



Safaricom PLC

FY20 Results Presentation

29th April 2020

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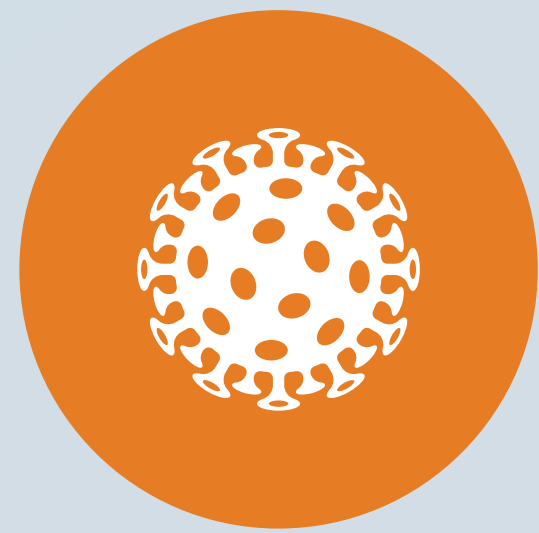
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Following the adoption of IFRS 16- Leases on 1 April 2019, the Group’s results for the year ended 31 March 2020 are on IFRS 16 basis, whereas the results for the year ended 31 March 2019 are (as previously reported) on an IFRS 15/IAS 17 basis. To ensure appropriate disclosure during the period of transition onto IFRS 16, numbers for the year ended 31 March 2020 have been disclosed on both IFRS 16 and IAS 17 basis and our commentary describing our operating performance has been provided solely on IFRS 15/IAS 17 basis.

STABILITY IN A SHIFTING LANDSCAPE



Global health Emergency

- Disruption of supply chain
- Currency volatility
- Job insecurity



Climate Change

- Higher inflation due to failed crops
- Reduced agricultural exports
- Food insecurity



Regulatory Risk

- Disruption of betting industry
- Changing competitive landscape
- Proposed laws to regulate mobile lending

OPERATIONAL REVIEW



Regained
market share



Steady underlying
Service Revenue growth

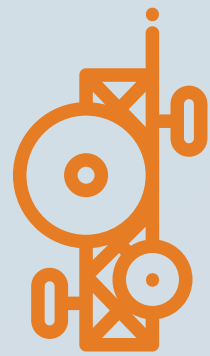


Mobile data at
double digit growth



Enhanced margins from
better asset utilization

DIGITAL STRATEGY | TRANSFORMING BEYOND A TELCO



Brand of Choice

- **Personalised and simplified products**
Data and voice NO EXPIRY
- **Enhanced self service platforms**
Chat bot (Zuri) launched on WhatsApp
- **Best 4G network coverage**
4G present in all counties



Financial Partner of Choice

- **M PESA Global**
- **Driving a savings culture and wealth management**
Mali on pilot
- **Payment lifestyle platform**
Market place App in development



Business Partner of Choice

- **Expansion/ M&A**
Acquisition of M-PESA brand, pursuing entry into Ethiopia
- **Creating value through IoT**
Asset tracking, telematics and smart utilities
- **Accelerating cloud adoption**
Amazon Web Services Partnership

Simple • Transparent • Honest

FOR YOU

DRIVING A SUSTAINABLE BUSINESS, INVESTING IN



Our Economy

- Duties, taxes, licence fees paid **KShs 810bn** since inception
- Tax payer of the year **12 years** in a row
- Supporting nearly **1 m** people through **direct & indirect employment**
- **74%** of procurement spend to local suppliers (**up 7% YoY**)



Our People

- **35% women in leadership**, targeting gender balance by 2021
- **23% women in technology**, up from just 10% in 2014
- Women in technology programmes to support **women engineers**
- **2.3% of staff are differently-abled**, with plans to expand



Our Community

- Directly impacting **1 m+ Kenyans** in **FY20**
- Supporting projects across **health, education, economic empowerment, water** and **environmental conservation**
- **Safaricom Foundation** invested **KShs 481 mn** in **FY20**
- **M-PESA Foundation** invested **KShs 1.1 bn** in **FY20**

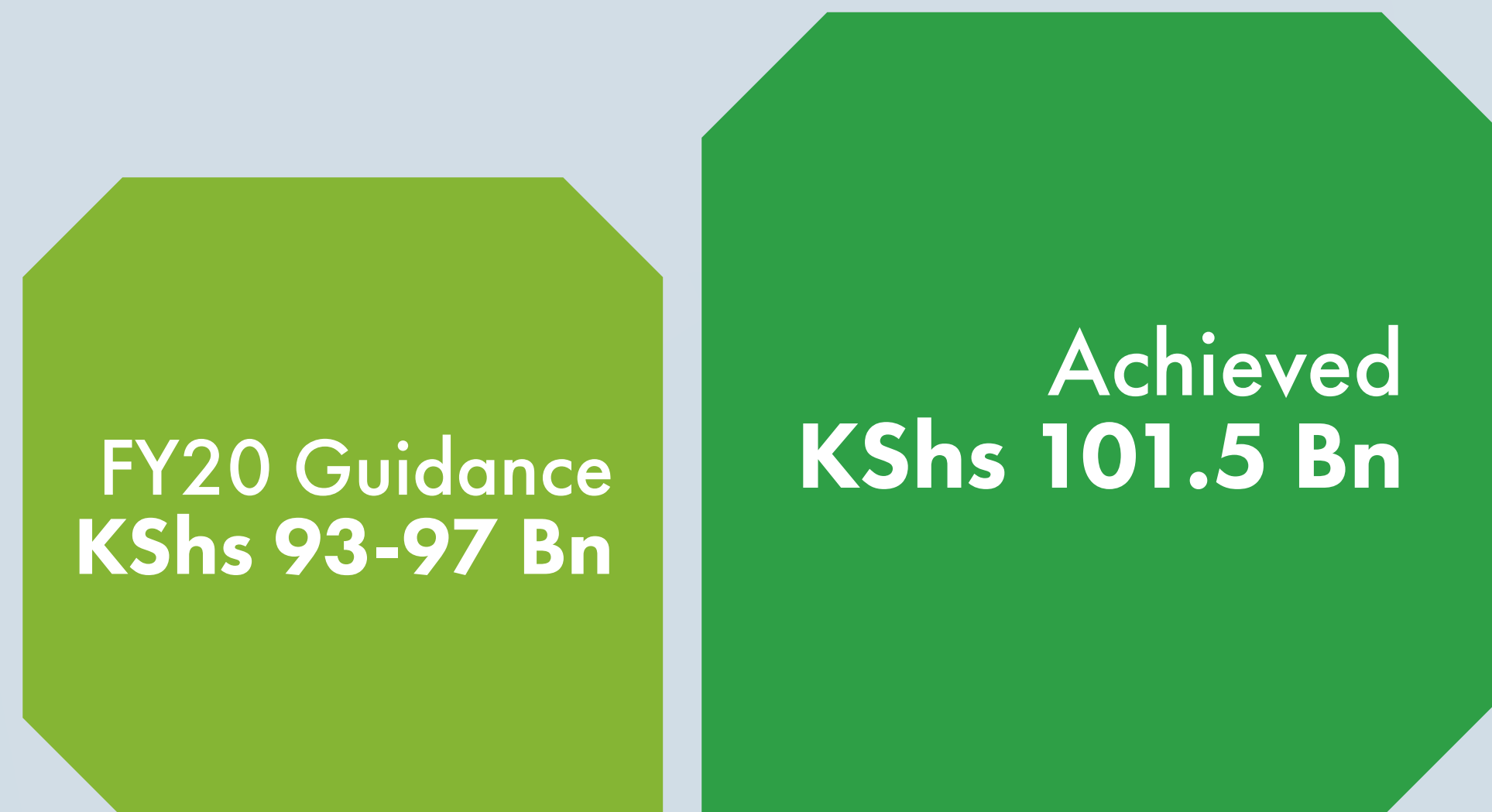


Environmental Sustainability

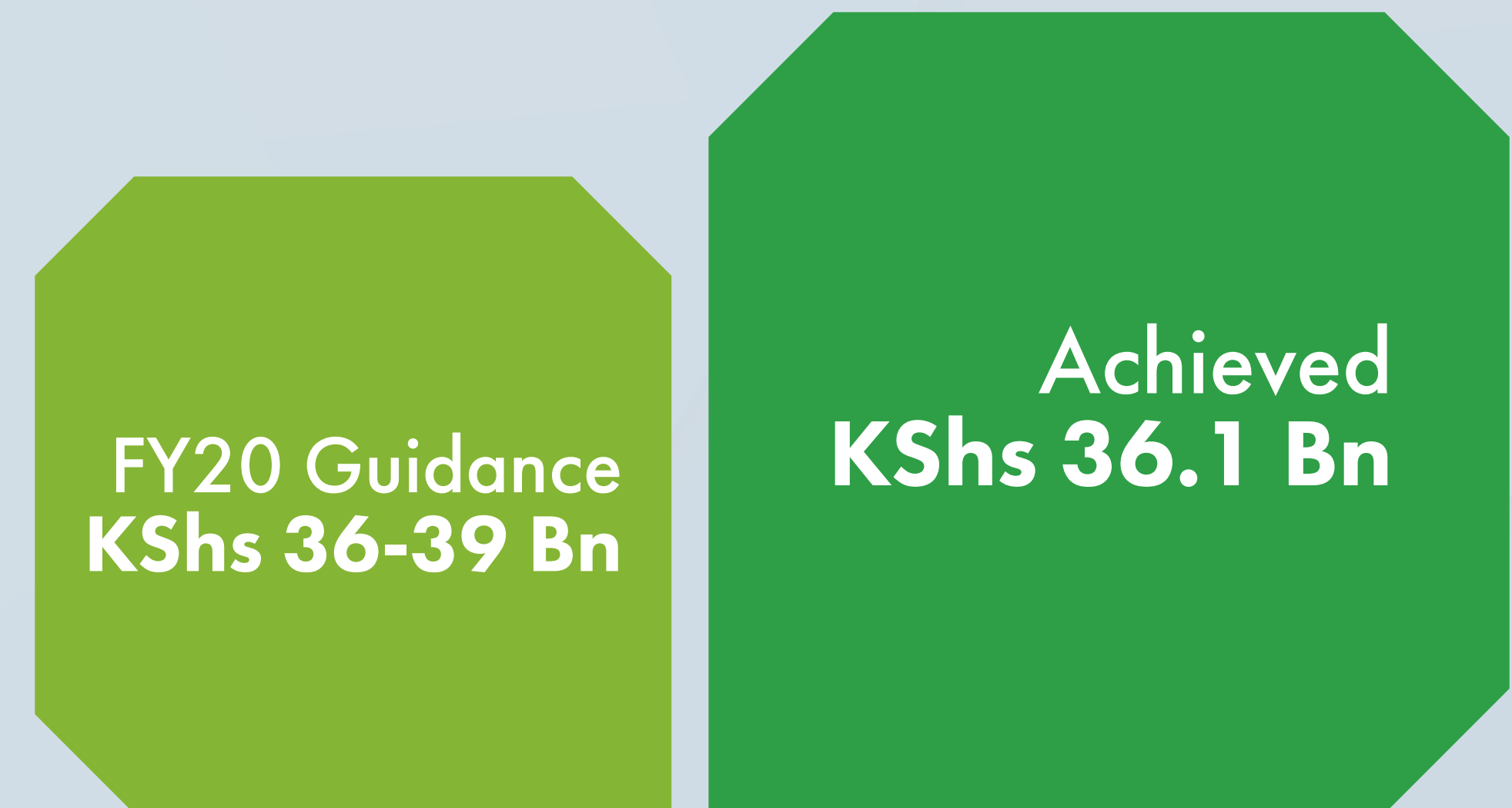
- Targeting **Net-Zero** carbon emissions **by 2050**
- **5 million trees** to be planted within the next 5 years
- **E-Waste** collection and recycling, **1,287 tonnes** collected to date
- Total solid waste collected in FY20 is **299,911 tonnes** and out of this **97.4%** was recycled

