



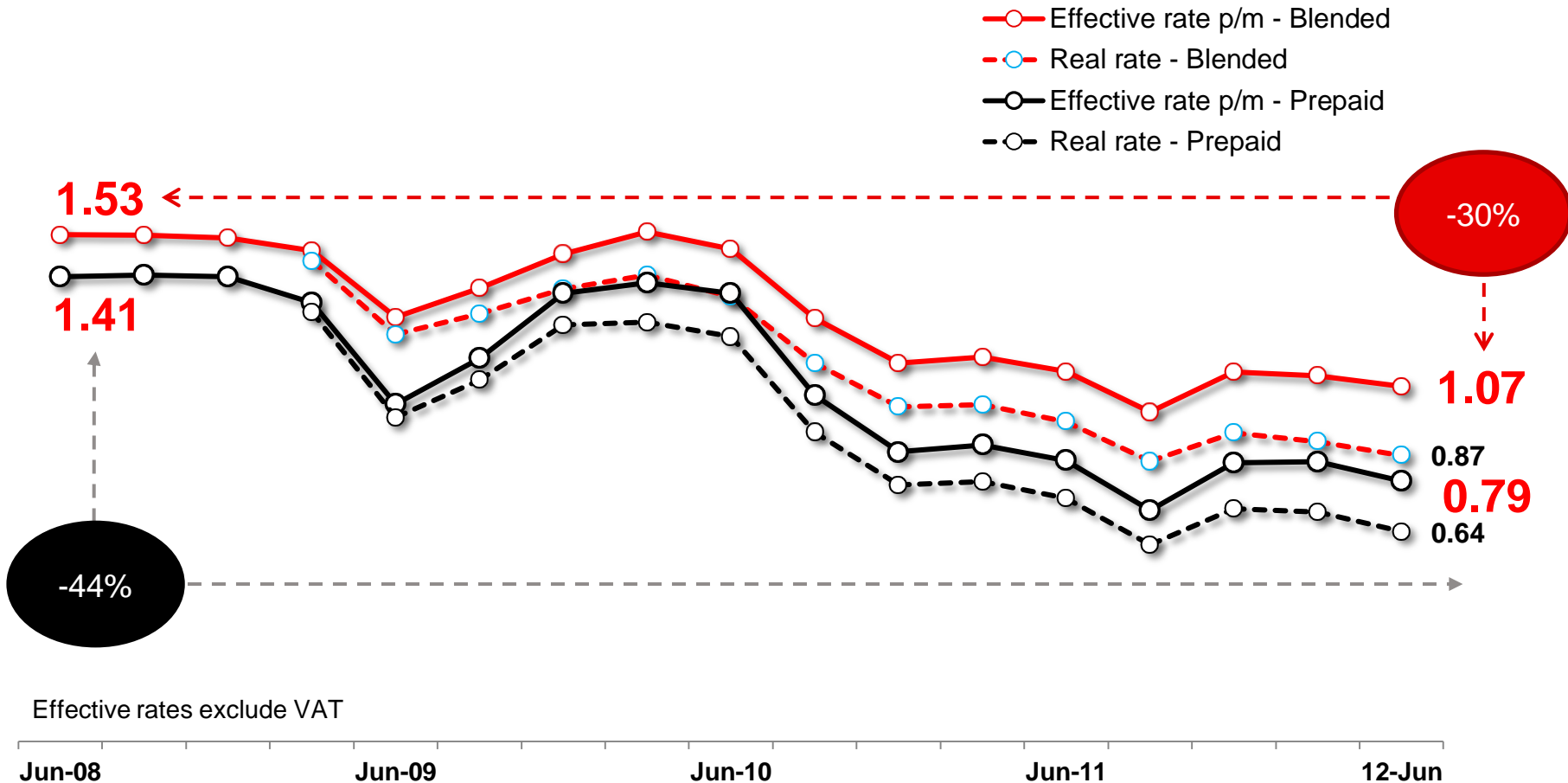
Cost of Communication in SA

Parliamentary Portfolio Committee on Communications

Cape Town

30 November 2012

Prepaid rates have since 2008 declined by 44% and blended rates by 30%



Effective rates exclude VAT

Inflation rates applied:

- 2009 – 7.1%
- 2010 – 4.3%
- 2011 – 5.0%
- 2012 – 5.5%

VC offers a wide range of prepaid price plans to meet customer needs and market demand

