

A nighttime photograph of a city skyline with a prominent highway interchange in the foreground. The highway has multiple lanes with visible light trails from moving vehicles. The city skyline in the background features several illuminated buildings, including a tall, thin tower on the left. The sky is dark blue with some clouds.

# **Safaricom PLC**

## **FY22 Investor Presentation**

**12<sup>th</sup> May 2022**



# Disclaimer

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The Group's management believes these measures provide valuable additional information in understanding the performance of the Company's businesses because they provide measures used by the company to assess performance. Although these measures are important in the management of the business, they should not be viewed as replacements for, but rather as complementary to, the comparable GAAP measures. All growth rates quoted are year-on year and refer to the twelve (12) months ended 31 March 2022 compared to the twelve (12) months ended 31 March 2021, unless stated otherwise.

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# Our Purpose: Creating Shared Value

## Safaricom & M-PESA Foundations

3-Yr Impact  
4.2Mn Lives impacted, 2,000 Partners

**3.2Mn**  
Beneficiaries

### Health

MNCH\*  
Fistula Programme  
Diabetes

**0.6Mn**  
Beneficiaries

### Education

Literacy & Numeracy  
M-PESA Foundation  
Accelerated learning  
programme

**0.4Mn**  
Beneficiaries

### Economic Empowerment

Agriculture & SME's  
Entry level & Digital jobs

**0.4Mn**  
Beneficiaries

**Sports**  
(Golf, Olympics, Athletics  
Safari Rally)  
**Conservation**  
& Music  
**Community**  
Sponsorships

## Sponsorships

\*MNCH: Maternal Newborn Child Health Programmes



# Operating Environment: Sustained Regulatory Headwinds

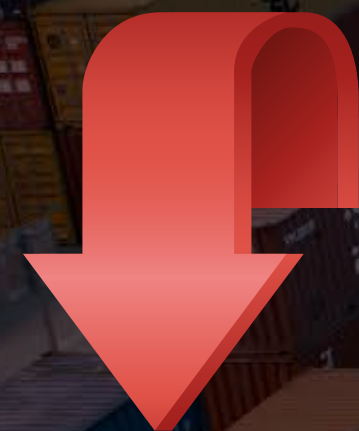
## Tailwinds

- Improved macro-economic performance
- GDP growth surpassing pre-pandemic levels
- COVID-19 positivity rate dropped to <1%



## Headwinds

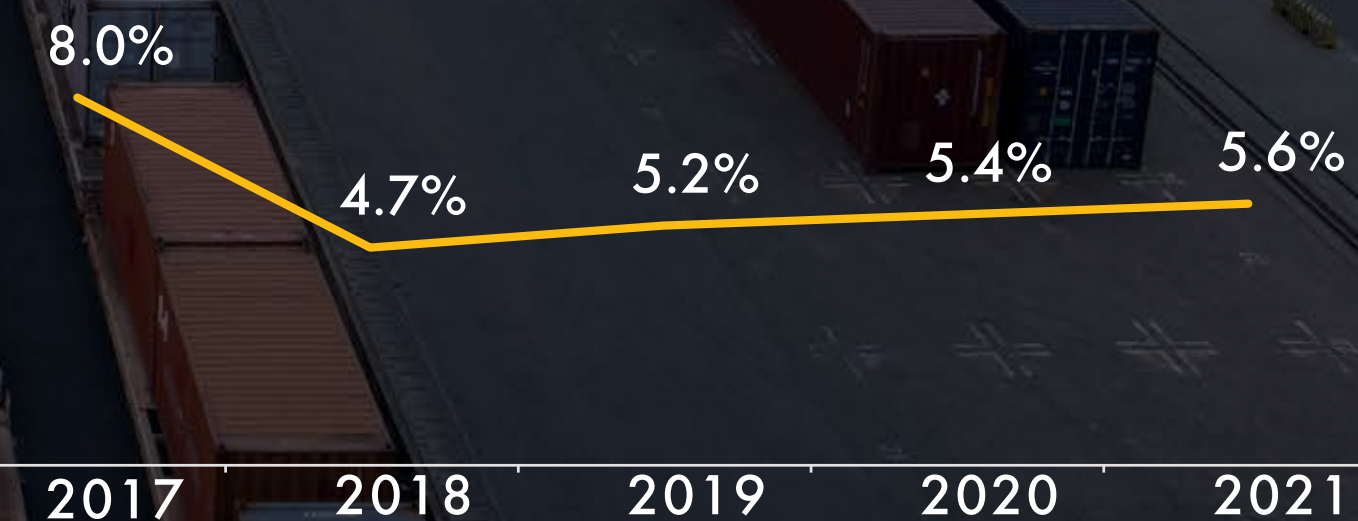
- Heightened regulatory risk
  - MTR revision
  - Taxation-GSM Excise duty revisions in 2021
  - Customer acquisition/subscriber registration changes
- Elections/geopolitical risks
- Rising inflation pressure



GDP growth\* in Kenya



Annual Average Inflation\*



\*Source  
GDP: Kenya National Bureau of Statistics (KNBS)  
Annual Average Inflation rates: Central Bank of Kenya

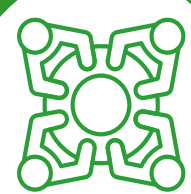


# The Foundations: Transforming Lives Through our Fistula Programme





# Sustainable Business: Building a Purpose Driven Brand



## Create Shared Value

- Creating digital societies through our products and services
- Creating sustainable and inclusive growth through the entire value chain
- Inclusive business platforms



## Planet

- Net Zero by 2050, +1 Mn trees planted
- Building a Circular Economy
- Support society to decarbonise

## Operating Responsively

- Ethics, integrity & transparency
- Anti- bribery and corruption
- Human and digital Rights for all



## Our People & The World Around Us

- Connecting Kenyans through our brand & assets
- Sustainable community investments through the Foundations
- Best place to work

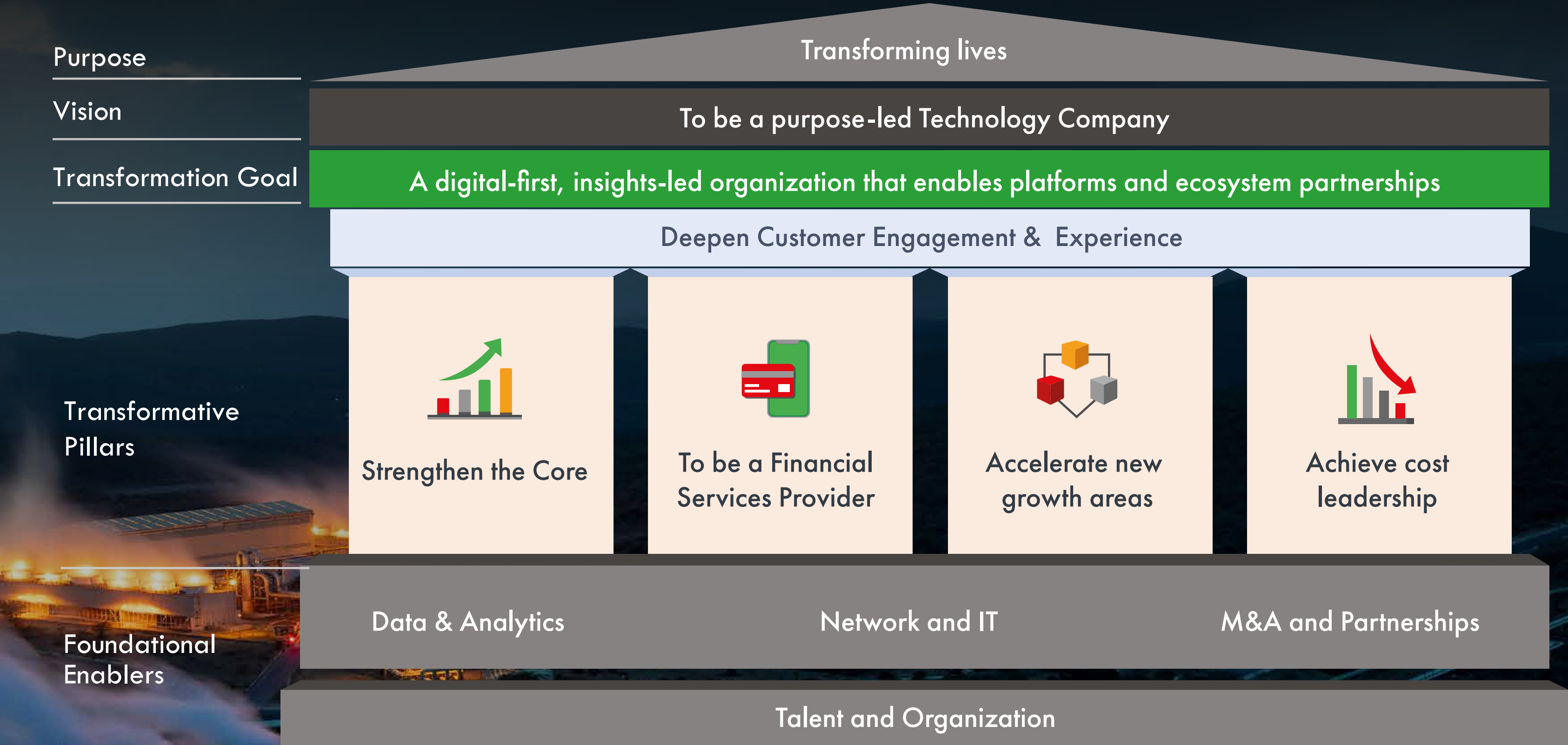




# Our Strategy: On Course to Deliver our 5-Year Strategy

**FY22 Focus;** Establish a Customer obsessed, digital first organization (delivering double digit growth) by the end of FY22, in order to be a purpose-led Technology Company by the end of 2025

**FY23 Focus;** Accelerate new growth areas delivering superior customer experience in order to be a purpose led Technology Company by the end of 2025





# Our Vision: Transforming Into a Technology Company





# Performance Highlights: Strong Strategy Delivery in FY22



## Market Shares\*

- **64.3%** Mobile Data Customer
- **70.4%** Voice Traffic
- **37%** Fixed Data Customer
- **42Mn** total subscribers

\*Source: Q2 (Oct-Dec 2021) Sector Statistics Report



## Network

- **4G everywhere** (97% population coverage)
- **2.4Mn 4G devices** added on our network
- **95%** Service Quality assessment score by CA
- **KShs 49.8Bn** Group Capex spend in FY22 of which KShs 10.4Bn spend in Ethiopia
- **2,000** Transactions per Second on M-PESA
- **99.99%** systems availability and incidents reduction



## M-PESA

- Celebrated **15 years**
- Crossed the **30Mn** customer mark
- **5.3Mn** Super App downloads, 1 Mn Active Consumers and **462k** downloads on the Business APP
- **11Mn** Active Lipa na M-PESA active customers, +32.4% YoY
- Network of over **3.2Mn** businesses accepting payments
- **492.8k** Active LNM merchants, +63.4% YoY



## Regional Expansion to Ethiopia

- **Commercial launch within 2022**
- Discussions on partnership with Ethio Telecom ongoing
- Network under construction
- **Sales and distribution** network set up ongoing
- **Contact centre established**
- **Mobile financial services law to be changed** to allow mobile financial services



# Customer Obsession: Relevant Products & Services Making our Customer Lives' Better

Mobile Data new  
permanent  
pricing

**NYOOSHA  
SHILINGI**



M-PESA is now  
**a universal  
payments  
network**

Interoperability  
**'Till ni till'**



**Sharia  
compliant  
mobile financial  
service,**  
partnering with  
Gulf Bank

**Halal**Pesa



**M-PESA  
GlobalPay**  
Visa Virtual Card  
to support  
international  
online payments

(Launching in  
June 2022)



M-PESA Junior  
Account  
(10-18 years)

(Launching in  
Q2 2022)





# Our Recognition: Mentions & Awards Earned in the Year



## Innovation

**GSMA Global Mobile Award (GLOMO)**  
Best Mobile Innovation for Connected Living  
for the M-PESA Super APP



## Financial Inclusion

M-PESA/Safaricom the **most preferred remittances service provider** – mention in Kenya's first CBK Diaspora Remittances Survey December 2021 available [HERE](#)



## Sustainable Business

Named **Global Compact LEAD Company** for ongoing commitment to the United Nations Global Compact and its Ten Principles for responsible business

**GSMA Global Mobile Award (GLOMO)-**  
Outstanding Mobile Contribution to the UN SDGs for BLAZE DigiTruck (won alongside Huawei & Close the Gap)



## Brand

**Safaricom & M-PESA; Best brands for women**  
Ranking of Top Most Loved Brands by Women done by IPSOS and Branding Advisory Consultancy BSD Group



## Financial Reporting

**ICPAK FiRe Awards** overall winner in East Africa

Chartered Governance Institute of Southern Africa/JSE; **Integrated Awards** Regional Winner



## Network Award

**Umlaut** global award for superior network quality



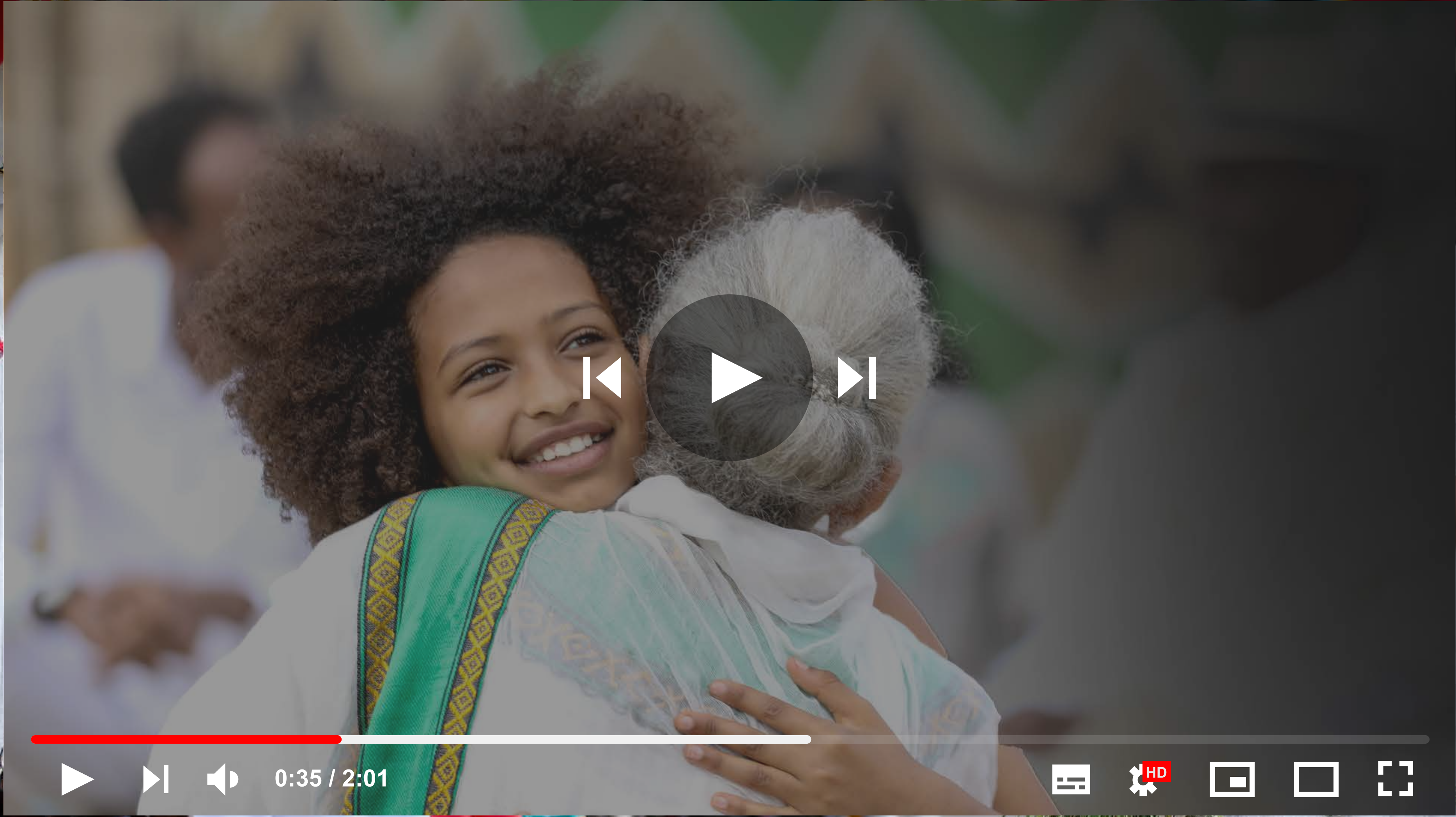


A woman and a young girl are standing in a lush green field. The woman, on the right, is wearing a white short-sleeved top with red trim and a red sash. She is smiling and looking upwards, with her hands held out. The girl, on the left, is also looking upwards and has her hands raised. The background is filled with green foliage and several stylized, glowing yellow flowers. The text 'ETHIOPIA UPDATE' is overlaid on the left side of the image.