EARNINGS OUTPERFORM GUIDANCE

EBIT



Capex



Our FY20 performance reflects the adoption of IFRS15 and IFRS16 accounting standards



The Numbers

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KEY HIGHLIGHTS | IMPROVED SHAREHOLDER RETURNS



Service Revenue
+4.8% YoY

KShs 251.2 Bn FY20
KShs 239.8 Bn FY19



EBIT
+13.5% YoY

KShs 101.0 Bn FY20
KShs 89.0 Bn FY19



HEPS*
+14.3% YoY

KShs 1.78 FY20
KShs 1.56 FY19



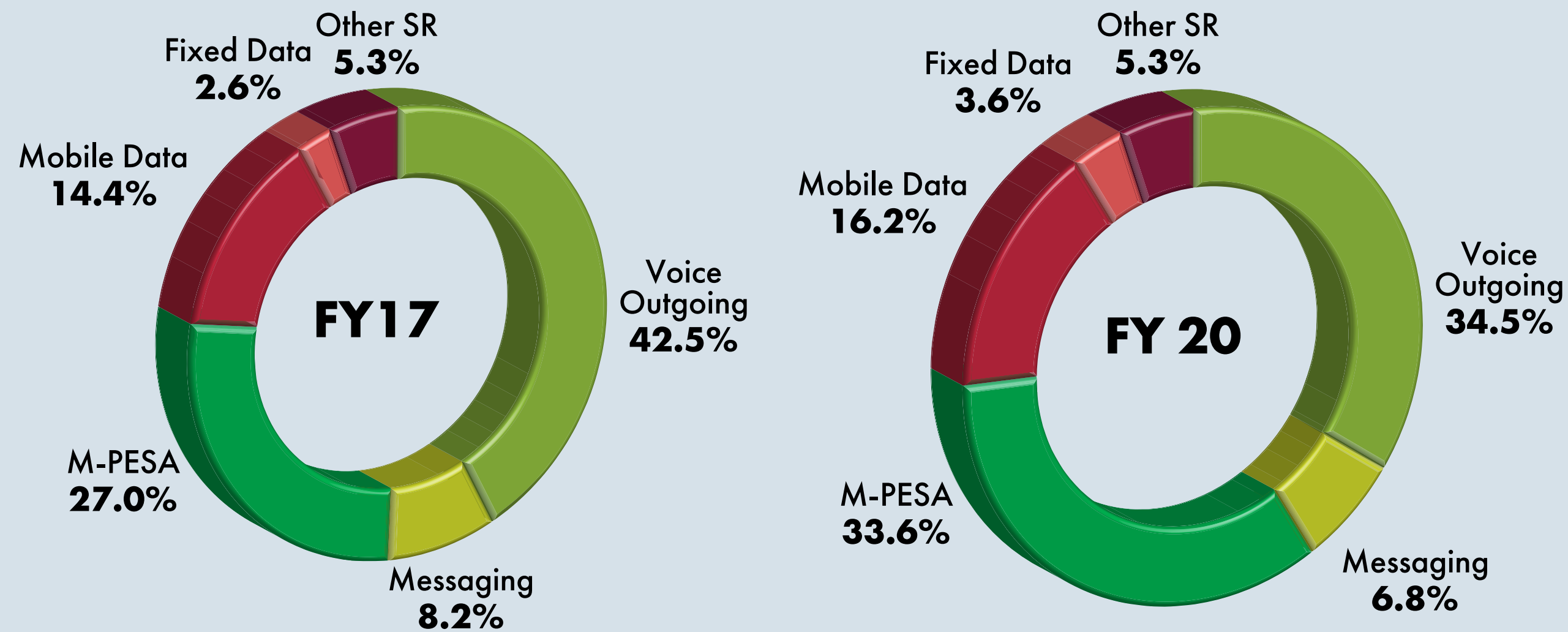
Free Cashflow
+11.4% YoY

KShs 70.3 Bn FY20
KShs 63.1 Bn FY19

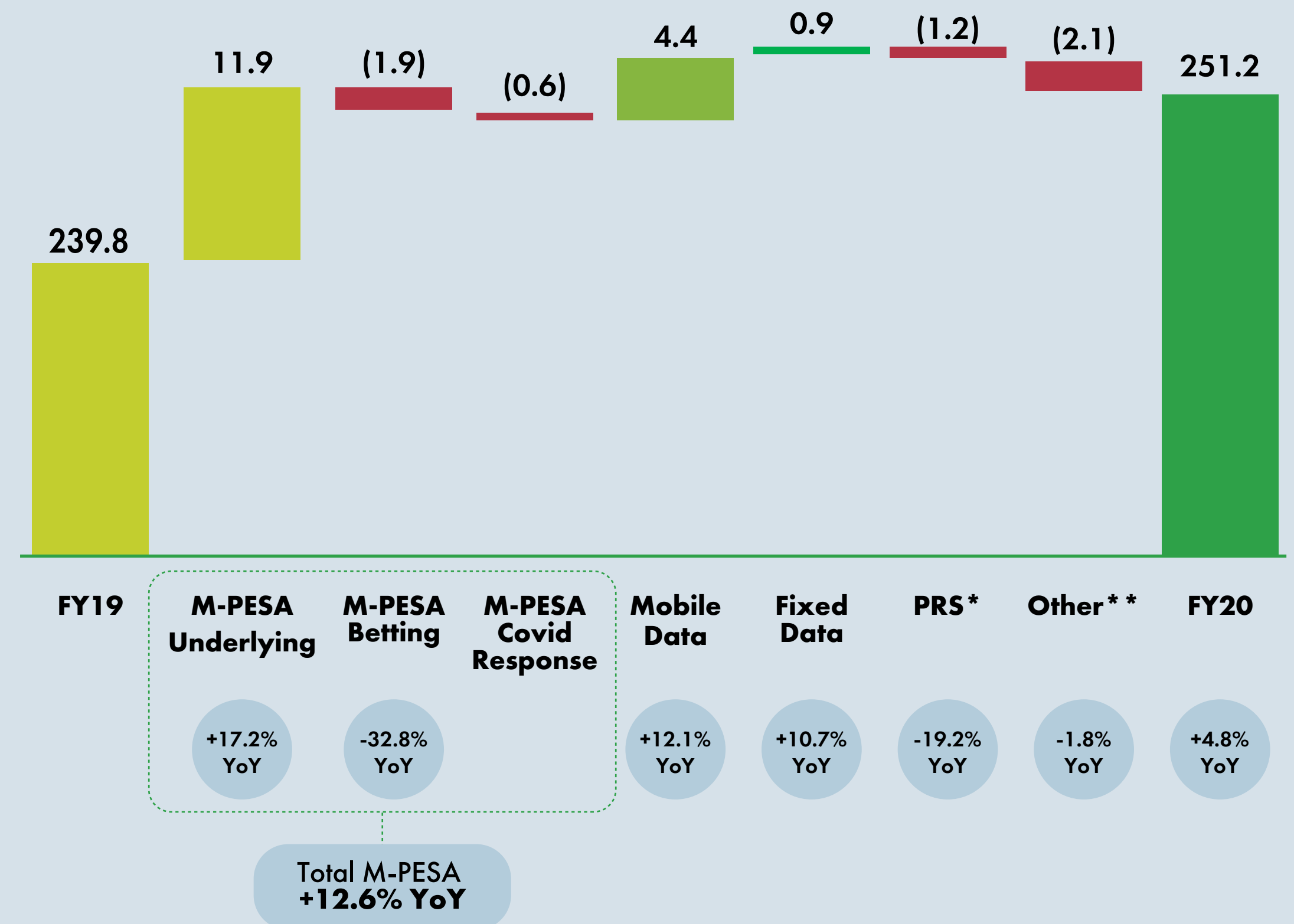
* Headline Earnings Per Share, excludes a one-off gain arising from acquisition of the M-PESA brand.

