

Vodacom - 23 July 2025 (Analyst Q&A)

SHAMEEL JOOSUB

Good afternoon and good morning to those joining the call in the US. I am joined by our Group CFO, Raisibe Morathi, as well as our head of investor relations, JP Davids.

Our first quarter performance supports the confidence we communicated in May this year, when we upgraded our financial targets, signalling that Vodacom is poised for stronger growth in the medium-term. These trends include strong revenue and service revenue growth in rand terms, a healthier performance trajectory in our International business, South Africa tracking inflation, and another all-round excellent performance by Egypt.

These results are the outcome of our purpose-led strategy. I'm extremely proud of the initiatives we drive to positively impact our customers and the economies where we operate. Education is a focus area for us. In June 2025, we announced a 3 billion Tanzanian shillings partnership to improve the quality of education, with the Tanzania Institute of Education and Twa-weza East Africa. More broadly, the Group's digital educational resources, partnerships and school connectivity to 3.0 million beneficiaries, tailored to specific country needs. Initiatives include the e-learning platform in South Africa, Ta3limy in Egypt, VodaEduc in DRC, Vodacom Faz Crescer in Mozambique, and Instant Network Schools in multiple countries through our partnership with the UN Refugee Agency.

I am also proud of how we step up to help when required. In recent times, we have assisted the communities devastated by floods in the Eastern Cape and KwaZulu-Natal in South Africa. In addition to a monetary donation, Vodacom is also providing support in all the affected teacher centres in both provinces.

From a mergers and acquisitions perspective, we were encouraged that South Africa's Competition Commission will no longer oppose our acquisition of a 30% stake in Maziv, given expanded conditions agreed to by the merger parties. The deal was heard yesterday by the Competition Appeal Court and we expect a decision soon. I am confident that this deal will enable us to accelerate fibre network expansion in South Africa, help bridge the digital divide and contribute meaningfully to job creation.

Switching back to our trading update for the first quarter, we believe it was a good result.

At a Group level:

- Revenue of R40.0 billion was up 10.6% in rands, and 12.7% on a normalised basis.
- Group service revenue growth accelerated to 13.8%* on a normalised basis, tracking favourably against our medium-term target.
- This growth rate represents a further acceleration from the fourth quarter trend of the prior year.
- The sequential improvement was driven by our International business, where growth prospects continue to improve.
- Pleasingly, we also delivered double-digit rand growth.
- Service revenue was up 11.4% to R32.3 billion, with Egypt up 33.7% in rand terms.

At a product level:

- Beyond mobile services reached 21.4% of Group service revenue, up from 20.8% in the first quarter of the prior year.
- Beyond mobile includes fixed, IoT, digital and financial services and we target a 30% contribution as part of Vision 2030.
- Financial services is the largest component of beyond mobile, and by making up more than 20% of our profits is an important differentiator for our investment case.
- We remain Africa's leading financial services operator with 460 billion US dollars of transactions processed through our mobile money platforms over the last twelve months, including Safaricom.
- That represents an impressive 1.3 billion US dollars a day.

- Our financial services business was up 18.1% in rands to R3.9 billion, or 21.3% on a normalised basis, and reached 11.9% of Group service revenue.

Shifting focus to South Africa:

- Service revenue grew 3.0% to R15.8 billion, supported by a strong performance in the contract segment and growth in beyond mobile services.
- Mobile contract revenue growth was 5.3%, supported by our pricing actions.
- In prepaid, we lapped price adjustments in the prior year and reported a modest decline of 0.4%.
- In addition to consumer contract, we delivered good growth in financial services and fixed, up 5.8% and 8.0% respectively.
- For FY2026, our EBITDA ambition is around 4% growth as we continue to execute on our cost programmes.

Egypt delivered another excellent performance.

- Service revenue in local currency was up 43.8%.
- The result was broad-based with strong growth in consumer mobile and fixed, business and Vodafone Cash.
- Vodafone Cash revenue grew 55.0% to EGP1.8 billion and increased its contribution to 7.6% of Egypt's service revenue.
- In rand terms, Egypt's revenue was R9.3 billion, and increased 34.2% in rands.
- Local currency revenue growth was excellent at 44.2%.