# ETHIOPIA UPDATE



# Ethiopia Introductory Video





# Ethiopia: Macro Update



## Political/ Sector/ Regulatory

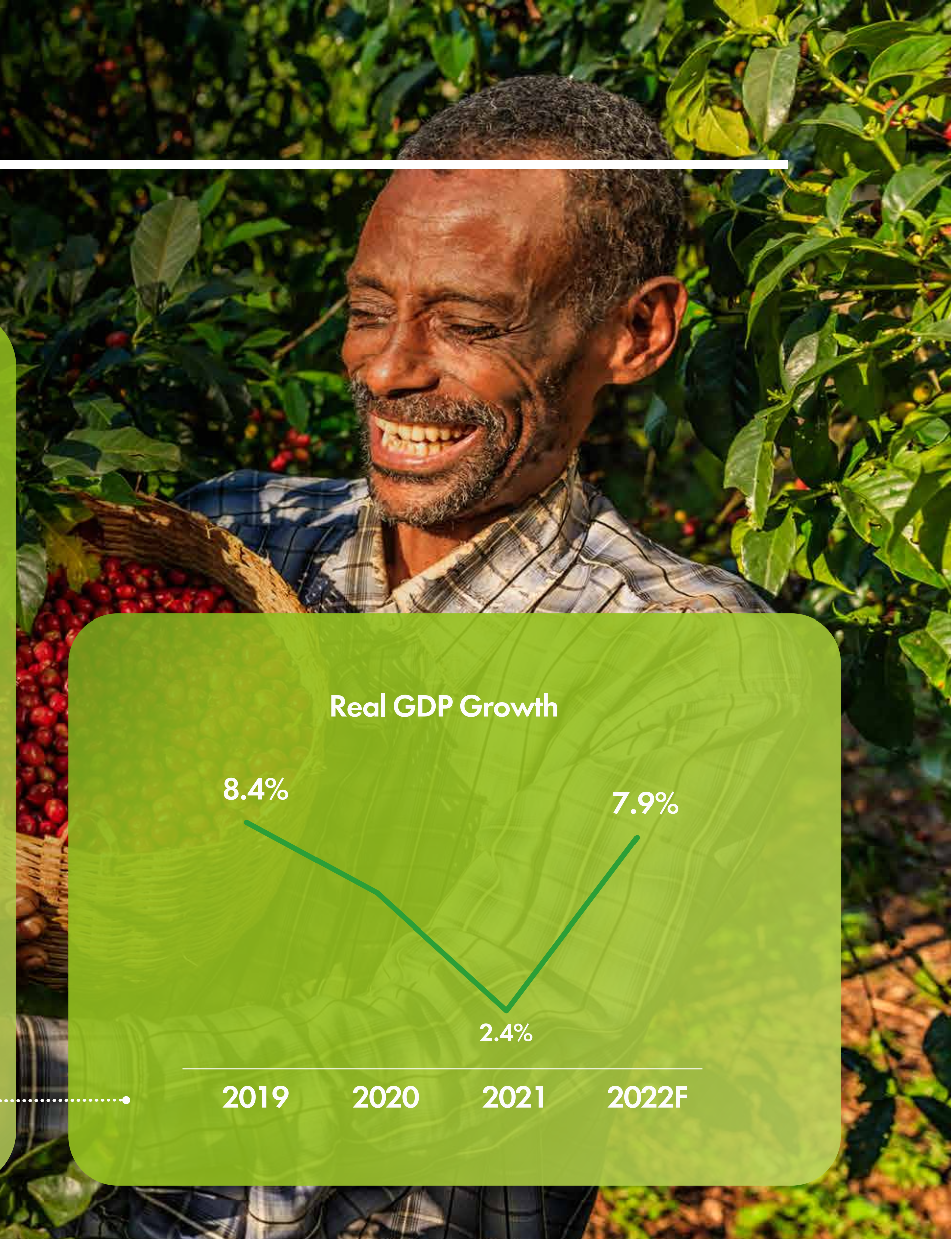
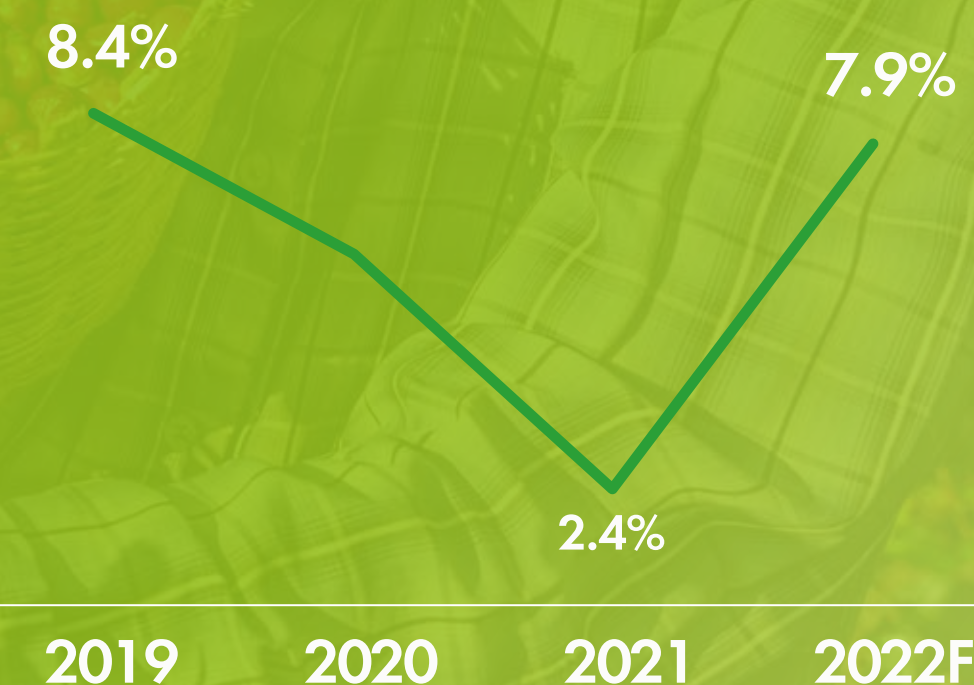
- ✓ **Lifted state of emergency**, easing conflict
- ✓ **Partnership with Ethiotel** (negotiations ongoing)



## Macro-economic

- ✓ **+8% projected Real GDP growth** driven by industry and services recovery (Source; AfDB)
- ✓ Expected **rebound in consumer spending**, Household spending +4.1% in 2022 from +1.7% in 2021 (Source; Fitch Solutions)
- ✓ Projected **gradual rebound of capital inflows**
- ✓ **High inflation at 34.7%**, Ethiopia Birr (ETB) depreciation of 23% as at March '22

Real GDP Growth





# Ethiopia: Commercial Launch Planned Within 2022



## Network & IT

- 1<sup>st</sup> data center deployed (1 under construction)
- 1<sup>st</sup> test call done
- Network under construction



## Sales & Distribution

- Distributors and retail shops identified
- Simcard production commenced
- Contact centre established
- Products; Voice, SMS, Mobile data & VAS services



## People & Governance

- Leadership team established
- 305 staff onboarded, 50% local talent
- Office space acquired
- Discover graduate recruitment programme ongoing



## Dependencies & Operational Risks

- Political & regulatory risk
- Supply chain complexities and challenges
- Conclusion of Mobile money license terms & conditions
- Currency volatility