SERVICE REVENUE | MOBILE DATA RECOVERY GAINING MOMENTUM

Evolution of Service Revenue Profile



Contribution to Service Revenue Growth (KShs Bn)

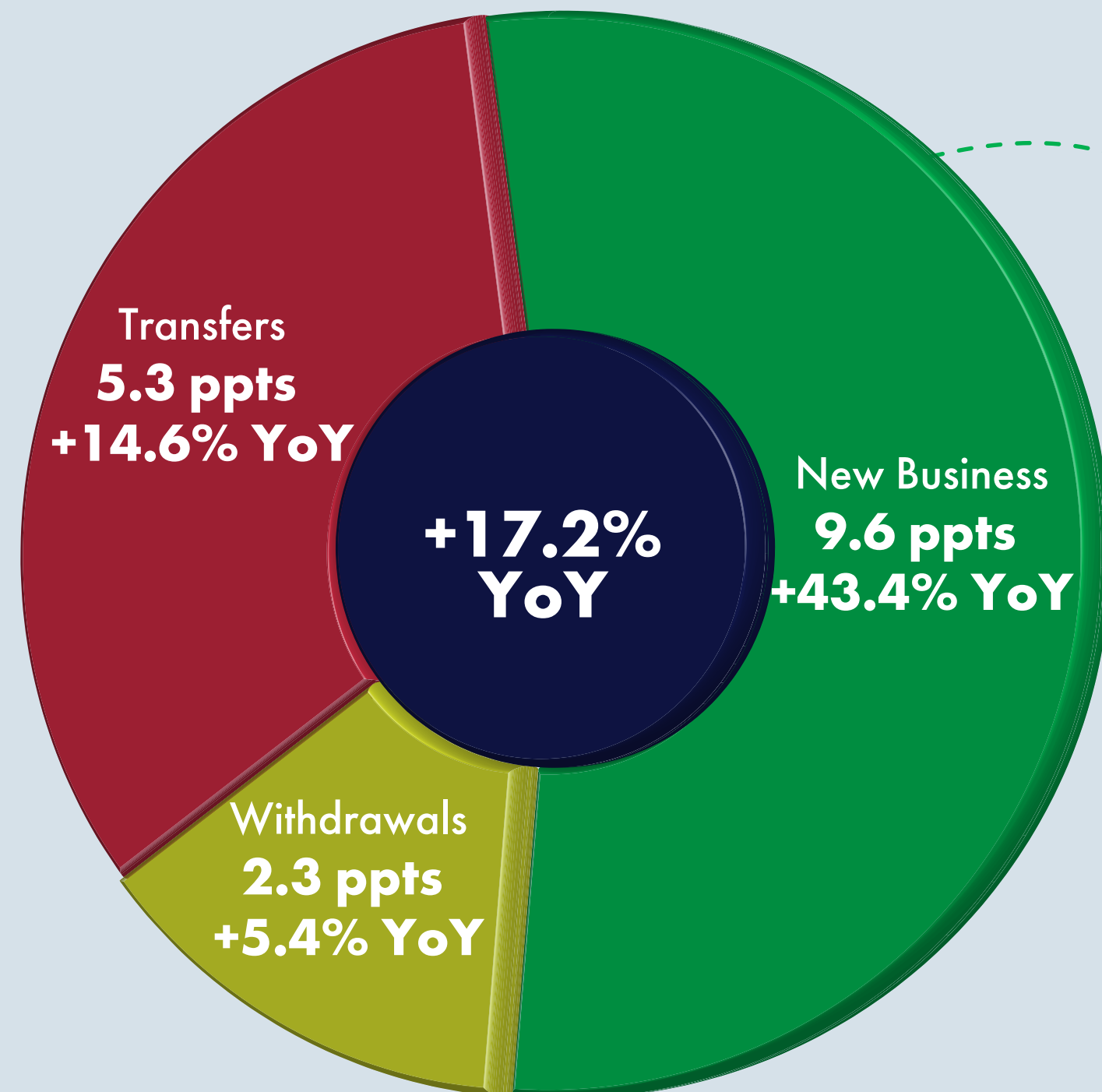


* PRS- Premium Rate Services

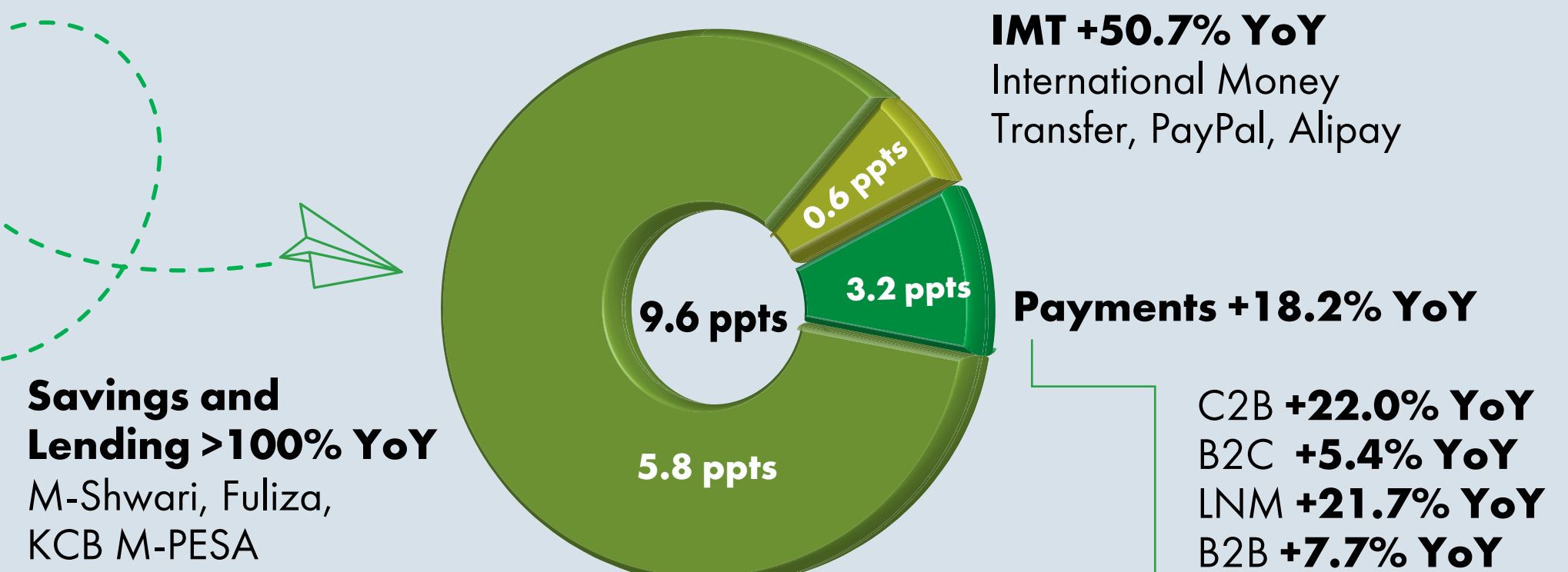
** Other- Voice Outgoing -1.3% YoY, Voice Incoming -2.2%, SMS -9.2% and Other SR +10.1% YoY

UNDERLYING M-PESA REVENUE | LENDING AND PAYMENTS SUSTAIN M-PESA GROWTH

Contribution to M-PESA growth



Contribution to New Business Growth



Performance excluding the impact of betting and COVID-19 response

M-PESA | WELL ADOPTED BUT STILL UNDER-PENETRATED



Payments (C2B, B2C, B2B, LNM)

- **20k+ Billers**, these merchants using remote or online including government
- Accepted in **173k+ outlets**, now recruiting micro merchants in transport
- Supporting **1k+ Bulk Payments** including salary payments and dividends



M-PESA Global

- 744k+ customers, 25 Global Partners, 167 Countries
- c50% share of all inbound remittances to Kenya



Credit & Savings

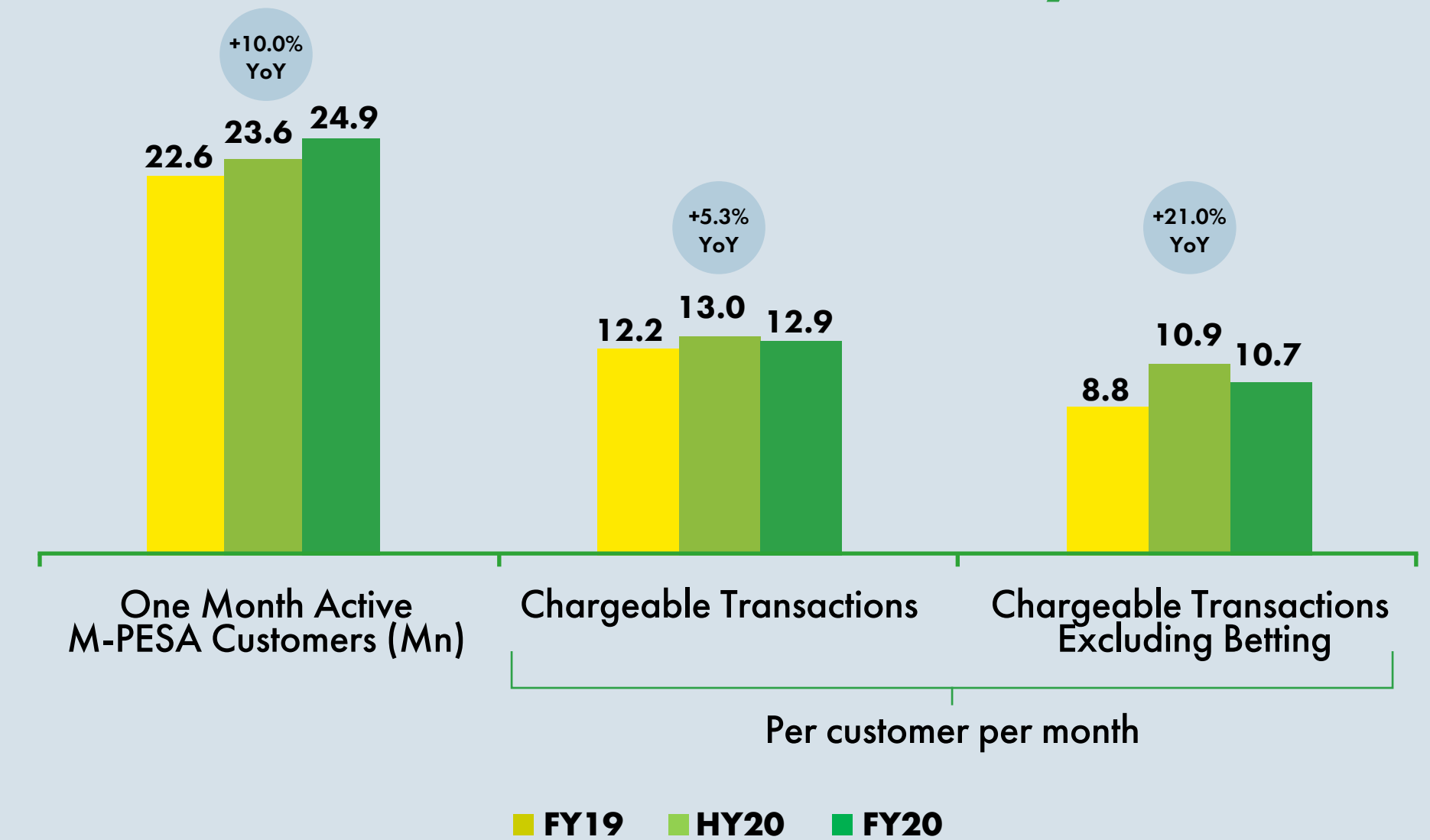
- Savings, Lending and Government Bonds
- Plans to expand lending to SME's

