growth target, setting up an excellent year for shareholder returns.
- Our full year dividend totaled 735 cents per share, up 18.5%.
- Return on capital employed expanded 4.0ppts to 27.5%, as we executed on our efficiency and sharing agenda to improve returns.
- We delivered hard currency net income growth of 21.3% in euros. A strong commercial performance also helped us deliver these shareholder outcomes.
- Customers were up 12.3% to 237 million. This positioned us to upgrade our Vision 2030 customer target to 275 million from 260 million.
- Our financial services business, which is the leader on the African continent, continues to grow from strength to strength. We upgraded our Vision 2030 target to 130 million financial services customers, having reached 103 million the year.
- We see financial services as a key differentiator for our customers and our investment case. Financial services now make up around 28% of our profit before tax.
- In addition to our product diversification, we are also seeing clear benefits from our footprint. We operate across eight markets in Africa but manage the business in four segments.
  
- Starting in the north with Egypt, which reported a stellar set of results in FY2026:
  - Egypt contributed R15.3 billion to the Group's operating profit, up 48.9% on a rand basis.
  - This growth is broad-based, across consumer and business mobile, fixed, and Vodafone Cash.



- While service revenue growth returned to the twenties in 4Q, we are pleased to have secured another double-digit price-up in Egypt last week.  
This is expected to help us navigate through a period of higher energy prices and promote industry sustainability.
- Shifting a little further south to Safaricom:
  - In December, we announced a transaction to increase our shareholding in Safaricom to 55%. This would allow us to fully consolidate Safaricom
  - The transaction was approved by parliament and all necessary regulatory bodies but is subject to a status quo order issued by the High Court of Kenya.
  - We expect an update on this ruling on the 18<sup>th</sup> of May 2026. Pending this outcome, we will be able to finalise the deal very quickly.
  - Ahead of that, and as an associate, Safaricom contributed R4.6 billion to operating profit, increasing 38.3%.
  - Safaricom's result was supported by an excellent performance in Kenya, with EBITDA margins of 56.7%, up 2.7 percentage points, and lower losses in Ethiopia.
  - In Kenya, Safaricom was awarded a 25-year operating licenses and spectrum renewal, providing long-term regulatory certainty.
- Our four markets that make up the International business increased operating profit 67.2% to R4.9 billion:
  - This result reflected double-digit service revenue growth in Tanzania, DRC and Lesotho.
  - The operating leverage of these assets was also evident in the year, with EBITDA margins recovering to 34.6% from 29.3% in the prior year.
  - We continue to work on the pricing frameworks across these markets.
  - We see scope for more of our markets to introduce price floors, which support a healthier telecom sector with the appropriate levels of investment.
- Finally, to South Africa, which remains the largest component of operating profit at R20.5 billion:
  - The business demonstrated resilience despite a challenging macro-economic environment and increased competitive noise.
  - Growth was supported by the contract segment and beyond mobile.
  - Pressure on prepaid moderated in the fourth quarter, and we are expecting a better performance into FY2027.
  - Pleasingly, EBITDA grew 1.8% in the second half, as we kept margins broadly flat. This reflected our cost containment efforts.
  - From a strategy perspective, we were pleased to close the South Africa fibre deal with Maziv in December 2025. With our injection of cash and assets, Maziv will reaccelerate its fibre roll-out, adding another double-digit growth lever to the Group.
    - At a Group level, strong growth across three of our segments delivered net profit to equity holders of R20.6 billion, with headline earnings per share of 1 053 cents, up 22.9%.



- Shifting from performance to purpose, which is at the heart of Vodacom. Our video presentation sets out the progress we are making on our three purpose pillars of empowering people, protecting the planet and maintaining trust. We have well-established hero projects and new initiatives that drive each of these pillars.
- Before we move to Q&A, I will make some comments on our medium-term targets:
  - When we complete the Safaricom deal, we will combine Vodacom's existing growth engines and free cash flow generation potential with that of Safaricom. This will position the Group to accelerate growth and deliver attractive returns with a portfolio of market leading assets across Africa. As a result, we intend to provide an update on our Vision 2030 targets once the transaction closes.
  - Ahead of then, our Group service revenue and EBITDA targets of double-digit growth is unchanged.
  - This year, we have also added a new operating free cash flow target to enhance shareholder visibility for management's long-term incentive related to this metric.
  - And finally, we narrowed the group capital expenditure target to 13.5% to 14.5%. This is to provide a more accurate steer of our medium-term capex expectations, as we continue to benefit from sharing, partnerships and new low-cost funding models, including grants.

