

**Vodacom**  
**02 February 2010**  
**Trading Update for the**  
**third quarter ending 31 December 2009**



Speaker	Narrative
<p><b>Operator</b></p>	<p>Good afternoon and welcome to the Vodacom Group Ltd's trading update conference call for the third quarter to 31 December 2009. Vodacom Group CEO, Mr Pieter Uys, will host the conference call. I will read the forward-looking disclaimer before handing the call over to Mr Uys. This announcement which sets out the trading statement for Vodacom for the quarter ended 31 December 2009 contains forward looking statements with respect to the group's financial condition, results of operations and businesses and certain of the group's plans and objectives. In particular, such forward looking statements includes statements relating to the group's future performance, future capital expenditures, acquisitions, divestitures, expenses, revenues, financial conditions, dividend policy and future prospects, business and management strategies relating to the expansion and growth of the group, the effects of regulation of the group's businesses by governments in the countries in which it operates, the group's expectations as to the launch and roll-out dates for products, services or technologies, expectations regarding the operating environment and market conditions, growth in customers and usage, and the rate of dividend growth by the group. Forward looking statements are not guarantees of future performance and are based on assumptions regarding the group's present and future business strategies and the environments in which it operates now and in the future. At this point in time I would now like to hand the call over to Mr Uys. Please go ahead sir.</p>
<p><b>Pieter Uys</b></p>	<p>Good afternoon. It's also good morning for some of you. Welcome to Vodacom's trading updates for the third quarter ending 31 December 2009. I'm also today joined by Rob Shuter, our CFO and also Belinda Williams from our investor relations department. If you do not have a copy of the trading statement it's also available on our investor relations website on <a href="http://www.vodacom.com">www.vodacom.com</a>. We've provided you with an update on first of all the revenue performance and secondly on the key customer indicators for the quarter. I want today to take you through the highlights and then we'll end off the call with some questions.</p> <p>Right upfront I'd like to say that it was a particularly good quarter for us with solid overall revenue growth; we've continued our progress in building our data business and we've also strengthened our market positioning in all of our geographies. I'm going to start with the group; the key highlights from the quarter are as follows. The group customer base grew 7.1% on last year and is now up to 40.5 million. In the DRC we've changed our disconnection policy and that is as a result of a change in the legislation where we are now charged per active NSIDN number so we've changed the disconnection policy from 215 days to 90 days and if I strip that out our normalized growth for customers in a group was actually 9.5%. The group revenue grew 6% in the quarter year on year and if I look at the year to date, group service revenue, that's up by 9%. The key adjustments if you want to normalise the revenue which will bring it down to 5.8% within the quarter will be the revenue growth from Gateway which has had an impact of 4.5% points up and that was largely offset by unfavourable forex translations on revenue of 3.8%, and also excise duties of half a percentage point. The group revenue was underpinned by strong growth in our data revenue in the group and that was growing at approximately 33% and again that demonstrates our continued focus on growing our data business.</p> <p>Next I'm going to go into the South African business in more detail and a key highlight for us from South Africa is again the delivery of good revenue growth of 7.5% and service revenue growth of 7.1%, and this is despite the impact that we've had from RICA and also the difficult economic climate from last year. Our South African customer base however grew by only 2.5% on the previous year and that is mostly because of the impact from RICA. RICA's effect has been mostly on the gross</p>



Speaker	Narrative
	<p>connections. If you look back at when RICA was introduced we were doing gross connections below 300,000. We've since then done a lot of training into the channel and also into the customers and we've managed to bring the gross connections up to just below 800,000 more recently so we are working towards getting our gross connections up to the levels of churn hopefully by the end of the financial year. We've also now RICAd or registered a third of our prepaid base. Also very encouraging we've focused again this quarter on our contract customer base with promotional specials, good deals in the market and we've managed to grow our contract customer base by 12.5% to 4.3 million. And this has also resulted in improved revenue growth from this contract segment.