

Presentation to PPC

Cost to communicate (3)

21 September 2016



Contents

1. Price transformation journey continues

2. SADC roaming initiatives





Price transformation journey continues

Our 5 pillar strategy



Customer

Market share, NPS
and brand leadership

Best network
Best service
Best value



Growth

Diversify revenue to
deliver growth

Grow data
Grow new services
Grow enterprise
Grow International



Operations

Deliver cost and
process efficiency

Reduce costs
Maximise efficiencies



People

Best talent, best
practice

Transformation
Engagement



Reputation

Transform society and
build stakeholder trust

Proactive engagement
Reputation leadership



The components ...



Customer

**Transform
prices**

- Offer more value
- Bundles to target low end users
- Worry free innovations – RED, PowerHour, My5, Everyday Extra, J4U
- Reduce voice and data prices



Growth

Simplify prices

- Simplify tariffs – On net, All net, Anytime
- Improve transparency
- Retire old tariffs and proactively migrate customers to better value

Invest

- Increase network capacity to carry more traffic as prices reduce
- Increase high speed data coverage



Operations

Grow data

- Stimulate data growth to supplement declining voice revenues

Control costs

Contain and reduce operational costs

.... of our price transformation strategy.



Transform and simplify prepaid prices

50% BONUS
Every time you recharge.

Get 50% of your recharge value back, free on SA's Best Mobile Network*

*Based on July 2015 Ookla Data, Vodacom offers the fastest mobile Internet Data speed in South Africa.

Just 4 You
Dial +123# Every Day

Customer

Transform prices

Simplify prices

Flat rate



Enjoy all the Airtime and Data you need without the Contract.

Dial *111# to add Prepaid bundles

Anytime Per Second For short calls	Daily Free Calls For long calls	Vodacom4Less For all day calls
2c per second + free Night Shift	Pay for 3 minutes and get 57 minutes free	Up to 100% discount on calls
2 cents	57 minutes	100%

Dial *111# to FreeChange to the tariff that suits you

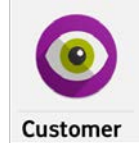
1) Anytime Per Second: 2c per second to any network, anytime. Customers will receive the Night Shift promotional benefit from Monday to Friday with 10c per min. 2) Daily Free Calls: 57 minutes of every hour free when paying a fee of R1.20 per minute to any network, anytime. The free calls benefit applies to Vodacom for Vodacom calls only. 3) Vodacom4Less: Up to 100% discount on calls. Customers who receive the Night Shift promotional benefit free when recharging with R12 or more. For full T&Cs visit vodacom.co.za

.... to offer best value.



This year we've retired 5 high cost tariffs

Retired 5 tariff plans					
	All Day per Minute	All Day per Second	Per Second Plus	Vodacom Day Saver	Vodago
On-net	R 1.40	R 1.70	R2.25 / R1.18	R1.99 / R1.30	R2.25 / R1.40
Off-net	R 1.40	R 1.80	R2.65 / R1.30	R2.38 / R1.60	R2.60 / R1.65



Transform prices

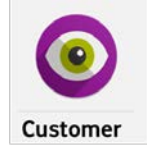
Simplify prices



... towards best value.