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

### **JP DAVIDS – HEAD OF INVESTOR RELATIONS**

Thank you, Shameel, and good afternoon to everyone. This is JP. We are going to kick off with Safaricom, as the first topic of the Q&A. There are two questions for Safaricom, one coming from Thando at UBS, and the other from Jono at ABSA.

Thando at UBS is asking for an update, or any colour on how and when the acquisition may be closed, citing that there are some articles in the Kenyan press pointing to delays towards August. Then Jono is picking up some news flow in Kenya related to their budgeting cycle, which may drive higher taxes on things like mobile devices and banking fees. Wondering how we as Safaricom's controlling shareholder would look to mitigate these types of headwinds going forward. And I guess I would take the opportunity to just talk more broadly about the regulatory environment in Kenya.

Shameel, are you okay to kick off with those?

### **SHAMEEL JOOSUB – GROUP CEO**

Sure. So, I think firstly from a deal closure perspective, all the regulatory approvals have been given in Kenya in terms of Parliament, and the different regional and local regulatory bodies. The deal is subject to a preservation order, or stay order, at the moment where there's a court case challenging the transaction. The judge is about to rule on the conservatory orders as it's called, by the 18th of May, if it's lifted, it will give us a chance to complete the transaction. That's the one part. If it's not lifted, it will be a court case. So, the court case will continue anyway, but the court case could be a few months later, if the court decides. We are a little



bit in the court's hands, but we think the case is quite strong, and there isn't reason to delay. We'll see what the court decides.

In terms of the overall regulatory environment, I think it is very positive that Safaricom has managed to obtain a 25-year operating and spectrum licenses, and all the licenses in spectrum have been renewed for 25 years. That provides certainty to the business, and that's a very positive development in the Kenyan environment. Secondly, in terms of the budget increases, this is what I would call business as usual. We deal with these things every year in different countries. Governments increase their taxes. It's something that we have to navigate. What we try and do is make sure that we can balance the impact on consumers. We try and negotiate with governments to not put price increases in the wrong places, like smartphone penetration. I think one of the challenges on smartphones going into this next cycle is going to be costs. We will be engaging governments to say, please remove duties to assist, because otherwise it will slow down the number of smartphone uptake in a particular year. But this will be a global trend, and it will affect all operators alike.

#### **JP DAVIDS – HEAD OF INVESTOR RELATIONS**

Robert Grindel from Deutsche Bank has a couple of questions, but I just want to theme them, particularly around Egypt, and then we'll come back to a few of his others. Specifically, around Egypt trying to get a better sense of the magnitude or the impact of the price ups that have now been approved in the market. While we are on the theme of Egypt, with a question from Thando from UBS, asking specifically about those new low entry plans in Egypt. Is it fair to assume, in his words, that could create pressure on ARPU, and then finally, around Egypt, we are growing faster than peers in the market. How are we doing that, and can we do that through this next round of price hikes?

#### **SHAMEEL JOOSUB – GROUP CEO**

Price increases in Egypt will be between 9% and 15%, and that will be executed across the entire industry, that's the one part. The low entry plan, which is about a 5-pound plan, will also be executed across the industry, and I think it's done smartly to balance on the one side, the need to cater for raising energy costs. With the price increase making sure that the poorest of the poor are not affected, through a low entry plan. No, we don't think that it will affect the growth of the market and the opportunity. I think one of the reasons why we are doing well in Egypt, and why we continue to perform, firstly, the market structure is very good. Secondly, our execution capability from a brand perspective, from a distribution perspective and from a FinTech perspective is very strong. Our content as well as loyalty, all the different elements, plus our personalisation, AI generated offers, all these types of things are extremely strong, which gives us a very good platform to continue to build on. As you can see, the growth is not in one area, it's across the business. I think execution capability will remain strong going into the year and of course, we always try and run faster than competition, there's areas where competition will try and copy, then we need to be a couple of steps ahead, and I think the team has proven over the last couple of years that they are very capable of doing that.