</p> <p>Importantly the data revenue growth in South Africa has improved to just over 35% and we now have more than one million mobile broadband customers. And that is a growth of almost 50% year on year. The data traffic year on year grew by 60% and that's mostly driven by a demand for mobile PC connectivity, but also more recently through the growth of Smartphones. We also this morning announced that we've upgraded our 3G network and we will by the end of March provision all our subscribers to have 7.2 MB per second as the default speed. We are also upgrading our network and by the time that the World Cup comes to South Africa we will have all our 3G base stations upgraded to 14.4 and then importantly we've, this weekend, switched on our first HSPA Plus network in South Africa and we are running speeds of up to 21 MB per second on the HSPA Plus which is the fourth generation of 3G equipment.</p> <p>Vodacom Business also delivering good results in the quarter and it is giving us an increasing contribution in comparison to the previous quarters. Specifically Vodacom Business Africa has gained momentum in many of the other geographies, securing some meaningful contracts for us. Also important in South Africa the ongoing debate around mobile termination rates. As you might remember last year we came to an agreement with the Minister that there will be an immediate reduction on the 1<sup>st</sup> March this year and then there will be a glide path going forward. The Minister announced this in Parliament last year and we had to from there take it to ICASA, the regulator to give it its stamp of approval. We've done that. The regulator wrote to us yesterday that he had some issues with some of the clauses in the comparison agreement. We are resubmitting that agreement to ICASA as an industry today, latest tomorrow and then we will see if they respond positively. If not we will sit down again and discuss the whole interconnect and we are still as an industry committed to reduce the interconnect rate as soon as possible but we do need the interconnect agreement led by ICASA.</p> <p>Then if I move on to the international business, the key headline again for us in the international business as we said last time we want to improve our market positioning in the operations, specifically in the DRC and Tanzania so we've gone to market with very good price promotions in both those markets and we are reporting a customer growth of 17.9%. If I exclude the change in the disconnection policy in the DRC, the customer growth in the international business is actually 27.2%. Let me talk just a little bit about the promotional activity. In Tanzania we came in with a price plan that we call Check Up, it is very competitive and we've actually managed to grow the customers in Tanzania by 28.5%. The price promotions, its promotions for now but the effective price per minute has come down by 60%. It's brought down our churn, customers up almost 30%. The minutes of use and this is interesting, is up nearly 50%. This shows that there's relatively good elasticity but the important point is we believe this has definitely regained some of our market positioning in these two countries. We've seen a similar situation play out in the DRC. We've also gone to market with better tariffs. The revenue in our international operations declined by</p>



Speaker	Narrative
	<p>6.3%, and that's on a normalised basis if I exclude the impact of the Rand/Dollar strength. Taking that into account the revenue in Rands declined by 33.5%. In local currencies, if I look at Tanzania and the DRC, the decline in service revenue has stabilized if you look at the last quarter while the growth that we are accumulating in Mozambique and Lesotho has remained strong.</p> <p>So in conclusion I can report that we had a positive quarter as far as revenue growth goes, we've progressed our data business by continuing to build our data offering and we've successfully strengthened our market positioning in all our geographies. The next part of the call we will focus on questions and I'll hand back to the operator now.</p>
<b>Operator</b>	<p>Thank you Mr. Uys. Ladies and gentlemen, at this point in time if you'd like to ask a question please press star then one to join the question queue. If you decide to withdraw your question please press star then two to remove yourself from the list. I will repeat, if you'd like to ask a question please press star then one. Our first question comes from Jonathan Kennedy-Good from Investec Securities. Please go ahead.</p>
<b>Jonathan Kennedy-Good</b>	<p>Good day Pieter and Rob and Belinda, just a quick one on the interconnect, you made the comment that the agreement needs to be blessed by ICASA and I was just wondering whether that means that there would be any retraction of the initial cuts that was agreed to with the Minister, whether that changes things with respect to the timing of that cut or the quantum of that cut?</p>