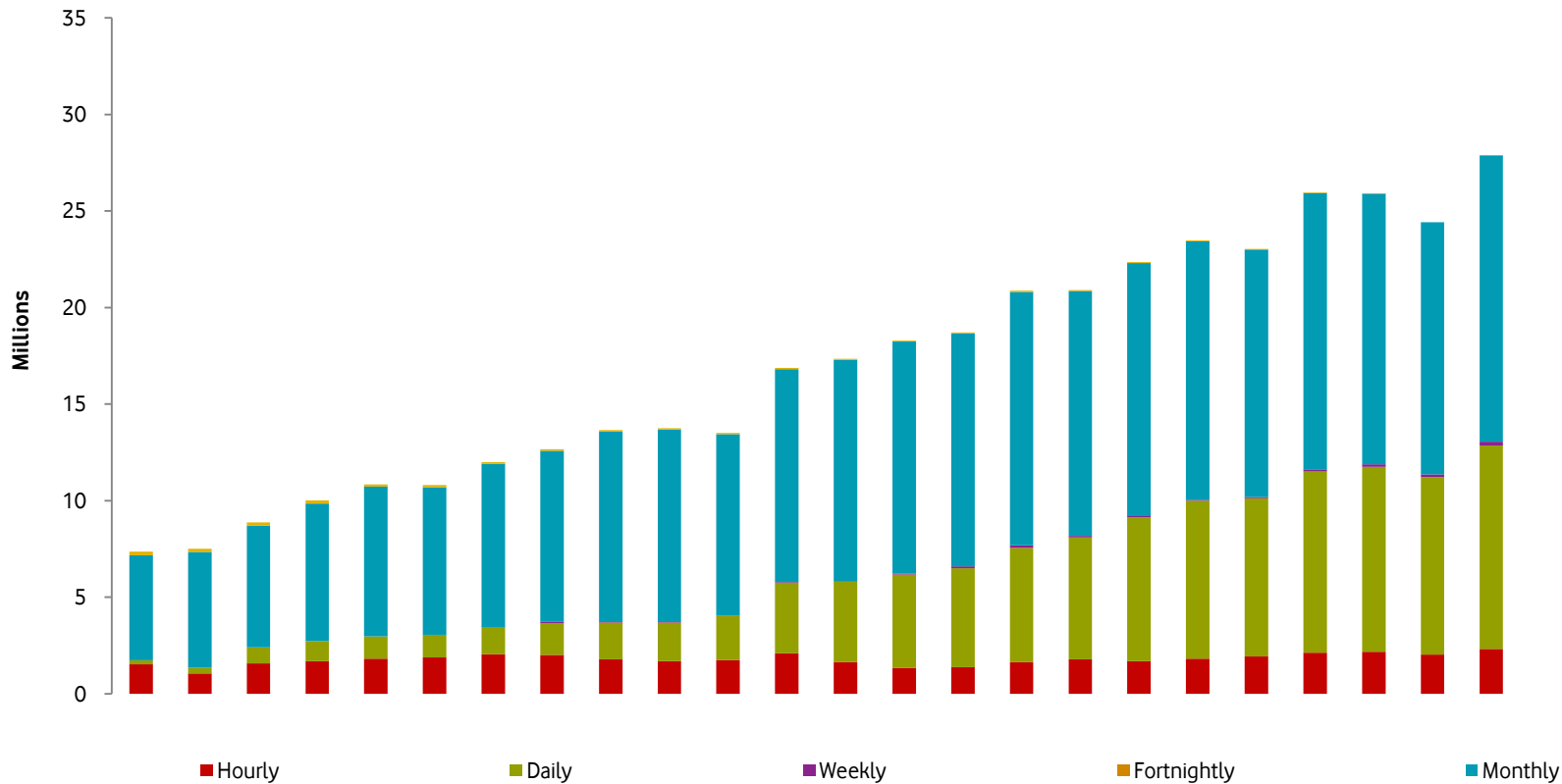
Affordable prepaid data bundles



Customer

Transform
prices

Simplify prices



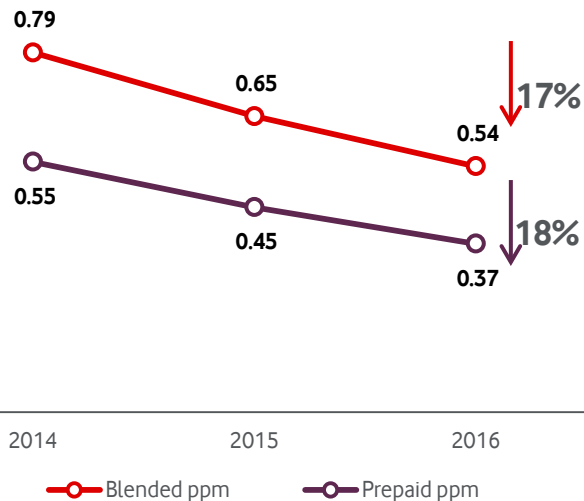
.... towards best value.



Significant progress voice and data

1

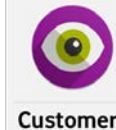
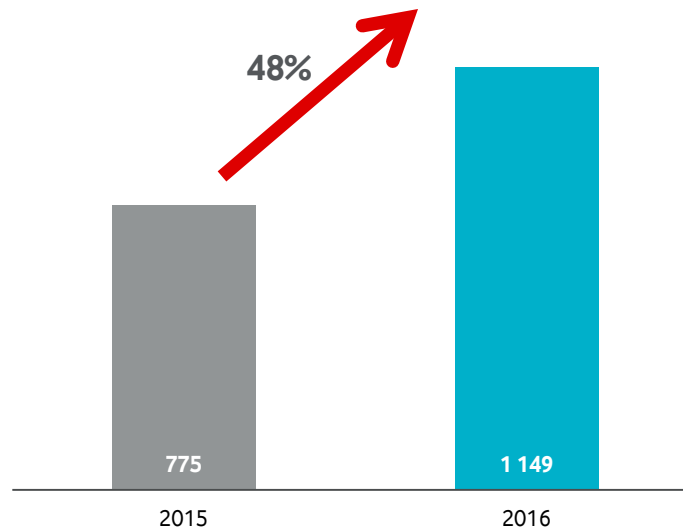
Reducing effective voice pricing



2

Stimulating bundle adoption

Total bundles sold (m)



Customer

Transform
prices

Simplify prices



.... best value achieved.



Transform and simplify contract prices

Talk 75s

75 ANAT min

Subscription R189.00

MM4M

Smart S

75 ANAT min + 200 MB + 200 SMS

Subscription R209.00

- Transformation is supported with the MM4M strategy giving customers more value in the form of integrated plan for more
- Simplified price plans with any network anytime pricing
- Substantial value added
- Integrated price plans with smartphones included to drive data adoption



Customer

Transform
prices

Simplify prices



Vodacom Smart/Red	Voice	Data	SMS
Smart S	75	200	200
Smart M	120	300	300
Smart L	250	500	500
Smart XL	400	800	800
Red Advantage	700	1 GB	Limitless
Red Premium	1 200	2 GB	Limitless
Red VIP	Limitless	5 GB	Limitless

vodacom

Limitless changes everything

Introducing Red
Now you can get limitless talk,
limitless text and loads of Internet
power to you

Red

only with
vodacom

... towards best value.