#### **JP DAVIDS – HEAD OF INVESTOR RELATIONS**

Staying with Egypt. Maddy from HSBC had a couple of questions. The first one is, maybe for Raisibe, can we just talk to, what is seen as slightly softer margins in the second half of the year in Egypt. Provide a little bit of colour there? For Shameel, there's questions coming through in different ways, but it's really around, will



revenue growth re-accelerate given the pricing decision in the market. So perhaps a little bit of colour around expectations for growth into FY27 for Egypt?

### **RAISIBE MORATHI – GROUP CFO**

The margin softening was largely to do with the war impact. Given the changes in currencies or the FX. We've seen some weakness coming through the EGP, in line with what has happened in other emerging markets, and the FX loss from the working capital side, is what has impacted our EBITDA margin. In addition to that, we have continued to invest, particularly to support our financial services business. So, taking more of a long-term view, and that softening is nothing to be too concerned about. Otherwise, we see a sustainable margin base for the rest of the year, of which the margin was roughly about 45% for a better part of the year, and that is what we see as sustainable.

### **SHAMEEL JOOSUB – GROUP CEO**

Okay, in terms of growth rates for FY27, we think that the business will grow in the mid-20s for the next year, whilst being able to maintain margins. In the longer term we think that the CAGR is in the early 20s, so that's where we are in that context. What's driving it also is we will continue two things; one is the spectrum investment that we've made, its helping us to unlock growth, so that's been really good from a customer experience perspective, but also as we move customers to 5G, we're seeing much better growth. Adding more capacity through the 1800 spectrum that we've acquired is also helping us to monetise better. The capex intensity is expected to be over 15%, capex to sales, as we're seeing that when we put the money in, we're able to monetise and get a very quick return.

### **JP DAVIDS – HEAD OF INVESTOR RELATIONS**

We are going to shift to the international business segment. A couple of questions here from Nadim, firstly around Mozambique growth. What are our expectations for FY27, after lapping some of the pricing initiatives? Related to that, and I think it's a slightly broader question, just thoughts around international remittance as a key opportunity for the M-Pesa services of beyond core? And staying with the international markets, maybe this one is for you Raisibe. What is causing that service revenue slowdown in DRC in the final quarter of the year?

### **SHAMEEL JOOSUB – GROUP CEO**

Okay, on Mozambique, I think having gone through a lot of the pricing changes and the pricing growth, for the year we had 3.3% growth in service revenue, and it's about a 6 billion rand a year business now. What we see happening is that the growth will accelerate, absent the price floor, to kind of higher single digit growth. With the price changes that we're talking about, that have not yet been finalised, it can get back into double-digit growth, but that is still ongoing in terms of conversations with government and finding the right way to be able to execute it. They have concluded their cost studies and regulatory approvals and so on. In Mozambique and DRC, there were proper cost studies done by the regulator, and the need for pricing regulation or price floors have been identified to ensure the continued investment cycle.

In terms of M-Pesa, the growth rates are very sustainable. We have had very good growth across the portfolio, specifically in the international segment. It's grown quite strongly and almost in the 20s, so very strong growth



all round. Customer growth is very strong as well, you know, I think we're quite pleased with the performance in that segment. What we are doing now is making sure that we can roll out all the models across all the markets. Kenya and Tanzania are ahead of the rest of the market in terms of use cases, so we're trying to grow the number of use cases and making sure that we have all the products launched in all different markets. To give an example, what we're doing is taking the insurance success that we have in South Africa and then creating an insurance centre of excellence for the rest of our markets. We are doing the same for, International Money transfer out of Kenya into the different markets. So, we're leveraging that capability and capacity through our different markets to try and accelerate revenue. Another example is we've launched Wealth Management in Kenya, and specifically something called the Ziidi Stock Trader, which now already accounts for 47% of the trade volumes on the Safaricom stock exchange. This is how quickly these things accelerate, and of course, we'll learn from that, and then take those learnings and then implement that into various markets. Remember, only 103 million customers are using FinTech services, so still, a big opportunity to grow faster across the Group.