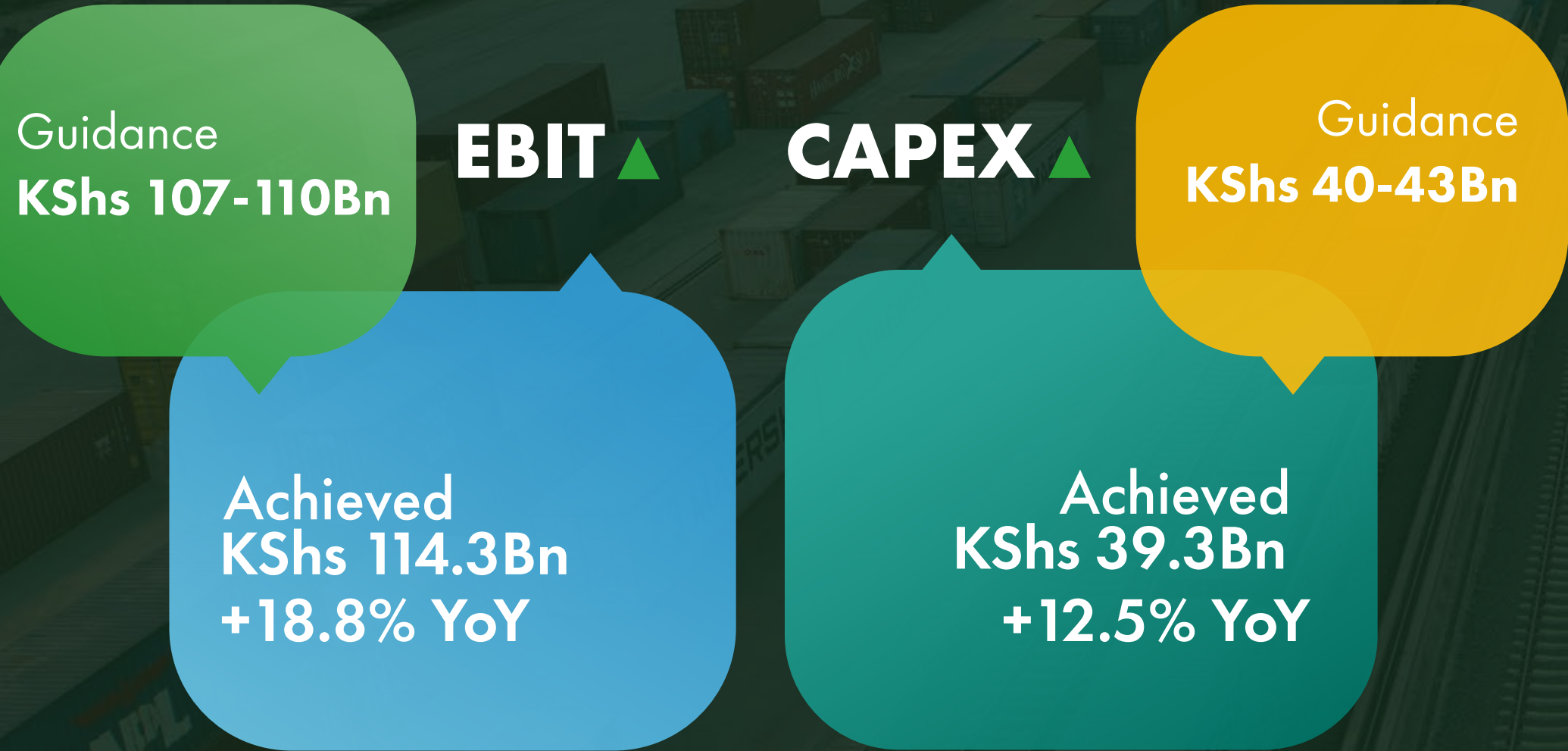
# FY22 Performance



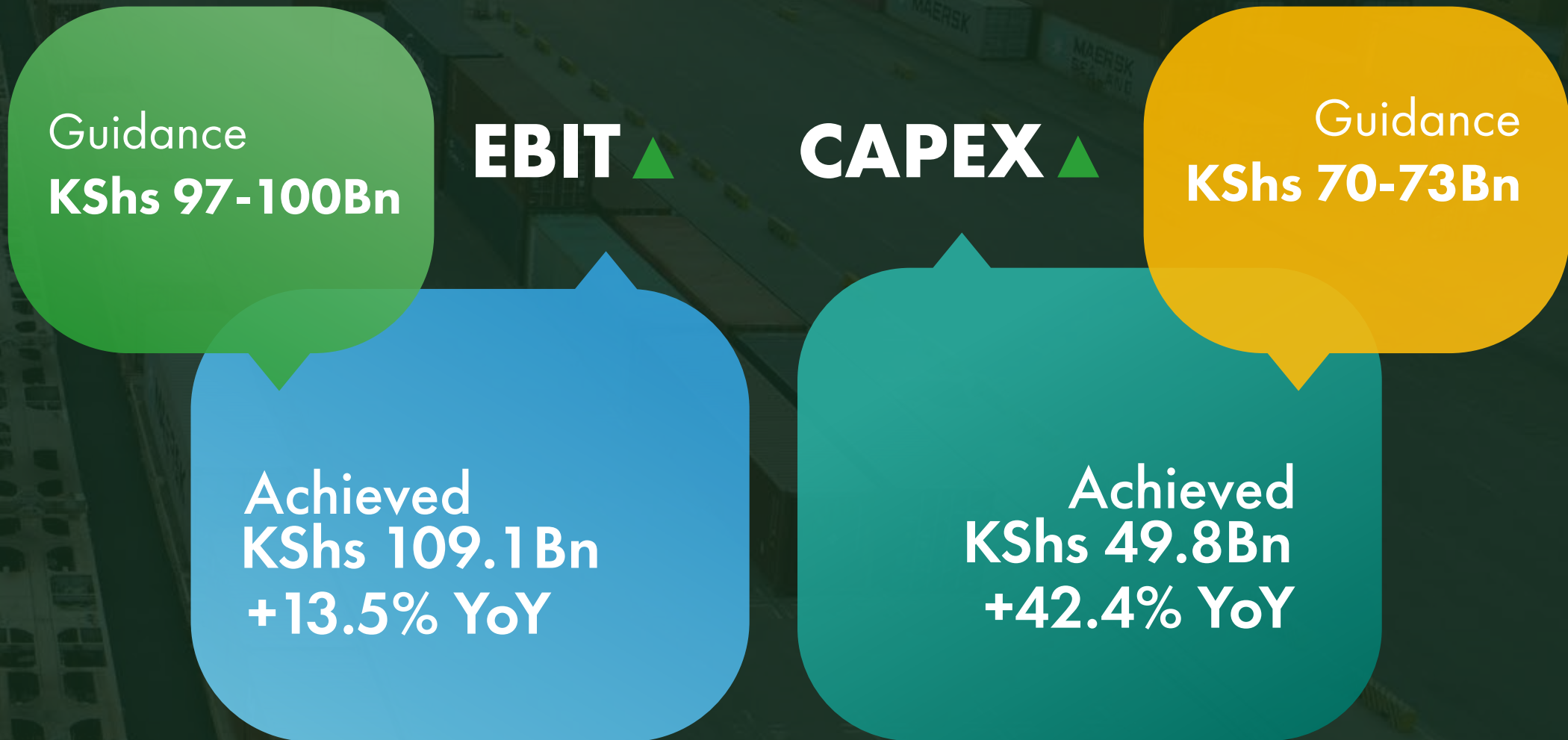


# FY22 Earnings Outperform Guidance

## Safaricom Plc Kenya (Excluding Ethiopia)



## Safaricom Plc Group (Including Ethiopia)



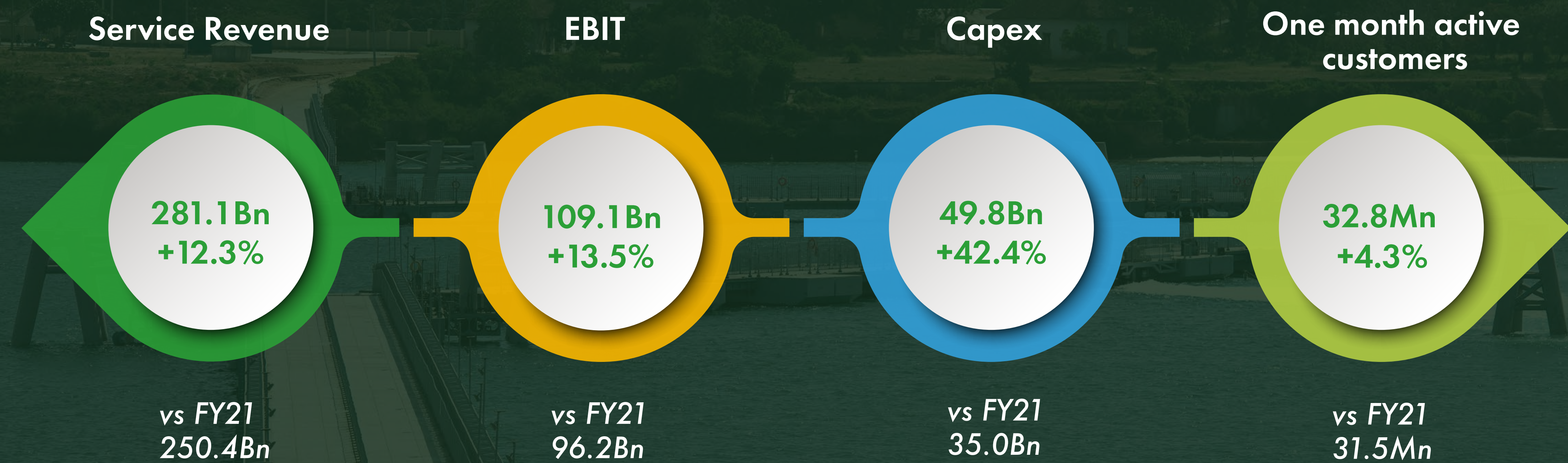




# THE NUMBERS



# Highlights: Strong Group Performance in FY22

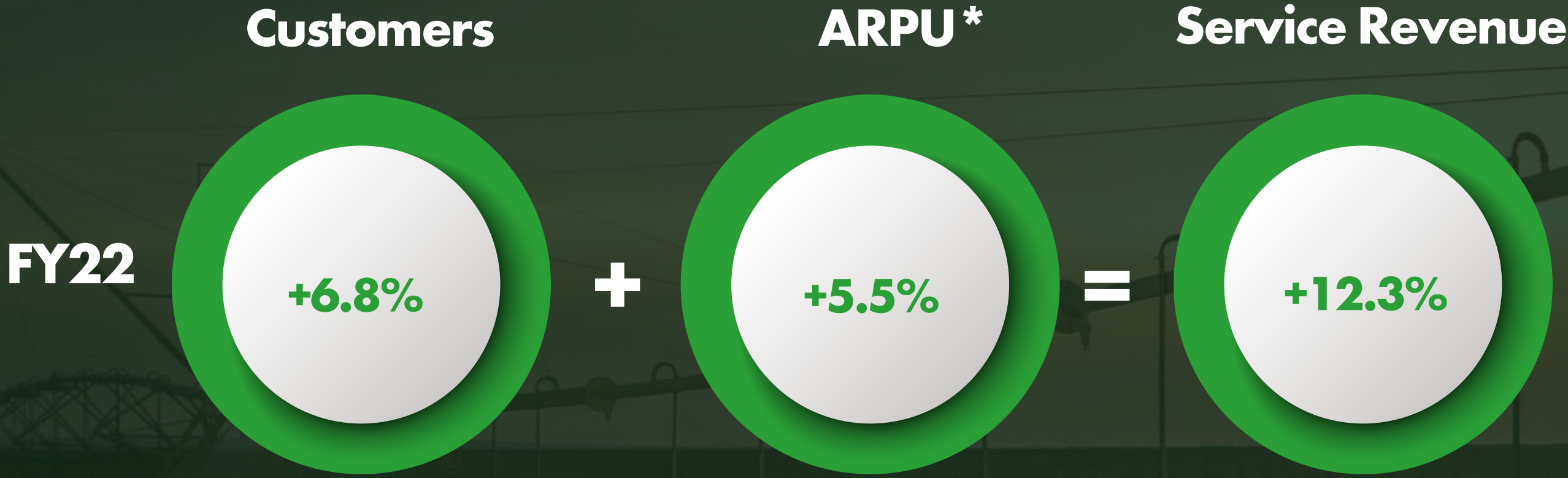


*\*All numbers include Ethiopia in all financial slides except revenue & KPIs*

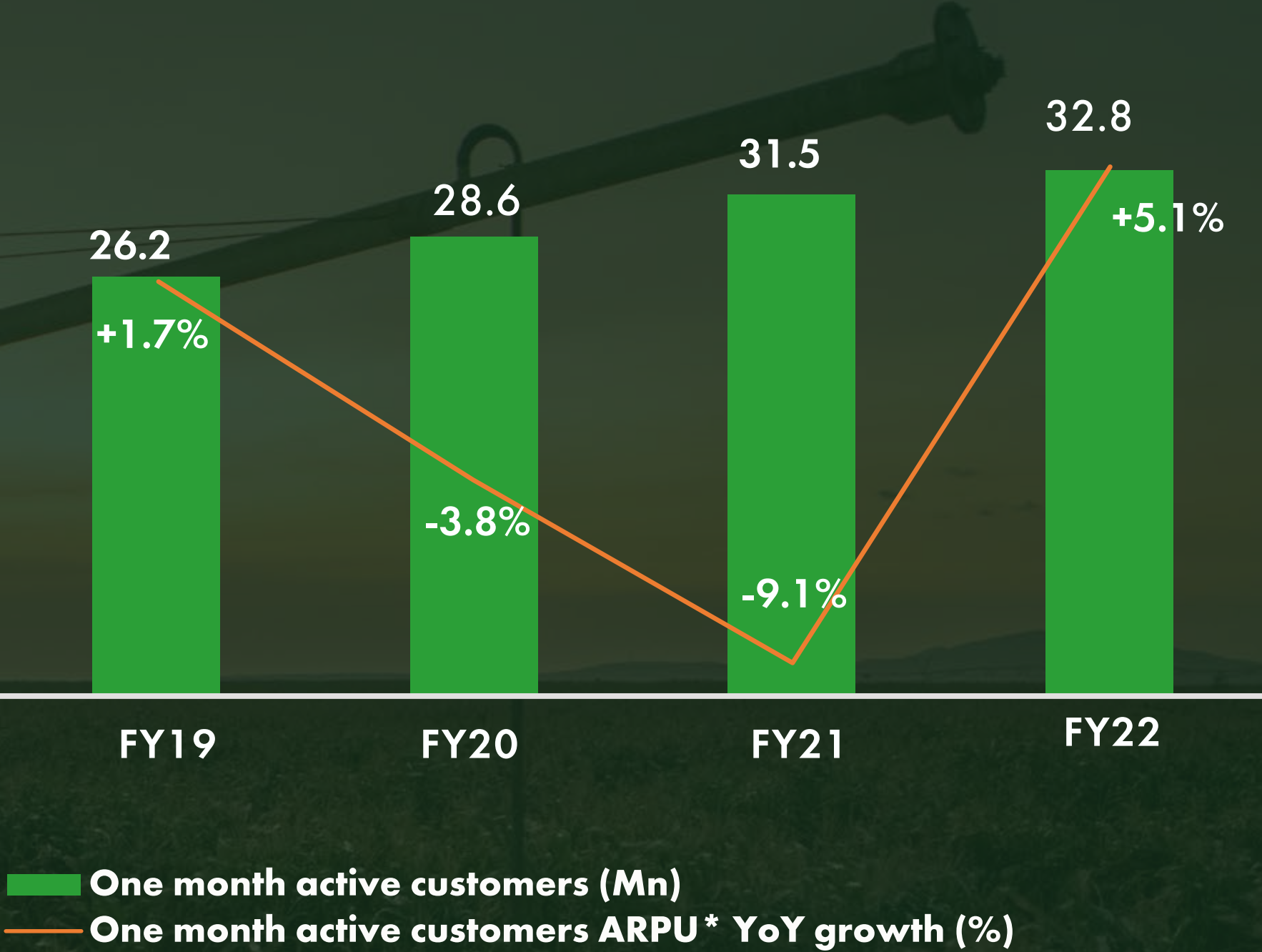


# Customer Focus: Sustained Growth in Customers Driving Revenue Growth

Contribution to Service Revenue growth from;