Significant progress voice



Customer

Transform prices

Simplify prices



1

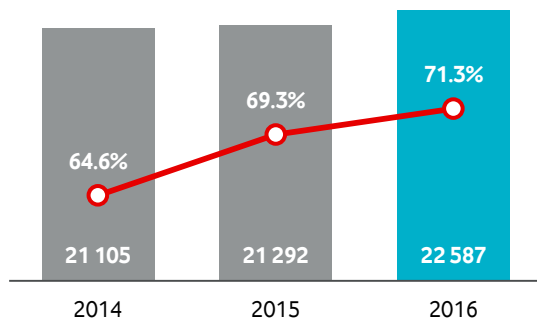
More inclusive value

2

Migration to new postpaid plans

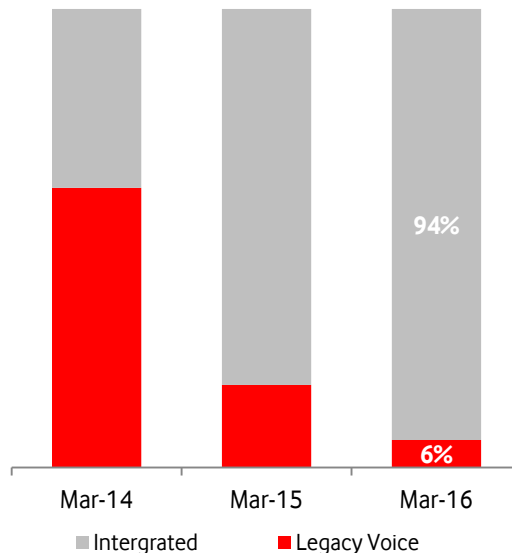
3

Migration to new hybrid plans



Contract revenue

In bundle revenue as % of contract revenue



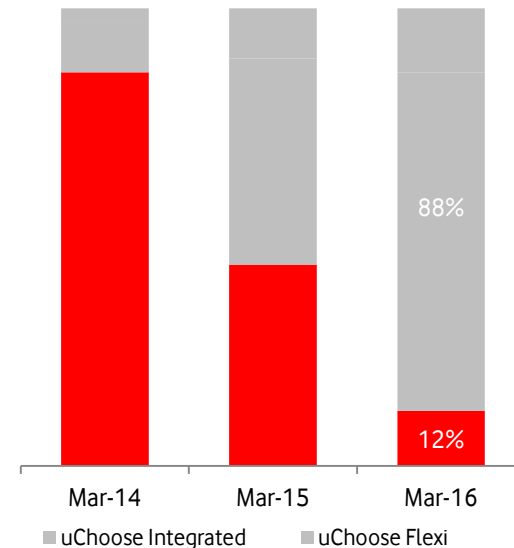
Mar-14

Mar-15

Mar-16

Integrated

Legacy Voice



Mar-14

Mar-15

Mar-16

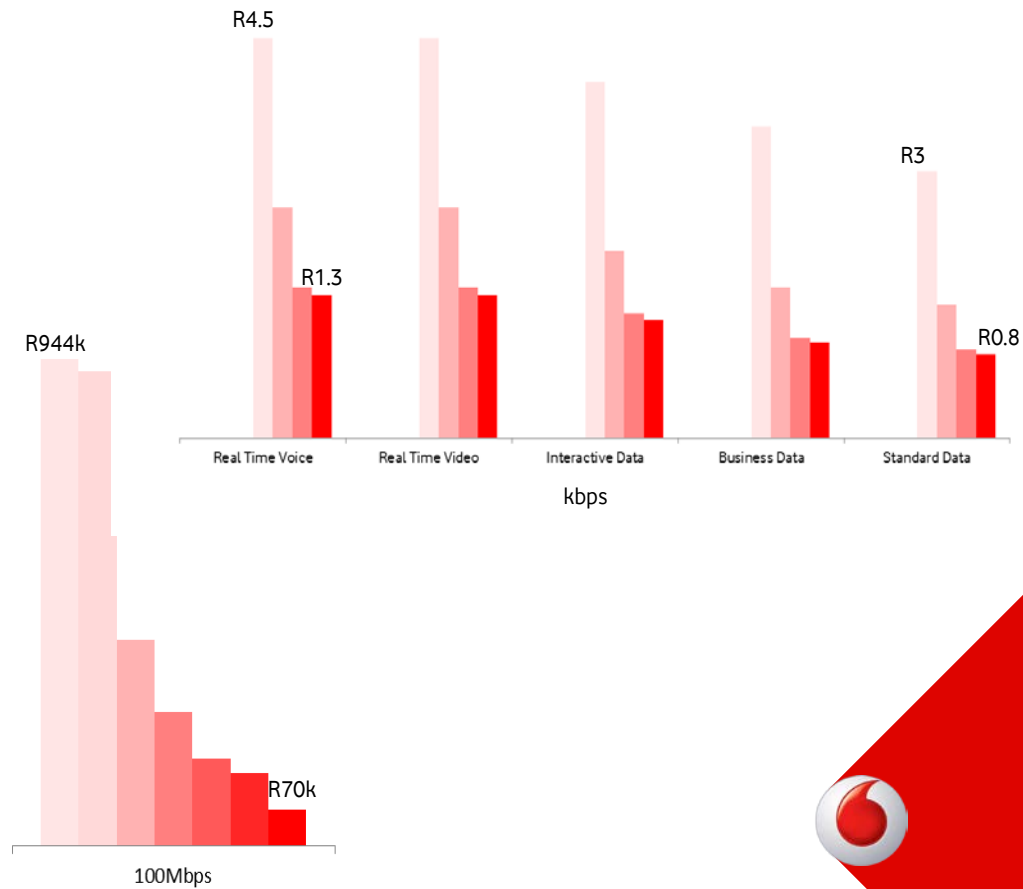
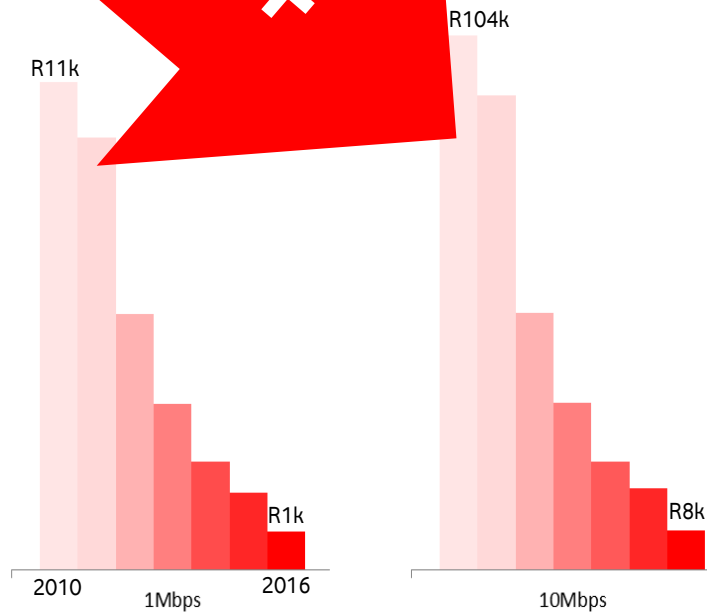
uChoose Integrated

uChoose Flexi

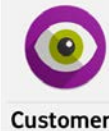
... best value achieved.