M-PESA Call Outs

- Total revenue **KShs 84.4bn +12.6% YoY**
- Value of M-PESA Transactions **KShs 13.9trn +18.4% YoY**
- Volume of M-PESA Transactions **8.9bn +7.8% YoY**
- M-PESA 30 day Active Tills **173k +40.1% YoY**
- M-PESA Agents **173k +3.7% YoY**

Slowdown in velocity driven by short-term headwinds

Customers and Activity

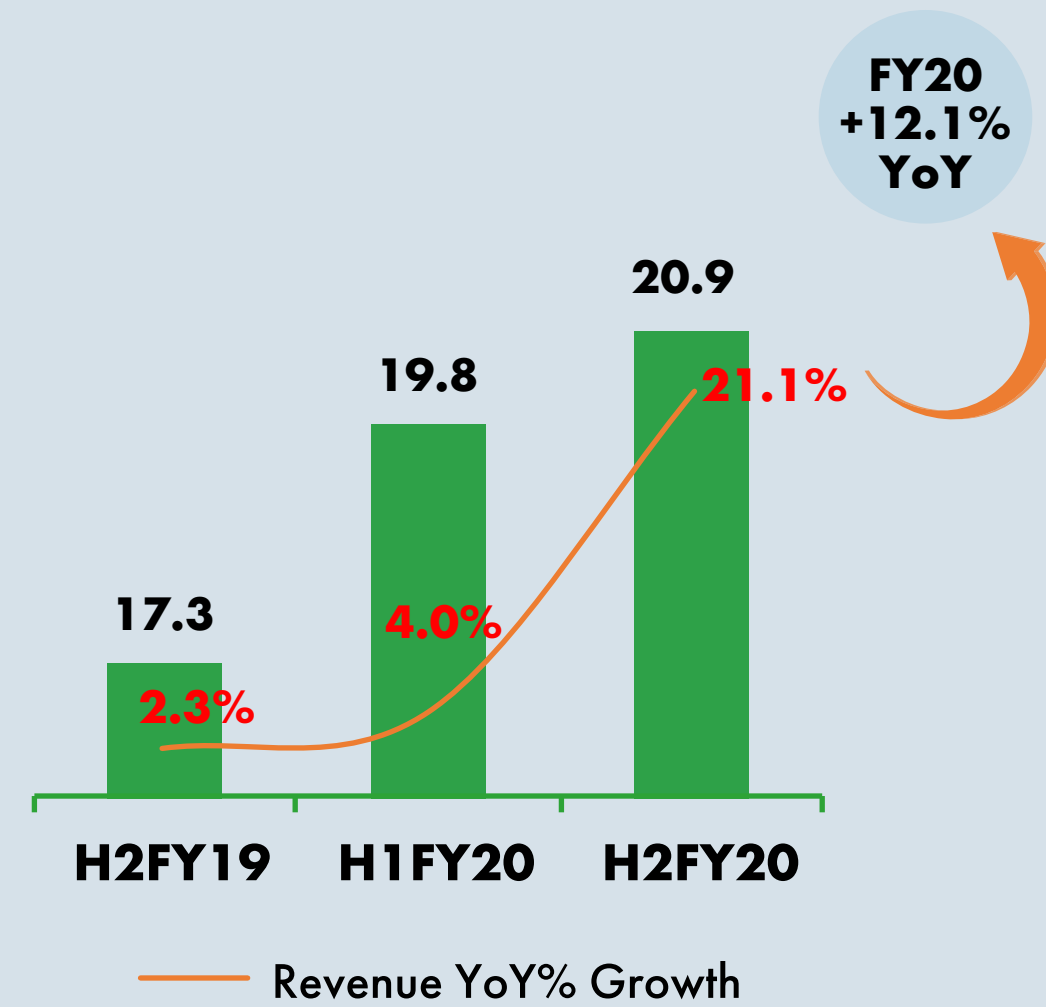


Foundation for future value creation and growth

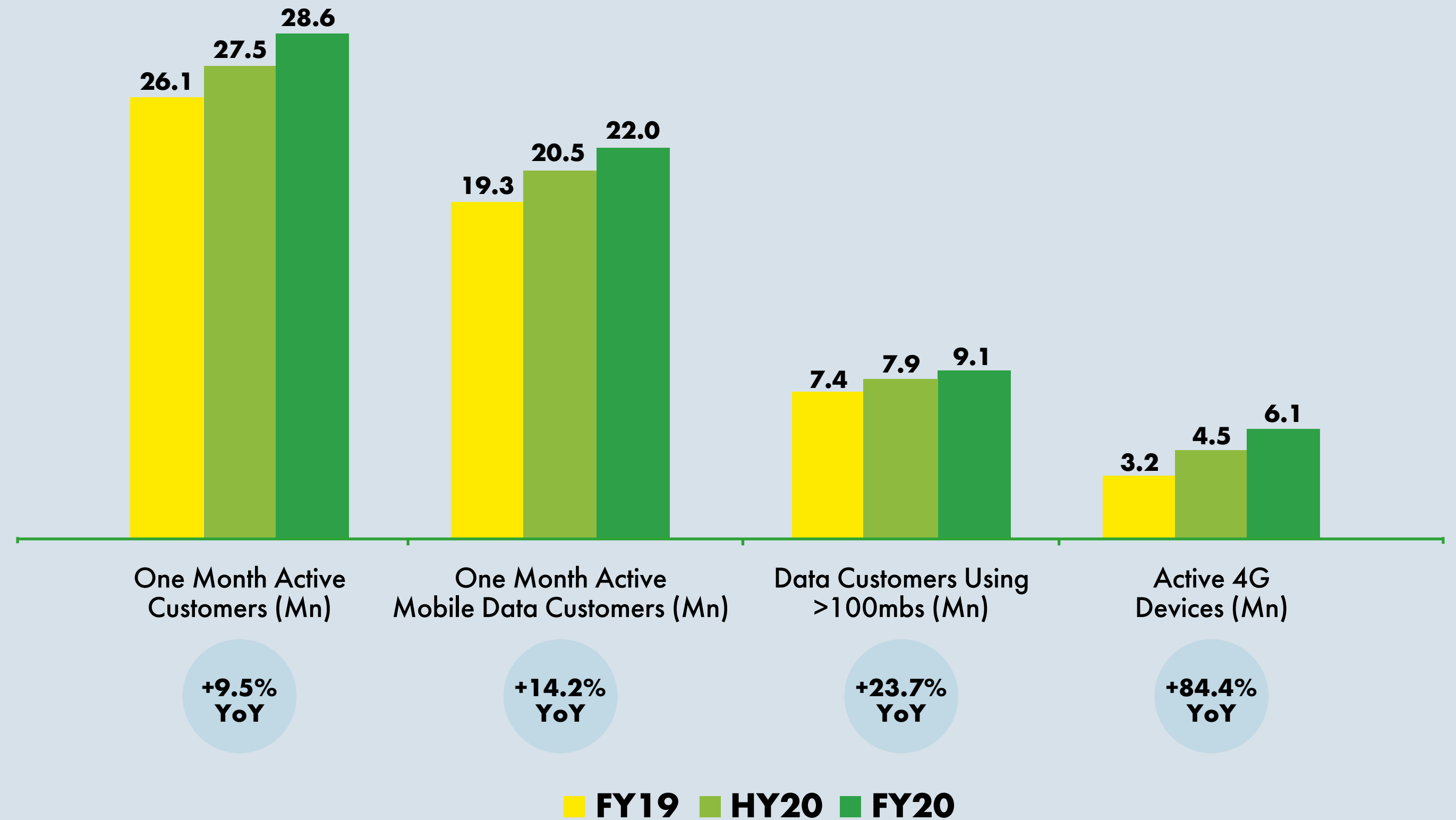


MOBILE DATA | REVENUE GROWTH RETURNS TO DOUBLE DIGIT

Mobile Data Revenue (KShs Bn)