Our International business reported service revenue of R8.1 billion, up 9.7%

- Normalised service revenue growth was 12.4%, accelerating from the fourth quarter growth rate of 9.2%.
- The acceleration reflected an improvement in DRC and Mozambique.
- In DRC, we grew service revenue 12.0% in US dollars, supported by data and M-Pesa.
- Service revenue in Mozambique was down 2.5% in local currency, marking a clear improvement from prior quarters, which provides scope for a return to growth this financial year.
- Tanzania continued to deliver excellent growth of 22.7% in shillings, while Lesotho was up 11.0%.

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

- The results for the Safaricom Group are disclosed on a bi-annual basis and therefore not included in the quarterly update.
- However, Safaricom did provide a market update on Ethiopia.
- The business is scaling at a good pace.
- Customers reached 10.1 million, up from 4.6 million a year ago.
- Local currency service revenue growth in Ethiopia was 234%, with mobile data contributing almost 70% of the growth.
- Data metrics confirm the same strong growth trends with data customers reaching 7.8 million, up 144%, and data usage at 6.6GB per customer.

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

JP DAVIDS

Thank you, Shameel. This is JP Davids. I've got questions in front of me that have been posted online, so please continue to post these. The first question is from Preshendran at 36One, firstly he's saying congrats on the results, and then he's got two questions for us. First of all, he references the 4 and 5G devices we have on our network at 24.6 million, and asks what is the total number of smartphone, smart devices on your network, including 3G. I'll take that one, I've got some detail to hand on that. And then he's just asking about enterprise revenue for South Africa in the quarter. Can you provide an update on how that's tracking, and just more broadly within that, the wholesale roaming revenue performance.

So coming back to the smart devices 24.6 million, we still have about a little bit under 3 million 3G devices, that would take us, obviously towards sort of 27 million for that number. What we're seeing on the 3G base, for what it's worth, is that number is falling rapidly, around 40 to 50% year on year, and the decline we're seeing there is being taken up effectively by the growth we're seeing on 5G devices. Shameel, let me hand back to you on the enterprise growth.

SHAMEEL JOOSUB

The enterprise growth for the quarter was up 4%, with a bigger portion of the growth of coming from Fixed, IoT, and Cloud, so Cloud and security was up 37.8% as an example. So a strong growth in Vodacom Business overall, but I'd say more of it coming from Fixed and Beyond mobile, so Fixed, IoT and so on, but a very good trend. So we quite happy with the trend in Vodacom Business. In terms of wholesale revenue, wholesale revenue was up 10%, so we've seen a full recovery on the wholesale revenue segment, and so it's not dragging down the performance like it did last year. So we've lapped that, let's call it, an issue of last year.

JP DAVIDS

Then we have questions from Jonathan from Prescient, and Jono from ABSA, both wanted to talk about prepaid voice, so I'm just going to bundle that into one question. The reference being that it looks like voice traffic decline, has accelerated towards down seven. Can we provide a little bit of colour on this, are we losing market share, do we think in Voice, or is there WhatsApp substitution. So perhaps some comments on, you know, the revenue trend and what would be causing that.

SHAMEEL JOOSUB

I think a few things, so basically, overall, the macro wasn't great, especially in the month of June. You've seen that from some of the retailers today, also announcing the same, and that was affected by things like the floods, the increased holidays, and so on during the month of June. So, June wasn't the greatest retail month, which, of course, very similar trends that you see in retail and prepaid. That's the one part then, then of course, last year, we had a very strong performance, because we put prices up, and we increased liquidity through airtime advance and so on. So, we were lapping some of that this year, and that would have also affected things like, voice. And then, of course, with the flood outages, the voice part was definitely impacted. So, there was definitely a weakening of Voice during the quarter, and what we're working on now is to try and pull it back with more integrated offers, looking at the customers that actually dropped, how can we enhance the offerings and so on. So, you know, it did weaken to a minus 13% during the period, but data was strong, it was strong to offset it.

JP DAVIDS

I think that that also covers Nadim question around the SA prepaid revenue deceleration. But Nadim follows up with, what are we thinking about price adjustments going forward on SA prepaid, perhaps you can tackle that. And then I'm not sure whether it's Raisibe or yourself, just around Capex priorities for South Africa in the year for 12 billion rand guidance.

