

VODACOM

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MARKET SHARE AND COMPETITION

Tanzania’s digital transformation is accelerating, Vodacom’s 2025 integrated report notes that smartphone users grew 33.4 % and that over 70 % of users now access the internet via smartphones.

This uptake, coupled with device financing programmes, supports data revenue growth.

4G usage surged nearly 50%, and network investment continues, aligned with Tanzania’s Digital Economy Strategic Framework 2023 - 2033.

Despite this progress, feature phones still dominate in rural areas, limiting uptake of advanced digital services and requiring continued investment in low-cost smartphones and rural broadband.

COMPANY OVERVIEW

Vodacom Tanzania Plc is a majority-owned subsidiary of Vodacom Group (South Africa) and has been listed on the Dar es Salaam Stock Exchange (DSE) since 2017.

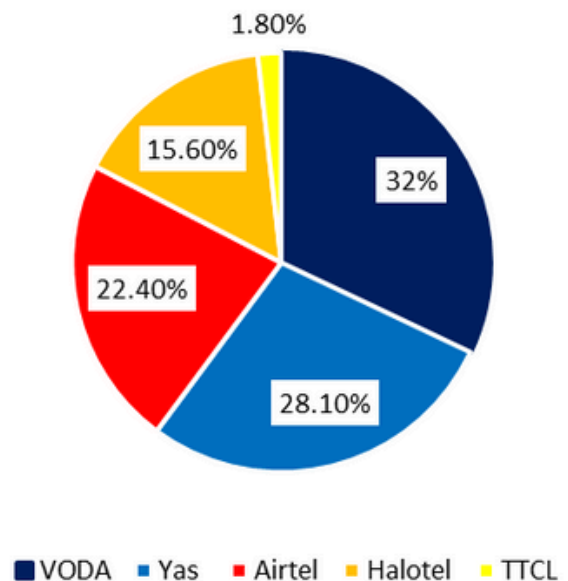
It operates mobile telecommunications and digital services under the Vodacom brand. The company celebrated its 25th anniversary in 2025 and counts over 22.6 million customers, a 15.7 % increase compared with the previous years.

Vodacom offers GSM voice, data (4G/5G), M-Pesa mobile money, fixed broadband, enterprise solutions, digital services (super-apps) and international roaming.

Business segments

- **Voice & SMS:** Traditional GSM services still contribute a significant portion of revenue but are maturing. Vodacom focuses on retaining customers through bundled voice and data offers.
- **Data:** Mobile data revenue rose 21.6 % to TZS 422.2 billion in FY 2025, driven by 19 % growth in data users and a surge in smartphone adoption. The company added 471 new 4G sites and 231 new 5G sites during the year.
- **M-Pesa (Fintech):** Vodacom’s mobile money platform processed over 40 % of all mobile financial transactions in Tanzania. M-Pesa revenue increased 29.3 % as customer base and transaction volumes expanded.
- **Enterprise & Digital services:** The company provides fixed broadband, cloud/IoT solutions and digital accelerator programs.
- **Handset & device financing:** To accelerate smartphone adoption, Vodacom offers device financing; smartphone users increased 33.4 %, and more than 70 % of users now access the internet via smartphones

Market share



33.4%

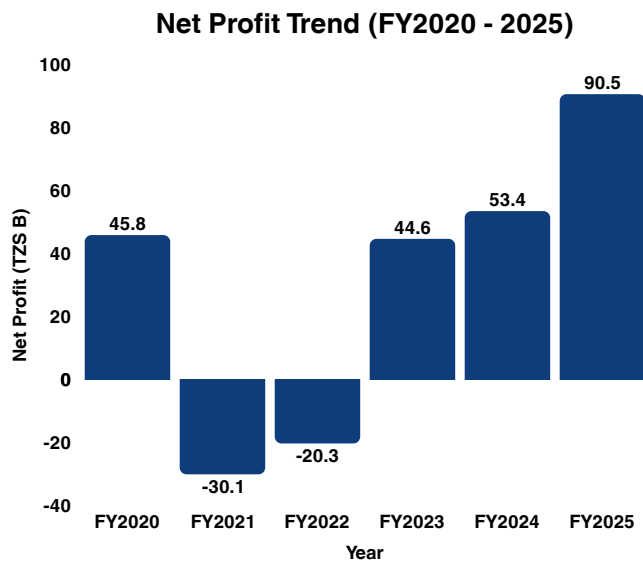
SmartPhone users growth

70%

User Access to Internet Via smartphones

Revenue and Profitability Trends

“Vodacom’s strong positioning in data, M-Pesa, and digital services has translated into a significant earnings rebound...”