Transform fixed dedicated internet and MPLS prices



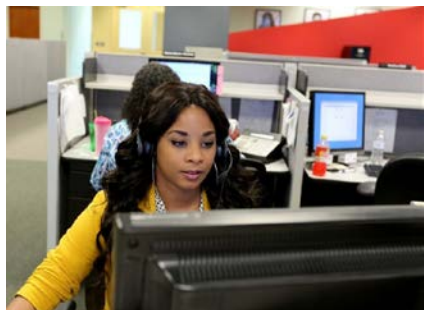
Improve transparency



Retail



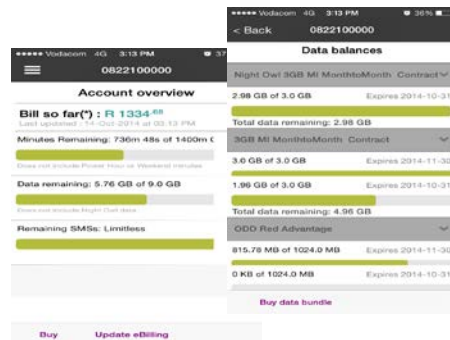
Call Centre



Direct



Online



Self Service



Transform prices

Simplify prices

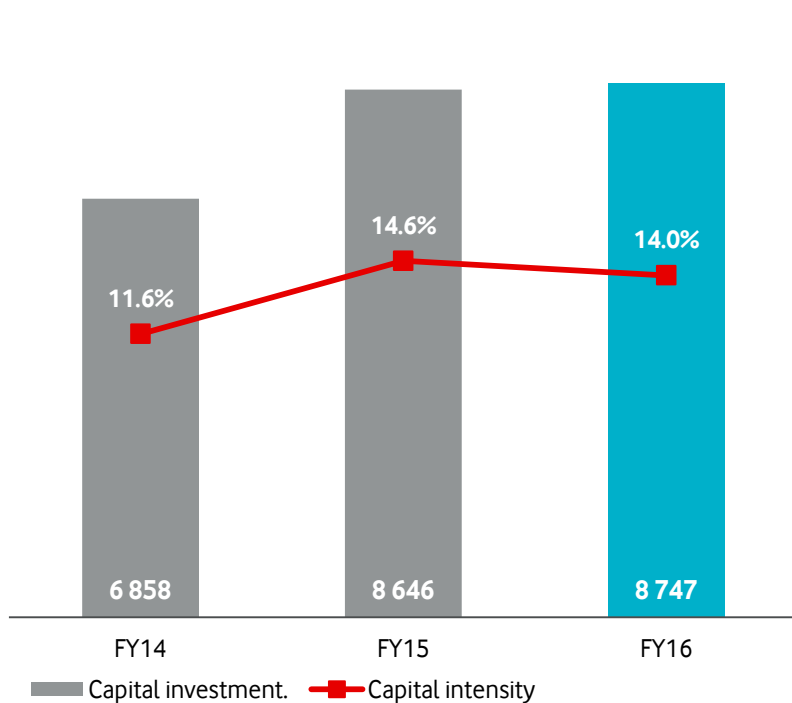
... towards informed decisions on service provider, service and tariff.



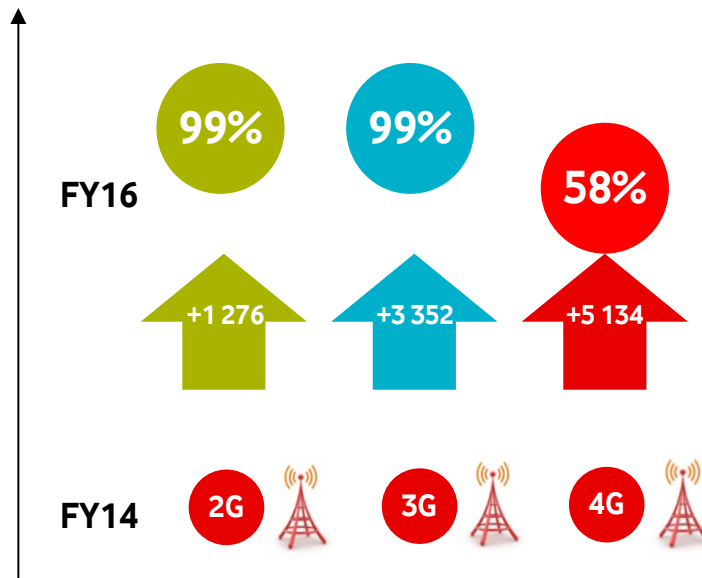
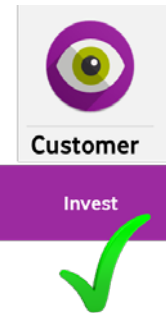
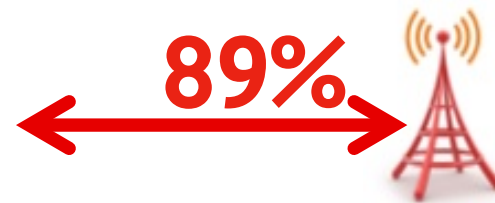
Accelerated capital investment secures network lead

Capital expenditure

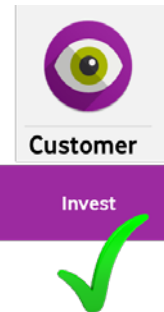
R million/%



... towards best network.