SHAMEEL JOOSUB

So, we have seen some price movements from Telkom in the market in terms of price increases, so that has created some room for adjustments there, but we also looking at, where we open up some more offers to customers, specifically in the prepaid data offerings, we are seeing more momentum on our prepaid LTE offerings and so on. So there's quite a few things that we're doing to try and make sure that we can accelerate the prepaid growth, but broadly speaking, we're trying to look at exactly, or doubling down on the customers where we've seen some decline on spend, and then relating that back to the affected areas with floods and stuff, and where we see recovery, and of course, some of that's already recovered. And then, you know, where you've been very specific in the offers to customers to increase the revenue growth, both in Voice and on data.

RAISIBE MORATHI

Yes, the R12 billion is what we expect to spend for this year, still focusing on network, at building capacity and also the normal transition for 4G and 5G. We have optimized from the benefit of our, the big RFP that we had, what we call Spring six, which we completed beginning of this year. So, we expect that we'll see more benefit from our refresh of some of the network capability in different areas, benefiting from the pricing, as well as just the different terms that we got on that Spring six.

SHAMEEL JOOSUB

We managed to get as much as a 20 to 25% benefit in terms of the network, through our big global procurement part, and then effectively across our markets. So that gives us a little bit of space to make the Capex go forward. But as Raisibe said, I mean the big thing for us is 5G rollout, and then, of course, is basically making sure capacity, as the traffic's growing, we always prioritize capacity first.

JP DAVIDS

Before we move on to some other aspects of the business, just a few more follow ups on SA prepaid. We have questions from Cesar and Maddie, Cesar from Bank of America, and Maddie from HSBC. I think there are questions around the quarter on quarter deceleration has been answered. But in the case of Cesar, he's asking about what initiatives we have in place to see that performance improve through the course of the year, and then Maddie is just asking around the expected margin outlook in South Africa, or EBITDA outlook, given the pressure on prepaid, so perhaps worth just revisiting our thoughts around that EBITDA growth for SA.

SHAMEEL JOOSUB

Okay, so on the prepaid part, essentially what we doing is we've identified exactly the customers, the regions, the towns, the cities and so on and so on. The first thing you do is, of course, you focus on, where do you need to add more capacity, where you're leaving money on the table, type of thing, if there's blocking, you deal with those issues first. So that's the first part. The second part is then, you're looking at where your base is growing and so on. And then you look at where you've seen a drop in usage and so on. What is related to, let's call it temporary things like the floods and so on, and then the recovery from that, and how the recovery comes in. But then also kind of looking at specifically customer by customer offers, to make sure that you're capturing more of the customer spends. So, if the customer is not with you for all 30 days of the month, you're doubling down in terms of specific offers. What we also trying to do is, or will be doing more of, is the link between VodaPay, loyalty, we have 14 million loyalty customers, as an example. So that part of, you know, we trying to make sure we get more loyalty engagement. That loyalty is used as a tool to accelerate usage, but also to reward customers for usage. That ties into VodaPay, where you can convert that into cash, and then buy more bundles, or you can buy other products on VodaPay. So that's the kind of mechanism that we're creating and pulling more loyalty, but very specific in terms of being able to grow in particular towns, areas, but also specific customers, where either usage is dropped or we don't have them for the full month, and so we're doubling down on those to try and increase revenue, including, do you put them on a smartphone, do you use handset financing. So, it's a full integrated approach of trying to grow prepaid faster.

RAISIBE MORATHI

We have seen very nice growth in contract, where revenue growth was 5.3%, so in a way, it is a balancing effect to prepaid, and also it is too early to call for margin adjustment, as a result of the quarter one performance in prepaid, particularly given that we have a number of initiatives that Shameel has just articulated, and noting that we still remain quite committed to our cost program, we will continue to find opportunities there. So, for that reason, no change in margin.

