



# Africa's leading communications company

We are clear in our ambition to be the market leader in the countries where we operate across Africa. For Vodacom, this reflects the quality and depth of service we can offer in each market, rather than the size of our footprint. In this way, we concentrate our efforts and investment on meaningful innovation that helps to unlock each country's potential for economic growth.



## CAPITALS IMPACTED

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### How this supports our system of advantage

With a legacy of leadership in mobile, we are positioned to accelerate our system of advantage and further scale and diversify our offerings to our markets into fixed, financial and digital lifestyle propositions.

As we move forward from a traditional TelCo into a leading African TechCo, we focus on building the best infrastructure for both mobile and fixed networks, ensuring affordable smartphone penetration and access to data, and leveraging behavioural insights to provide excellent consumer and enterprise propositions. Ultimately, this will support our ambition to reduce the digital divide in the countries where we operate.

## FY2022 at a glance

PILLAR 1

Proposed the acquisition of a majority share in **Vodafone Egypt**



Secured a telecoms licence in **Ethiopia**, through Safaricom

PILLAR 2

Acquired **110 MHz** of additional HDS in South Africa

Data usage increased by **22.8%**



Our data customers were up 5.4% to **44.7 million**

Smartphone penetration increased to **47.4%**

Announced the acquisition of a strategic stake in **CIVH's fibre assets**



Vodacom Fibre passed 155 903 homes and businesses



**01**

MATERIAL MATTERS

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# Footprint strengthened

## How this supports our purpose

With our expansion into Ethiopia and proposed acquisition of a controlling stake in Vodafone Egypt, we are set to extend our market leadership position to cover more than 500 million people across the African continent. Our enhanced footprint provides us with a unique platform to scale our strategy while we also selectively partner with global tech to connect people for a better future.

## Acquiring a controlling stake in one of Africa’s premier telecoms operators, Vodafone Egypt

✓ In November 2021, we announced that the Group entered into a binding agreement to acquire a controlling 55% shareholding in Vodafone Egypt for a total consideration of US\$2 738 million. This acquisition presents a unique opportunity to advance our connectivity and financial service offerings in an expanding ICT market, providing our shareholders with exciting revenue and profitability diversification opportunities. Vodafone Egypt’s growth outlook is supported by a network and spectrum advantage compared to peers, market leadership in consumer and enterprise segments, and a brand synonymous with technology leadership.

## Rolling out world-class services in Ethiopia

✓ In April 2021, the Group participated as a direct minority investor and an indirect strategic investor through Safaricom, in a consortium controlled by Safaricom, bidding for a mobile telecoms licence in the Federal Democratic Republic of Ethiopia. In May 2021, The Ethiopian Communications Authority confirmed that our consortium’s proposal was successful, with an effective licence date of 9 July 2021. With the awarding of this licence, the consortium intends to transform lives and provide world-class services to Africa’s second most populous country<sup>1</sup>.

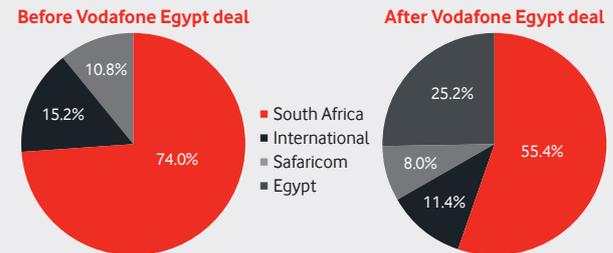
✓ Value created   ✗ Value eroded   = Value sustained

<sup>1</sup> The Group, excluding its indirect interest via its shareholding in Safaricom, has an effective interest of 6.2% in the consortium. In addition, the Group has indirect exposure through Safaricom’s 55.7% effective interest in the consortium.

## Looking ahead

<b>SHORT-TERM</b>	<b>Priorities for FY2023</b>
	• Build and scale a world-class telecoms network in Ethiopia.
	• Acquire a mobile money licence for Ethiopia.
	• Finalise integration of Vodafone Egypt into the Group.
	• Accelerate economic development and help to bridge South Africa’s digital divide with the fibre acquisition.