Prepaid tariffs and products

Vodacom 4 Less

- Cost-sensitive consumer
- Benefit of network utilisation passed to consumer through discounts

Up to
100%
discount

Prepaid All Day Tariffs

- Worry free usage with an all-day fixed rate

Airtime Advance

- R10 Airtime Advance: only pay on next recharge

Promotional value propositions

Value promotions reduce the cost of communication across all Prepaid tariffs

Night Shift

- Free minutes between 12pm and 5am
- A R12 recharge voucher entitles a consumer use up to 60 on-net off-peak minutes per day for 7 days

Power Hour

- A consumer obtains up to 60 on-net minutes if he buys an R8 Power Hour voucher

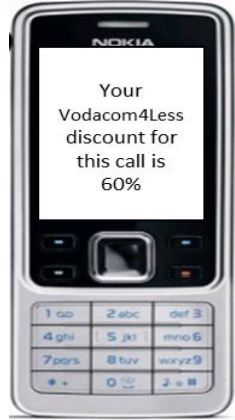
Extra Time

- A consumer pays for 3 minutes and gets up to 57 minutes free per call

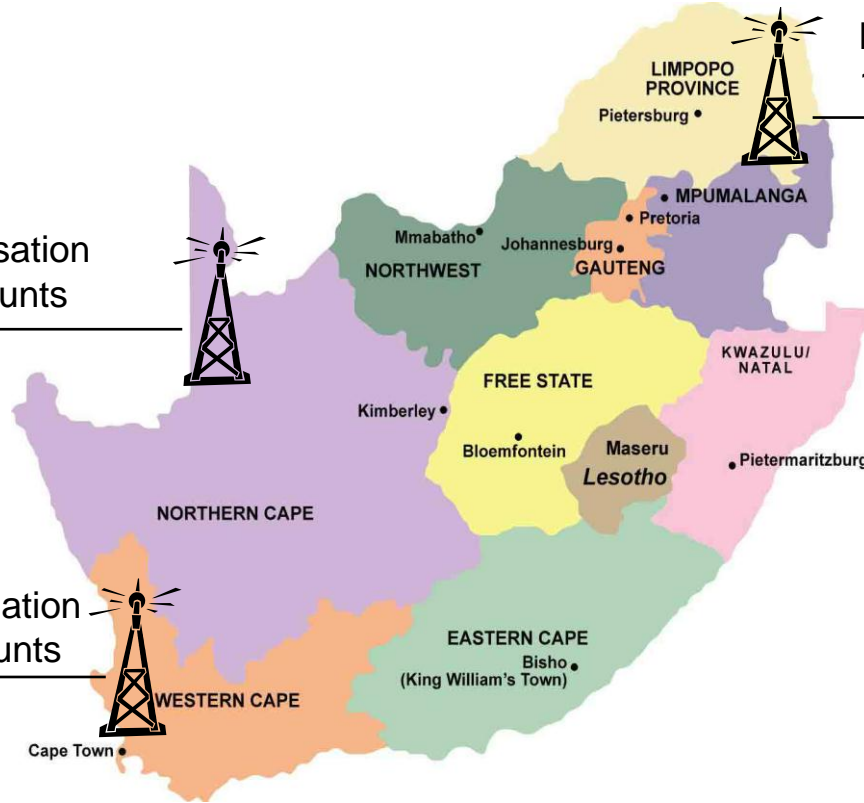
Effective
rate per
minute

79 cents

Call discounts are determined by traffic utilisation profiles per site