Customer & ARPU growth

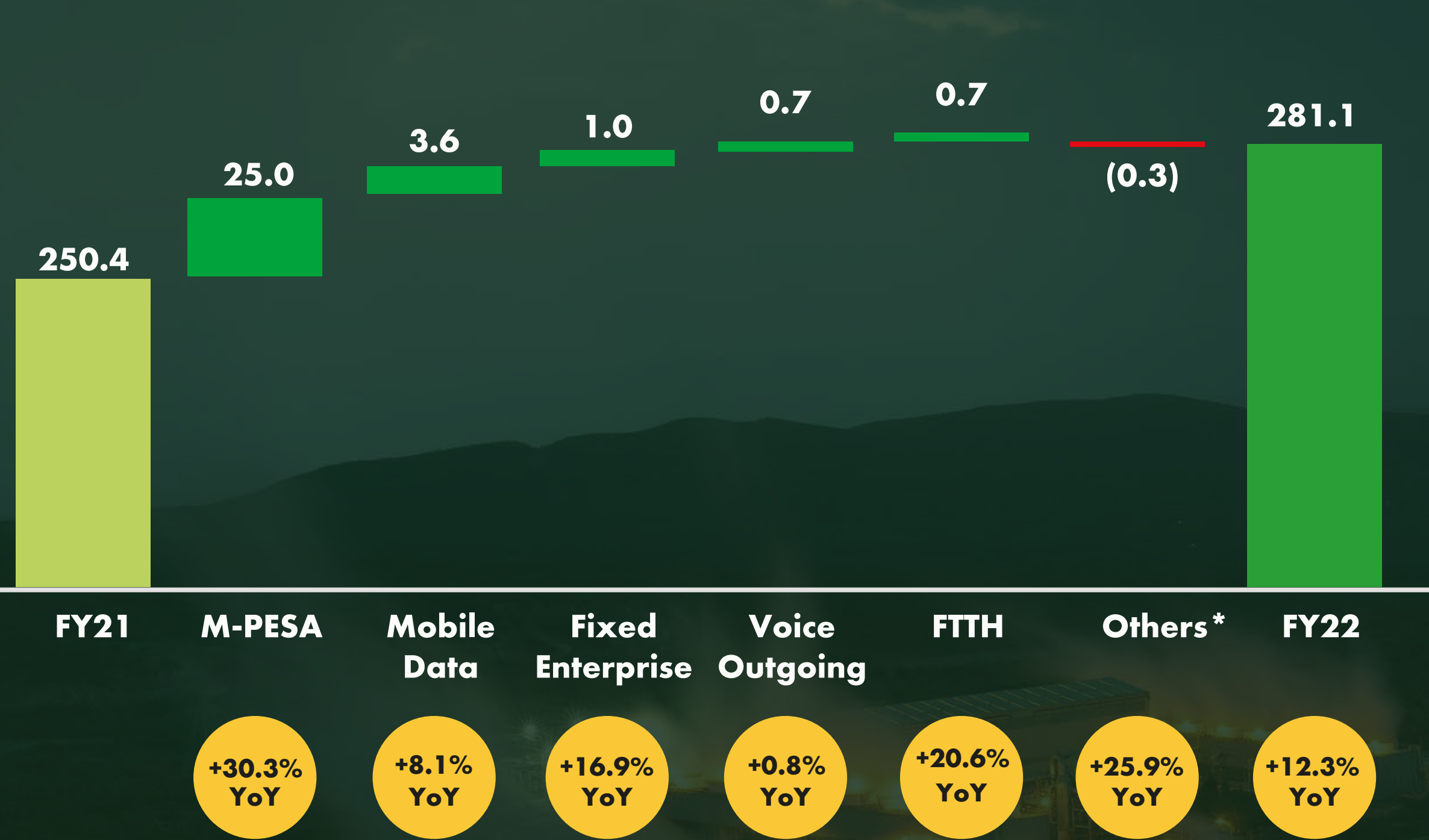


\*Average Revenue per User (ARPU) is based on one month active customers



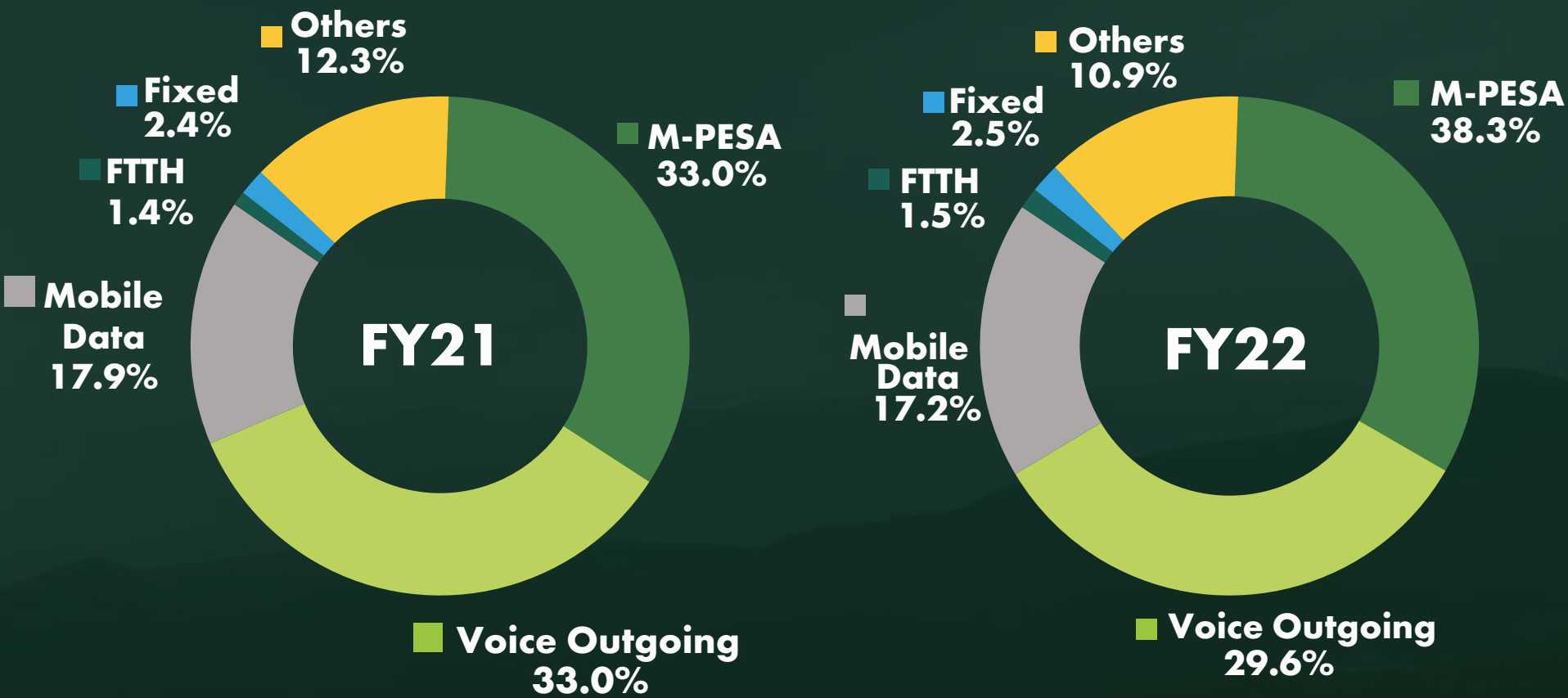
# Service Revenue: Strong Recovery Driven by M-PESA and Mobile Data

Contribution to Service Revenue (KShs Bn)