<b>Pieter Uys</b>	<p>Hi Jonathan, first of all for us to implement the cuts on the 1<sup>st</sup> of March we do need ICASA to okay the new interconnect agreement. As I said there was a clause that they were not happy with, we are urgently resubmitting it without that clause. Going forward let's say they are still not happy with it, we are still committed to as soon as possible, as soon as the agreement has been agreed on, to reduce the interconnect. We will again then engage with the Minister and with ICASA. The issue I think is around the glide past. The Minister to Parliament last year communicated that there will be a glide past so there must be some movement around the glide past but the numbers that we've initially put on the table, they're still on the table.</p>
<b>Jonathan Kennedy-Good</b>	<p>Okay thanks, just one further question, is there any possibility in giving us some colour on market share gains that Vodacom business may have made and whether your data rate cuts were in response to competitors or whether they were initiatives driven by yourselves?</p>
<b>Pieter Uys</b>	<p>On the Vodacom Business side we've reduced the data rates because there is better international connectivity available now so it's yes and no. It's firstly driven by the introduction of SEACOM last year so we've also moved traffic onto that but secondly it's a competitive environment and we are positioning the offerings as competitors plus the quality of service offering.</p>
<b>Jonathan Kennedy-Good</b>	<p>Thanks very much.</p>
<b>Operator</b>	<p>Thank you sir, our next question comes from Rhys Summerton from CitiGroup. Please go ahead.</p>
<b>Rhys Summerton</b>	<p>Hi, good afternoon. Just two or three questions, firstly on elasticity, you spoke a bit about the experience in Tanzania but could you elaborate a bit about a South Africa where I think in November / December you did reduce price in some promotions and can you just tell us how you saw your growth in usage over that period when you reduced your pricing in those promotions and just any of those that extended onto</p>



Speaker	Narrative
	<p>January if you've seen any development there? Then the second point is in the commentary you made some comments about generating pretty strong cash flows or certainly a focus on cash flows over this last quarter. Do you have anything to add to the dividend discussion that we've had in the past – I think you've had a 50% or a 40% payout ratio – if the cash flows are strong can we see some upside to that number and the third question if I can ask if Rob can just update us on that debt it was I think due December, it was rolled over, I just want some clarity on that and how that can impact the use of cash flows as well. Thanks.</p>
<p><b>Pieter Uys</b></p>	<p>Okay thanks Rhys, to start with, December we had a price promotion, it was on net only, it was peak minutes and it was all of the rates, prepaid and contract and it was a 15% discount on those rates. What we saw is we didn't get to elasticity of one, I would say we probably got to elasticity of 60% which I think is good and it was a good experience for us to also find out what makes the subscribers change. The interesting thing is we saw elasticity on the prepaid segments, we did not see any real movement on the contract base during that period which can also speak to the current economic climate that we're in which also makes it difficult to do some work on elasticity to really determine what would be the movement on minutes of use coming from price reductions. I would say 60% of that move in minutes came as a direct result of the promotional special, mostly from prepaid but overall not that high if I take the total base. Rob if I can ask you to speak about the cash flows and the debt?</p>
<p><b>Rob Shuter</b></p>	<p>Ja, so just focusing on the cash flows first, certainly very strong cash flows in the quarter and we predict them still strong out to the end of the financial year. Our formal dividend policy is a 40% payout of headline and what we've been communicating to the market over the last few months is that in the absence of any major acquisitions with the group being so cash generative we would see some capacity to up the payout ratio and that we would look at that for the full year and we're very much on track to do that. I think what I did say though quite consistently is that we're looking for more of an evolutionary change to the dividend policy than a big leap in one go. On the unproductive interest I think we made good progress there in terms of working out exactly what it is that we need to do. I would say order of magnitude about ¾ of it is relatively straight forward to sort out and we're on track to do that in the first calendar quarter of this year so before the financial year end. The other quarter is more complex, it's to do with some of the mismatch in interest rates between where we borrowed in the group and where we've invested some of our opcos so my sense is by the end of the financial year there will be a small amount left that we will probably have to live with but most of it will be resolved.</p>