JP DAVIDS

Switching to contract, but remaining in South Africa. Rohit from Citi just wanted a bit of color on the subscriber trends, which he notes, is broadly flat quarter on quarter. And historically, we've been able to add a few tens of thousands, maybe 40 000 a quarter. So, any impact of the, you know, tariff increase, constraining demand in the contract space. And then we're going to switch gear to the fibre deal, the Maziv deal. So let's maybe deal with that contract question first, then we'll come to Maziv.

SHAMEEL JOOSUB

Ja, I think on the contract side, just a more rigorous approach in terms of making sure we're taking a harder line on fraud management and so on. So we've actually, deliberately, because you do have, you know, people find ways to have fraudulent connections, those type of things. So we've made sure that we can cut that. And so that's, so that's the one part, and that's given

rise to a different growth rate, on contract. So the base is more stable, but there's been a clean-up on some of that with much more rigorous controls. It's reduced your gross adds a bit. And then, of course, you've got to work out the churn during that period, but we think it gives rise to better A&R management, lower bad debt, you know, and so on, so I think that optimization is really, really important for us in the contract segment, the trends remain strong, and so no issues in that respect,

JP DAVIDS

Switching gear to the Maziv deal. We have questions from Jono, Rohit, and then David Lopez from New Street Research. Jono wanted to get any updates or color to share from the Competition Appeal Court hearing yesterday. Is there any sense of direction from that. Then Rohit is asking, is it possible that there is risk of further remedies or conditions for the deal to be approved from here. And then finally, David's just asking if we could provide any sort of time frame around that decision from the Competition Appeal Court, so I guess timing, sense of direction, and any additional remedies.

SHAMEEL JOOSUB

So, I mean, what was very encouraging is that, you know, the judges listen intuitively, you could see they were well prepared, and on the deal. We thought our lawyers did a very good job in presenting the case, but also pointing out why the Competition Tribunal had erred in the making of their decision, specifically around, that they didn't look at the pro-competitive benefits of the deal, and so on. So we presented, I would say, a very strong case in terms of why the deal should be approved. I think, of course, we went in void by the fact that the Competition Tribunal, the Competition Commission was now supportive of the deal, given the enhanced remedies. So that did help the conversation, but you're in the hands of the court now, so we did ask for a clear timeline. They promised that it wouldn't be as long as anybody before, and that they are cognizant of the fact that we need a quick answer. We don't think it will be long. So, we expecting a decision in a shorter space of time. I can't give you an exact indication of what it is, because it is unique in the way that, you know, the Competition Commission and Vodacom and Maziv coming to an agreement with the enhanced condition, so they have to apply their mind on that. So yes, we wait on that. We don't think there's any risk of any additional conditions being added, because it's not really the appeals court part to now negotiate, to negotiate new conditions, it's more for them to basically judge that, and overrule the decision of the Competition Tribunal.

JP DAVIDS

Any potential remedies, incremental stuff, we dealt with that. Okay, good, so then just staying on the Maziv transaction, perhaps the first one I will take, and then the second one, either Shameel or Raisibe. So, the first one is, can we provide any color on the revenue and EBITDA attached to the Vodacom, South African assets that will be contributed to Maziv through that transaction. And then the second one perhaps you guys can take is just around from Rahid, given the commitment to increase fibre Capex by Maziv, do you expect further equity infusions in the future, or is the, guess the business plan funded.

So just on the first one, Vodacom South Africa, assets, that's going to be around, broadly speaking, around R600 million worth of revenue. Obviously, we had hoped that when that lands in the books of Maziv they can generate an attractive EBITDA margin, consistent with what they already doing.

SHAMEEL JOOSUB

So effectively, the Capex commitment that was being made as part of the deal, was basically set from 2022 onwards. So, of course, the Competition Commission asked that, you know, it'd be set going forward from 2025 because, those years had passed. So we were quite comfortable to make the commitment, because it does match the commitments that are within the business plan that we planned for. So it's very much part of the business plan. No, it doesn't require additional funding.

JP DAVIDS

Good, switching gear to our International markets. David is just asking for some feedback or color on the better performance in the DRC and Mozambique.