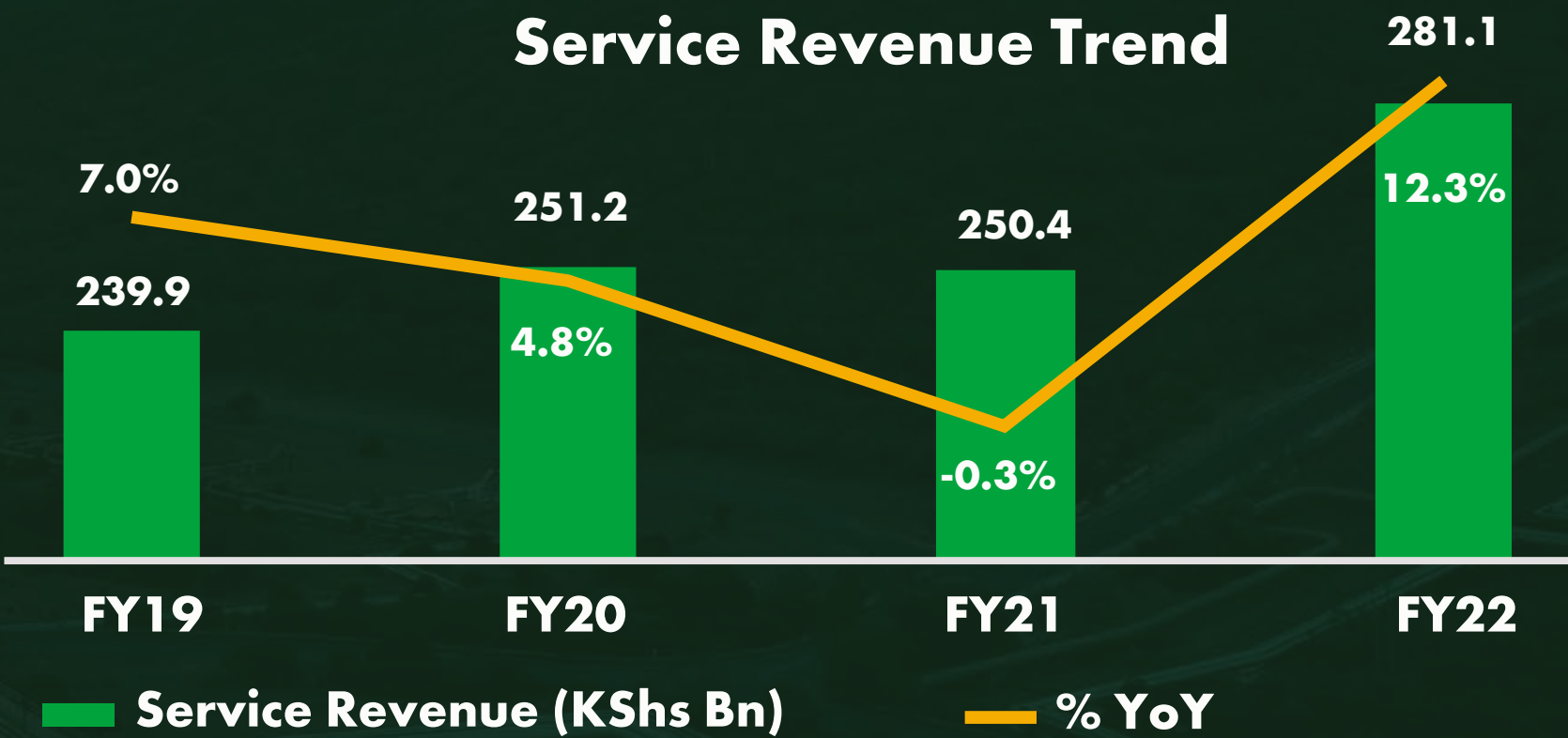


\* Others- Voice Incoming, Messaging Revenue and Other Service Revenue

Evolution of Service Revenue Profile



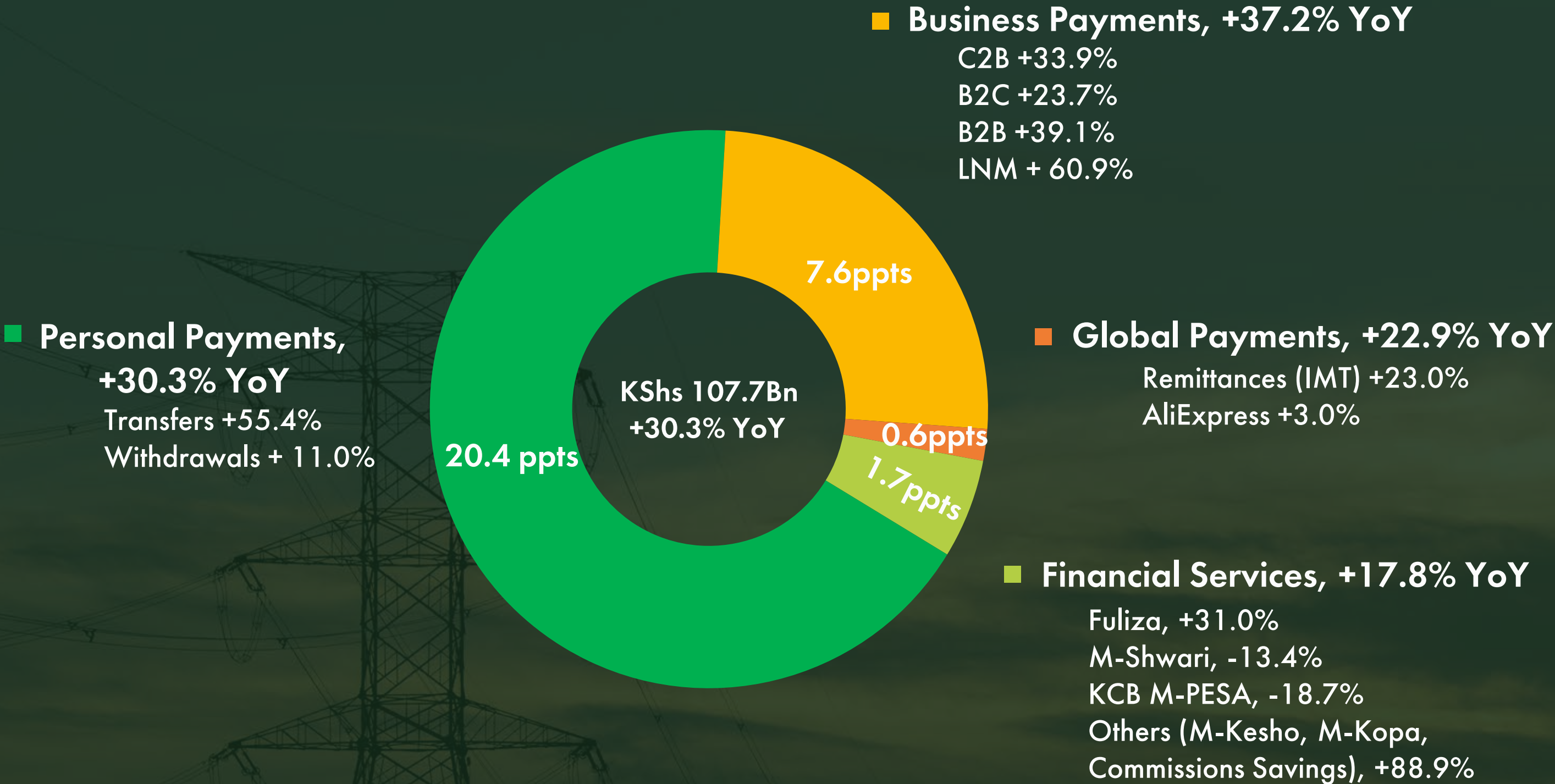
Service Revenue Trend



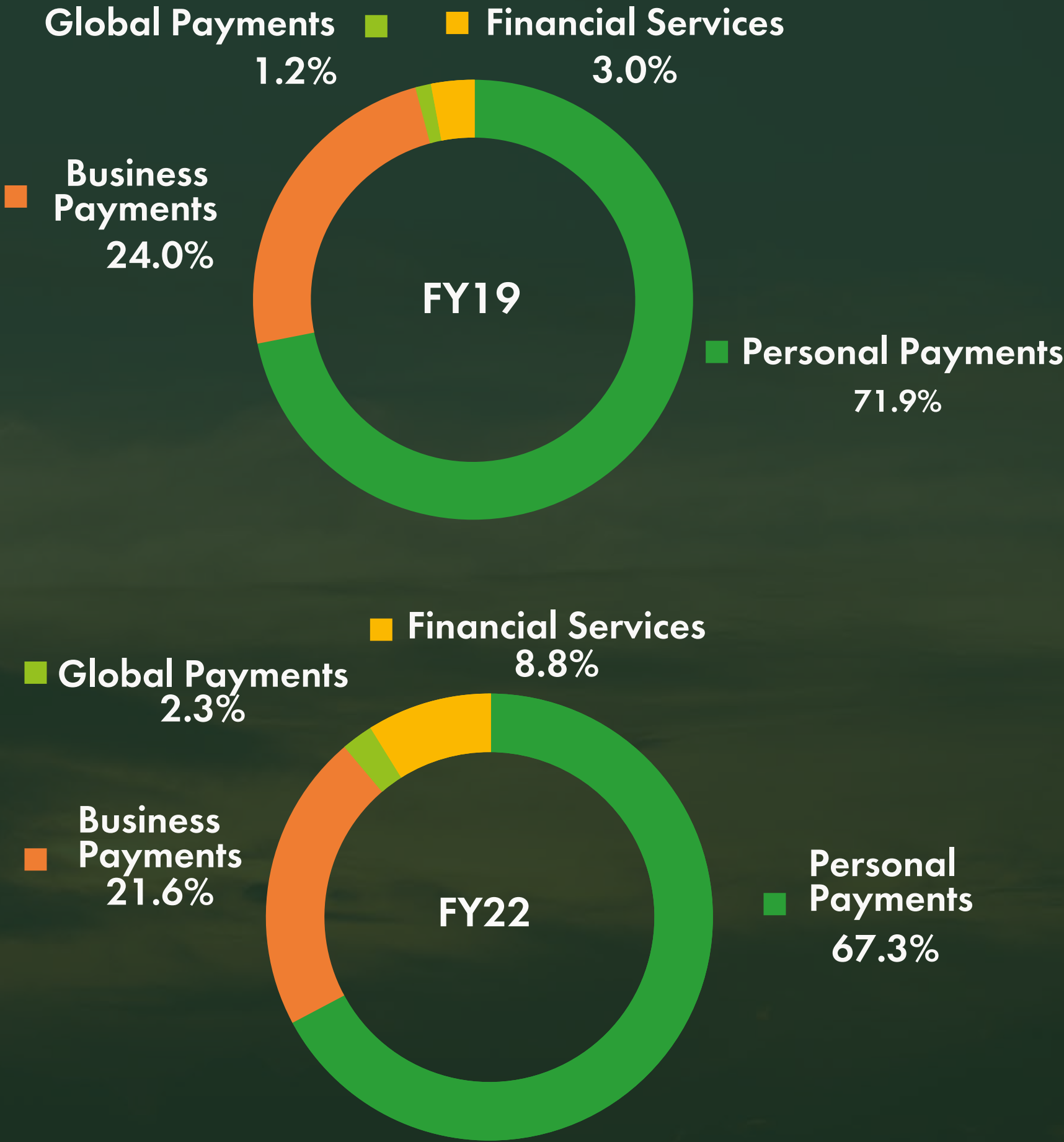


# M-PESA: Fintech Ecosystem Driving Growth

## Contribution to M-PESA growth



## Accelerating New Growth Areas

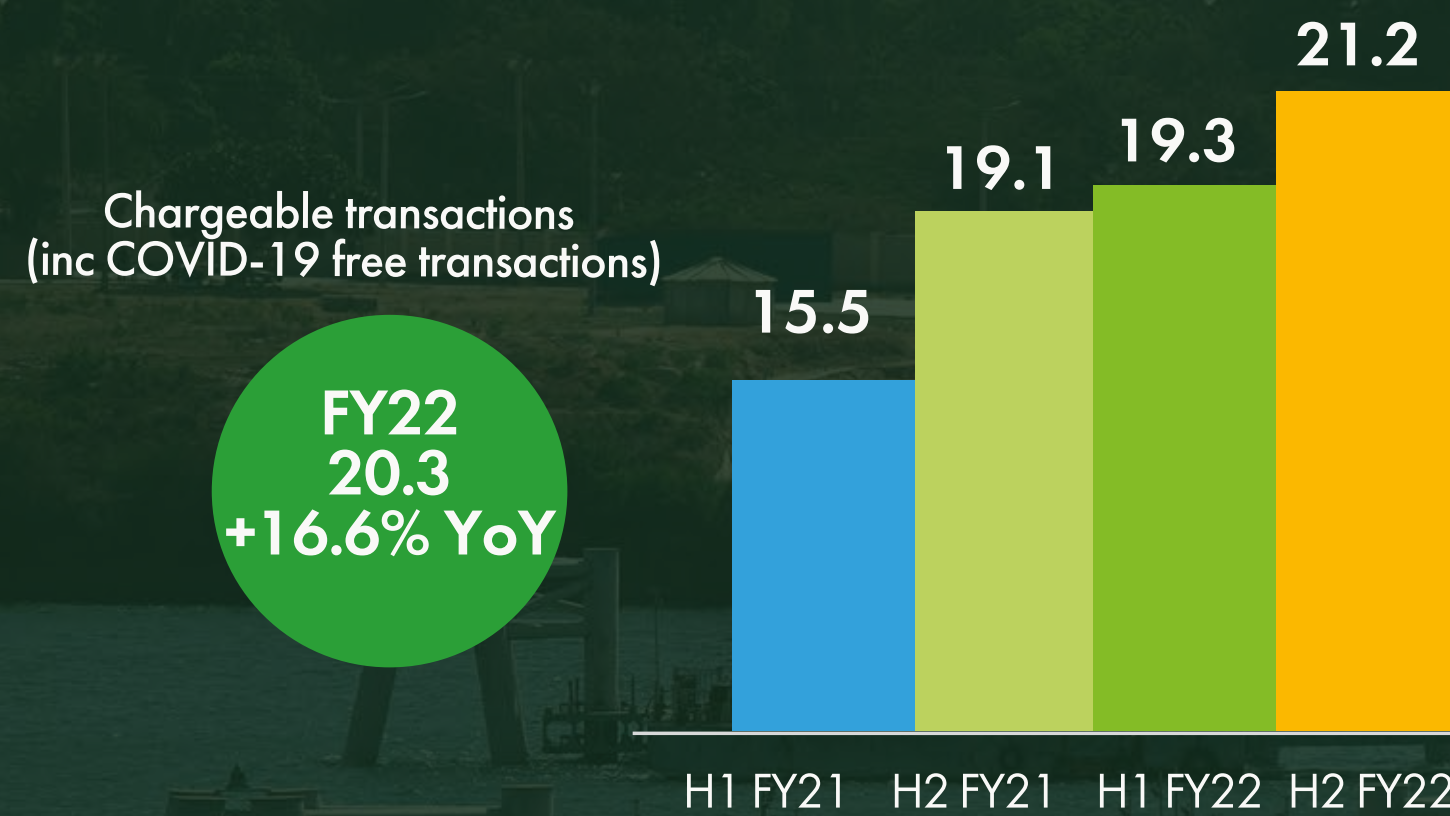


M-PESA revenue profile naming has changed to breakdown the various domains of our fin-tech business. The change in naming has no impact in the totals or sub totals presented or previously reported.



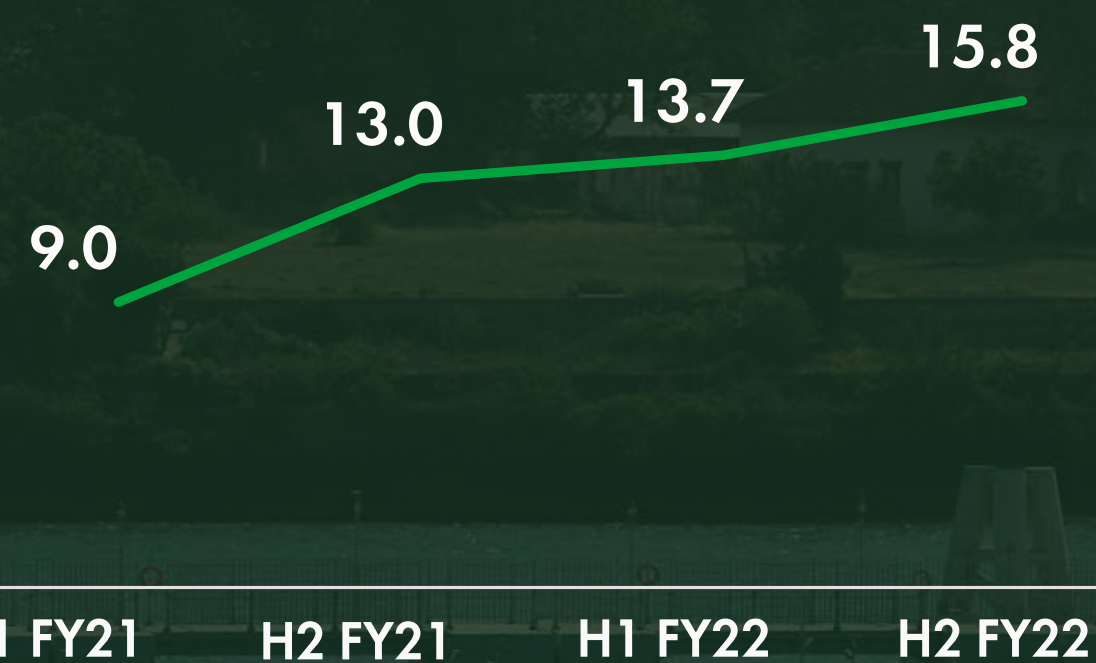
# M-PESA: Accelerated Growth in the 2-sided Ecosystem

## Opportunity to Grow Usage Remains

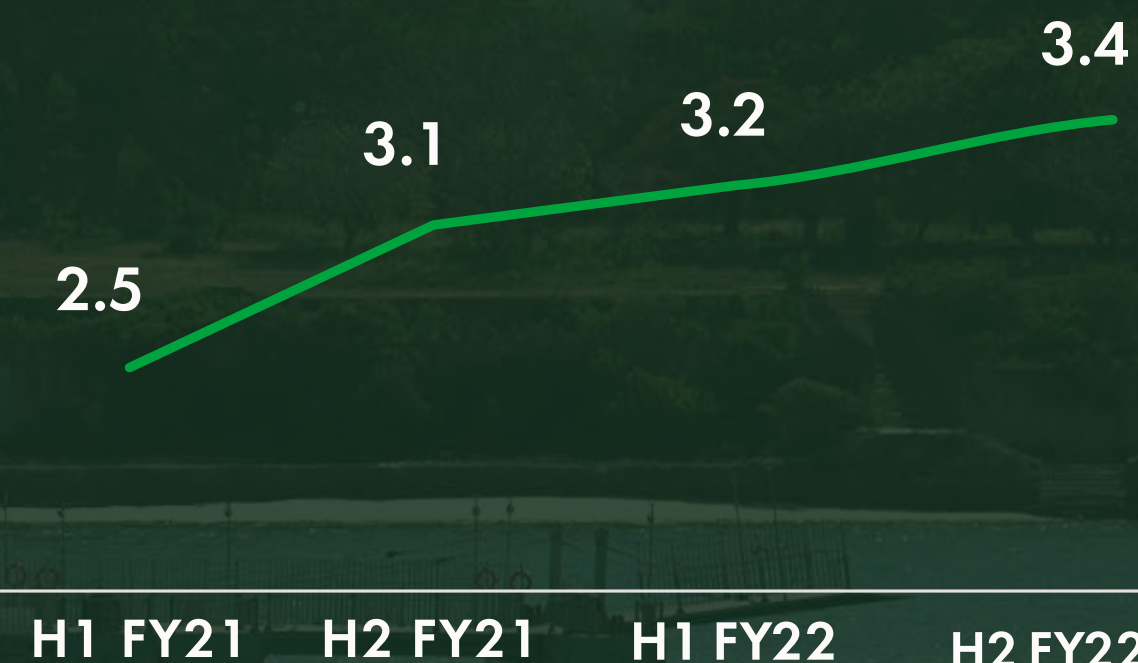


**Value of M-PESA transactions in FY22**  
**+34.0% YoY**  
**KShs 29.5Trn**

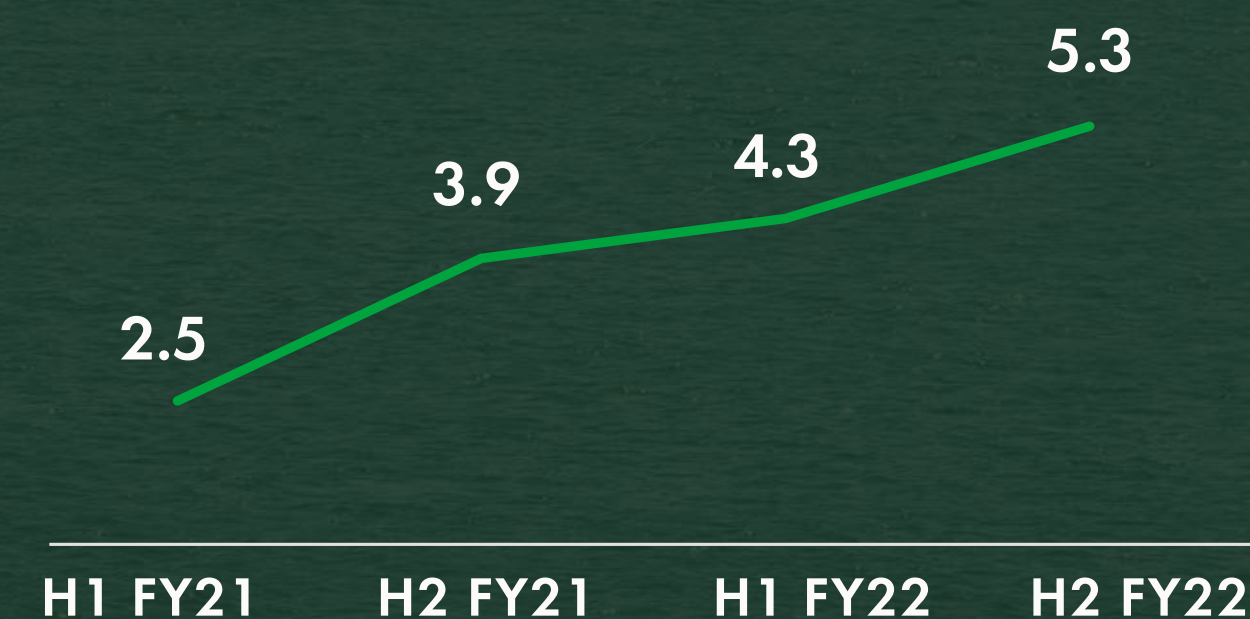
Total M-PESA Value (KShs Trn)



Transfers & Withdrawals Value (KShs Trn)



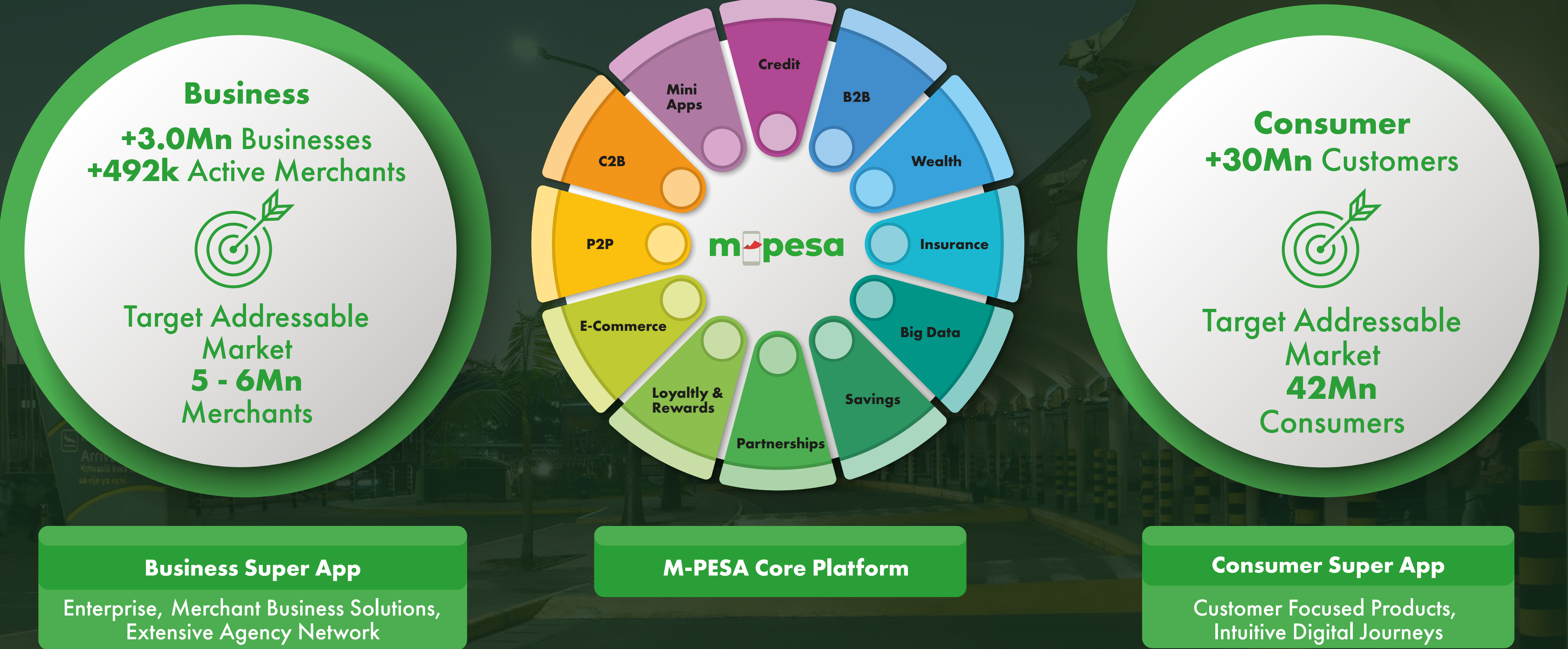
Payments Value (KShs Trn)



\* M-PESA Wallet to Bank and Bank to M-PESA wallet transactions remain free. These account for 18.9% of total M-PESA value and 3.2% of total M-PESA volume of transactions