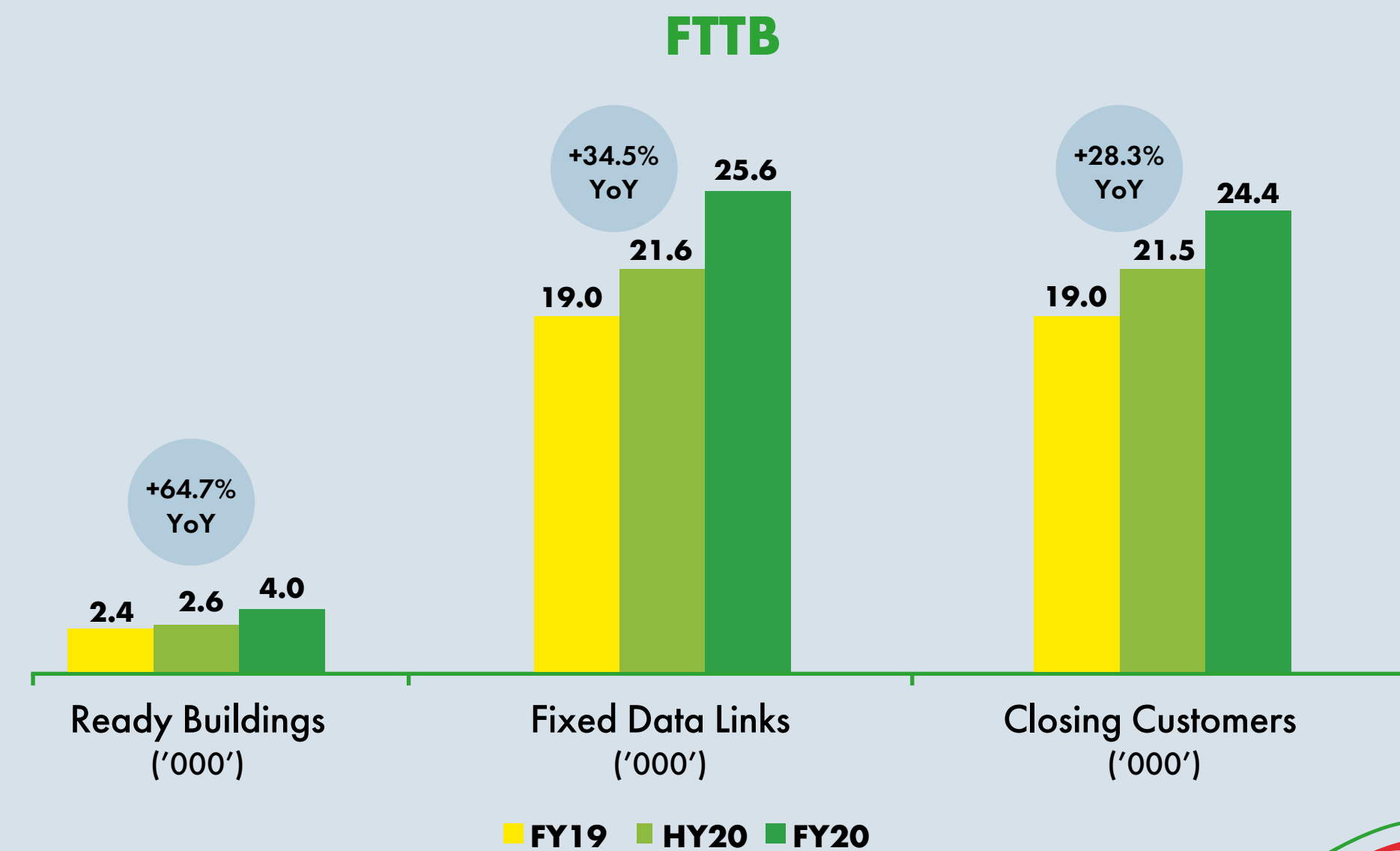
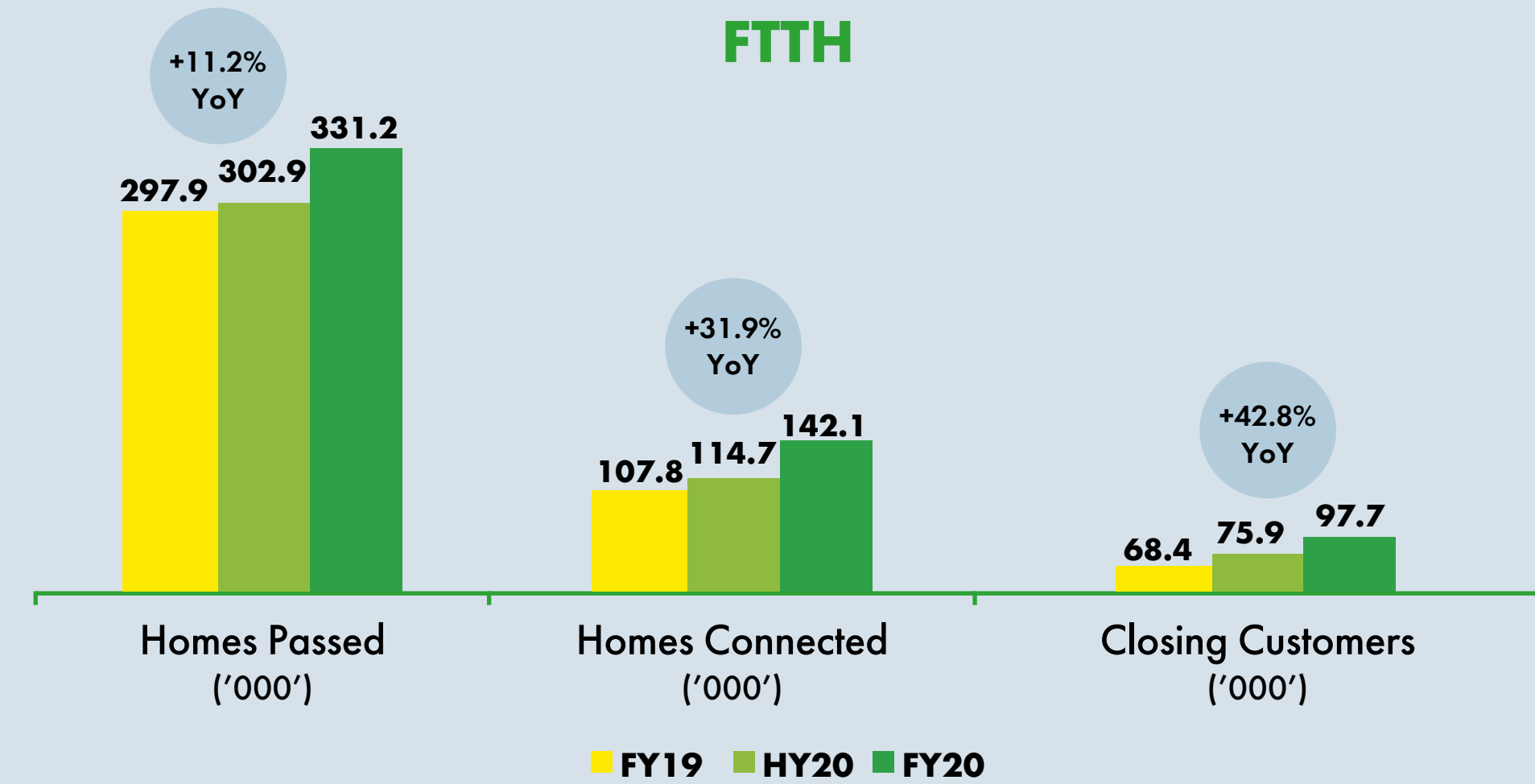
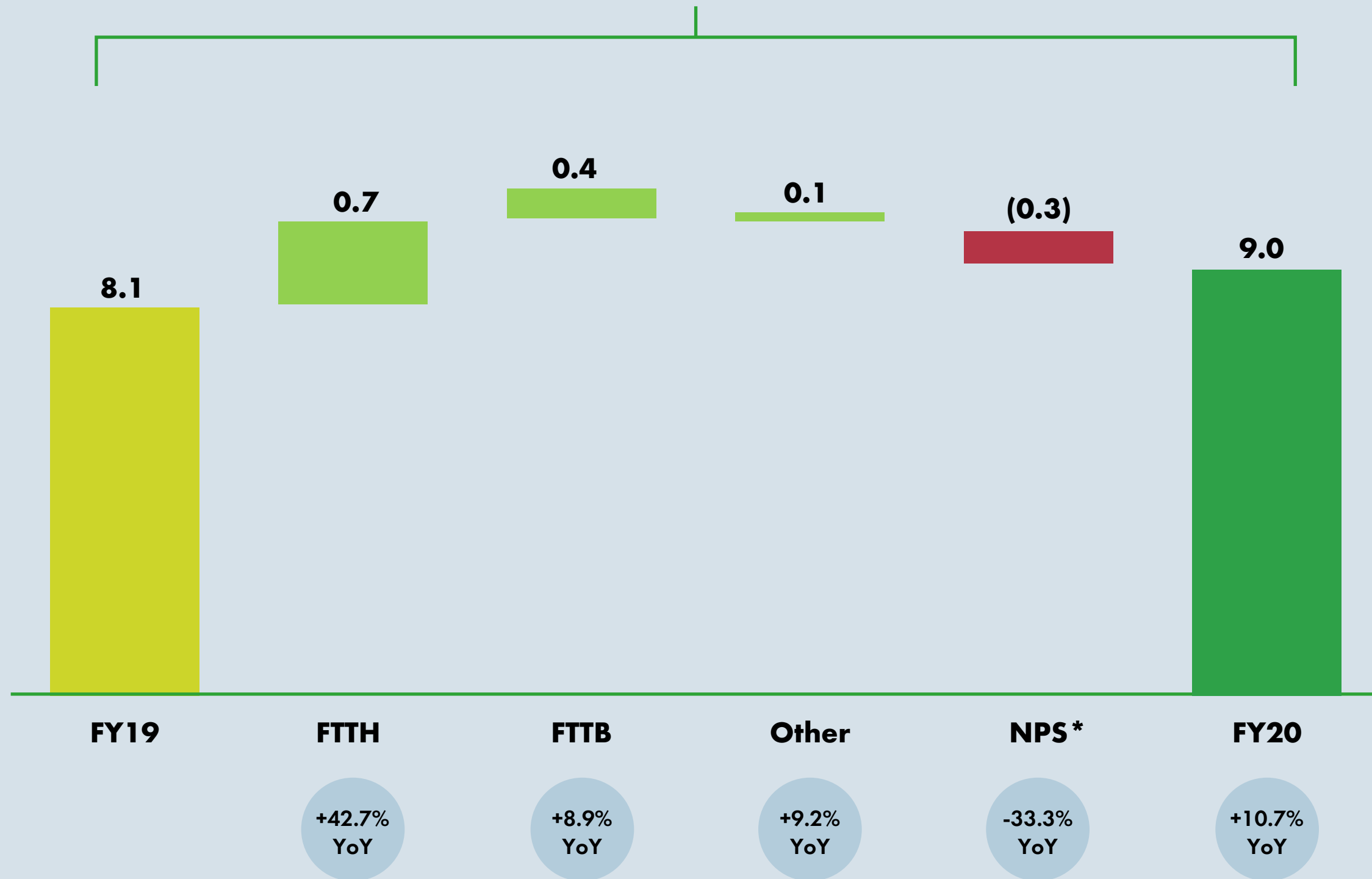
Unlocking the latent potential is key for growth



		H2FY19	H1FY20	H2FY20	FY
Average MBs per active user	↑	838	1,007	1,204	+46.5% YoY
Rate per MB (cents)	↓	19	18	15	-28.3% YoY
ARPU per active user	↑	156	178	181	+5.1% YoY