SHAMEEL JOOSUB

Okay, so effectively in the DRC, it's coming from continuous data growth, and it's coming from basically M-PESA. So we did go through some repricing last year, and of course, we've now got more momentum on that, in terms of M-PESA, a lot of growth, in terms of also network investment, it's now paying off. We put a lot of capex in last year and now we're seeing, and reaping, some of the benefits of that, specifically as it relates to 4G coverage, so that's good. And then M-PESA, we've started to launch things like lending in International. So we've introduced products like overdraft, international money transfer. So those are all picking up, and they're all contributing to a more overall success in the performance in the DRC.

RAISIBE MORATHI

And DRC already had the momentum last year, they were already growing at a double-digits. The issue was just there from an EBITDA line, where they were one offs, the top line was still quite fairly healthy.

SHAMEEL JOOSUB

Mozambique, to answer your question, remember, now we're lapping the, so last year we had this whole debacle of the price floors and the removal of the price floors, and then we repriced the entire market. So, we took a lot of pain, bringing the prices down. And now of course, we start to lap that, and effectively now in the part where we will, you know, it's starting to turn more positive, still slightly negative, but of course, it's a much better result than the minus 14 from last year. So a much more positive sign going forward. Still some work to be done. We are still trying to, discussing with government on price floors and so on, both in Mozambique and in the DRC, and both countries are currently running processes to assess through independent consultants, to look at the level of what the price flow should be.

JP DAVIDS

We're going to come back to South Africa. I'll take the first question from Jono on the penetration of airtime advance in Q1, but perhaps you can answer the second, Shameel, which is their appetite to grow it further. And then we've got follow up question from Maddie. He's just wondering how the impact of wholesale pricing in the market has impacted the playing field for prepaid growth, if at all.

So just on airtime advance, still very similar to where it's been in the past, Jono, which is around 50%, I'll leave it to Shameel in terms of appetite to grow, you know, potential to grow.

SHAMEEL JOOSUB

Ja, I think, you know, we've been very conservative in that respect, in terms of trying to grow it beyond the 50%, and so we manage that very, very carefully in terms of how much do you open it, and when do you open it, and we have different mechanisms, and when you give loans and how much you give, and so on. So, that part is quite well managed, and you're not going to get the growth rates on airtime advance in South Africa that we had historically. However, the FinTech side is still growing nicely, because the insurance part is actually growing very strongly and our payments business, and VodaPay, and so on. So the other elements have now grown and become big, insurance as an example, is around a R1.6 billion a year business now, and it's got a very healthy margin, and we're now looking to take that platform and expand it to more of our countries,

JP DAVIDS

And then just the impact of wholesale pricing on the competitive environment.

SHAMEEL JOOSUB

Ja, so on the wholesale pricing perspective, I mean, firstly, I think the big picture, the Vodacom, Telkom, Cell C, MTN, that part is more stable, I would say, and so you're seeing much more stability in that line. In terms of the MVNOs, as and how that relates to wholesale, you are seeing a bit of a change in, when you look at the market shares, you know, the big change in market shares is actually between Telkom gaining from Cell C, right, so that's the first part, and then within Cell C is the MVNO, so I think you're then having some impact within the Cell C results. So it's not showing any growth in the Cell C numbers as such, where you should see, if the wholesale part is really affecting it. It does create a little bit more noise, to be fair, and we've had to make sure that our

offers are comparative with the likes of Capitec and so on, and so it does introduce a different dynamic into the prepaid market. The real traction, I mean, look, the MVNOs that are successful, as I previously said, are where people are willing to subsidize, and if you're willing to cross subsidize, you can gain some. The problem is you can never do that massively, right, so you see a little bit of that from the likes of FNB, but you know, the number on their base has been static, for what we can see for the last 10, 12, years, you know. So, if you're prepared to subsidize then there is, you can gain a little bit of traction, but it's not sustainable. So that's the piece that you have to do, and you're always limited by the wholesale price that you're getting. So, remember, in this case, Cell C is buying from MTN, Cell C then they have to mark up to the MVNO.

JP DAVIDS

Siphelele from Matrix. I think that also covers your question around the competitive landscape in SA prepaid, and who's gaining and losing market share. Then an unrelated question from Jono, both of these probably for you Raisibe, just any indication on the Please Call Me matter, and the timing there. And separately, cash up streaming on Egypt, any issues there, or any updates on Vodafone Egypt dividends that are going to be paid in in the near term, or have been paid in the recent past.