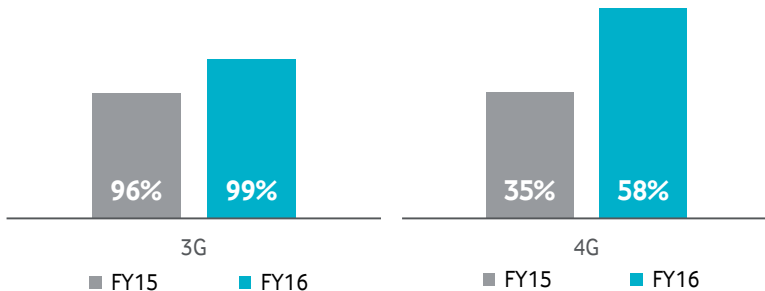


Significant progress data - best network for customers



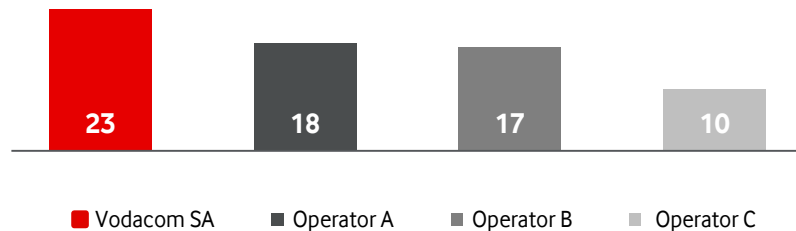
Estimated population coverage

%



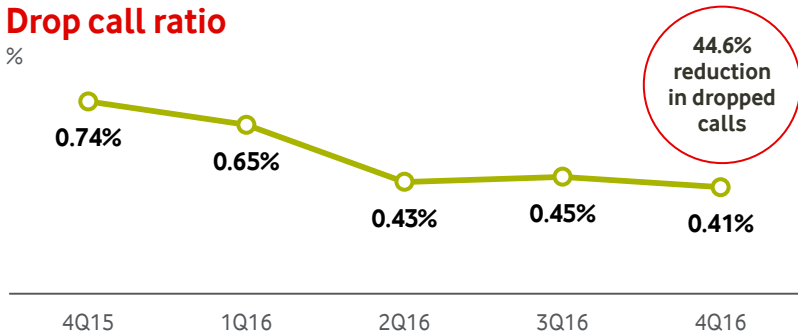
Average download speeds

Source: MyBroadband (March 2016) (Mbps)



Drop call ratio

%



- 1st MyBroadband download speed test
- 1st with commercial mobile LTE-A
- 1st in Vodafone Group performance testing

.... to carry more traffic as prices are reduced and increase addressable market.



Doing even more ...

C
Connectivity
that is reliable and secure

A
Always in control
Cost control with no surprises

R
Reward loyalty
Extra rewards & service

E
Easy access
Always available, ask only once

Worry free

- Travel Saver extended to 180 countries; prepaid voice in 135 countries when roaming
- Free call and App assistance
- 1GB free @ upgrade to set up
- Data education campaign launched
- Perfect start-up

Customer care

- 15% decline in calls to call centre
- Named agent for large enterprise
- Call back for RED customers

Customer

MyVodacom App

- Easier login
- Click to call
- In-App data bundle purchased

Network

- Proactive for enterprise network improvement
- Proactively monitoring Top 500 000 customers
- SIM trial

.... for best experience for customers.



What our customers say



Customer

Consumer NPS points differentiation

%



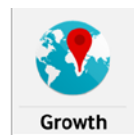
Net promoter score ('NPS') measures customer happiness by how likely they are to recommend us to people they know versus our competitors.

- Only operator with increased score
- Network drives differentiation
- Value perception improved

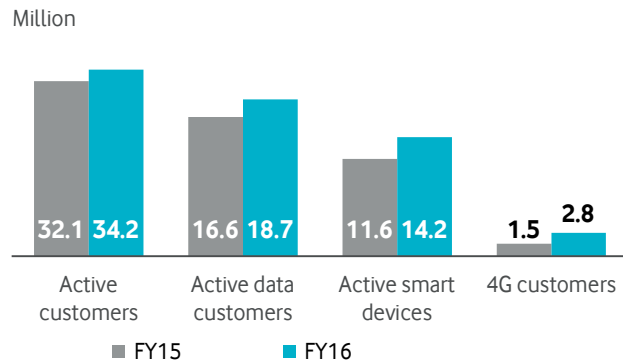
.... value perception and network satisfaction driving improved results.



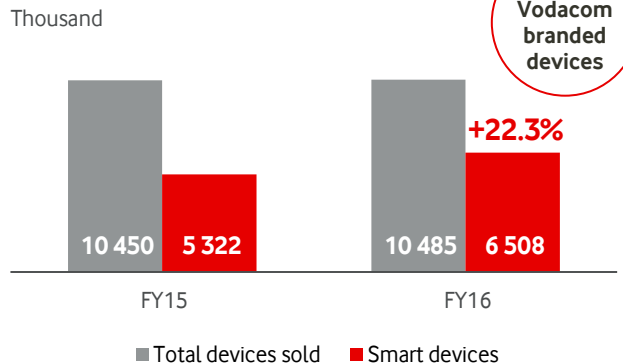
Significant progress data - best value for growth



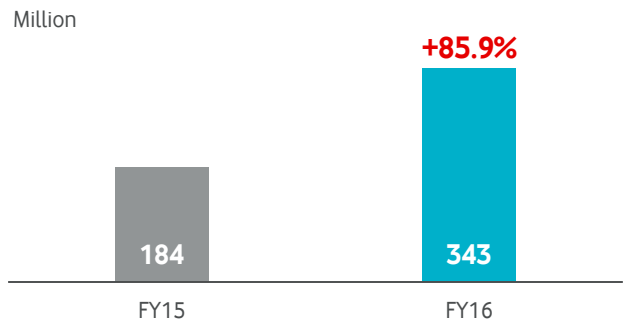
Data progression



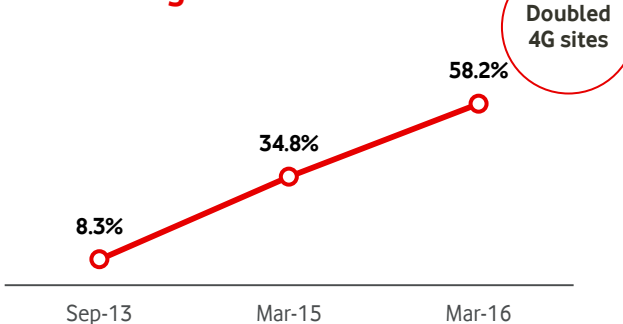
Device sales



Data bundles sold



4G Coverage



- Data revenue grew 27.7%
- Data traffic grew 46.8%
- Effective price reduced 13.6%