Source: Company financial statements

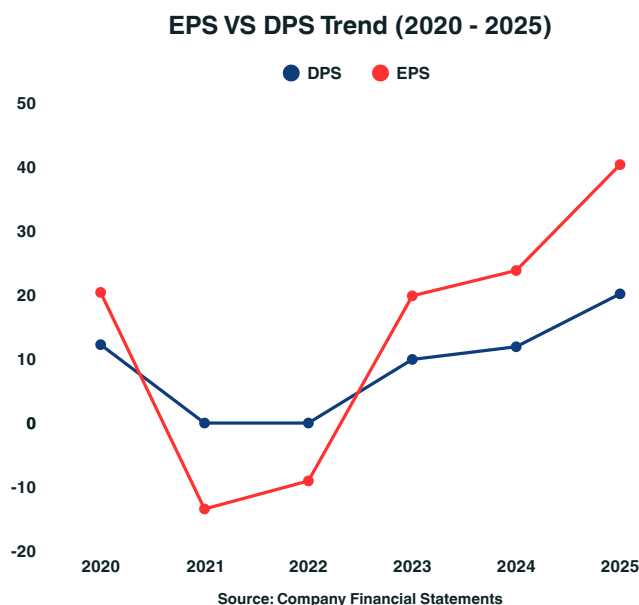
- **2021–2022 slump:** Driven by regulatory costs, network investments, and FX pressures.
- **2023 recovery:** Profit rebounded as cost control and data penetration improved.
- **2024 acceleration:** Growth fueled by M-Pesa transactions, 4G coverage, and margin improvements.
- **2025 breakthrough:** A record TZS 90.5B profit, powered by:
 - Strategic digital shift
 - Higher smartphone-driven ARPU
 - Stabilized regulatory environment

With stronger data monetization, M-Pesa expansion, and network optimization, we expect sustained earnings growth over the medium and long term.

“Vodacom’s profitability rebound marks a decisive turnaround , fueled by data monetization, M-Pesa expansion, and digital services. With record FY2025 earnings, strong free cash flows and disciplined cost management positions the company for sustained growth and healthy shareholder returns.”

Dividend and Earning per share

Vodacom has experienced a transformative earnings journey over the past five years, marked by periods of volatility, recovery, and accelerated growth. Between FY2020 and FY2022, the company faced significant profitability pressures due to rising spectrum fees, heavy network investments, and foreign exchange headwinds, leading to two consecutive loss years.

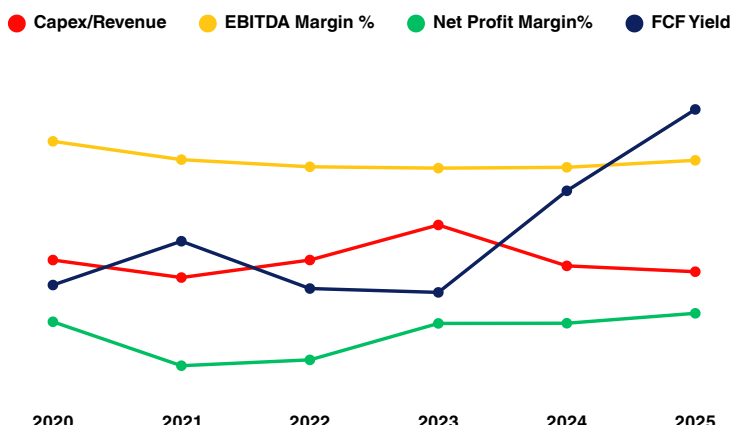


Source: Company Financial Statements

However, starting FY2023, Vodacom successfully executed a strategic turnaround driven by cost optimization, digital transformation, and stronger data monetization. Earnings per share (EPS) rebounded sharply, supported by improved M-Pesa performance, wider 4G penetration, and higher ARPU from increased smartphone adoption.

Parallel to this earnings recovery, Vodacom maintained a disciplined dividend policy. Dividends were paused during the loss years (FY2021 - FY2022) to preserve liquidity but have since resumed an upward trajectory.

Cost Efficiency Dynamics (FY2020–2025)



Source: Company Financial, Kadoo Calculations

Vodacom’s cost efficiency has improved sharply, with EBITDA margins stabilizing, Capex intensity easing, and Free Cash Flow yield hitting record highs.

Strategic data monetization, M-Pesa growth, and disciplined investments are driving stronger profitability and sustainable cash generation.

