

Our trade-offs

Interdependencies exist between the capitals we rely on. The decisions we make, therefore, inevitably result in trade-offs between the capitals which affect our ability to create, preserve and erode value. Trade-offs are carefully considered to manage the availability, quality, and affordability of capitals in the short, medium and long-term.

Trade-offs



Prioritising network resilience capital expenditure above network expansion






































Using Big Data insights to differentiate our offering

Mitigating supply chain pressures by increasing our stock holding

In South Africa, maintaining network availability despite loadshedding has required significant investment in battery capacity and onsite generation capacity. Vandalism and theft further increase the capital expenditure required. Prioritising capital expenditure to ensure network availability reduces capital expenditure available for network expansion.

We use data to proactively provide customers with tailored offers that deepen customer relationships and support growth. In using customer data to differentiate our offering, we respect our customers' privacy, use data responsibly and prioritise cyber and information security. We adhere to local data privacy laws and General Data Protection Regulation. While potentially lucrative, we do not sell customer data.

In order to mitigate the risk of supply chain disruptions and constraints, we allocated capital toward building stock in key areas. Chipset shortages prompted us to increase the handset and sim card stock, negatively impacting our inventory days, particularly in the first half of the year. In addition, we carried more stock of network equipment through the year. While this has required us to tie up capital that could have been used elsewhere, we have been able to secure the resilience of our networks and also continue to support device penetration.

Key outcome	Investing in the resilience of our network to retain leadership	Leveraging Big Data for personalisation and growth	Leveraging our supply chain management capabilities
	 Page 70	 Page 80 Maintaining data security and privacy to maintain technology leadership  Page 81	 Page 91
Affected stakeholders			
Capitals impacted	  	 	  
Principal risks and associated opportunities	 	  	 
Strategic pillars	  	  	 
Material matters	 	   	

Manufactured capital continued

The value we create, preserve and erode continued



Investing in the resilience of our network to retain leadership

Ensuring network continuity is critical to our market leadership position. Across our OpCos we face various challenges to network resilience including the availability of grid-based power, theft and vandalism and extreme weather events. We have accelerated technology-related operating expenditure and capital investment to manage these challenges and keep our customers connected.

Maintaining technology resilience

⊖ Our technology resilience programme ensures all technical recovery plans are periodically reviewed and maintained as needed. All critical systems are tested to provide auditable proof of recovery capabilities, while also ensuring the right plans – including georesilient architectures and capabilities – are in place to meet the prescribed recovery time and recovery point objectives.

⊖ In South Africa, we aim to provide reliable connectivity in the face of increased frequency and duration of loadshedding. We invested R4.0 billion in our **Energiser project** over the past three years, which provides backup power to drive improved network availability during loadshedding. We consistently achieved network availability between 94% to 99% ahead of competition during periods of heightened loadshedding when grid-based power availability fell to 60%.

Digital inclusion driven by innovative handset financing

To drive digital inclusion through device penetration, Vodacom facilitates access to affordable smart devices. We bring entry smart devices to our customers through partnerships with device manufacturers and distributors, device subsidies for network locked devices, device financing, device affordability programmes with OTT partners and data bundle attachment with 5G smartphone offers.

✔ In South Africa, smartphone penetration is at 64.5%, and across the International business, smartphone penetration increased to 32.9%.

✔ Thanks to partnerships with open-market players, the DRC has connected more than 500 000 smartphones over the last two years, driving the smartphone penetration to 19%. In Tanzania, we have connected an additional 1 million smartphones, driving penetration from 30% to 35%.

✔ We continued the subsidisation model for new 4G devices in Lesotho. Our OpCo worked closely with the trade partners to sell 4G devices. This, combined with more 4G coverage and significant upgrades in high-capacity areas, resulted in 4G device penetration increasing 11%, reaching total smartphone penetration of 66.3%.