RAISIBE MORATHI

On Please Call Me, no news yet. We are still waiting for the courts, and obviously they don't give you dates, so, we are in a waiting game right now. In terms of dividend upstreaming, absolutely, normal liquidity in Egypt, we have received our dividends in the past year on time, which was roughly about July, August, and this year as well, our dividend should be coming through soon.

JP DAVIDS

Preshendran has a couple of follow ups, which I will take. He's asking, how many 2G devices do we still have on the network, and then if you can ask what our SMS revenue is, and whether that's growing or declining at the moment in the context of South Africa.

So firstly, on the 2G devices, if we look across all the devices on the network, we probably have around 6 million, not probably, we do have around 6 million still on the network that's declining at high single digits, around 7 or 8% year on year. But remember there that there is a big whack of IoT devices within that number. So there's always going to be an element of base in 2G on IoT, until it's shifted into 4G IoT.

Then separately on SMS revenue in South Africa, that is a very low single digit contributor to South African service revenue. It is declining in high single digits, but actually not quite at the same pace as Voice, as you'd expect that, you know, this has been in structural decline for many years. So not really a big, big swing factor anymore for the South African business.

Okay, then Shameel to you, Nadim from SBG has a question on Tanzania, and wanted some color on the RAN swap that we're doing in Tanzania, and how to think about the impact on the business, and the impact on, and also just the cost profile of what we're doing in Tanzania over the next 18 months.

SHAMEEL JOOSUB

Ja, so basically, we're swapping out the entire network from Nokia to Huawei. The reason for that is that basically we got a much more attractive offer, both in OPEX and Capex in terms of the swap, and so basically, we now in the process of swapping, it'll probably be over, just over a two year period to swap the entire network. And, you know, we've already done something like 470 odd sites that we've swapped in the last quarter. So it's actually moving quite fast, and so what it gives is it gives you a lot more capacity, it gives you on the site itself, because the new modernized equipment, of course, has bigger capacity, allows you to use all your spectrum bands. Remember, we acquired spectrum, and that's why you also, it is contributing to an acceleration in revenue in in Tanzania, so, you know, so that that's been quite positive in that respect, and we've seen better network matrix coming through as well in the market. So it does give us a bit of a, of course, not everywhere, we started in the Dar es Salaam region, which is the main money corridor, and then we move to the country, and then, of course, as we swap the equipment, we move that equipment to areas that we can reuse that equipment in, or if it had a 2G site, we put a 4G site on and so on, and take the 2G stuff out to the network. So we continuously trying to reuse that equipment, so that we can basically get more revenue

growth, an opportunity from that, so it's quite a transformational deal in that respect. The only impacts, from a cost perspective, is not, everything is catered for within the budgets, and within a Capex framework and so on. It's just you would have some accelerated depreciation when you go through a swap. And then, of course, there's some accounting entries that affect how you account for it, which year you put it into and so on.

RAISIBE MORATHI

So that is basically just acceleration of the write down, so to speak, of the equipment that you're removing and replacing with the new equipment, but that is a short term issue. However, for the long term, we're seeing good benefits from top line, which will drop to the bottom line as well.

JP DAVIDS

We have a few questions on Egypt. So the first one from Louise, first congratulating us on the momentum in the business, but then reflecting that perhaps Capex to sales of 12% seems low for a business like that to maintain its network advantage versus peers, and really what Louise is asking is, should we expect that to ramp up to 15 to 16% for the rest of the year, and I guess over the medium term. And then an additional question from Louise around 5G spectrum allocations, is there any additional frequencies coming to market, any color on that. If we could try take a third, because it's also related to Egypt, it's just around the price elasticity, and the data volume growth we're seeing in the markets. I'll provide a little bit of color on the exact numbers of data volume growth, but maybe Shameel, you can just reflect on the elasticity discussion. So, ja, Capex, spectrum and data growth.