### **RAISIBE MORATHI – GROUP CFO**

Maybe just to add in terms of the remittance opportunity. So here we see, not just as a use case for growing our M-Pesa offering, but also in terms of securing FX, and given that our remittances are more inbound, so it strengthens our relationship with the banks that we get inflows. We have found in different markets, opportunities where it allows us access to that FX for purposes of our needs, and that comes quite handy in markets which are particularly low on liquidity, such as Mozambique. So, it is really quite a strategic asset, apart from just the normal additional product that is offered through M-Pesa, all the income and all the conveniences that comes with it. The question about the service revenue slowdown in DRC. As you may be aware, the eastern part of DRC in Kivu, the war flares up from time to time, it goes quiet, and then it gets noisy, the service revenue was impacted largely by that, and inclement weather, when it's rainy season, the logistics are very difficult in DRC. So, a combination of those factors, but we have seen a bit of a pickup now, particularly from a war perspective. We see this as a temporary damp, but the outlook for growth in service revenue, as well as EBITDA in DRC remains fairly strong, and double digit in dollars.

### **JP DAVIDS – HEAD OF INVESTOR RELATIONS**

We're going to move to South Africa, and unsurprisingly, prepaid remains a hot topic amongst the analysts and investors on the call. Let's pick up on Jonathan and Nadim's questions to cover some of the bigger picture on SA prepaid. Shameel, can you provide a little bit of colour on the outlook for SA prepaid revenue and whether we could see a return to revenue growth before the second half of 2027, and then related to that, Nadim just asking around the competitive intensity and promotional intensity in the market. How's that evolved in prepaid year to date?

### **SHAMEEL JOOSUB – GROUP CEO**

On the prepaid outlook, very pleased that the repricing and some of the initiatives that we took in Q3, that abated in Q4, we started to see the elasticity coming through, and that will basically flow into the coming year as well. Maybe just a little bit of context, remember in South Africa and where you'll see a difference between, Vodacom, MTN, and the other operators is, Vodacom and MTN still have more voice revenue than the other operators. Voice is in structural decline, because of the move to voice over IP, or things like WhatsApp voice



and so on. During the period, that has come down to 29% of prepaid revenue, and if we look at it in terms of overall service revenue, then it's now 13% of overall service revenue. It's not gone, there will still be declines, and the biggest thing in prepaid is trying to manage that decline, because traffic growth remains very strong. Data traffic growth is 32%, so traffic growth in South Africa at the back of the level of investment is very strong. We also had some data repricing, and that is starting to stabilise. We think that in Q1 we will be back in positive territory for prepaid, in the South African market. What's also encouraging, if you look at smart devices, it's up 10.6%, to 35.7 million customers, and 4G and 5G devices are also up 15% to 28 million. These are underlying trends that are very strong, that will help to convert faster data revenue and be able to grow the revenue better. The big thing, of course, is managing the voice decline on the one side, and then secondly, the monetisation of data growth, you may have seen more of that elasticity come through in the fourth quarter, versus the third quarter.

**JP DAVIDS – HEAD OF INVESTOR RELATIONS**

Just a specific question from Preshendran around our voice revenue trend, just to confirm the exact decline, noting it is about down 13, down 14 in the third quarter.

**SHAMEEL JOOSUB – GROUP CEO**

It is minus 13%, on voice decline for the year.

**JP DAVIDS – HEAD OF INVESTOR RELATIONS**

And then in the fourth quarter, we improved a little bit down to 11.6%.

**SHAMEEL JOOSUB – GROUP CEO**

We saw an acceleration in data revenue growth, monetisation in Q4 to five and a half percent.

**JP DAVIDS – HEAD OF INVESTOR RELATIONS**

There are a few questions on fixed service revenue for South Africa. The first one is, what is driving the sequential slowdown in growth from high single digits towards 6% in 4Q? Perhaps I can quickly take that one, and then a bigger picture question on the traction we are seeing since we've finalized the CIVH, or Maziv deal, that is from Rohit of City, are we already offering services on CIVHs footprint?

