Niko na Safaricom

Safaricom Ltd

FY 2010 Results Announcement

26th May 2010

Our Vision & Strategy

- Consolidate Fixed & Mobile Data Growth
- Expansion of M-PESA services
- Sustain Voice Revenue

- Data growth through infrastructural investment
- Increase Wimax Coverage & Product innovation
- Increase M-PESA Penetration
- Increase product offering under M-PESA
- Stimulate voice revenue growth through Dynamic tariffs
- Maintain # 1 position in market

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Delivering on Strategy

We have achieved

Growth in Revenues and Profit

Increased penetration of innovative products

Maintained No. I Market Position

through well aligned actions

Increased focus on Data and M-PESA services to fuel Revenue growth

Investment in Infrastructure to support the quality & capacity of our Network and Services

Strengthening our brand presence and consistently customer focused

operating in a highly competitive market

Aggressive competition coupled with declining disposable incomes

Increasing regulatory activity

Economy still in recovery

Performance Highlights

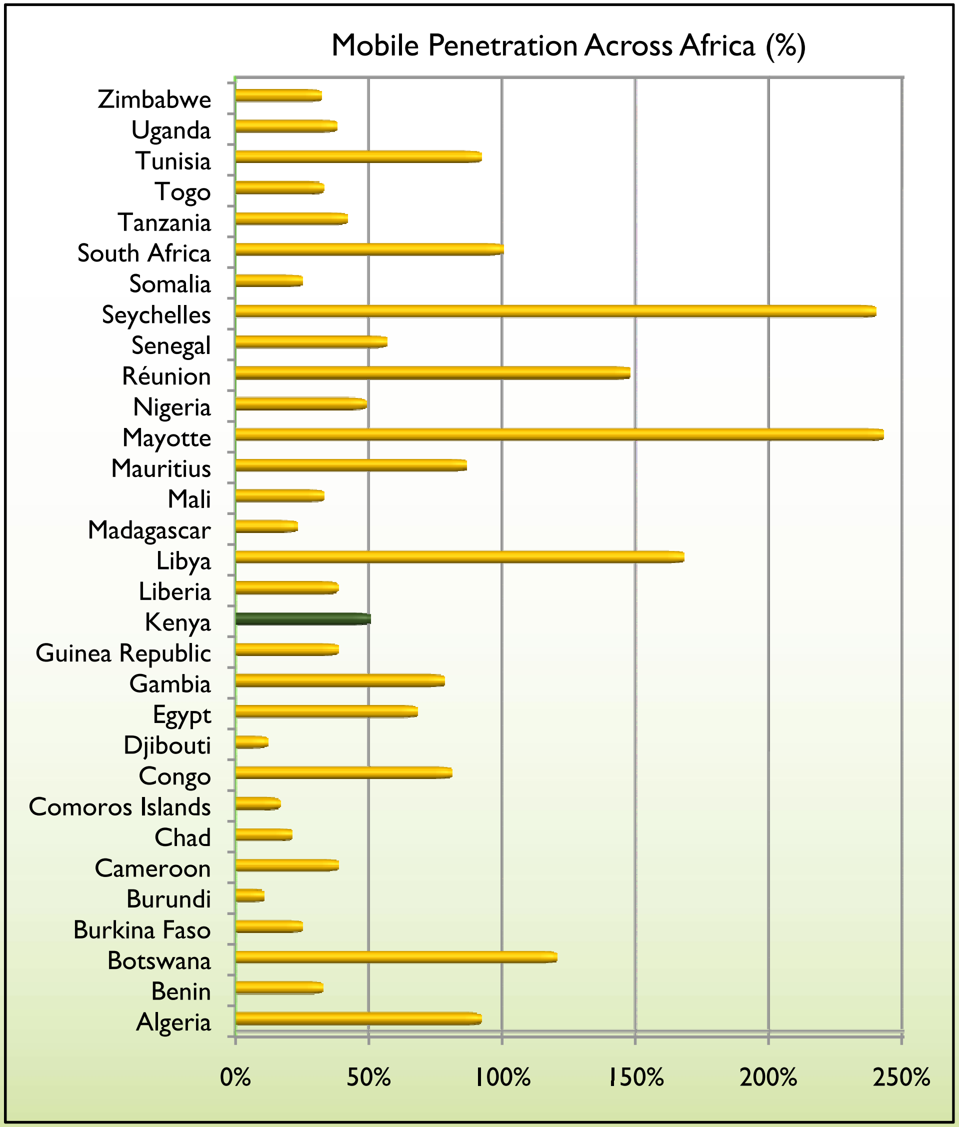
Subscribers	Turnover	EBITDA	Net Income	EPS	Dividends
15.79mn	Ksh. 83.96 bn	Ksh. 36.60bn	Ksh. 15.15bn	Ksh. 0.38	Ksh. 8.00bn
18.2%	19.1%	31.0%	43.8%	44.2%	100.%