SHAMEEL JOOSUB

Ja, so effectively, when you look at the Capex envelope, we back end some of the Capex last year. In the last quarter, we gave them more Capex. So that's affecting a little bit of the Capex in the first quarter, because we pull some of it forward, towards, just before year end, and so that was the first part. The second part is basically the Capex for the year in Egypt will probably be around about 14% somewhere there. So it's not 12%, just to be clear, because we are getting the growth to your point, and we are putting in the requisite Capex. And remember, we've gone live with 5G, so we've been activating 5G sites, and that's now our big focus at the moment, is of course growing 5G utilization and the number of 5G sites in the network. In terms of data growth, the good part in Egypt is all converts into which traffic is 23%, and effectively traffic growth of 23%, and remember because of the pricing structure with the price floors and so on, it all converts into revenue. So you've got that strong ARPU growth that continuously comes through in Egypt, and in Tanzania, and we're trying to get more markets onto a similar kind of structure, and that's what we're spending a lot of time on, is to make sure that we can create healthy markets, and so, you know, we're having those conversations in every market, to be honest. Of course, some are more advanced in terms of the conversation, and are more critical. So that's the one part in terms of being able to do it. In terms of spectrum in Egypt, effectively, we will always look to gain more spectrum, because one of the ways that we can provide better network coverage, without rolling out as many sites, of course, it's that cost benefit analysis of which spectrum bands, when the spectrum bands come, and so on. And so that's a little bit in the part of, in the hands of government. And it's always a negotiation in Egypt in terms of what's offered to the market, you know, in terms of how you take it up and so on. But, I mean, there's good conversations in terms of how you balance the payment, what should the payments be, that type of thing.

JP DAVIDS

The question from Jono on South Africa, I think he's picked up some of our headlines around our R67 smartphone offering in South Africa, asking if this will be a drag to margins. I'd let Shameel respond to that, but I do hope Jono, that you taking advantage of this offer, although I would note it's actually quite contained and constrained in terms of its geographic reach. My understanding is it's actually only a few stores in KwaZulu Natal, and Mpumalanga, and Limpopo that will do this, and obviously in aid of Mandela month.

SHAMEEL JOOSUB

Ja, it's a promotion. It's not a promotion that we're doing to millions of customers. It's a, you know, it's, you have to have promotional activity all the time. I mean, 20 years ago, we were getting phones in R99, you know, as a promotion. So that logic still

holds, that, you know, you have different promotional activities to create hype, to get people in, but also to get people off 2G devices. So you target it to specific areas, where you want to make sure that you can move customers off the 2G devices, because some of it's sticky on the 2G devices, and you want to try and get them onto a 3G device. Sorry, onto a 4G device, not 3G.

JP DAVIDS

The 4G kicka in this case. So Maddie from HSBC, I think is, for the moment, got the final question, which seems like a good way of pulling it all together, as he's asking, in the context of our overall growth ambitions is double digit revenue and EBITDA growth achievable, given the performance of SA prepaid, or maybe ask another way, how important is SA prepaid to the group's overall growth ambition.

SHAMEEL JOOSUB

I think you've seen the resiliency in terms of the performance and the first checkpoint of the financial year is the quarterly results. We are delivering on our guidance of double digit growth, and 13.8% normalized service revenue growth, and reported 11.4%, I think our results are very impressive in terms of being able to show that we are delivering on the guidance, and remember, we still got the whole year to go, still putting in the capital investment, and still need to monetize, and still got a few different things that are there, but I think it's a good proof point that you can achieve it. You will always have, in the portfolio, some ups and downs. And I think that's just reality. And then you try and make sure that you've worked on the downs to make them ups, as you go into the next quarter, or to minimize any impacts on that. And I think what we have said is that we think SA will grow at inflation or slightly above inflation, and you'll see in the fact that we basically saying they will probably grow around about 4%. Of course, we wanted to be a bit higher than that, but we've got strong growth in Egypt, and the currency is stable. We've got strong growth in the international markets coming through quite nicely. And then, Safaricom continues to perform, and Ethiopia, as we disclosed, is also picking up quite nicely. So, you know, there will always be some challenges that we have to deal with and manage through, and that's par for the course, but we're quite confident that we can continue to deliver on the guidance

JP DAVIDS

Super, thank you everyone for your questions. Let me hand back to Shameel to close up the call.

SHAMEEL JOOSUB

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