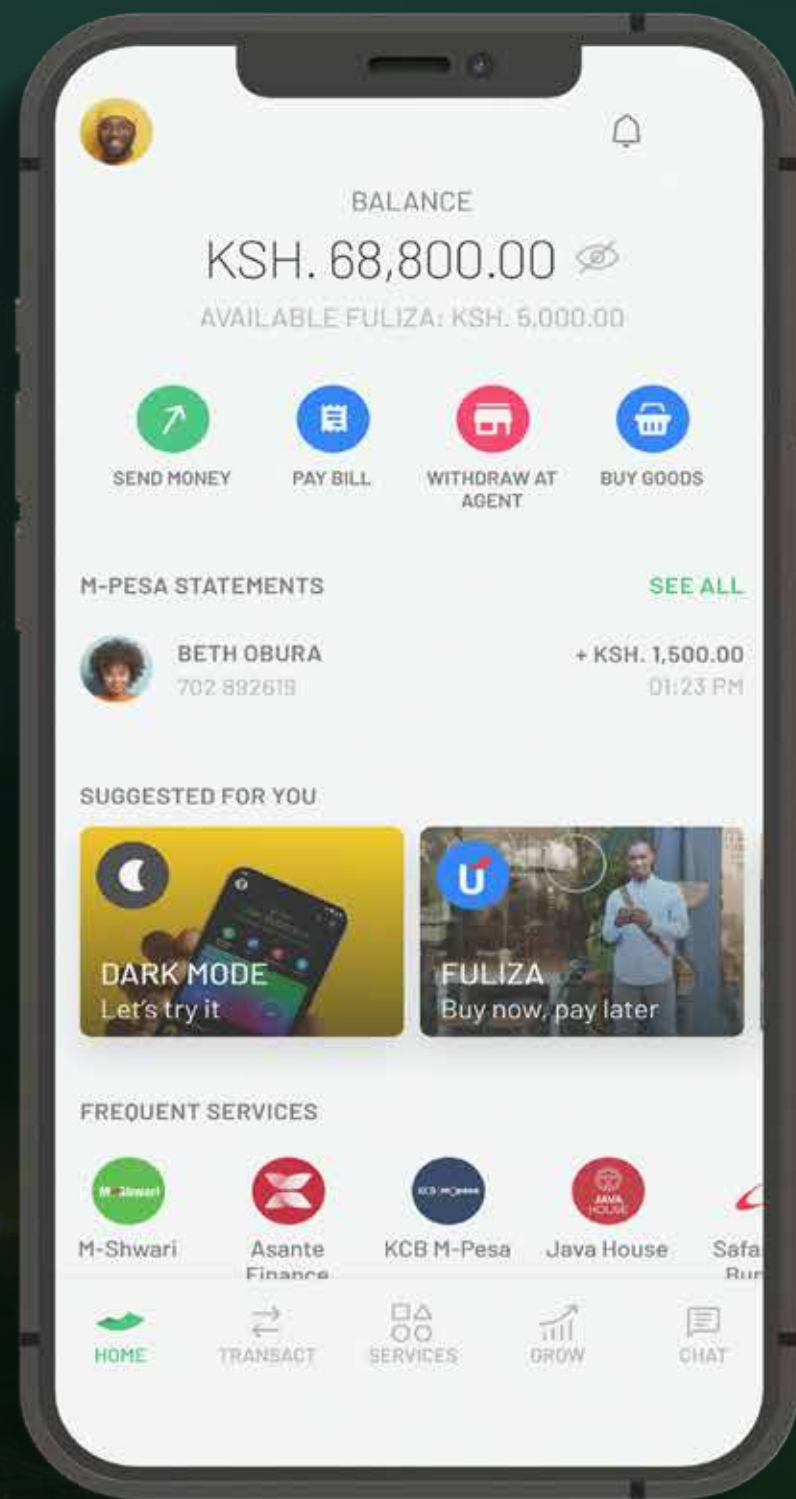
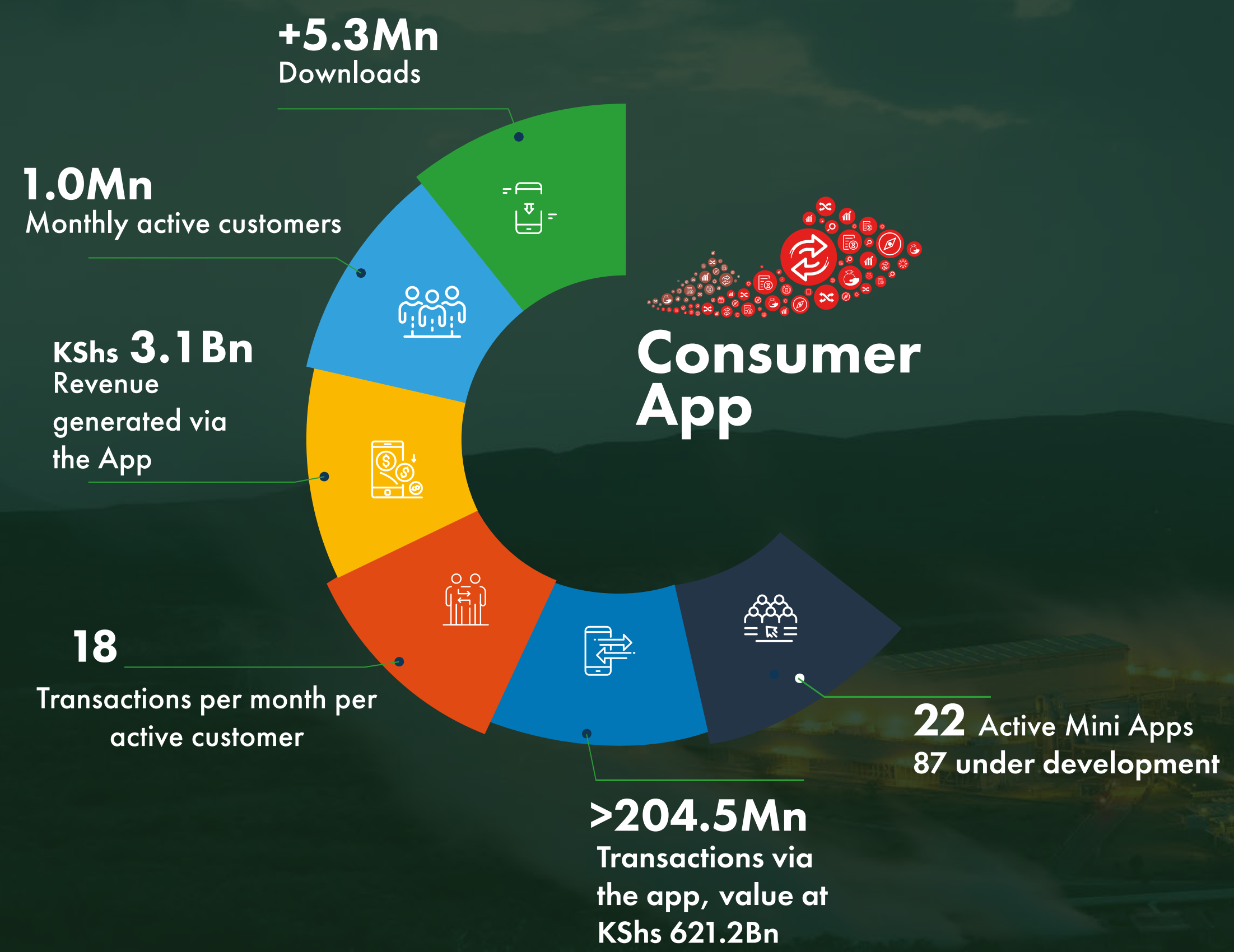


# M-PESA: Developing Scalable Digital Platforms for Key Growth Areas








# M-PESA Super App: Powering Digital Consumer Lifestyles



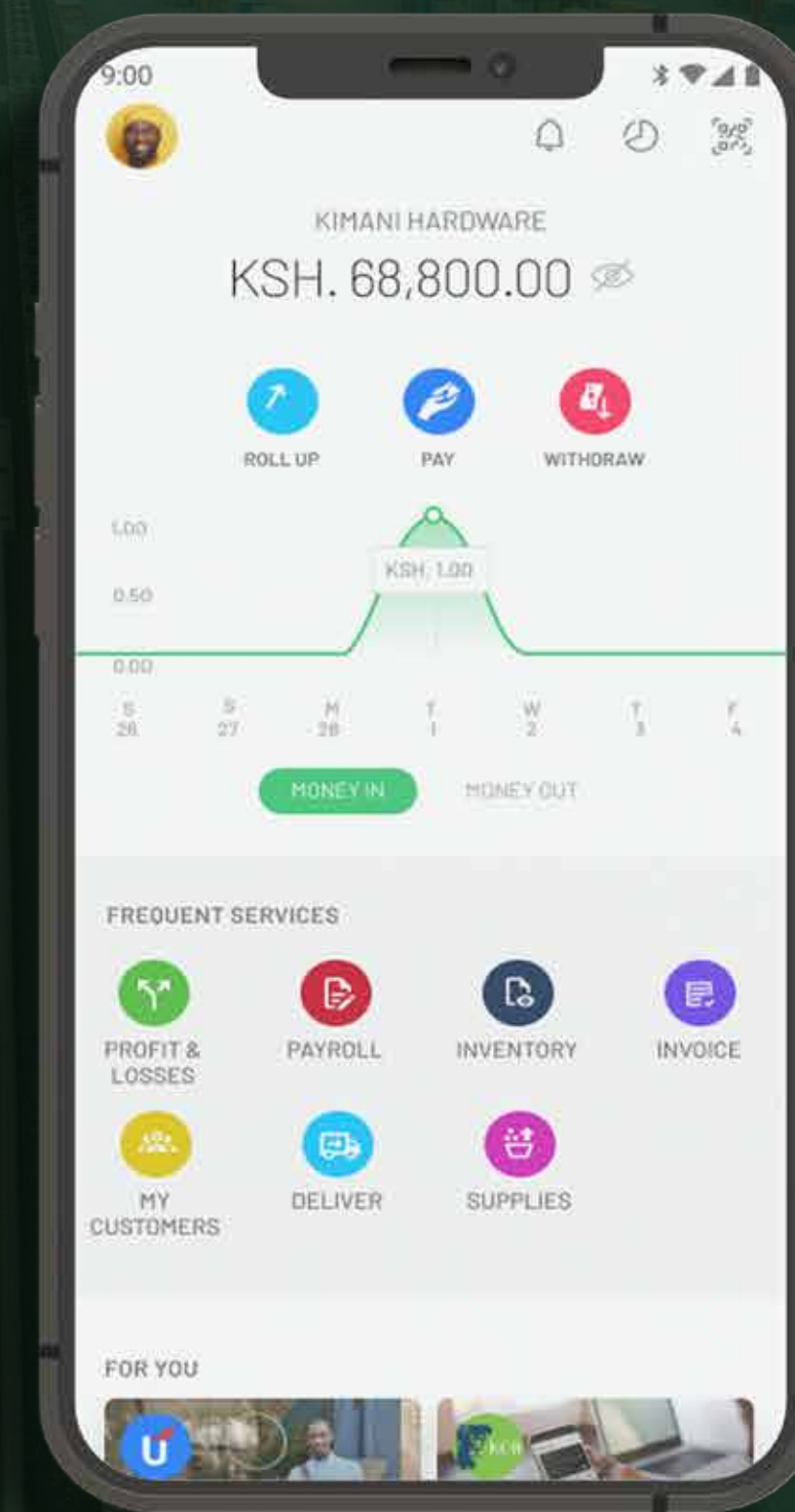
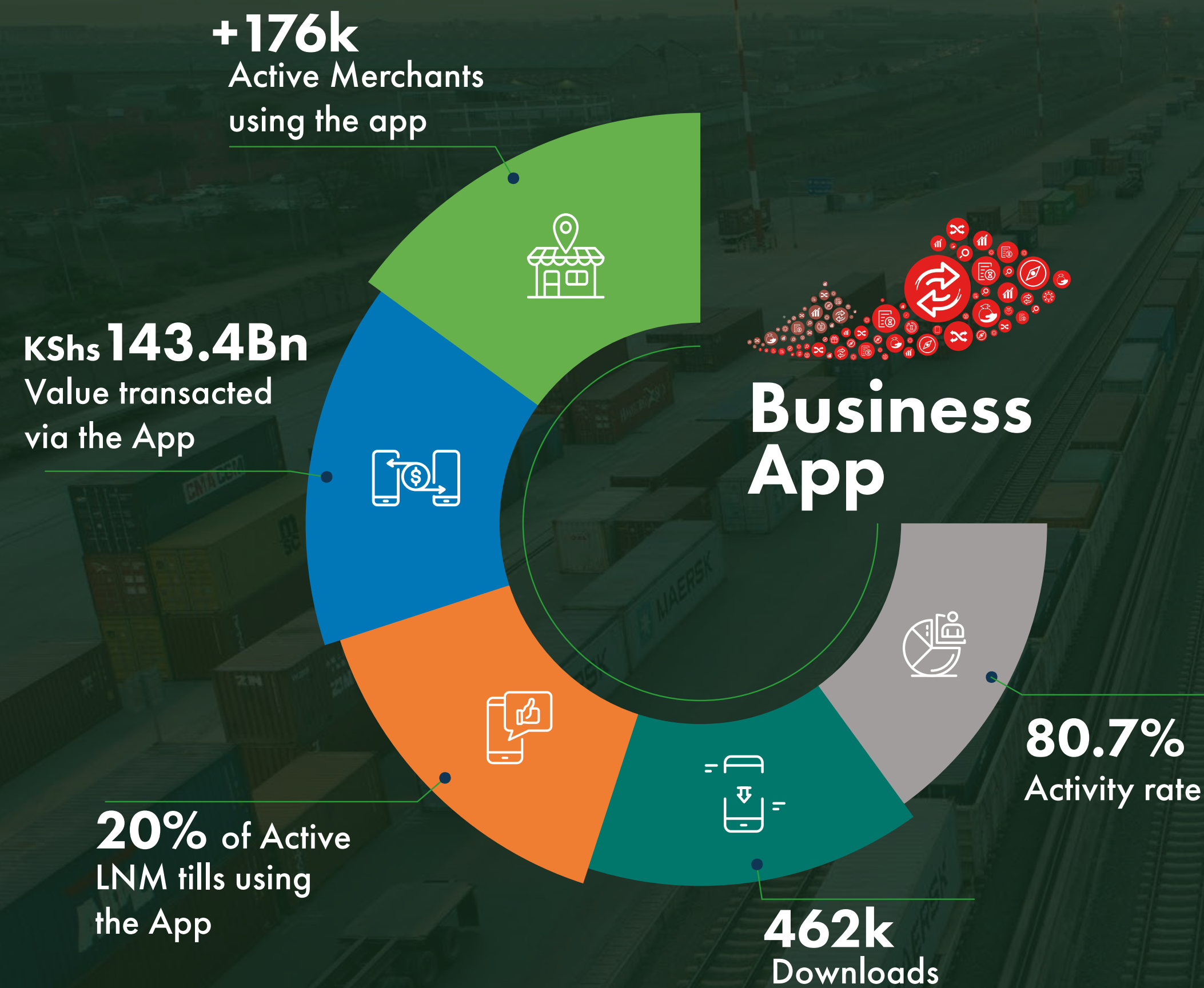
## Driving Customer Engagement

-  **+10%** ARPU Growth
-  **+15%** Average days of use in a month
-  **+23%** Average number of transactions in a month

From a before and after cohort analysis of **700k** App Customers



# M-PESA Business App: Empowering Businesses



## Driving Merchant Engagement



**+57%**  
Transaction per  
Merchant growth



**+52%**  
Value per Merchant



**+75%**  
Average revenue  
per Merchant

From a cohort analysis of  
**264.4k**  
Active Merchants ever signed up  
on the app by March 2022