In a nutshell:

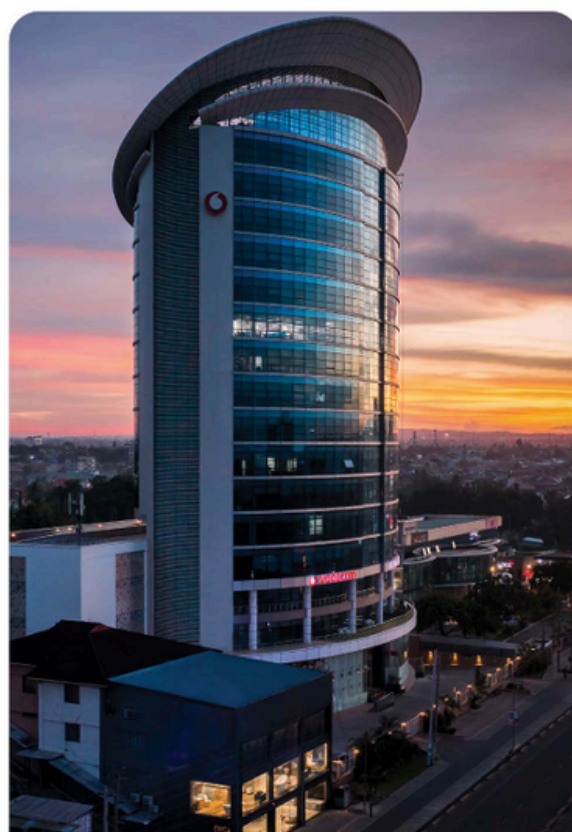
From FY2020 to FY2022, Vodacom faced rising Capex and margin pressures, but a strategic turnaround from FY2023 drove cost optimization and data monetization. By FY2025, stabilizing EBITDA margins, easing Capex intensity, and surging Free Cash Flow yield reflect a stronger, more efficient growth trajectory.

Peer Comparison

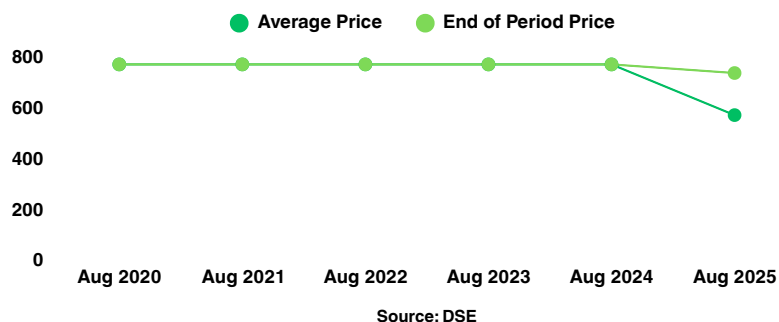
| Company | EV/FCF | EV/EBITDA | P/E Ratio |
|---------------|--------|-----------|-----------|
| VODACOM | 5.02x | 5.29x | 14.11x |
| Safaricom | 17.14x | 6.80x | 16.38x |
| Airtel Africa | 9.61x | 6.80x | 31.83x |
| MTN Group | 7.93x | 4.31x | 10.16x |
| Zain Group | 13.65x | 6.34x | 9.28x |
| Average | 10.67x | 5.91x | 16.35x |
| Median | 8.77x | 6.05x | 15.24x |

"Vodacom trades at a discount on EV-based multiples, with EV/EBITDA and EV/FCF well below the peer median.

Its P/E ratio sits slightly below peers, signaling an attractive valuation while maintaining solid profitability driven by strong cash generation and disciplined cost control."



Share Price Trend (2020 -2025)



Vodacom's share price held steady at TZS 770 from 2020–2024, before sliding to TZS 570, reflecting market re-pricing amid changing investor sentiment.

| EV/EBITDA | Implied EV (TZS B) | Equity Value (TZS B) | Target Price (TZS) |
|-----------|--------------------|----------------------|--------------------|
| Bear | 2,127,459 | 792,680 | 354 |
| Base | 2,984,064 | 1,649,285 | 736 |
| Bull | 3,356,548 | 2,021,769 | 903 |

Target Price Scenarios

- Vodacom's valuation suggests a bullish target price of TZS 903, driven by strong cash generation and efficient cost control.
- In the base case, the target price is TZS 736, implying moderate upside supported by steady EBITDA margins and stable M-Pesa growth.
- Under the bear scenario, the target price drops to TZS 354, reflecting potential headwinds from weaker revenue growth and higher capex intensity.

Recommendation

We initiate with a HOLD recommendation on Vodacom Tanzania Plc, with a target price range of TZS 736 - 903. At the current market price of TZS 570, this reflects an upside potential of 29% to 58% under our base and bull-case scenarios.



HOLD