**JP DAVIDS – HEAD OF INVESTOR RELATIONS**

Just on fixed, quite right, has slowed down quarter on quarter. If you look back to the fourth quarter in financial year 25, it was a very strong period, and we had a good deal in there, related to Vodacom business, and that created a bit of a tougher competition, into this particular quarter. So, there is no change in the underlying trends for SA fibre. It contributes nicely to the Beyond Mobile story, for the SA business going forward. Shameel, do you want to take the bigger picture question on Maziv?

**SHAMEEL JOOSUB – GROUP CEO**

Sure. I believe on Maziv, firstly, from a revenue perspective, R7.6 billion of revenue, R5.2 billion of EBITDA, then you can see that the margins are very healthy in that context. So that's the positive. This is before Herotel, and Herotel has gotten Competition Commission's approval in the final throws of the regulatory approval as well.



So, they'll be able to consolidate that, and that gives them an extra leg, I would say, to further expand fibre penetration. From a synergy perspective, they can definitely benefit from some of the let's call it, our procurement benefits, especially with the biggest suppliers and so on, to make sure that they can take part of some of the pricing opportunities that can prevail, and of course, they are looking at those comparatives and so on. Then from a sales perspective of course, the ISP part, that is separate to Maziv and that really means that we need to run faster, and we are seeing a lot more traction on prepaid fibre, as we now reselling that full swing. We are seeing every year gains in our ISP penetration on the one side and also fixed wireless performance.

#### **JP DAVIDS – HEAD OF INVESTOR RELATIONS**

Raisibe, a question from Thando on the South African EBITDA margins, he's noted they down around 30 basis points in the second half of the year. Can you give us a little bit of colour for them, the audience, a little bit of feedback on some of the key drivers of the margin into the second half of the year, and maybe some of the key pushes and pulls of this margin into FY27?

#### **RAISIBE MORATHI – GROUP CFO**

Sure. We saw better traction from a revenue perspective, particularly prepaid, as has been explained by Shameel earlier. So big focus on that, to a point that we closed with an almost neutral position, and that was helpful from driving the revenue. In terms of costs, SA has always run a very tight cost program, which we will continue with, and that is really what is giving support to margin. The outlook is to still grow EBITDA in the mid, kind of single digit number, and that is how we see the contribution coming, both from the revenue as well as from the cost program. Well aware that our Beyond Mobile comes at a lower margin, but nevertheless a fairly strong business, but we believe that it is a good contribution in terms of continuing to drive the growth in the top line. Our margin outlook is actually better in the new year FY27, given that FY26 was also carrying the one off that we picked up in the first half.

#### **JP DAVIDS – HEAD OF INVESTOR RELATIONS**

Staying in South Africa. Rohit had a question on the financial services revenue growth trend for South Africa, picking up, perhaps that there was a decline quarter on quarter. Maybe that is one we can touch base with after the call Rohit. We did see a little bit of an acceleration in financial services. So, in the full year, we did 8%, and then in the final quarter, touching on double digits. He had a related question, are you seeing any impact on airtime advance? So, you know, in our case, airtime advance quite consistent with the prepaid trend more broadly, so not seeing any great shakes on airtime advance at this point. Anything to add to that, Shameel.

#### **SHAMEEL JOOSUB – GROUP CEO**

No, I think airtime advance is a more mature product now for us, and what we're doing is either leveraging that data and capability, across other products, and to do other forms of lending and so on. In the year, the strong financial services growth has actually come more from the insurance part, which is accelerated, and it's given us some nice teens growth, that's contributed to the strong financial service performance during the year.



### **JP DAVIDS – HEAD OF INVESTOR RELATIONS**

On to regulation in South Africa, Jono from ABSA wanted a bit of color on our thoughts regarding the electronic communications amendment bill, which appears to have a pro-MVNO slant. So just maybe how, or what we would do in terms of next steps, how do we respond to these proposed amendments, and our thoughts on whether it could destabilize the industry?