### FY2022 operating profit



### After Vodafone Egypt deal

<b>64 million</b> financial services customers, extending our leading fintech position	<b>39 000</b> network sites and one of Africa’s largest tower owners
<b>53%</b> smartphone penetration, providing structural data opportunity	Population reach of more than <b>500 million</b> , supporting scalable partnerships

<b>MEDIUM AND LONG-TERM</b>	<b>Ambitions for Ethiopia</b>
	US\$1.5 – 2.0 billion investment in capex over the next 5 years.
	Network rollout of 10 000 to 12 000 sites in the next 10 years.
	Safaricom Ethiopia to reach EBITDA break-even in 4 years and an EBITDA margin of 40% in 10 years.
	Enablers: <ul style="list-style-type: none"> <li>• Aggressive network expansion.</li> <li>• SIM card penetration.</li> <li>• Mobile money product launch.</li> </ul>

Safaricom FY2022 investor presentation



02

# Secure leadership in mobile and fixed

## How this supports our purpose

As we invest to deepen the quality and penetration of mobile and fixed connectivity services across our footprint, we unlock the potential of a digital society and inclusion for all. This investment is complemented by data-led personalised pricing options and innovative smartphone financing solutions that support affordability. In this way, by accelerating fibre reach in South Africa with our pending CIVH deal, we will foster economic development and help bridge South Africa's digital divide.

## Bridging South Africa's digital divide with a strategic fibre deal

- ✓ On 10 November 2021, the Group announced a major step in scaling our fibre offering in South Africa. By acquiring a 30% stake in CIVH's fibre assets – with the option to increase this shareholding to 40% – Vodacom will gain exposure to highly attractive and fast-growing businesses, including Vumatel and DFA. Vodacom's capital injection and strategic support will further accelerate the growth trajectory of these fibre assets. Also, the contribution of Vodacom South Africa's wholesale fibre to the home (FTTH), fibre to the business (FTTB) and business-to-business (B2B) transmission access fibre network infrastructure will further scale and enhance CIVH's fibre footprint.



### CASE STUDY

## Our 4G pledge to enable a digital society

Leveraging innovative device financing, 4G activation incentives and partnerships with handset deals, we are accelerating 4G device penetration across our footprint. In South Africa, we introduced our Easy2Own proposition, enabling prepaid customers with no credit facilities to purchase and pay for 4G devices in affordable instalments. To incentivise timely payments, customers who settle their monthly instalments on time receive a 1GB weekly data bundle each month. In March 2022, as part of the ITU's Partner2Connect programme, Vodafone and Vodacom committed to a significant investment in 4G population coverage in sub-Saharan Africa. 4G connectivity supports digital inclusion and can reduce the number of households in extreme poverty and increase participation in the labour force, particularly by women. As part of this commitment, Vodacom will invest over the next five years to increase 4G population coverage by an additional 70 million people across our footprint.

## Re-imagine mobile

### South Africa

## Significant investment to fast-track digital inclusion

- ⊖ Our network and service proposition is critical to our market leadership position. In the year we faced incremental power challenges and higher rates of theft and vandalism. To meet these challenges we accelerated technology related operating expenditure and capital investment. Pleasingly, this intervention supported a market-leading network NPS position by year-end.
- ✓ In March 2022, we acquired 110MHz of HDS in South Africa for R5.4 billion. The spectrum has a licence period of 20 years enabling a more sustainable investment path and industry. We will use the spectrum to accelerate 4G and 5G network coverage and capacity across the country and improve service quality to promote digital inclusion.

## Promoting digital inclusion

- ✓ Our commitment to rural access remains steadfast. Through our rural coverage acceleration programme we introduced new network sites in rural communities across South Africa, with 95.8% of the rural population now covered by 4G network.
- ✓ Vodacom South Africa has 26.2 million smart devices on our network, a 13.1% increase from FY2021. In FY2022, our 4G base grew by 21% and 5G by 361%, reaching more than 17.4 million customers. The number of 4G devices increased by 14.1% to 17.9 million in South Africa, while sales of the country's most affordable 4G smart feature phones, the "Vibe" and Nokia 215, continued to increase – 362 000 devices were sold in FY2022.
- ⊖ In response to our customers' evolving lifestyles, we launched our new unified postpaid portfolio under the Red brand. We introduced several new plans, along with better value, data-led plans and relevant lifestyle rewards – all informed by rich consumer insights.