<p><b>Rhys Summerton</b></p>	<p>Just to go back to two points, one on the elasticity in South Africa, those promotions that you put through, does that encourage you to put through further promotional activity this year and the second question just on the dividend, I fail to understand any evolutionary progress in dividends on the way up when you cut dividends on the way down from paying 80% down to 40% so surely we should see a snap back, back to where you came from in the shorter period of time rather than taking this evolutionary process when there's no acquisitions out there and you guys are pumping cash?</p>
<p><b>Rob Shuter</b></p>	<p>Ja, I think the historic power ratio was in the context of the company not being listed with the two shareholders. I think the context of where we are now discussing at board level and we are comfortable that an evolutionary process is the way to go. I'm sorry you don't agree with that but that's where we are.</p>
<p><b>Pieter Uys</b></p>	<p>Okay, then on the promotional activity we continue to do promotions both in the contract market and the prepaid market. It differs from time to time, December's</p>



Speaker	Narrative
	<p>always a time that we give extra away, that's what we did in this last December so the stuff we're working on now will be slightly different, it will work differently but you will see more promotional activity from us. I can't say when but we will continue with that.</p>
<b>Rhys Summerton</b>	<p>Okay thanks a lot.</p>
<b>Operator</b>	<p>Thank you sir. Ladies and gentlemen just a reminder if you'd like to ask a question please press star then one to join the question queue. Our next question will come from Martin Mabbutt from Nomura, please go ahead.</p>
<b>Martin Mabbutt</b>	<p>Thanks very much, good afternoon. Just two quick questions, the first was specifically on the DRC, you obviously disconnected a large number of subscribers but ARPU still dropped and I wondered, that looks like quite a bit drop in the context of obviously a declining subscriber base, maybe you could talk a little bit about that and also I just wanted to ask about your margin comments in your introductory piece of the release which talks about your cost management programs gaining momentum. Perhaps you could just expand on what that means for maybe this year and particularly next?</p>
<b>Pieter Uys</b>	<p>To first answer the question on the cost management, the programs that we started, we did all the short term things last year where we put a cap on head count, last year started with some long term projects, the one was the transmission project where we helped providing transmission to also support the growth in our data business specifically once you start increasing the speed. That is ongoing. We are also continuing and accelerating our swop out and renewing of the radio equipment which gives us operational cost benefits where it also gives us the ability to roll out these new HSDPA that I mentioned earlier on and by the year end we will definitely give you more specific details on our cost program and the impact it had on the margin costs so far. The other question was in the DRC we disconnected, it was only towards the end of December that we disconnected those customers, it was a million customers but the minutes of use has dropped in the DRC, it was down by 25% but we've also dropped the price in the DRC by about 40% in the period over last year.</p>
<b>Martin Mabbutt</b>	<p>Okay, thanks very much.</p>
<b>Operator</b>	<p>Thank you, our next question comes from Maria Rubanovska from Bank of America. Please go ahead.</p>
<b>Maria Rubanovska</b>	<p>Hi, just a couple of questions, firstly I want to know whether you were surprised at the growth in traffic, you mentioned that the data traffic was up 60% year on year and whether that is likely to make you put in further upgrades to your network or change your capex plan, that's the first question. The second question, I know that MTN and Cell C haven't reported their numbers yet but have you have any idea how well you have done relative to your competitors in South African markets?</p>
<b>Pieter Uys</b>	<p>Thank you, yes, the first question on the data side, no we are still on track with our plans of last year to upgrade our network which is the new generation equipment. The benefit that came from that is that the equipment is now software upgradable to more recent technology so the HSDPA upgrade was just a lot of work but it was already included in the upgrade that we started last year so the capex guidance that we gave last year, R5 million for South Africa, we're still operating within that capex for this financial year. Where we are continuing into the next year as well is to invest more in our own transmission and also to continue to build but that will be in the next financial year so for this year we are on track, we've made good progress HSDPA Plus of 21 MB per second was a big step for us to put that position into the market</p>

Speaker	Narrative
	that we are the leaders as far as broadband goes. What was the other question?
