

Vodacom rides system blip

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Vodacom's share price gained more than 2% since Monday last week to end the week at R184.44, despite the public outcry after a system error wiped out airtime and data bundles of some of its customers.



This has led Parliament to call for an investigation into the matter. Mobile network operators are under pressure to lower prices, extend data expiry dates and curb data depletion.

The company blamed the disappearing data and airtime on a billing systems error that was caused by a configuration change on Vodacom's prepaid and top-up billing system. The group reimbursed all its affected customers. It added an extra 500MB over and above the airtime and data refunds.

Mergence Investment Managers' portfolio manager Peter Takaendesa said it seemed that the market was not taking any of these issues with Vodacom and regulatory risk in SA seriously.

"It could be that the South African regulators have not been firm about enforcing regulations or imposing fines on past violations, especially when compared to Nigeria," he said.

It seemed as though the market was not expecting any of the proposed regulations or investigations as well as data-billing challenges to have a material effect on Vodacom, hence the share price remained stronger.

Falcon Crest Asset Managers chief investment officer Farai Mapfinya said this was "bad" for Vodacom's reputation and "rightly so".

However, lack of market reaction reflected that it had no effect on the valuation of the company, he said.

Source: BDpro

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