### **SHAMEEL JOOSUB – GROUP CEO**

Firstly, the bill hasn't been properly consulted on, so I think it will end up being consulted on more in the next phase, and then we'll put forward our comments. There's nothing in there that, talks about licensing MVNOs, and that is positive and negative for the MVNOs, I would say, because operating in a licensed regime, then they need to also deal with all the social obligations, license fees, and all kinds of things that would happen. However, it doesn't change the context of them, selling products today, they don't need to be licensed. Tomorrow, they would need to be licensed. So, I don't think it changes, because remember, in South Africa, it's easy to become an MVNO, in a licensed environment, you have to apply for a license first.

### **JP DAVIDS – HEAD OF INVESTOR RELATIONS**

We are now going to shift to some group questions. Robert Grindel from Deutsche Bank, noting that while we've nailed six out of eight markets from an NPS leadership perspective, there are two that we haven't, so which markets are those? And for reference that is South Africa and Kenya, what are the plans to address our leadership, NPS leadership in those markets. Shameel?

### **SHAMEEL JOOSUB – GROUP CEO**

South Africa is neck on neck, and so is Kenya. And I think, to be honest, when you're the biggest three in both markets, the people are more critical. That means we unpack every measure, we find, and we look at, how can we close the gap, and the teams have very clear goals. Just to give an example, in South Africa, we ended the neck on neck, basically equal to joint number one, if you like, and then in Kenya, we closed the gap quite significantly during the year as well. So, there's very clear focus, direction, and team effort, from the Group right into each of the markets, or initiatives, looking at what the customer part is what are your deep detractors, what are the reasons for detraction, how can you fix it, and so on. And then, of course, on churn as well, and then people are incentivised accordingly these days. So all of management across all the markets are basically incentivised on NPS, churn, deep detection, and so on.

### **JP DAVIDS – HEAD OF INVESTOR RELATIONS**

Raisibe, maybe this one is for you. Maddy from HSBC, picking up on the new guidance related to operating free cash flow. He's asking, can dividends be linked to operating free cash flow going forward, or will remain linked to EPS, and then just while we're on that theme of operating free cash flow as a growth target, Robert Grindel from Deutsche Bank, wondering if we could provide any colour on the Capex, and lease growth or profile for Capex, and leases going forward, within the mix. So clear on what EBITDA growth is going to be, but any colour on Capex and leases would be appreciated?

### **RAISIBE MORATHI – GROUP CFO**



Okay. So, the operating free cash flow measure was introduced to create more alignment with the long incentive scheme, where operating free cash flow is one of the key metrics, and also, as has been requested by some of the shareholders. In our responsiveness, we just thought, let's add it on the list of the targets that you provide on a medium-term basis. It is not meant or planned to change our metric relating to dividend. Dividends will still be based on earnings, which is 75% of the headline earnings.

### **JP DAVIDS – HEAD OF INVESTOR RELATIONS**

Staying with you, Raisibe, there are a couple of questions, quite a few questions, on our exposure to energy across the footprint. You know, some of the exposure relative to Opex, perhaps we've got something like service revenue to hand. We can just provide a little bit of colour on our exposure to diesel, into FY27.

### **RAISIBE MORATHI – GROUP CFO**

Okay. I think we still need to finish off the other question about the operating free cash flow relating to Capex. We also moderated our guidance for Capex, moving from 13% to 14.5% to now 13.5% to 14.5%, and that is in recognition that the group has somewhat changed in terms of the mix, and whereas SA is more closer to 13%, the other components, i.e., Egypt and IB are more on the top end, so the guidance is really narrowed in that context. It does not change our construct, and how we are thinking about, the introduction of operating free cash flow does not change the construct in terms of how we're thinking about Capex, and Capex intensity. I think that is just to give a bit more colour in one of the other metrics.

In terms of the diesel, the direction in how impactful these diesel prices are to us. So firstly, from an overall group perspective, the energy compound makes about 4%, or is equivalent to 4% of our service revenue, and 22.5% of our opex, noting that opex is roughly about 25% of the cost components. So, 4% of service revenue, which then gives you a good sense that it is not a very material number in the bigger scheme. Right at the beginning of the noise, relating to oil prices increasing, we started looking at different options in different markets. So firstly, the easiest thing to do was bulk buying. We did bulk buying in markets such that we have supply for two or three months, and quite frankly, with bulk buying, the only limitation is storage, and obviously, you know that diesel has an expiry date. We continue to strengthen our relationships with the oil majors to make sure that we don't run out of supply. In some of our markets, the Telco industry is formally recognized as a strategic industry, where if there's a shortfall, or rationing, we are less likely to be disadvantaged, which we welcome in those different markets. In markets where we do not have that obvious categorisation, like in SA, where it is a first to be pronounced, like we have seen during COVID, that you need to first pronounce the fact that it is a crisis period, and therefore, you know, the definition of those markets which are categorised as strategic. With that said, our relationship with the oil majors is still such that we are quite comfortable that we have secured some supplies.