<b>Maria Rubanovska</b>	The other question was market share, how do you think you've done relative to your competitors in the South African market?
<b>Pieter Uys</b>	Without that information it's difficult to say exactly how we've done but in everything we do we try and defend our market position. We've done well in our contract base growth in the last quarter; I mentioned 12.5% growing our contract customer base. That is by being competitive in the markets, by having good deals in the markets so we'll have to see when the others come up with their numbers.
<b>Maria Rubanovska</b>	Thank you and when you're saying promotional activities coming up, are you seeing any pressure in terms of pricing from any of your competitors in South Africa?
<b>Pieter Uys</b>	I think at the moment its also a wait and see what's going to happen with the interconnect because when the interconnect happens the price for calls from the fixed to the mobile will definitely come down but there's no regulation that says that the price on the mobile side between the mobile operators have to come down so that's where competition will come in. So I think for the moment its wait and see, there's no immediate price pressure down.
<b>Maria Rubanovska</b>	Okay, thank you very much.
<b>Operator</b>	Ladies and gentlemen just a reminder if you'd like to ask a question please press star then one to join the question queue. Our next question comes from William Kirby from Nevsky Capital. Please go ahead.
<b>William Kirby</b>	Just one question on South Africa, what's your sense of how many of your subscribers can be moved onto contracts over time? I mean looking out 2012, 2013, could 20% be on contracts or is that too paltry or too conservative? Thank you.
<b>Pieter Uys</b>	If you look at the last quarter, the growth that we've had in contracts, a big portion, 40% of that comes from upscaling the prepaid to a contract so I think that gives you an indication, we grew contract to 4.3 million now, 12.5% up and 40% of those adds was a conversion from prepaid.
<b>William Kirby</b>	Is it the sense that that rate is sustainable or was there a special one off promotion next quarter which lifted it?
<b>Pieter Uys</b>	Slowly we are working on the process of targeting specifically that market segment with very good deals. The prices of handsets have come down, the Rand is strong so it's just having very good deals in the market but we will continue with that.
<b>William Kirby</b>	Okay great, thank you.
<b>Operator</b>	Thank you, our next question comes from Nick Kershaw from the Deutsche Bank. Please go ahead.
<b>Nick Kershaw</b>	Hi, good afternoon everyone, just two quick questions, the first thing is can you maybe just give us an indication, not necessarily the number, but just maybe direction on the trend around subscriber acquisitionary retention costs in South Africa that has been treading up or treading down and then the second question is maybe just on Vodacom Business can you maybe just give us a bit more colour on how that business has actually been performing – we know there's been quite a big investment over the last 12 - 18 months in that area. Thanks very much.

Speaker	Narrative
<b>Pieter Uys</b>	<p>On Vodacom Business, the steps we had to go through, we had to build the credibility in the product set to sell, that was the first thing, that was where the investment went into. Then we had to sell it so when we reported the last time we started getting good sales through so where we are now we are converting those sales to revenue so the focus in this quarter is to convert as much as possible over the next quarter of those sales to revenue and to be able to offer a quality service so we're at a critical point in the life cycle of Vodacom business. If one looks at the question on the acquisition and retention costs, if you look at the last period its not up as a percentage of revenue, in fact its probably a little bit down over the last quarter.</p>
<b>Nick Kershaw</b>	<p>Great, thank you very much.</p>
<b>Operator</b>	<p>Thank you, our next question comes from Sipiwe Chireka from Frost and Sullivan, please go ahead. Sipiwe Chireka you are live in the call Sir, would you like to go ahead with your question?</p>
<b>Sipiwe Chireka</b>	<p>Yes please, thank you. My question is regarding the DRC, we find that obviously the subscriber numbers have gone down because you have disconnected subscribers but I would like to get an indication of what is your view of the current competitive environment, the likes of Zain actually coming up as significant competition and what are some of the things you are doing to defend your market share or at least to gain market in the market? Thank you.</p>
<b>Pieter Uys</b>	<p>Yes, the DRC, the economy, what we've seen, the copper prices have gone up. What we haven't seen is the economy turned around as a result of that. From the mines that opened, with the activities there so we're expecting that that should turn in the not too distant future. As far as the competitive environment goes, it's a difficult market for everybody, we were not price competitive previously and if you look at the price per minute in the DRC we've been much more aggressive in the last six months in the DRC to become more competitive. I think we have achieved that so we are defending our market position there but the competition is still very strong in the DRC. We have two very good strong competitors.</p>
<b>Sipiwe Chireka</b>	<p>Okay, thank you very much.</p>