Grow data



- Data bundle sales up 86%
- 98.9% 3G coverage
- Widest 4G coverage

.... to supplement declining voice revenues.



What others say

The Mobile Economy 2015

4G adoption is slow, but there are a few **regional outperformers**

"... 4G is gaining traction ... , particularly **South Africa**".



The Mobile Economy 2015

"A survey by GeoPoll and World Wide Worx ... **South Africa leads** in the number of app downloads in the region, reflecting the **high rate of smartphone adoption** in the country".

.... about mobile broadband SA.

The Mobile Economy 2015

"Technology migration well under way in SADC, ... **South Africa** will account for **more than half of new 4G connections** ... , reflecting an **established 4G ecosystem and continued investment** in infrastructure rollout by operators".

RIA Broadband Policy Brief No 3

RIA's new **Value for Money Index** shows how well some operators, like

Vodacom , supplement their affordable prices with quick average download speeds. This displays what the **consumers receive in return for their money.**



RIA Broadband Policy Brief No 3

Value for money exercise demonstrates the **importance** of price in **relation** to the speed offered and the advertised speed



researchICTafrica.net

RIA Broadband Policy Brief No 3

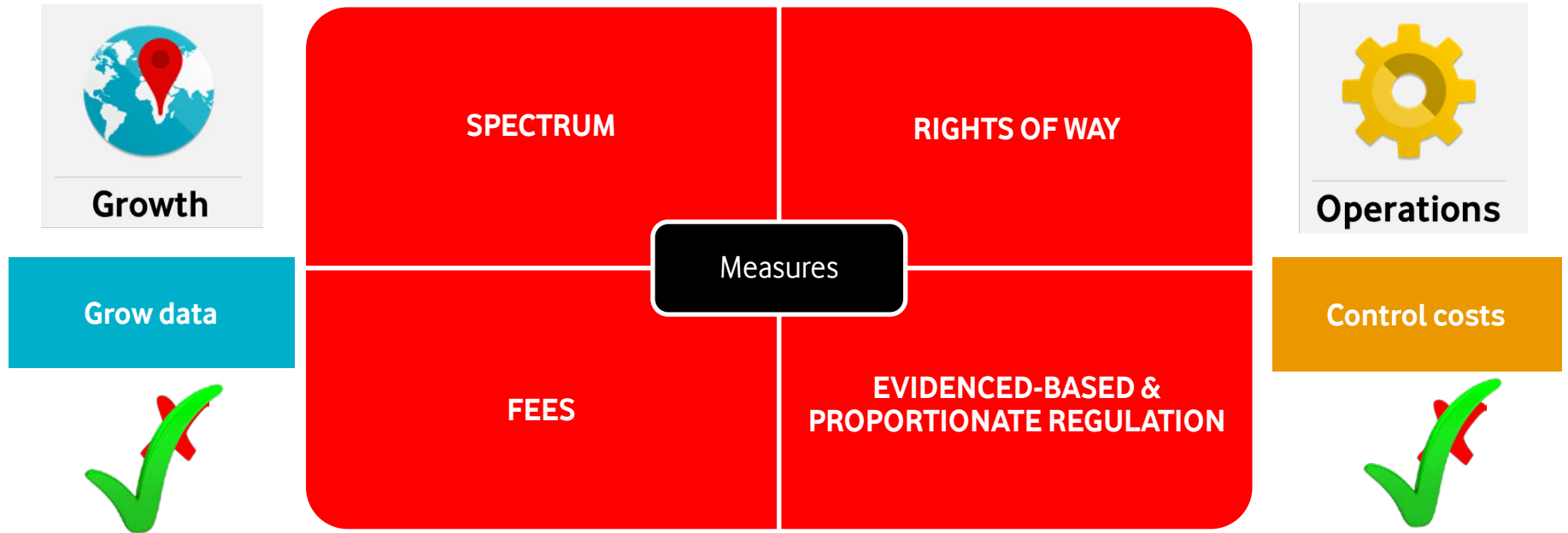
The lack of access the 2.6GHz bands for 4G is **impacting negatively** on the quality of the mobile broadband data networks in the country.,

Evidence for ICT Policy Action Policy Paper 7, 2012

There has been **significant growth in competition** within the broadband internet market, with mobile broadband connections far exceeding those of fixed broadband.



Data growth and cost control



.... can be improved with assistance from Regulatory and Policy measures.



A large, stylized number '2' with a textured, brush-stroke appearance in white and light red, set against a solid red background.

