

# Headwinds in South Africa: Vodacom shareholders should be aware (including Vodafone)

By NSR Team | July 5, 2019

We've been writing extensively about the future role of 5G and how 3.5GHz spectrum feeds into that role. Unfortunately for some operators, 5G is just a pipe dream – particularly in a place like South Africa. Here, the government has not issued or auctioned off any spectrum for the last 14 years. In fact, South Africa has one of the lowest spectrum allocations of all markets globally. This should mean that the market has one of the lowest returns of all, as the operators all struggle to provide capacity for consumers. But this is where it gets interesting – the opposite has happened. The operators have merely kept data pricing at the highest level possible to limit capacity issues. Now the blame game begins. Whilst the government and the industry try blame each other, investors in Vodacom are likely to suffer the most ([LINK](#)). Vodafone, being the majority shareholder, should take note. In fact, we think Vodafone should consider whether spinning off Vodacom to its shareholders may make sense to give them the choice as to whether they should continue owning the asset.

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Full 12-month historical recommendation changes are available on request

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