<b>Operator</b>	<p>Thank you, our next question comes from Sean Gardiner from Morgan Stanley, please go ahead.</p>
<b>Sean Gardiner</b>	<p>Thank you, I also have a few questions. Firstly if one looks at your first half results you talked about leading indicators that made you feel that these were the signs of life giving, maybe a little better. Can you just run through those leading indicators, update us where they are at the moment for the South African business and then secondly on the draw down business the year on year growth rates improved from first half into third quarter from I think it was 31% to 35%. Can you talk about what you're doing in that business outside of the subscriber additions, maybe some of the products you have in the market which ones are successful, are you seeing a definite mix of ARPU on the broadband side to help track that better growth. Thank you.</p>
<b>Pieter Uys</b>	<p>Sean the leading indicators, I'll get Rob to also speak about that just now, I think one of the big indicators that I've seen certainly in the last quarter is that there's a better growth coming from the contract base which gave us the 12.5% growth on the contract base which is a positive sign but Rob if you can apply your mind and go back to what we said last time, some of the indicators.</p>



Speaker	Narrative
<b>Rob Shutter</b>	<p>We've got a portfolio of indicators and I think we would probably still say now after the third quarter that there's not a clear shift to the positive that we're seeing through all of them but just to pick a couple out, after the bundle contract minutes we think is quite a key indicator. Based on or below prior year level but Q3 gave us a better result than Q2 so that one is slightly positive. International roaming revenue is also quite a useful indicator and that is still tracking below last year so we haven't seen a shift to the better there. We look at our monthly bad debt expense to billings in South Africa gives us a sense of the state that the consumer's in and that is still sitting above last year's levels but is not getting either significantly better or significantly worse. So a bit of a mixed bag, some positive, some flat.</p>
<b>Pieter Uys</b>	<p>Okay thank you Rob. If we look at the broadbands and what we've done, firstly we started selling PCs more aggressively so the sales coming from Notebook sales and Netbooks, that is definitely picking up but we've also focused again on prepaid data bundles so prepaid now makes up a big portion of our data subscribers. If I look at data cards versus PCs, out of the 1 000 030 that we have that we define as broadband customers, 660,000 of those are pure data card users. The other say 400,000 are customers that are using either their Iphone hedging or the software that we are distributing via the phone to connect their phone to the PC. The next thing that we are doing is we're also changing our tariffs slightly and by the end of March we are offering, if your data card is supported, 7.2 MB per second to the whole base without an additional charge so we're hoping that that will also be a positive signal to the market that the mobile data networks are a serious player in the broadband base.</p>
<b>Sean Gardiner</b>	<p>I'm sorry, to go back to an earlier question which talked about network capacity, do you have to do anything to support this increase to 7.2 MB maybe in your fibre rather than your base station?</p>
<b>Rob Shutter</b>	<p>Sean, what we're doing is 7.2 will be the whole network ready, mostly on the transmission side as well by the end of March. If you look at 14.4, for that the network is ready, the radio side is mostly ready but between now and when the World Cup comes, we're still going to continue rolling out transmission into next year, continuously providing transmission not just in the core but also to the base stations. I would say to go to 14.4, a lot more investment into transmissions next year. 21 MB per second, that we will not have across the whole network, we will target specific hotspots, especially around the World Cup, we will target the business centers where we have fibre anyway to support higher speeds. Then we will continue to build more feeder base stations, we are still on track what we planned for this year and next year we will continue with the expansion of our 3G network.</p>
<b>Sean Gardiner</b>	<p>Okay, thank you.</p>
<b>Operator</b>	<p>Thank you. Just a reminder to all participants, if you'd like to ask a question please press star then one to join the question queue. Our next question will come from John Slettevold from UBS. Please go ahead.</p>
<b>John Slettevold</b>	<p>Thanks, hi, just two questions, firstly, I wanted to find out if you have any update on when you would be expecting the launch of Telkom's mobile services in South Africa and then secondly it appears that elasticity is below one in many of the examples, even though minutes of use is really low, for example in Tanzania where minutes have now increased, I think you said by 50% to about 70 odd minutes, there elasticity is less than one. Is this a concern for you and how do you plan on improving this?</p>
<b>Pieter Uys</b>	<p>First of all on the Telkom mobile launch I can just also go on what rumours in the market say, they said last time they were going to launch end of the first quarter, I</p>

Speaker	Narrative
	have not had an update on that so I'm not sure when exactly they will launch.