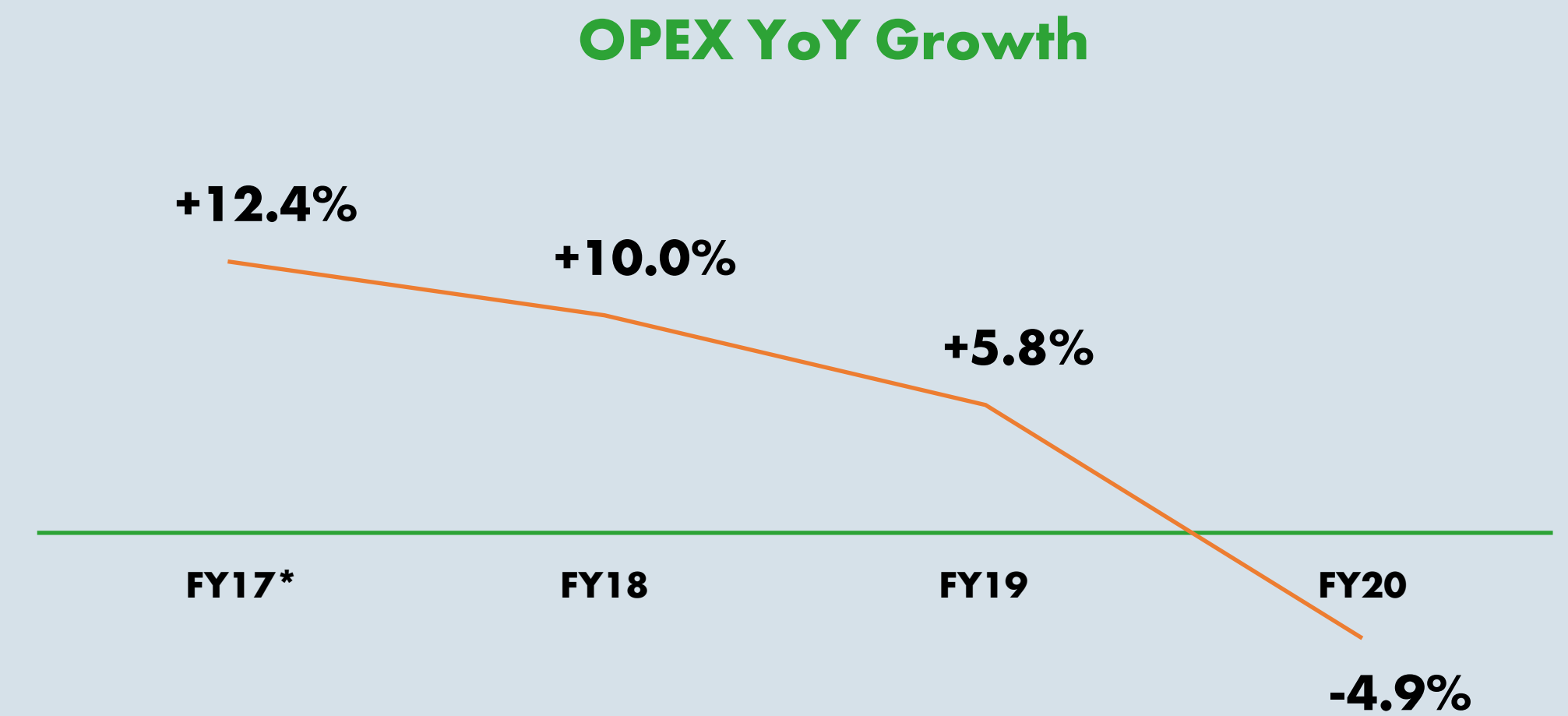
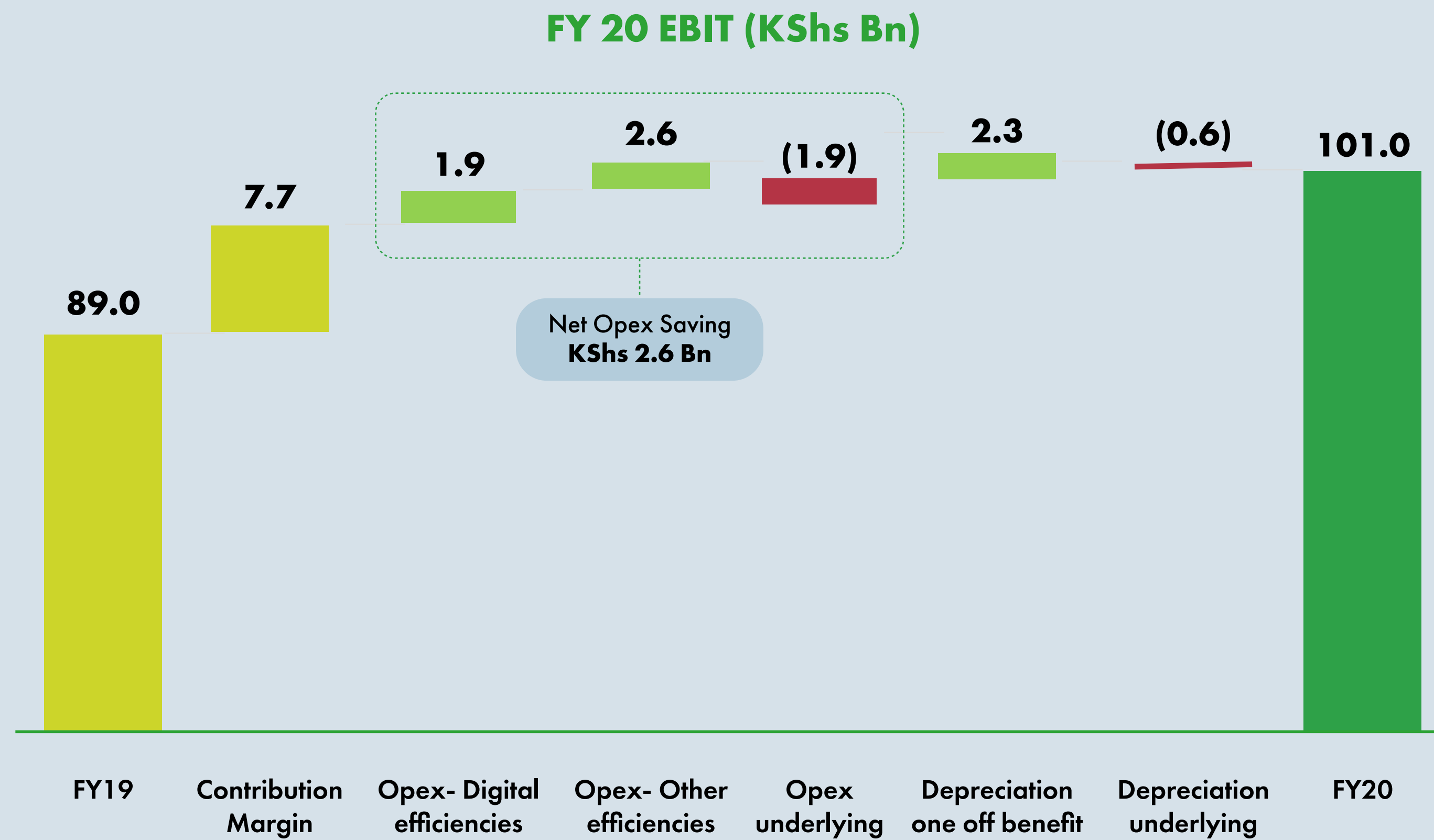
FIXED SERVICE REVENUE | PENETRATION AND ACTIVITY DRIVE GROWTH

Contribution to Fixed Revenue Growth (KShs)



* National Police Service (NPS), a contract for managed services which expired in November 2019

