

WI SNAPSHOT (Issue #13)

Vodafone enters Ghana, sharpens African focus

Despite some vocal opposition in the Ghanaian Parliament over the summer, Vodafone succeeded in completing its [US\\$900 million acquisition of a 70% stake in Ghana Telecom](#) within just a few weeks. It is the group's first acquisition completed under the stewardship of new chief executive, Vittorio Colao, and is seen as a significant addition to Vodafone's EMAPA (Eastern Europe, Middle East, Africa, Asia-Pacific and Affiliates) division, which is becoming increasingly important to the group in offsetting slowing growth in its more mature markets.

However, Vodafone admits that the previously state-controlled Ghana Telecom will require significant work and investment. Ghana Telecom is the country's incumbent fixed-line operator but languishes in third-place in mobile with a 17% market-share, behind market-leader MTN and second-placed Millicom (TIGO). We estimate that the operator had just over 1.5 million connections by end of second-quarter 2008, giving Vodafone a proportionate connections base of just over 1 million. Further competition will arrive in the form of Zain Group, which plans to [rollout commercial GSM services in Ghana before the end of the year](#).

Vodafone has said it plans to reverse what it calls "recent underperformance" at Ghana Telecom by lifting its mobile market-share to around 25% via initiatives such as mobile money transfer (M-PESA) and ultra-low cost handsets. It has also committed to investing around US\$500 million in upgrading the network over the next five years. Unusually for such a traditionally mobile-centric operator, Vodafone will also run Ghana Telecom's fixed-line network.

Vodafone's investment in Ghana reflects the growing importance of Africa to the group. Compared to pan-African operators such as Zain and MTN, Vodafone's footprint in the continent is relatively small: aside from Ghana, Egypt is the only other African market where it has a majority stake in an operator.

But this could change if Vodafone is successful in its attempt to increase its stake in South African market-leader Vodacom - currently a 50:50 joint venture between Vodafone and Telkom, South Africa's state-owned fixed-line operator. Telkom has [voiced its intention to divest its stake](#), which is likely to see Vodafone increase its shareholding by a further 12.5%. The remainder is expected to be sold to the public with a proportion of the equity going to black investors under the country's Black Economic Empowerment (BEE) initiative. Once the restructuring is finalised, Vodafone could use the business as a beachhead into other Sub-Saharan African markets; a current shareholder agreement between Vodafone and Telkom currently limits further expansion, though this would be scrapped following Telkom's divestiture.

In the meantime, Africa remains a fast-growing - but niche - part of the global Vodafone Group. As our second-quarter 2008 data shows, its largest markets in terms of proportionate connections remain its large European subsidiaries (Germany, Italy, Spain, Turkey and the UK), its US mobile joint-venture with Verizon Communications (Verizon Wireless), and its Indian operation, Vodafone Essar.

Matt Ablott, Analyst, Wireless Intelligence: *"Former CEO Arun Sarin received plenty of plaudits for engineering Vodafone's entry into Turkey and India during his reign, two markets that have since become vital components in the group's global network. The acquisition of Ghana Telecom is not quite of the same magnitude, but it does represent a significant new frontier for Vodafone at the beginning of the Vittorio Colao-era. Vodafone should have few problems in revitalising Ghana Telecom and succeeding in building market-share and its connections base in a market where penetration is below 35%. What will be interesting is what happens next: with a foothold in West Africa and the potential to expand into Sub-Saharan Africa via Vodacom, Vodafone has the foundations in place to build a major pan-African operation."*

Rank	Operator	Country	Ownership	Connections*	Market Share	Market Position
1	Vodafone Germany	Germany	100%	35,295,000	34.12%	2
2	Vodafone Essar	India	67%	32,960,650	16.86%	2
3	Verizon Wireless	USA	45%	30,906,450	26.47%	2
4	Vodafone Italy	Italy	76.9%	23,067,998	33.13%	2

5	Vodafone UK	UK	100%	18,510,000	25.06%	2
6	Vodafone Turkey	Turkey	100%	17,409,000	27.13%	2
7	Vodafone Spain	Spain	100%	16,210,000	31.64%	2
8	China Mobile	China	3.2%	13,192,217	70.53%	1
9	Vodacom	South Africa	50%	12,445,500	54.29%	1
10	Vodafone Romania	Romania	100%	9,256,000	36.55%	2
11	Vodafone Egypt	Egypt	55%	8,361,100	43.88%	2
12	SFR	France	44%	8,066,550	35.77%	2
13	Vodafone Greece	Greece	99.9%	5,541,999	30.32%	2
14	Vodafone Portugal	Portugal	100%	5,267,000	35.81%	2
15	Vodafone Netherlands	Netherlands	100%	4,360,000	20.13%	3
16	Safaricom	Kenya	35%	4,220,488	86.33%	1
17	Vodafone Australia	Australia	100%	3,740,000	16.94%	3
18	Bharti	India	4.4%	3,052,884	23.78%	1
19	Vodafone Czech Rep.	Czech Rep.	100%	2,751,000	20.76%	3
20	Plus GSM	Poland	19.6%	2,642,000	32.15%	2
21	Vodafone New Zealand	New Zealand	100%	2,401,000	52.46%	2
22	Vodafone Hungary	Hungary	100%	2,394,000	21.98%	3
23	Vodafone Ireland	Ireland	100%	2,247,000	41.91%	1
24	Vodafone Albania	Albania	99.9%	1,156,000	48.18%	2
25	Ghana Telecom	Ghana	70%	1,076,646	17.00%	3
26	Vodafone Fiji	Fiji	49%	297,000	100.00%	1
27	Vodafone Malta	Malta	100%	199,000	53.72%	1
TOTAL				267,026,482		

Vodafone Group: Proportionate Connections by Market : Q2:2008

Source: Wireless Intelligence

*: Proportionate connections: % of total connections based on group ownership

About Snapshot

Snapshot is a new media service from the Wireless Intelligence team dedicated to delivering timely market intelligence and analysis for the global mobile industry. Published every week, Snapshot is designed to offer an instant insight into the latest developments affecting the fast-moving mobile market.

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About Wireless Intelligence

Wireless Intelligence is a database on the global mobile market. It covers all mobile technologies and includes 1,250,000 individual data points spanning 670 mobile network operators and 1300 networks in over 200 countries. It is the de facto industry tool for market intelligence with a subscriber base of over 500 of the world's mobile operators and leading equipment manufacturers.

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