<b>John Slettevold</b>	First quarter of which year?
<b>Pieter Uys</b>	This year they said.
<b>John Slettevold</b>	Okay.
<b>Pieter Uys</b>	But I'm not that close to them.
<b>John Slettevold</b>	So you're not planning for any, I mean strategically or anything like that, are you not planning any kind of response?
<b>Pieter Uys</b>	No we're just continuing with our plans as originally strategically planned. The HSDPA Plus offering which is the latest in the world, that was part of our strategy and we've rolled it out now, it is 21 MB per second its really fast so we're very proud of that offering. If I look at the elasticity of smaller than one, for us it's also not just about cost per minute any more. What we are continuously doing more and more is to give the customers different offerings where we – last year we did it in South Africa and we've seen the customer slowly come down to the Yebo for Less. What we've done in Tanzania is we sell bundles where if you recharge with X you get a certain number of credits for free for the day so we will continue to experiment to find the right balance between the offer, the level of the offer so that there's a win for us also on the revenue side.
<b>John Slettevold</b>	Okay, thanks.
<b>Operator</b>	Thank you, we have a follow up question from Sipiwe Chireka from Frost and Sullivan. Please go ahead.
<b>Sipiwe Chireka</b>	Thank you. My question is regarding the revised activation window from 210 days to 90 days. I just wanted to get an indication was this 210 days applied across the whole market including your competitors or was it something that Vodacom strictly applied to its own subscriber base? Thank you.
<b>Pieter Uys</b>	Vodacom's always had a seven month deletion rule of no activity in all our bases, in all the countries that we operate in, including South Africa. I do not know exactly how the others report it. What we also do is we report on the active base so for example South Africa, our seven months deletion rule base is X and then for the last quarter we had a 10% inactive base. That inactive base is based on three month inactivity. If I look at the DRC, what we did there was there was a specific reason we did it, the government introduced new fees, we had to pay for any number that we have provisioned in the switch so we had to optimize the utilisation of our NSIDNs in the DRC so that's where the reduction in the inactivity period came from.
<b>Sipiwe Chireka</b>	Okay, all right, thank you very much.
<b>Operator</b>	Mr. Uys we have no further questions in the question queue. Would you like to make any closing comments Sir?
<b>Pieter Uys</b>	For us it was a relatively good quarter, good revenue growth. It was important for us to continue with our drive into the broadband data business. We made good progress in South Africa on the contract customer base. We made good progress in most of the geographies including Tanzania and the DRC. On our relative market positioning and the offer that we have in the markets so we will continue with that



Speaker	Narrative
<b>Operator</b>	<p>focus so for the rest of the financial year we will continue with our costs management programs that we started last year and by year end we will hopefully be in a position to give you the results from those. So with that I close the call, thank you.</p> <p>Thank you sir. On behalf of the Vodacom Group that concludes this afternoon's conference call. Thank you for dialing in, you may now disconnect your line.</p>

END OF TRANSCRIPT