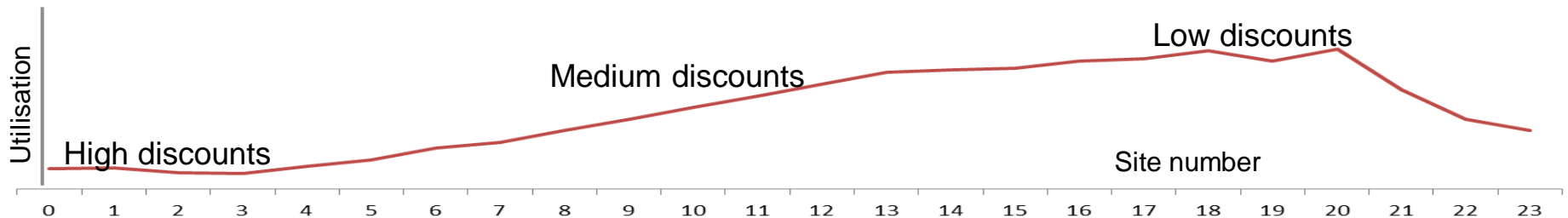
Medium utilisation
60% discounts



Lowest utilisation
100% discounts



Highest utilisation
10% discounts

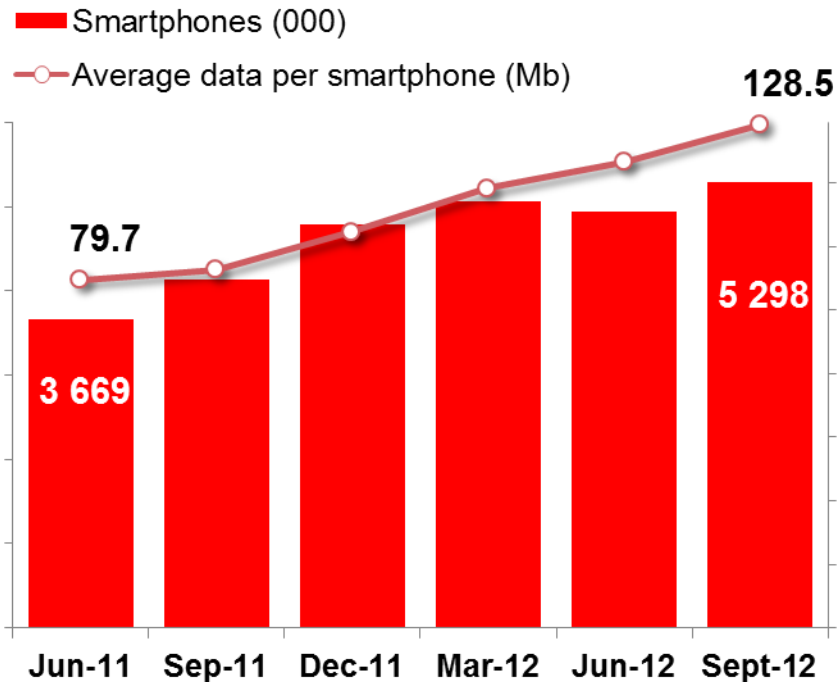


Vodacom offers contracts that include devices and SIM-only contracts to meet different customer needs

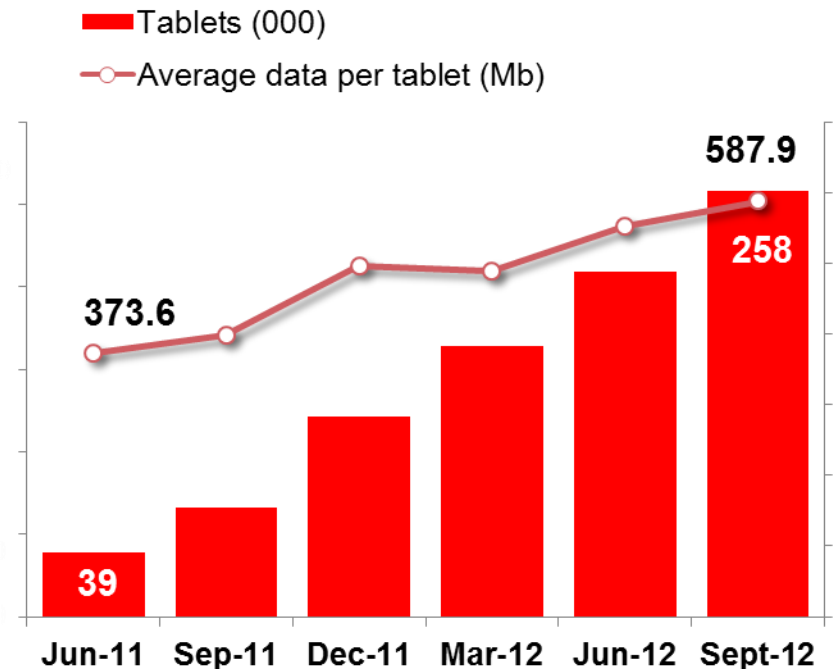
Device Included	Selection of devices to choose from	Bring your own device	Selection of devices to choose from	Bring your own device	Selection of devices to choose from	Bring your own device
Price Plan	Top Up 75	Top Up 75	Talk 240	Talk 240	Smart Advanced	Smart Advanced
Monthly fee	R 75	R 49	R 430	R 288	R 850	R 636
Inclusive Value	42 minutes	42 minutes	240 minutes	240 minutes	450 minutes 400 MBs 400SMSs	450 minutes 400 MBs 400SMSs
More Minutes	None	None	60 Minutes	60 Minutes	180 Minutes	180 Minutes
Optimal effective rate per minute (ex. VAT)	R 1.77 (R1.55)	R 1.15 (R1.01)	R 1.43 (R1.25)	R 0.96 (R0.84)	R 1.13 (R0.99)	R 0.79 (R0.69)