We also looked at hedges, in SA, we managed to close the hedge before the last price increase, which was increased in April, and there was another increase in May, and before the second increase, we're able to close a hedge where 100% supply for the next six months is fully hedged. So, we are quite pleased with the pricing at which we've been able to do the hedge. We are working with our teams in the opco's, offshore, as well as the local banks, but supported by the banks from SA side looking at hedging opportunities in those markets. We believe that the additional costs that one would pick up outside of what we have bought in bulk, and



outside of the price increases that you know today, you know, for the large part, we can be able to pick that up in our normal cost savings programs, where some of the increases, we can be able to offset in other lines. So far so good, but it is a risk that we are monitoring very, very closely,

#### **JP DAVIDS – HEAD OF INVESTOR RELATIONS**

Super, and just to confirm Raisibe, you mentioned there's 4% of service revenue at a group for energy costs, and diesel will make up a fraction of that. The vast majority of our energy is on grid, and in most of our markets, outside of South Africa, a lot of that is renewable power now, including hydro power.

Shameel, maybe a bigger picture question for you around Mobile Money, and a potential IPO, Maddie, noting the strong performance of Airtel Africa over the last, call it year, rerating substantially on its IPO prospects. Where are we and how are we thinking about this position for Vodacom.

#### **SHAMEEL JOOSUB – GROUP CEO**

I think we've got a much better business, looking at the numbers, we are three times the size of Airtel, 2.3 billion dollars now, across the Group, once we're able to consolidate Safaricom. Vodacom markets on their own are about the same size as Airtel, and we add Safaricom on top, then that becomes a very big number. Actually Vodacom is much bigger than the Airtel numbers just on its own. So that's the first part. Do we want to list it separately, all of that? No. We are watching the movie, and instead, we're hoping that you give us credit for it. We are watching the movie to see what happens with the Airtel listing on that side, and on the other side, we'd like to see the market acknowledge more, that FinTech is a major contributor, and will become a bigger contributor to the Vodacom story, as well as the Safaricom story, so, we continue to give colour, and accelerate the growth, and watch what actually happens, and what the implications are for Airtel, of listing it separately, before we make any calls in that context. You know for us, it is core business, so we want to make sure that we continue to double down and accelerate on the business and continue with the good growth that we are seeing.

#### **JP DAVIDS – HEAD OF INVESTOR RELATIONS**

Raisibe, back to you for a follow up question on Safaricom, and a question around the funding of the acquisition from Jonathan at Prescient. He's asking, has anything changed with our funding plans for the Safaricom transaction, and is the expectation still that the Vodafone loan will be refinanced via accessing bank, or debt markets directly? Any colour we can give at this point in time around that, the cost of that funding, or the cost outlook for the funding?

#### **RAISIBE MORATHI – GROUP CFO**

What has changed is actually a positive development, in that when we spoke a few months ago, we said we will take the term debt and a bridging facility and then replace the bridging facility with preference shares. We have done enough preparation in terms of getting the preference shares, such that there is a strong probability of implementing the preference shares immediately, given that, with the transaction delays, it gave us a bit more time to discuss with the banks. Our plan is that roughly about R9 billion will be done with the preference shares, and then from the remaining R36 billion, R27 billion will still be the facilities with Luxembourg, and still with the possibility of being able to refinance, and quite well aware that we have just closed a preference



share program with the banks, where they kindly supported us for the Maziv transaction, R8 billion. We are about to do R9 billion. So, for that reason, kind of giving it a little bit of a planning period, is what we think will be more palatable. But indeed, as we have demonstrated through, various transactions that we have done, that we have focused, really laser focused on converting any expensive debt, expensive in the form of not being tax deductible, to best available funding program, which at this stage, preference shares have proven to be, we have repaid some of the expensive debt. My point being, of that R27 billion, whenever opportunities to pay off those facilities come up, we will choose repaying or refinancing. That is part of the program that we will get into. In terms of funding, we believe the Luxembourg loans are very well priced, somewhere in the region of between 7 and 8%, which is pretty much well comparable to our basket of funding that we have right now. Even if it hasn't been in the period before refinancing, we believe that it will be relatively kind to our balance sheet.