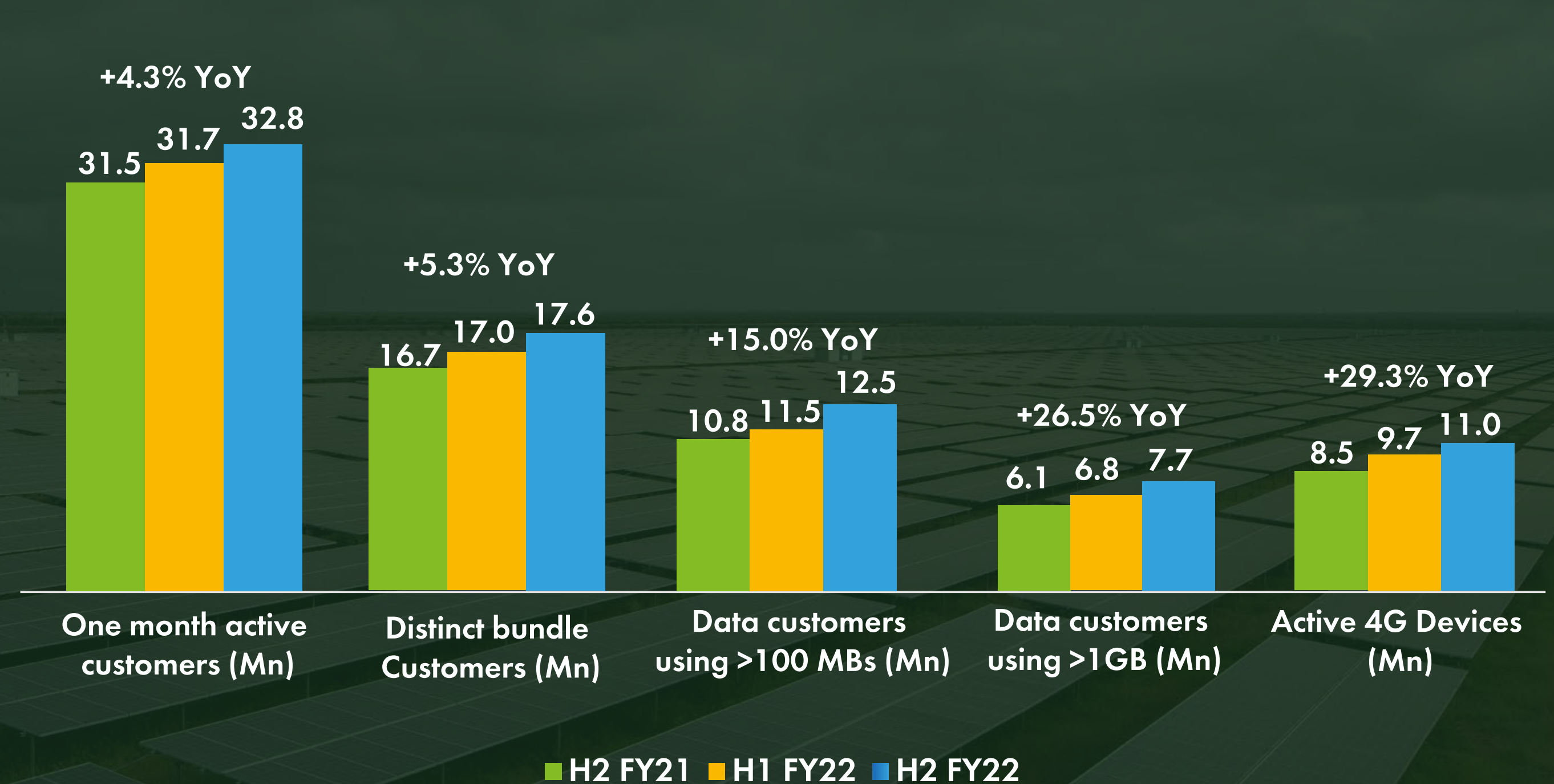


# Mobile Data: Strong Recovery in H2 Driven by Data Analytics/CVM\* Initiatives

## Strong Data Revenue Growth in H2



## Opportunity to Drive Usage and Growth Remains

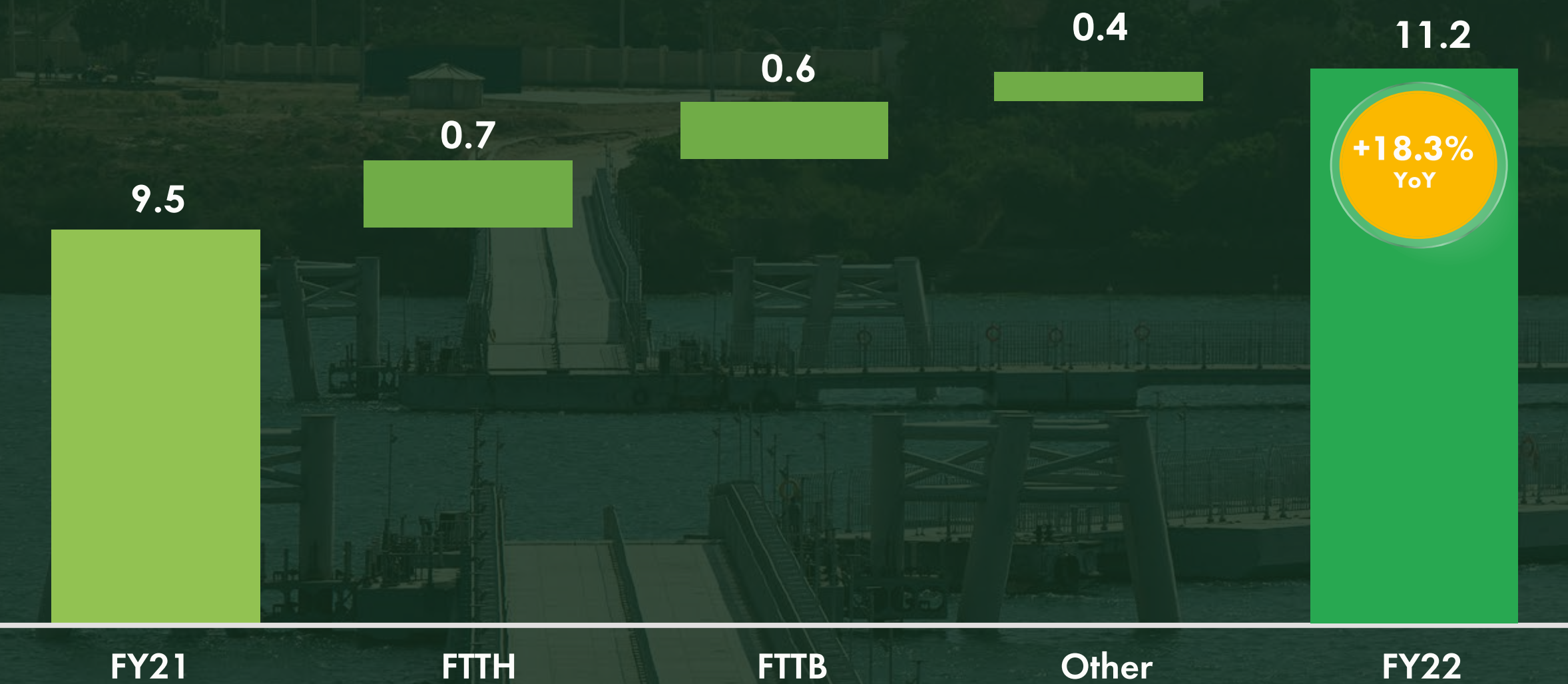


\*CVM- Customer Value Management

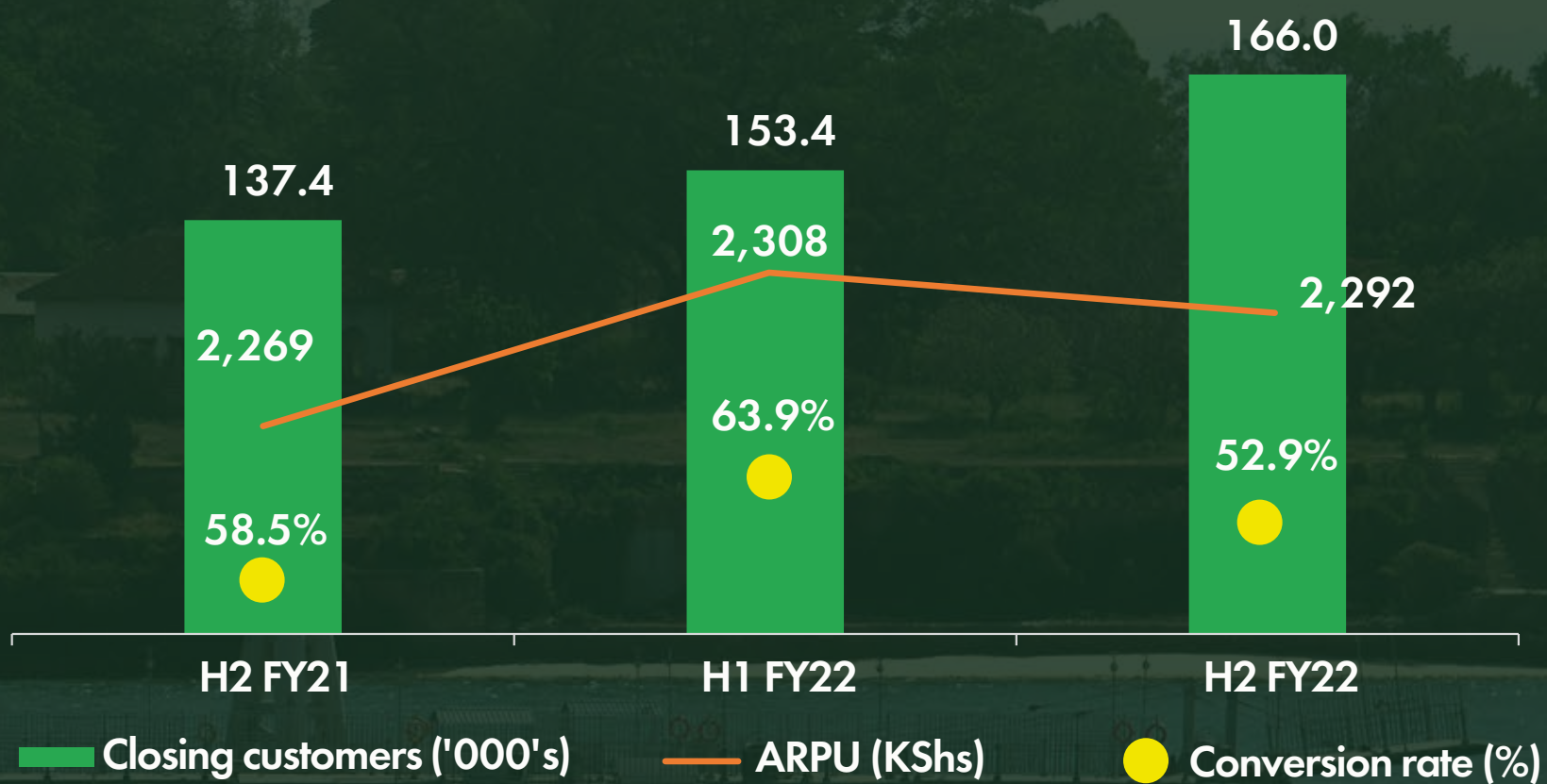


# Fixed Service: Increased Connections Drive Revenue Growth

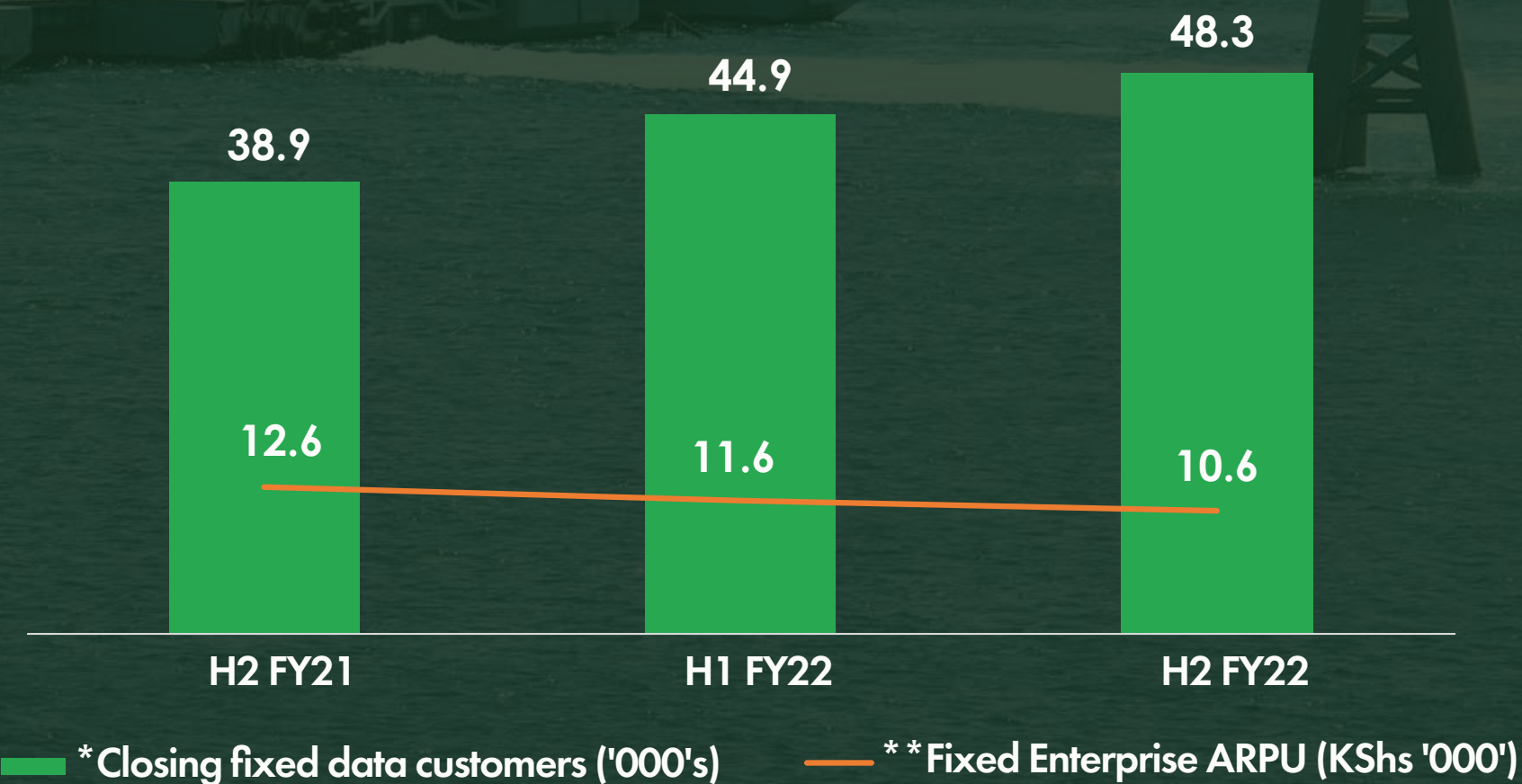
Contribution to Fixed Revenue growth (KShs Bn)