SADC roaming initiatives



Standard Rates - SADC

Then (Pre December 2015)

Country	Network	Local calls	Calls to SA & Int'l	Receiving a call	SMS	Data/MB
Tanzania	Celtel	R 8.00	R 10.00	R 6.00	R 2.75	R 17.50
	Mobitel	R 8.00	R 10.00	R 6.00	R 2.75	R 102.40
	Vodacom	R 2.90	R 5.00	R 2.90	R 1.50	R 5.00
	Zantel	R 8.00	R 10.00	R 6.00	R 2.75	R 17.50
DRC	Celtel	R 8.00	R 10.00	R 6.00	R 2.75	R 17.50
	Orange	R 8.00	R 10.00	R 6.00	R 2.75	R 102.40
	Tigo	R 8.00	R 10.00	R 6.00	R 2.75	R 102.40
	Vodacom	R 2.90	R 5.00	R 2.90	R 1.50	R 5.00
Mozambique	MCEL	R 6.00	R 6.00	R 6.00	R 2.75	R 51.20
	VM, S.A.R.L.	R 2.90	R 5.00	R 2.90	R 1.50	R 5.00
	Movitel	R 6.00	R 6.00	R 6.00	R 2.75	R 51.20
Lesotho	Econet	R 6.00	R 6.00	R 6.00	R 2.75	R 51.20
	Vodacom	R 2.90	R 5.00	R 2.90	R 1.50	R 5.00
Swaziland	MTN	R 6.00	R 6.00	R 6.00	R 2.75	R 17.50

Now (Post Dec 2015)



Customer

Transform prices

Simplify prices

1. Discount
2. Simplicity
3. Transparency

Flat country rate:

- All calls R5/min
- R1/SMS
- Data at R5/MB

- Up to **50%** reduction on calls (R10/min)
- Up to **95%** reduction on data (R102.40/MB)
- Up to **64%** reduction on all SMS

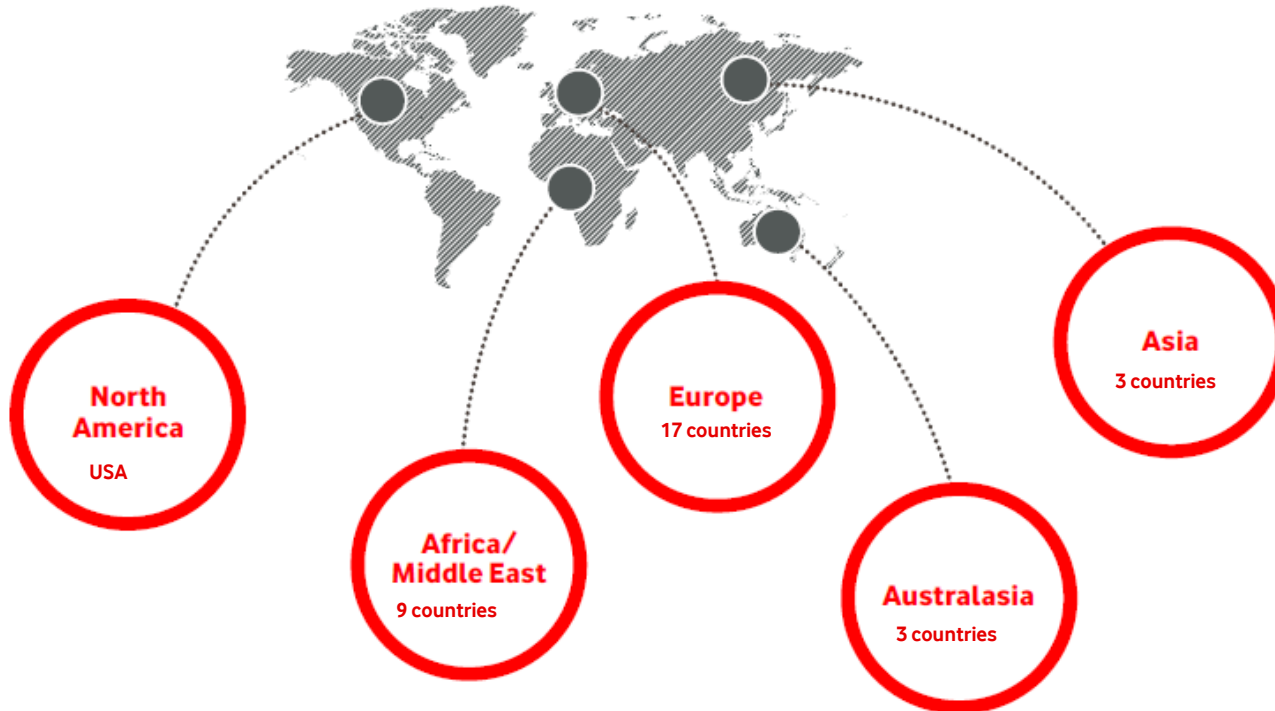


Standard Rates – Rest of World

Up to **96% data rate** cuts from R128/MB to R5/MB for data usage in Europe, Asia and the USA.

Up to **79% call rate** cuts from R23.50/min to R5/min for calls back home (to South Africa)

Up to **79% call rate** cuts from R8/min to R5/min for local calls



Transform
prices

Simplify prices



Vodacom Travel Saver

Rates and countries					
R30 daily – 33 countries			R60 daily – 150 countries		
VOICE	SMS	DATA	VOICE	SMS	DATA
R2.50	R0.80	R2.00	R7.50	R2.00	R7.50

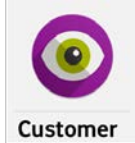
SADC countries

LESOTHO
SWAZILAND
MOZAMBIQUE
DEMOCRATIC REPUBLIC OF CONGO

SADC countries

NAMIBIA
ZAMBIA
BOTSWANA
MALAWI
SEYCHELLES

Exceptions: Angola, Mauritius, Senegal and Zimbabwe



Customer

Transform
prices

Simplify prices

Launched
Dec'14 with 33
countries,
enhanced to 180
countries in
Dec'15.