OPERATING ENVIRONMENT

Regulatory Environment

- Universal Service Fund
- Service & Mobile Number portability
- Subscriber Identity Registration
- Kenya Information & Communications Regulations 2010
- Termination Rates

Market Dynamics



- Sub-Saharan Africa still the fastest growing mobile market in the world
- Mobile penetration in Kenya at 50 % as at 31st March 2010;
- Data penetration still below 10%
- Focus on expansion into the Data segment as operators tap into the 3G networks and under-sea data cables
- Declining Voice ARPU

Source: WCIS & ITU

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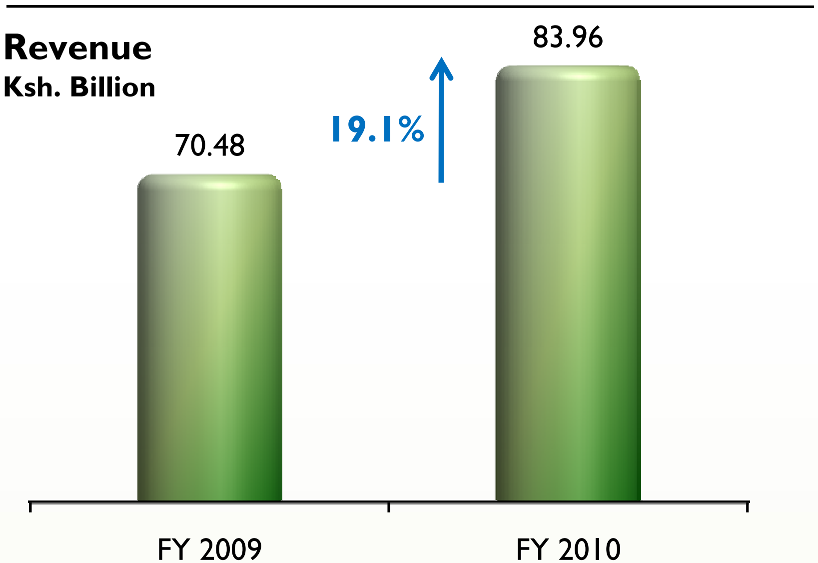
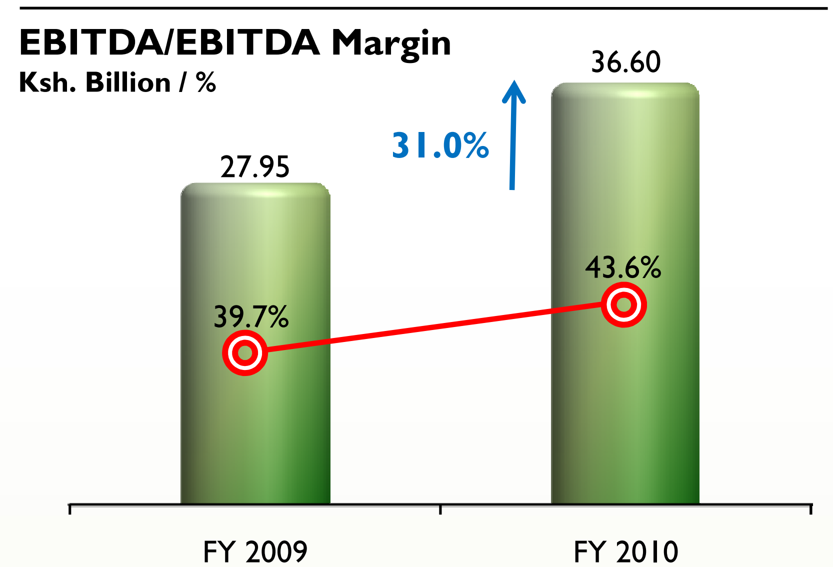
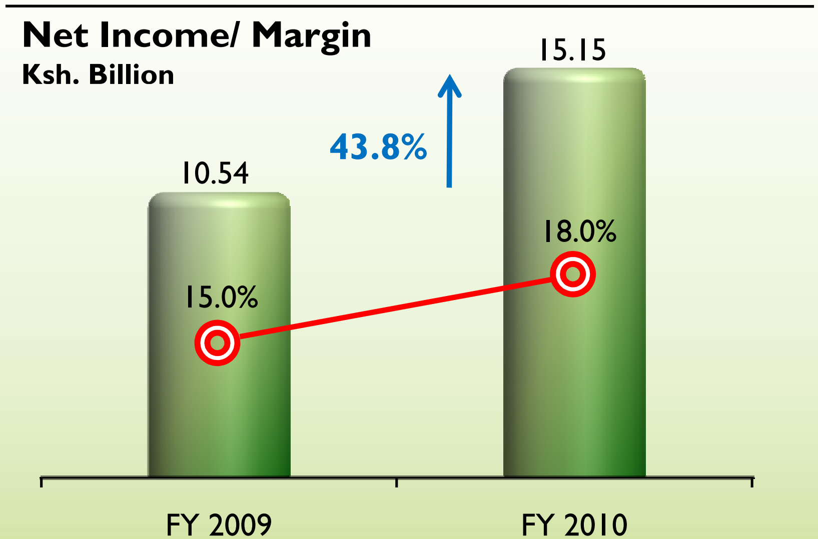
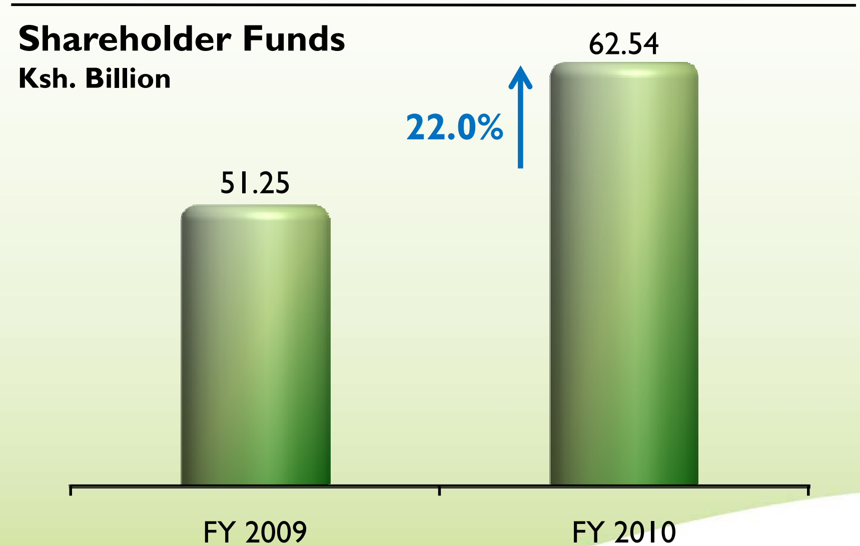
COMPANY PERFORMANCE