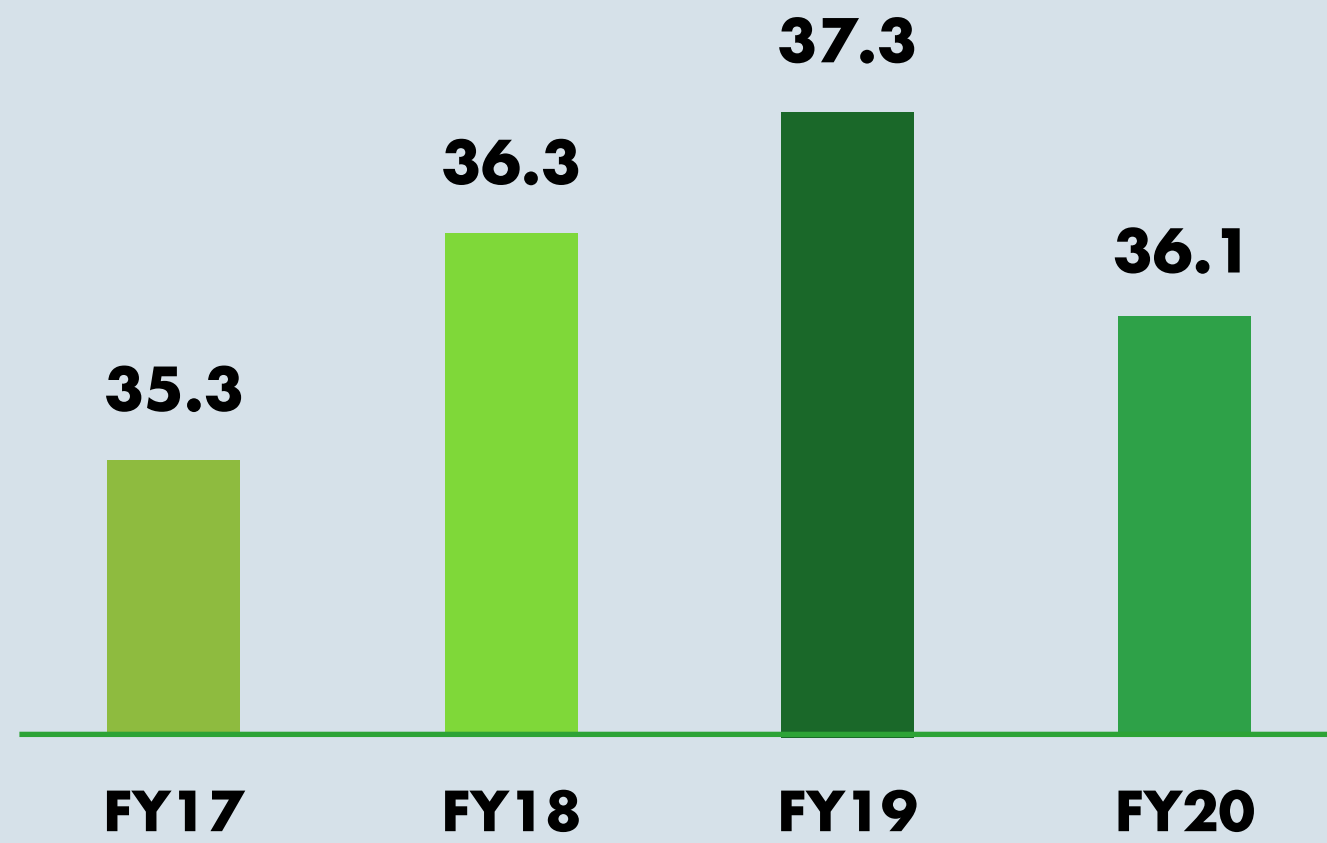
EBIT | RESHAPING THE BUSINESS FOR THE FUTURE



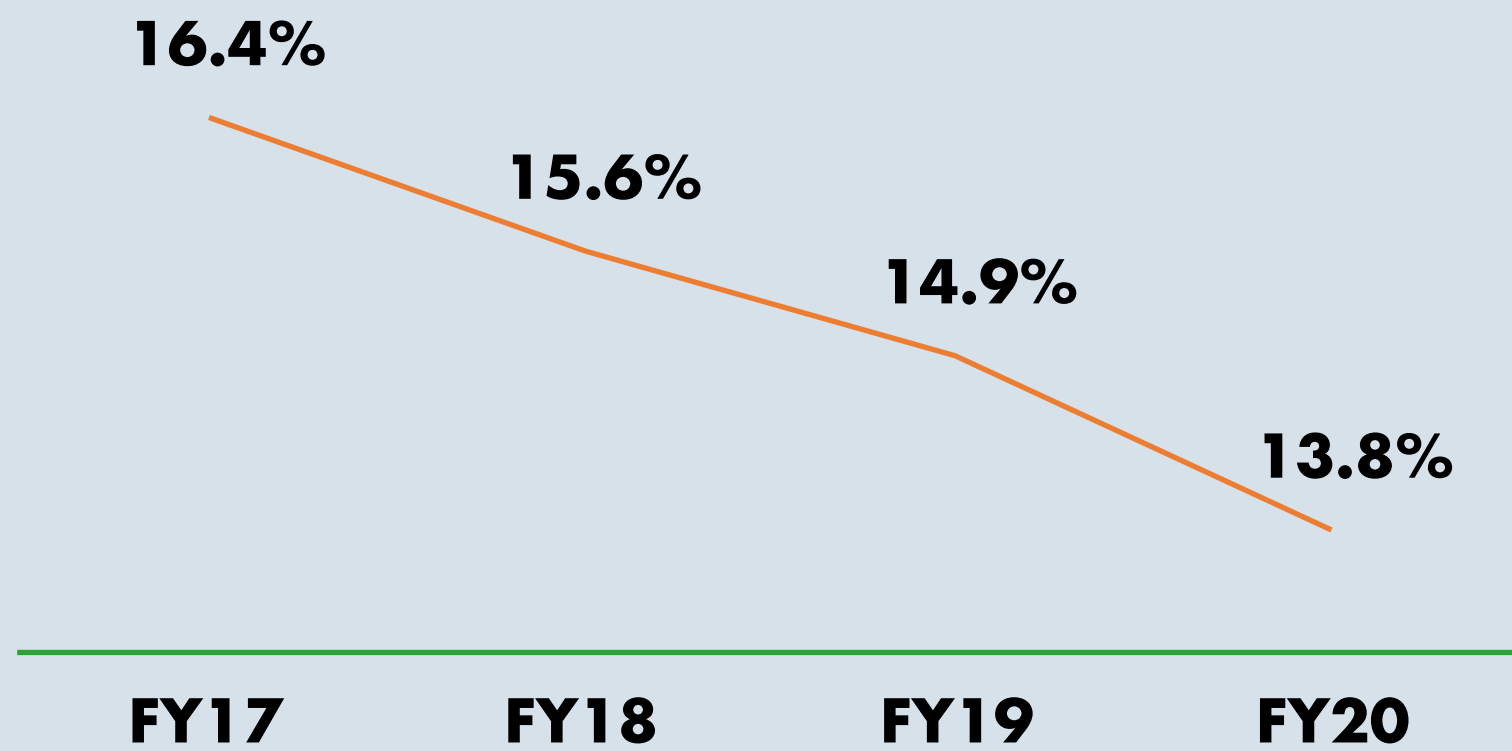
* Normalised for one-off adjustment

CAPEX | DIVERSIFYING SPEND TO SERVE THE DIGITAL CUSTOMER

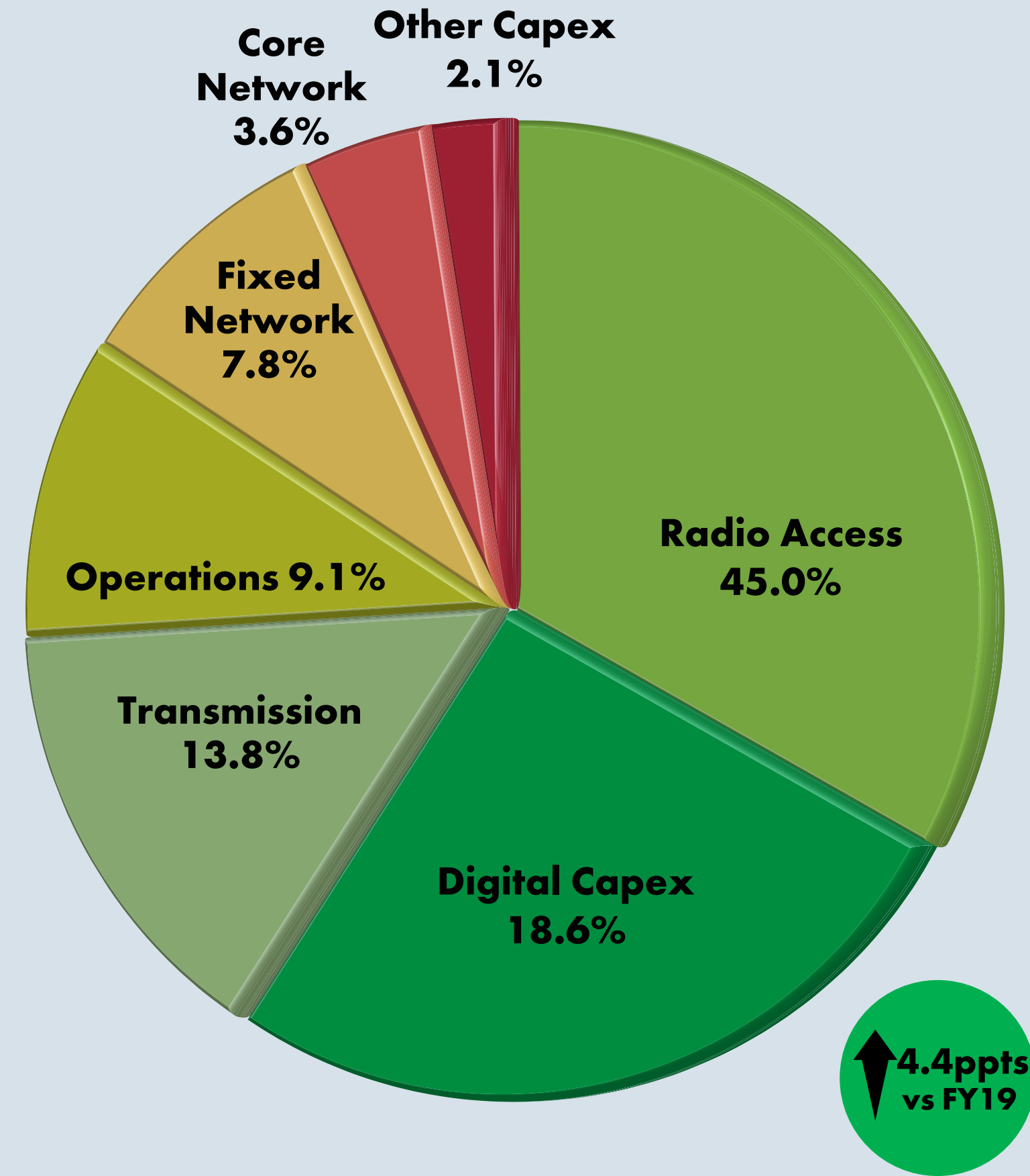
Capex (KShs Bn)