SADC then and now

Then (2015 rates)

	Local calls	Calls to SA & Int'l	Receiving a call	Data/MB
Angola	R 8.00	R 10.00	R 6.00	R 102.40
Botswana	R 6.00	R 6.00	R 6.00	R 51.20
DRC	R 8.00	R 10.00	R 6.00	R 102.40
Lesotho	R 6.00	R 6.00	R 6.00	R 51.20
Madagascar	R 8.00	R 10.00	R 6.00	R 102.40
Malawi	R 8.00	R 10.00	R 6.00	R 17.50
Mauritius	R 8.00	R 10.00	R 6.00	R 102.40
Mozambique	R 6.00	R 6.00	R 6.00	R 51.20
Namibia	R 6.00	R 6.00	R 6.00	R 17.50
Seychelles	R 8.00	R 10.00	R 6.00	R 102.40
Swaziland	R 6.00	R 6.00	R 6.00	R 17.50
Tanzania	R 8.00	R 10.00	R 6.00	R 102.40
Zambia	R 8.00	R 10.00	R 6.00	R 17.50
Zimbabwe	R 6.00	R 6.00	R 6.00	R 17.50

Now

	Travel Saver calls (excl. daily fee)	Travel Saver data (excl. daily fee)
Angola		
Botswana	R 7.50	R 7.50
DRC	R 2.50	R 2.00
Lesotho	R 2.50	R 2.00
Madagascar	R 7.50	R 7.50
Malawi	R 7.50	R 7.50
Mauritius		
Mozambique	R 2.50	R 2.00
Namibia	R 7.50	R 7.50
Seychelles	R 7.50	R 7.50
Swaziland	R 2.50	R 2.00
Tanzania	R 2.50	R 2.00
Zambia	R 7.50	R 7.50
Zimbabwe		

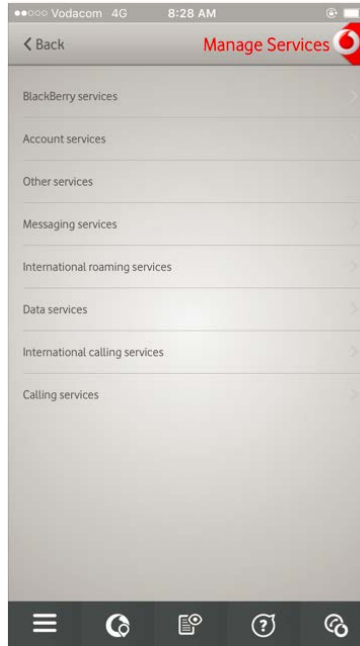
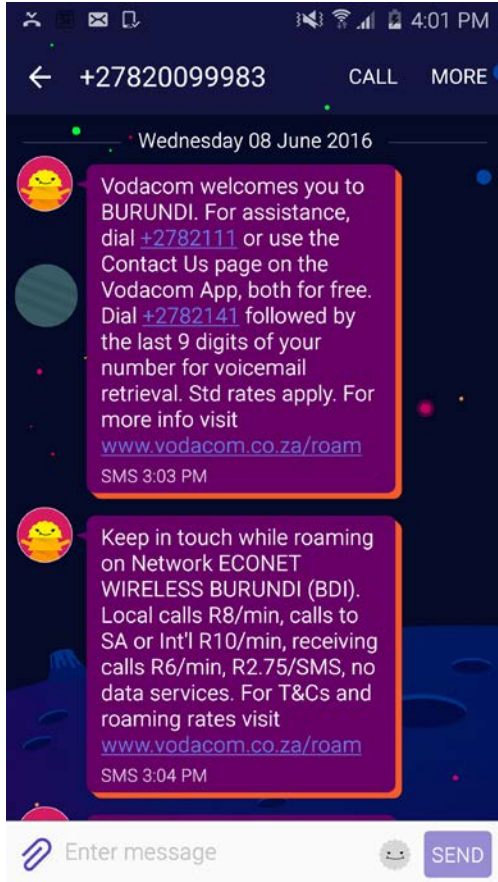


Transform prices

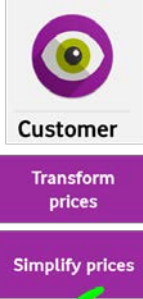
Simplify prices



Message changes



- SMS Notification on Entry
- Welcome message - customer care
- Zero-rated customer care, even while roaming
- All tariffs included in roaming arrival messaging
- Zero-rated Vodacom App
- Spend notifications across the world



Website changes

How much will it cost me to roam?

Let us know where you're travelling to and we'll show you how much it will cost to make calls, use data and send SMSs while overseas.

* Select plan type:

Contract

* Select your travel destination:

Mozambique

* Select Service Provider:

Mocambique Cellular /Mcel

	Standard roaming rates	Travel Saver rates
Make a local call	R5.00 per min	R2.50 per min
Make an international call	R5.00 per min	R2.50 per min
Receive a call	R5.00 per min	R2.50 per min
Data	R5.00 per MB	R2.00 per MB
Send an SMS	R1.00 per SMS	R0.80 per SMS
Daily subscription (If you don't call, use data or SMS daily subscription isn't charged.)	R0.00 per day	R30.00 per day

Help Me



- Up to date information
- Transparent rates and services
- Rates comparison
- Link to website on roaming message



Customer

Transform prices

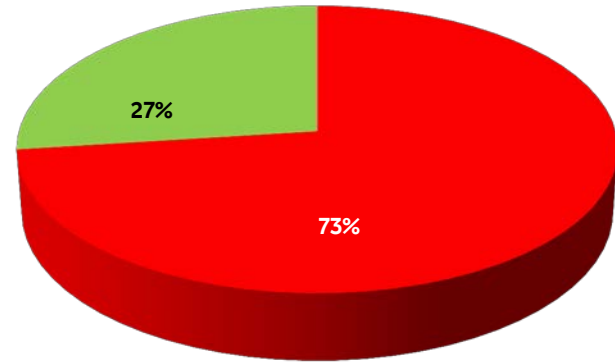
Simplify prices



IOT progress in SADC region

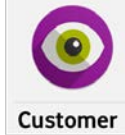
- All SADC countries covered by at least one IOT discount deal

SADC networks



Since December 2014 survey

- 13 IOT discounts negotiated and implemented
- Continuous renegotiations to lower



Transform prices

Simplify prices



■ IOT's

■ AA14



Thank you