MATERIAL MATTERS

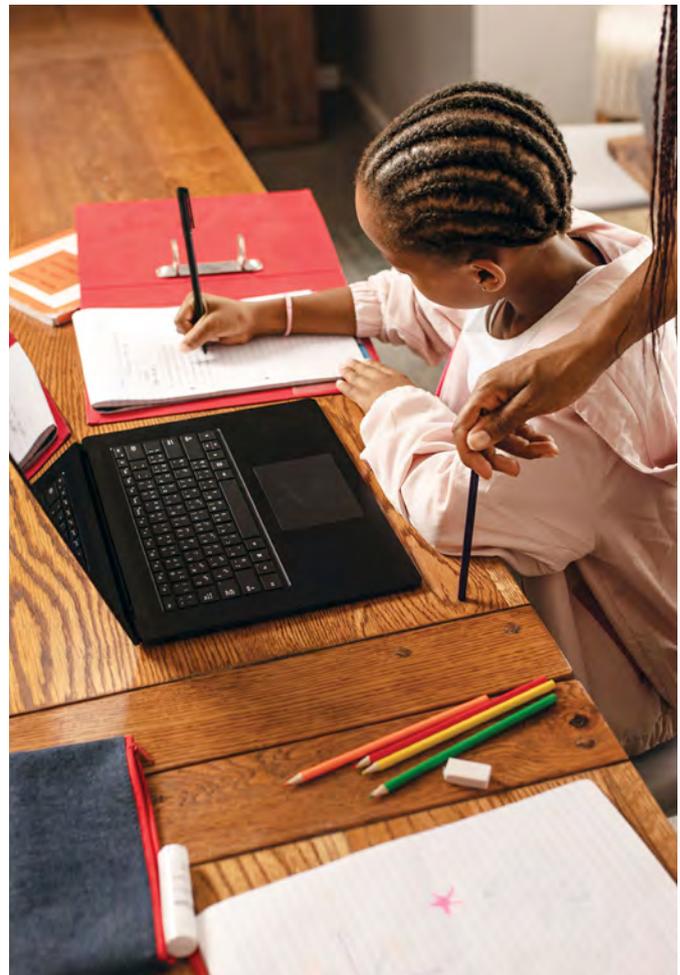
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See icon references on page 02.

**International**

- ✓ Across our international markets, smartphone users increased by 8.9% to 12 million, representing 36.8% of our 30-day customer base.
- ✓ In Tanzania device sales increased by 150% driven primarily by the 4G smart feature phone targeting customers who cannot afford smartphones. On our network, smartphones increased by 12% to 4.1 million and 4G devices by 31%, an increase of 635 000.
- ✓ Vodacom Mozambique recruited dedicated 4G agents to accelerate 3G to 4G SIM swaps, resulting in 88% 4G SIM penetration. Launching discounted smart feature phones in sub-urban and rural areas with 4G coverage will further reduce the affordability barrier.
- ✗ Regulatory focus on customer registration remains a theme across our international markets. In the year, we barred a remaining tranche of 200 000 data customers in Tanzania. This diluted data customer and revenue growth in the year, with international data customers up just 2.6% to 21.2 million. While we suffered short-term revenue and value erosion, our commitment to regulatory compliance improves our longer-term viability.
- ✗ In Mozambique, conflict in Cabo Delgado resulted in our temporary withdrawal from the region, negatively impacting revenue. We were also not able to maintain mobile infrastructure. We are encouraged by an improving safety outlook for the region subsequent to year end.
- ✗ Higher taxation is a risk considered in both our material matters and principle risks. In the DRC, a tax related to the certification of mobile devices was initiated in FY2022. The incremental burden on consumers negatively impact the DRC's performance in the year. Positively, in February 2022, the mobile tax (RAM) was removed. A new prime ministerial decree converting RAM fees to quality of service, data protection, traffic monitoring and equipment technical control fees is under review.

More information on page 73.



**Looking ahead**

Priorities for FY2023	
SHORT-TERM	<ul style="list-style-type: none"> <li>● Secure 4G rural coverage financing partnerships, leveraging our existing relationships with global tech and development finance institutions.</li> <li>● Accelerate our “future of home” initiative through fibre ISP propositions and beyond connectivity offerings such as security, consumer IoT and home support.</li> <li>● Accelerate data network leadership in all markets, including 4G coverage, affordability and device penetration.</li> <li>● Explore funding options for fibre across our international markets.</li> <li>● Enhance our home connectivity offering through our stake in Vumatel to address South Africa’s digital divide.</li> <li>● Position DFA as the leading FTTB and dark fibre provider with the best connectivity and gigabit transmission.</li> <li>● Expand our 5G footprint across our markets to enable future enhanced mobile broadband, mission critical and massive IoT services.</li> </ul>

Vodacom Vision 2025	
MEDIUM-TERM	<ul style="list-style-type: none"> <li>Focus on our pricing transformation journey to reduce the digital divide.</li> <li>Democratise data and design compelling customer propositions.</li> <li>Enable a seamless system for customers to connect, access entertainment, shop, pay bills, invest, lend and insure.</li> <li>Make significant progress on our ITU Partner2Connect pledge to increase 4G population coverage by 70 million people.</li> </ul>