FTTH



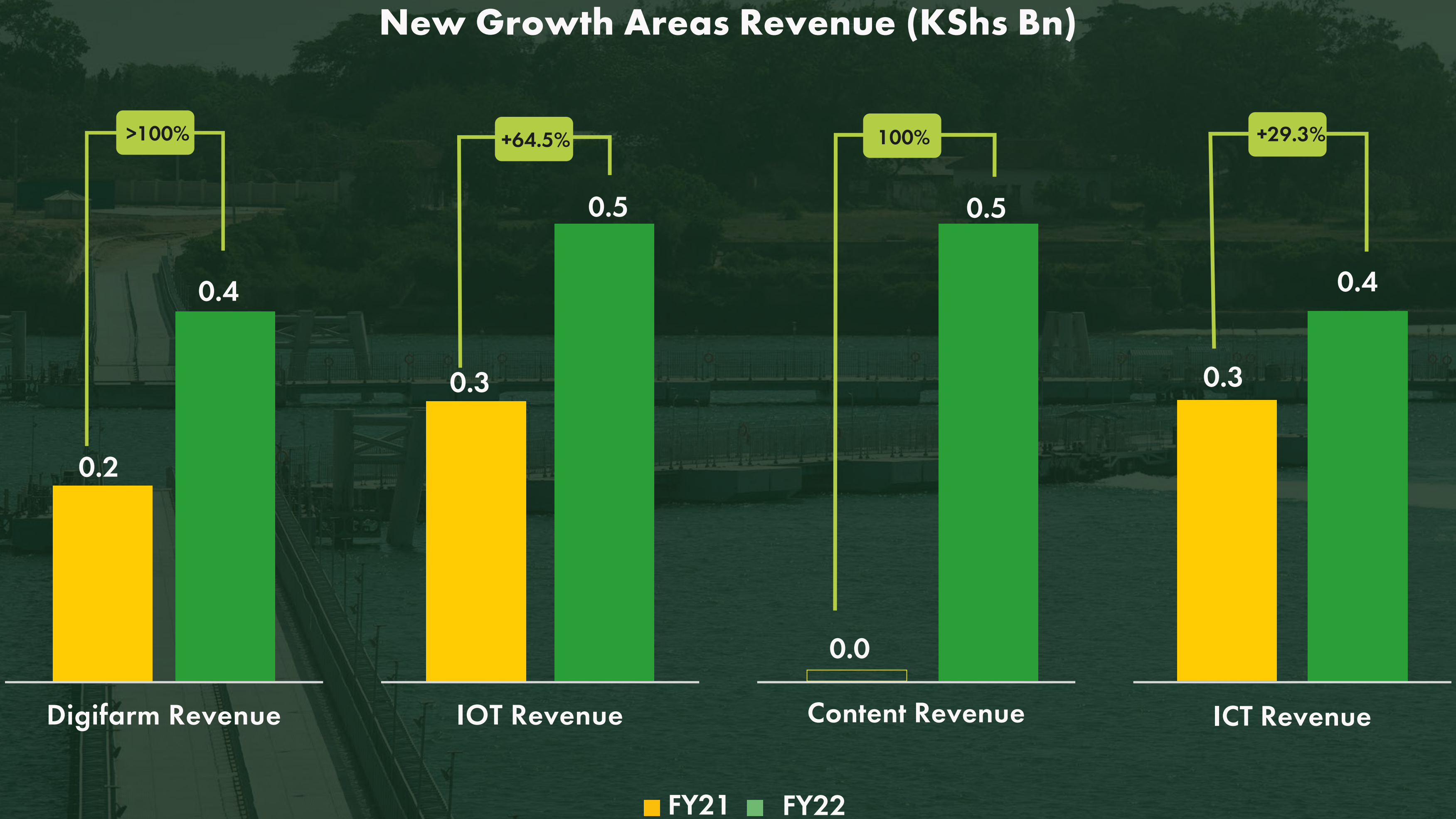
Fixed Enterprise



\*Long Term Evolution (LTE) customers 28.5k, +33.2% YoY making up 59% of total fixed data closing customers at 48.3k, +24.1% YoY  
\*\*Fixed Enterprise ARPU ex-LTE KShs 25.85k, LTE ARPU 3.5k, Fixed Enterprise ARPU KShs 11.2k in FY22  
FTTH and Fixed Enterprise ARPUs are restated to standardize ARPU calculations across all products.



# New Growth Areas: Performance is Gaining Momentum





# Group Net Income: Strong Performance on an Underlying Basis





# Overall Performance of the Group

	Safaricom Kenya KShs Mn	Safaricom Ethiopia KShs Mn	Safaricom Group KShs Mn	Safaricom Kenya %YoY	Safaricom Group %YoY
Service Revenue	281,107.3	-	281,107.3	12.3%	12.3%
Total revenue	298,077.9	-	298,077.9	12.9%	12.9%
Contribution margin	204,248.9	-	204,248.9	13.4%	13.4%
Operating costs	(50,077.8)	(5,109.2)	(55,187.0)	8.8%	19.9%
Depreciation	(39,919.0)	(14.3)	(39,933.3)	5.1%	5.2%
EBIT	114,252.1	(5,123.5)	109,128.6	18.8%	13.5%
Profit / (loss) before income tax	107,072.2	(4,858.8)	102,213.4	14.4%	9.2%
Profit / (loss) after tax	72,354.9	(4,858.8)	67,496.1	5.4%	(1.7%)
Profit / (loss) after tax excluding Minority Interest	72,354.9	(2,706.8)	69,648.1	5.4%	1.4%
Capex	39,336.2	10,442.4	49,778.5	12.5%	42.4%



# Ethiopia: Our Financial Ambitions



**Y1 Funding including  
license payment  
(Safaricom PLC)  
USD 540Mn**

**Funding sources;**  
Equity, DFIs, Vendor  
Financing, local short term  
borrowing and internal  
reserves



**Capex Investment**  
5Yr plan:  
USD 1.5 - 2.0Bn

**Network Rollout**

Y1: c1k sites at launch  
Y10: 10k - 12k sites



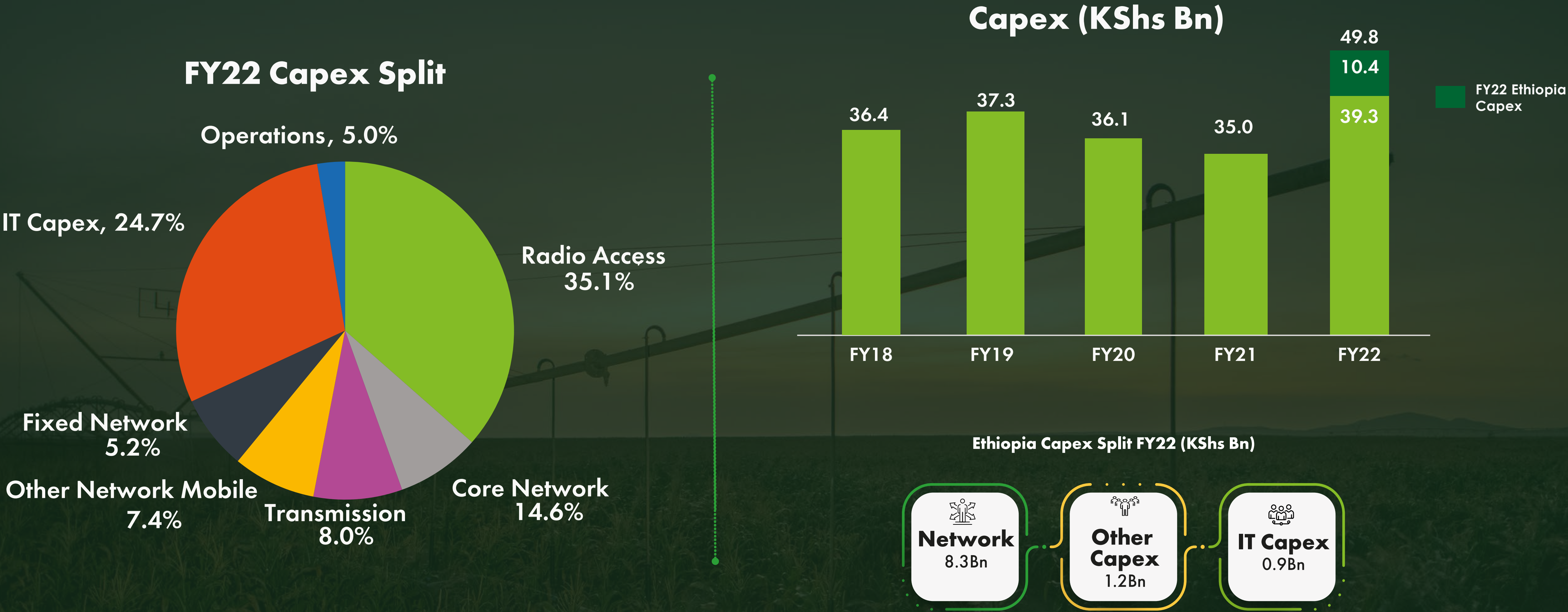
**EBITDA break-even  
in Y4**  
EBITDA Margin Y10  
est. at around 40%

**Enablers**

- Aggressive network expansion
- Sim card penetration
- Mobile money products launch

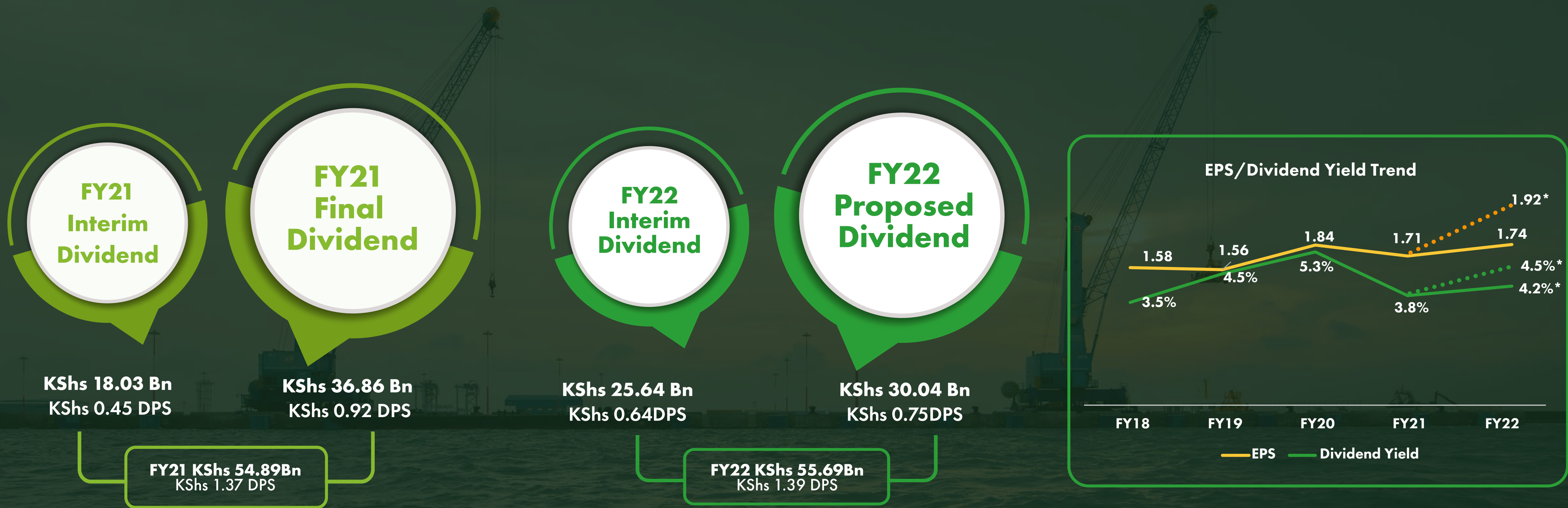


# CAPEX: Diversifying Spend to Fund New Growth Areas





# FY22 Proposed Dividends: Consistently Delivering Value to Our Investors



\*EPS & Dividend yield calculations exclude KShs 4.7Bn Ethiopia Financing costs in FY22



# Outlook





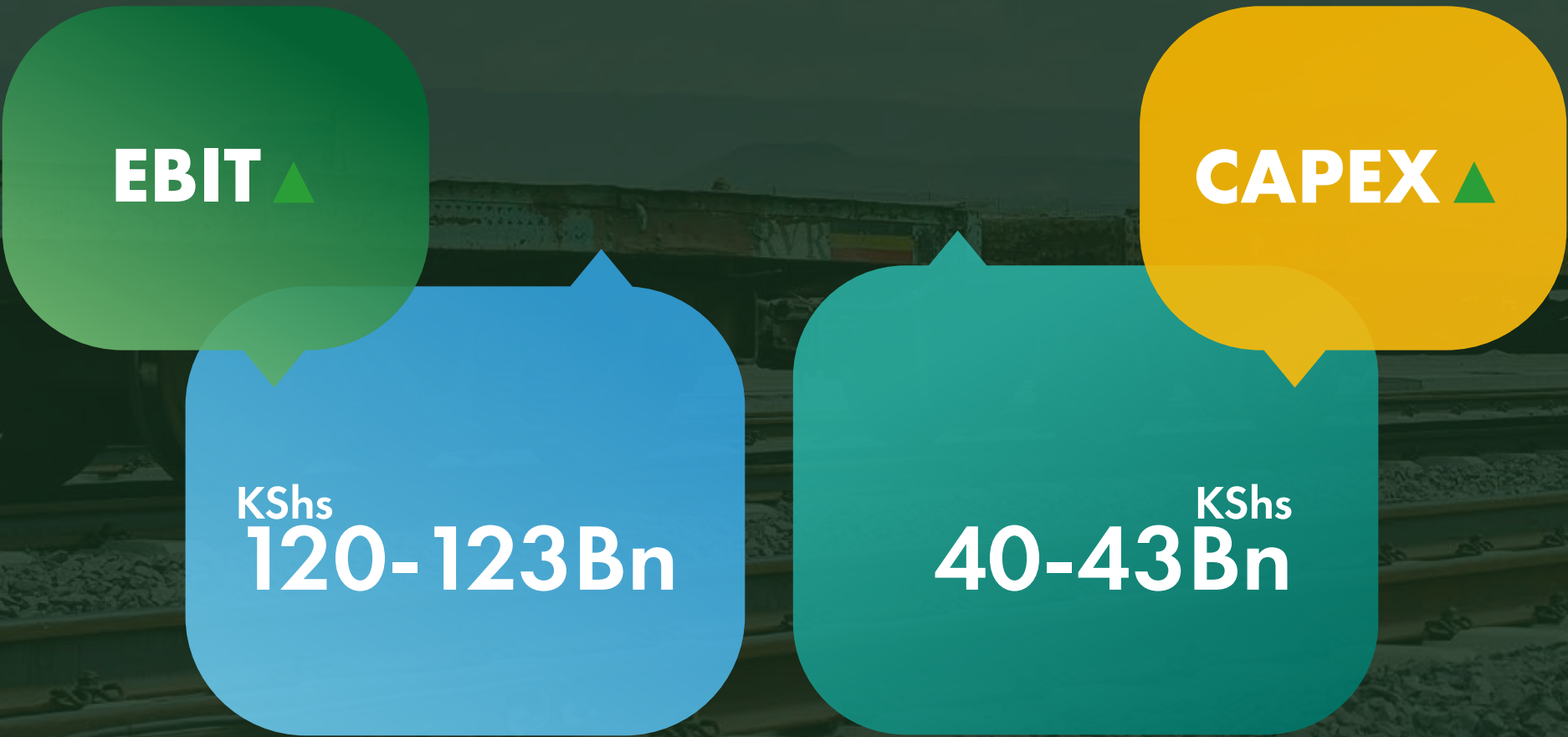
# FY23 Focus: Accelerate New Growth Areas





# FY23 Guidance: Focus on Accelerating New Growth Areas

Safaricom Plc Kenya  
(excluding Ethiopia)



Safaricom Plc Group  
(including Ethiopia)



This guidance is based on prevailing macro-economic and regulatory conditions.



A nighttime photograph of a city skyline with a prominent highway interchange in the foreground. The highway has long-exposure light trails from cars, and the city lights are visible in the background under a dark sky.

**Simple • Transparent • Honest**  
**FOR YOU**