Broadband demand in SA, as is the case in other economies, is fuelled by smartphones and tablets

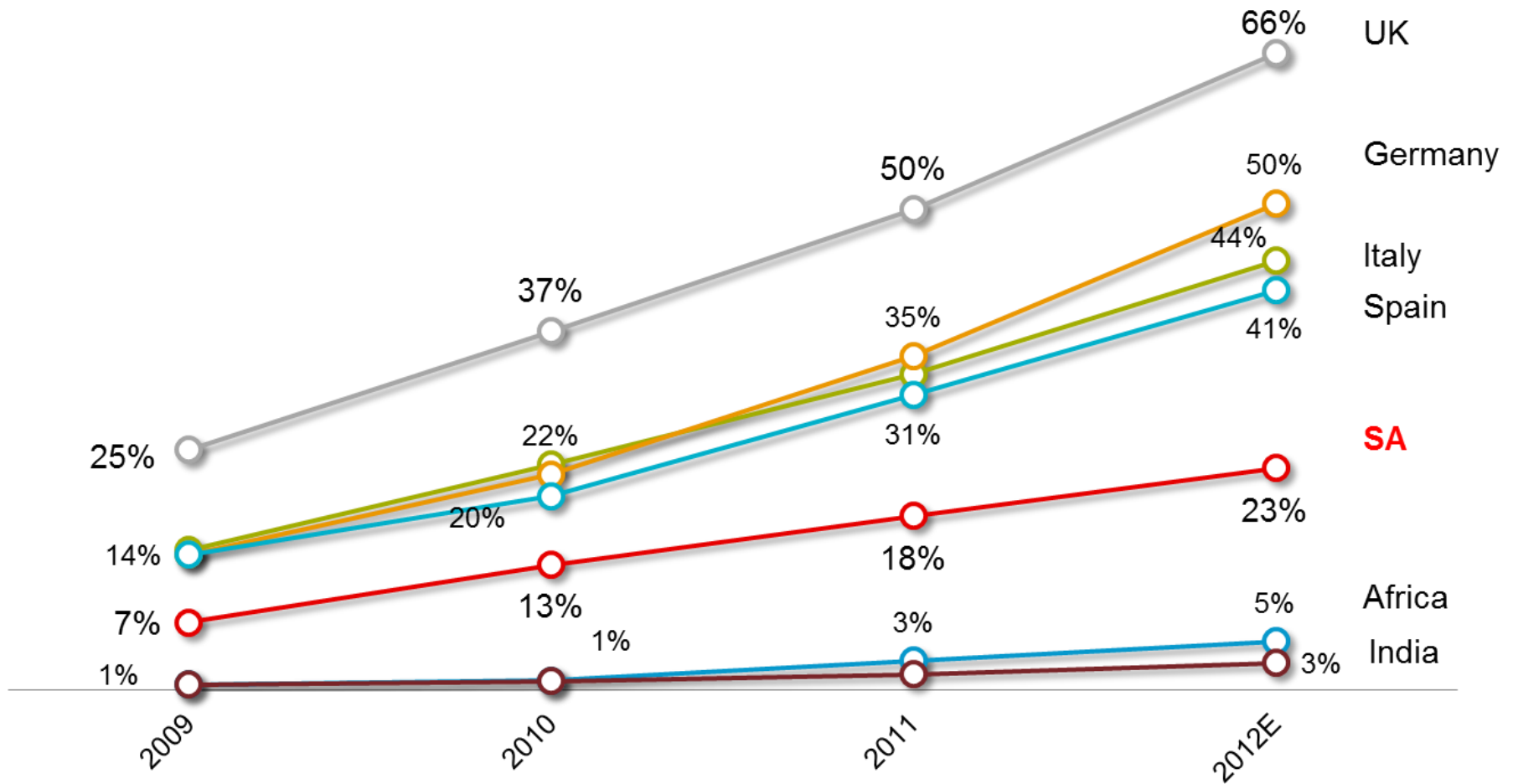
Smartphones and MB usage



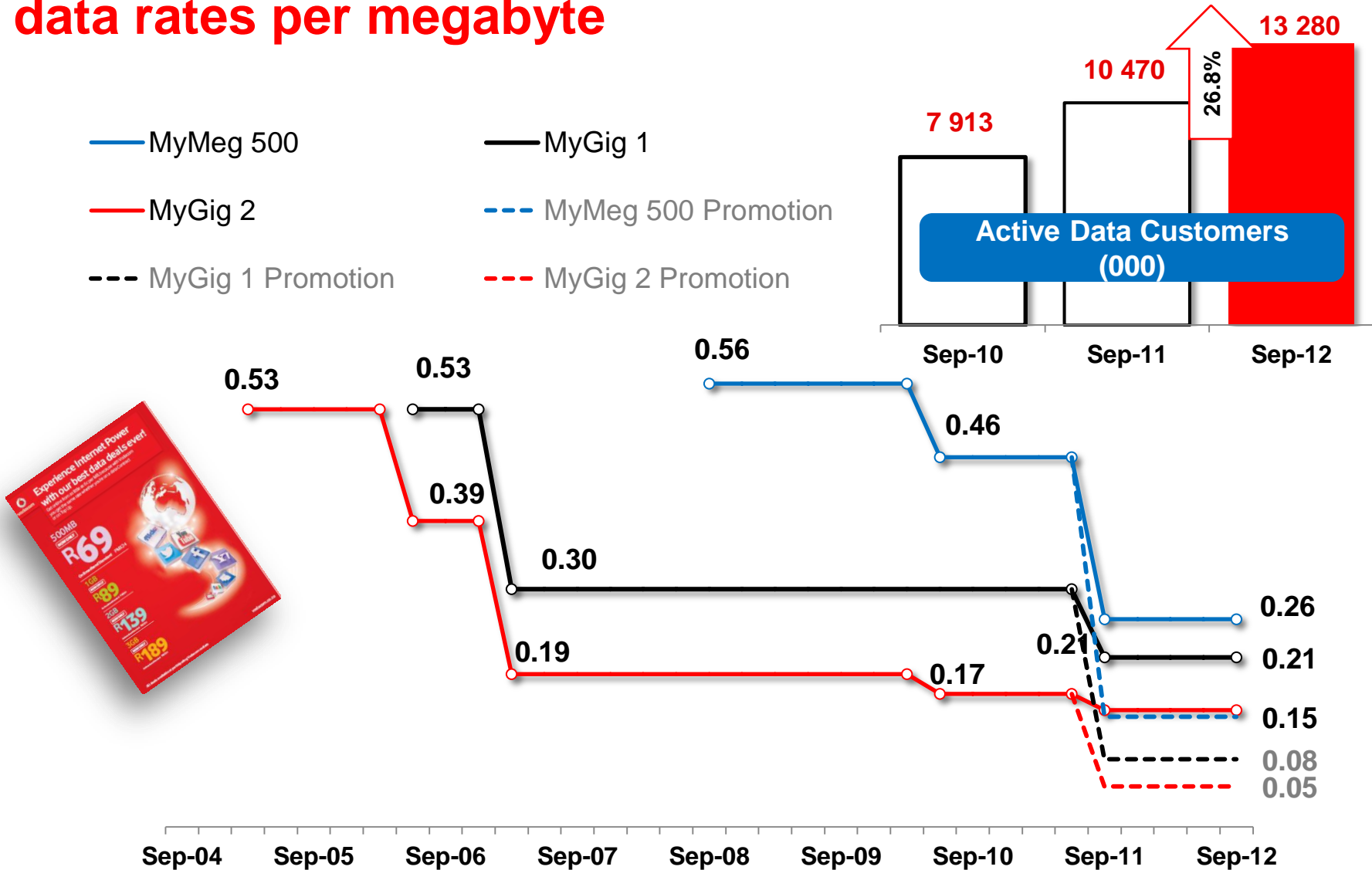
Tablets and MB usage



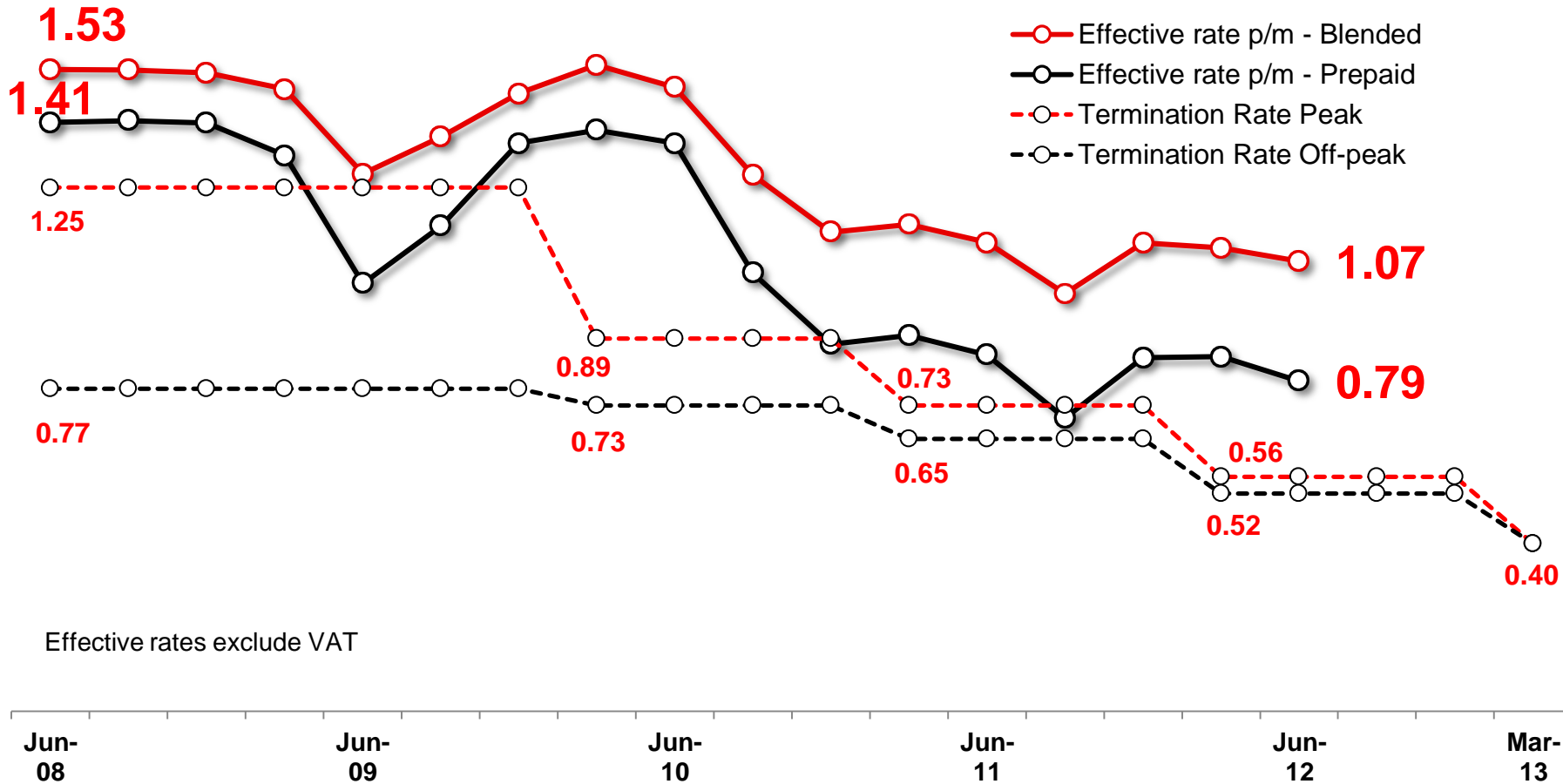
Opportunity for expanding broadband penetration via smartphones is huge in SA, but spectrum is a constraint



Data explosion has led to an effective price decline of data rates per megabyte



Wholesale regulation and competitive market dynamics serve consumer welfare



Concluding Thoughts (1/2)

Retail

Prices are declining and will continue to go down due to effective competition in the market

MTR

Policy makers should be circumspect about MTR reductions:

- rural coverage is a concern and investment resources is still required;
- MTR revenues help facilitate low cost access to communication;
- waterbed effect; and
- regulatory intervention is ICASA's responsibility.

Concluding Thoughts (2/2)

NDP & VISION 2020

- VC supports and will work with government to achieve the NDP and Vision 2020 policy objectives
- Electronic Communications Policy considerations should:
 - include both incumbents and emerging telecoms operators;
 - facilitate spectrum sharing and trading;
 - promote network and facilities sharing;
 - streamline rights of way processes;
 - encourage co-investment; and
 - consider the option of MVNOs.