### **JP DAVIDS – HEAD OF INVESTOR RELATIONS**

Shameel, a question from Jonty at Alan Gray, wanted a few more thoughts or a bit of feedback on Tanzania, in particular the customer revenue growth we're seeing in the markets, and the direction of market share in Tanzania. And then, at the moment, a final and fun question from John, John Davies at Bloomberg Intelligence, asking around any prospects of a non-test launch of satellite director device in the current financial year, and if this is on the cards, which countries do we think are closest to getting that service?

### **SHAMEEL JOOSUB – GROUP CEO**

Okay. On Tanzania flying is the short answer, 21.8% service revenue growth, customer growth, double digit, M-Pesa growing in the 20s. Just an all-round, fantastic performance, backed by strong commercial execution on the one side. But also, you've got price regulations in the market, that is also very important. Then the M-Pesa part, where we perform strong, better than competitors, I think that also stands out for us. But we also made a big strategic move that I think is standing us in good stead, which is to swap out the entire network to a new vendor, which has given us a lot of capacity, with the latest modernised equipment that consumes less power. That has been really good. Half of that was completed last year, and half of that will be completed this coming financial year. We are hoping to see that benefit continue into this year as well. So, a lot of focus on margin improvement as well. We are also seeing margins expand in that market. It's Tanzania, DRC, becoming two very good markets for us.

### **JP DAVIDS – HEAD OF INVESTOR RELATIONS**

And then the question on the satellites and direct to cell?

### **SHAMEEL JOOSUB – GROUP CEO**

Yes on satellites, the way I would think about it is, really there's three opportunities around satellite. The one is back walling, and that's what I put in the no brainer category, which essentially is the ability to back wall rural sites at a lower cost, than what we currently have from traditional players. So that we will take every day of the week, and that is what we will use some of the styling parts, the styling agreement as well. Then as the other operators launch, it gives you more, let's say more options in that respect. Secondly, you are looking at direct to dish, or broadband connectivity. There you have styling today, of course it is not licensed in South Africa, but we are busy with the rollout into different markets, and that's really where there isn't fibre, or there isn't



fixed wireless opportunities. I'd say that's where you have the biggest level of potential traction, not that you won't have any uptake in cities, but the bigger opportunity, I would say is there. What we've seen from the providers like Starlink, is they start with unlimited, and quickly realize that unlimited consumes capacity. That becomes a problem when you are buying 200 gigs, or 300 gigs, that type of thing, so that changes it, compared to fibre, that is why I say, fibre will always probably be better where good fibre is available. That said, if you have a lodge in the middle of nowhere, you know, that will be very beneficial. Then direct to mobile. We have basically the fore leader in that space, is AST, and we have an agreement with them to launch. We have done some tests, but we want to do a much more detailed test with them, so that is planned. But also, there will be other options, and we will provide different services from different providers to be able to cater for that. We see the bigger opportunity for direct to mobile, in countries that are uncovered, and or large portions are uncovered. So, in our context, that's Ethiopia and the DRC, where we think satellite will be a big part of the play. In the other markets, satellite will be part of the mix and provide us the ability to provide coverage everywhere. But generally, I think you'd use mobile, because also the cost of that is what we're working on to make sure that it's available for everyone, and not just for a few.

**JP DAVIDS – HEAD OF INVESTOR RELATIONS**

Super. Shameel, that brings us to the end of the Q&A, so happy for you to wrap up the call there.

**SHAMEEL JOOSUB – GROUP CEO**

Thank you, and if you are joining us on the road shows, we'll see you then. If you have any questions, please feel free to reach out to JP and the IR team. Thanks for joining us.

~ENDs~