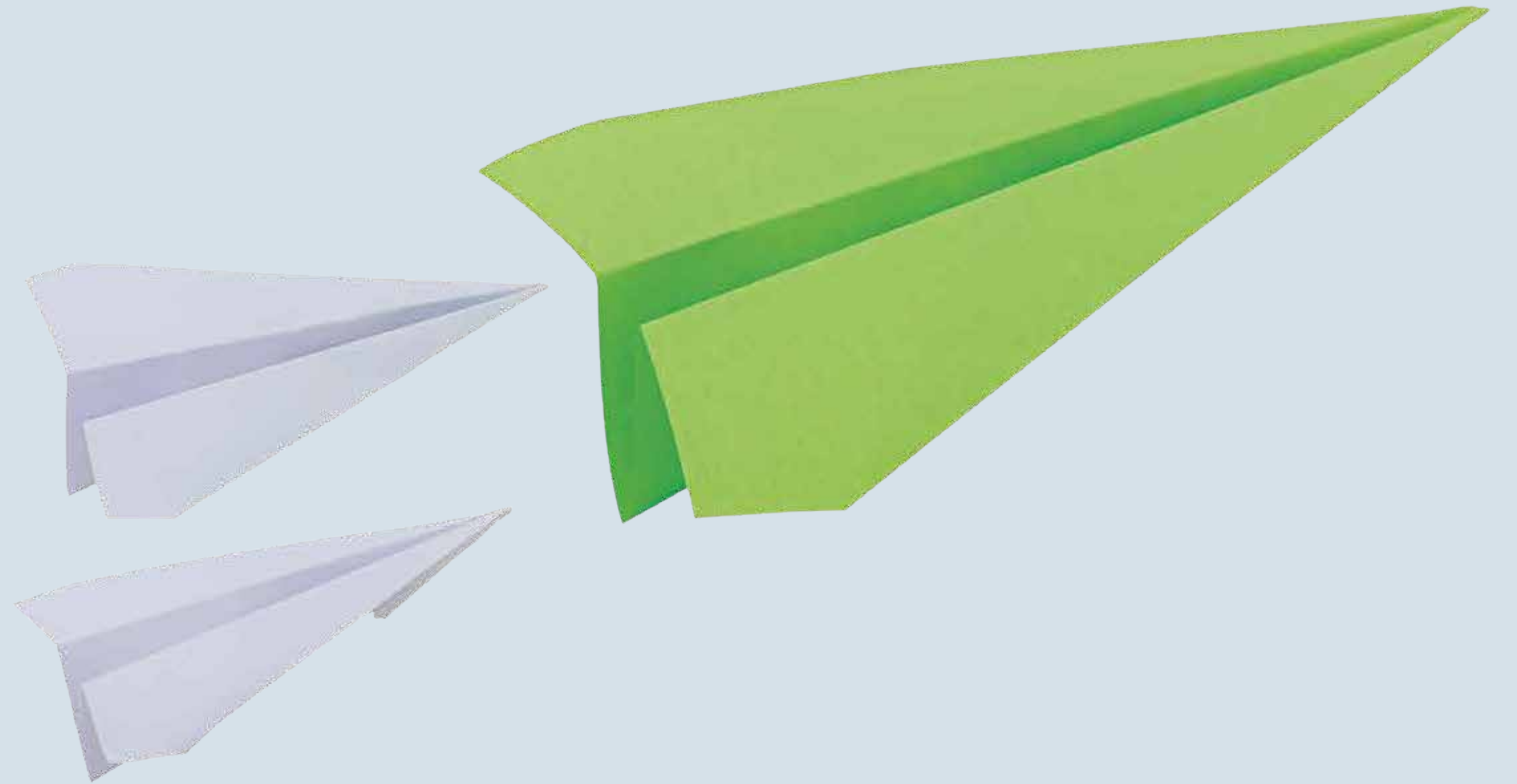
Capex Intensity



Capex Split



*Capex excludes Spectrum



Looking Ahead

ALWAYS THERE FOR YOU

In the face of **COVID-19**, each of us has to play our part in keeping ourselves safe. Safaricom is here with you as we move forward in these tough times

719

Coronavirus toll-free line
powered by Safaricom

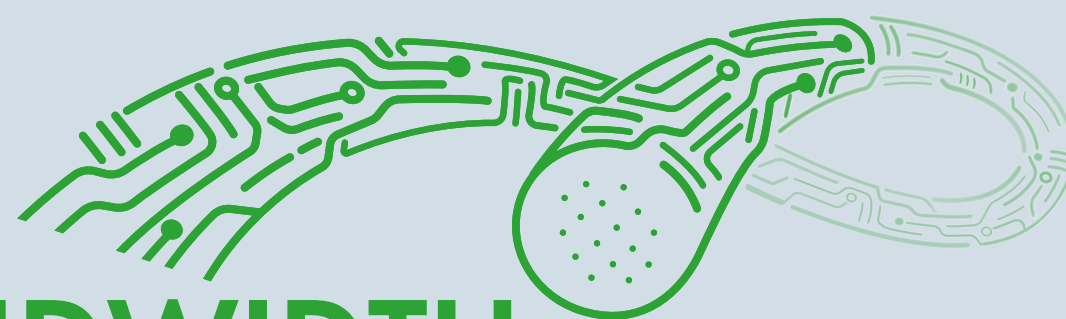


Over 300 trained
customer care executives

24/7

Information centre

**HOME
2X BANDWIDTH**
At no extra cost for 90 days



**BONGA
FOR GOOD**

Use Bonga Points at any outlets
with **Lipa Na M-PESA** till to buy
food and basic necessities

Safaricom
Foundation

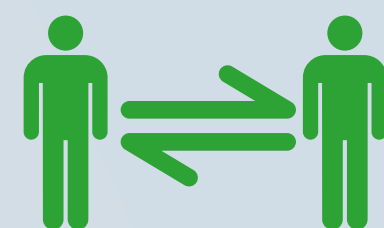


Thermal cameras worth
KShs 10 million
donated to Ministry of Health



FOOD DONATIONS
worth **KShs 200 Million**

M-PESA



Free Person-to-Person &
Lipa Na M-PESA transactions
below KShs 1,000*

**M-PESA
WALLET**



BANK

Free Bank to/from M-PESA
transactions*

**ZERO
RATED**

charges for hospital
and dispensaries

KShs 150,000

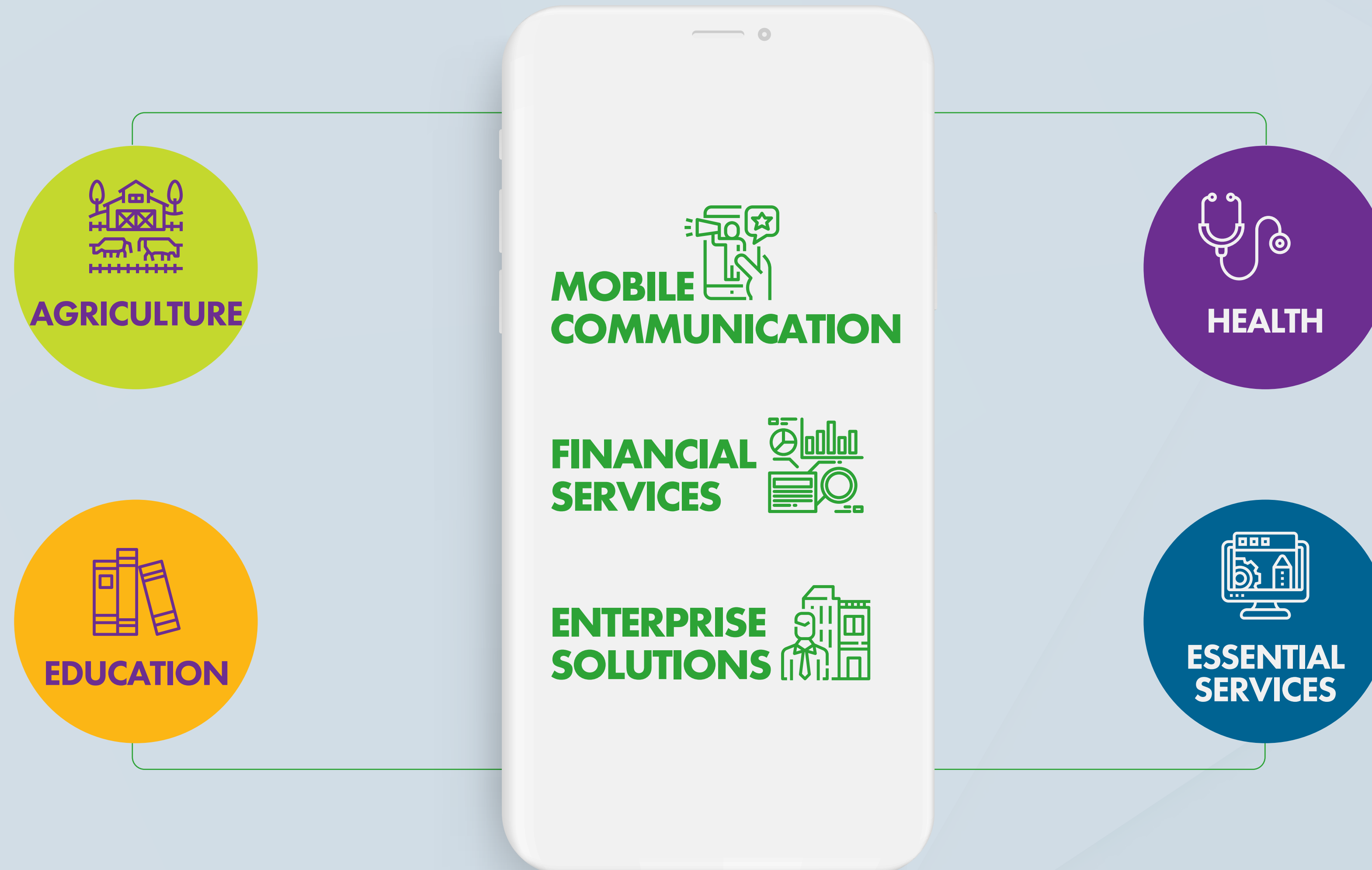
Daily M-PESA transaction
limit to support SMEs

KShs 300,000

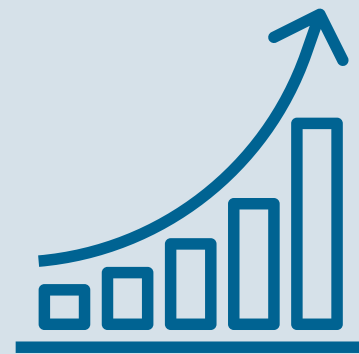
Daily M-PESA wallet capacity

*From 16th March 2020 to 30th June 2020

SHAPING OUR DIGITAL SOCIETY



FY 21 GUIDANCE | POSTPONED TO Q2 FY21 DUE TO COVID-19 PANDEMIC



Possible Tailwinds

- Opportunity to shift away from cash
- Increased uptake of mobile data
- Increased penetration of fixed connectivity
- Enhanced long term customer loyalty



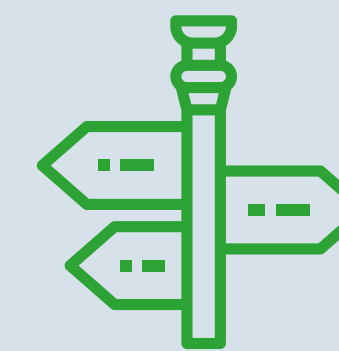
Uncertainty for FY21

- Very early in the cycle for Kenya
- Local response – curfew vs lock down
- Containment vs resurgence worldwide
- Economic impact to Kenya



Headwinds

- Economic growth slow down
- Increased pressure on consumer wallet
- Interest rates and currency devaluation
- Reduced government income



Postponing guidance to enable;

- A clearer picture of the curve
- Better visibility on economic outlook
- Better view of impacts and opportunities
- More accurate forecast for FY21



Thank you

Safaricom PLC
FY20 Results Presentation