Strong Operational Performance

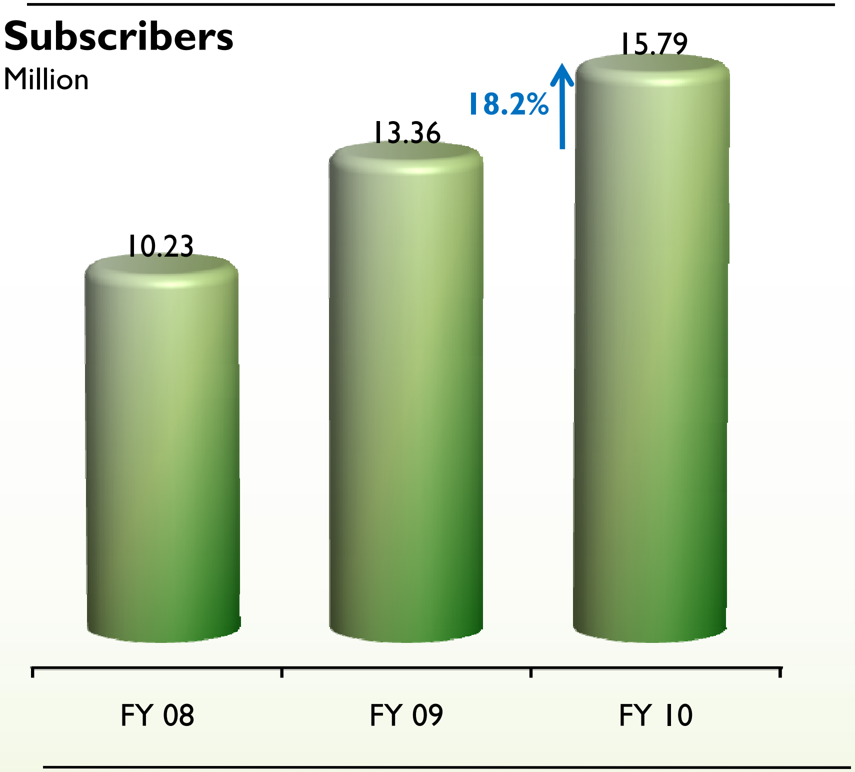


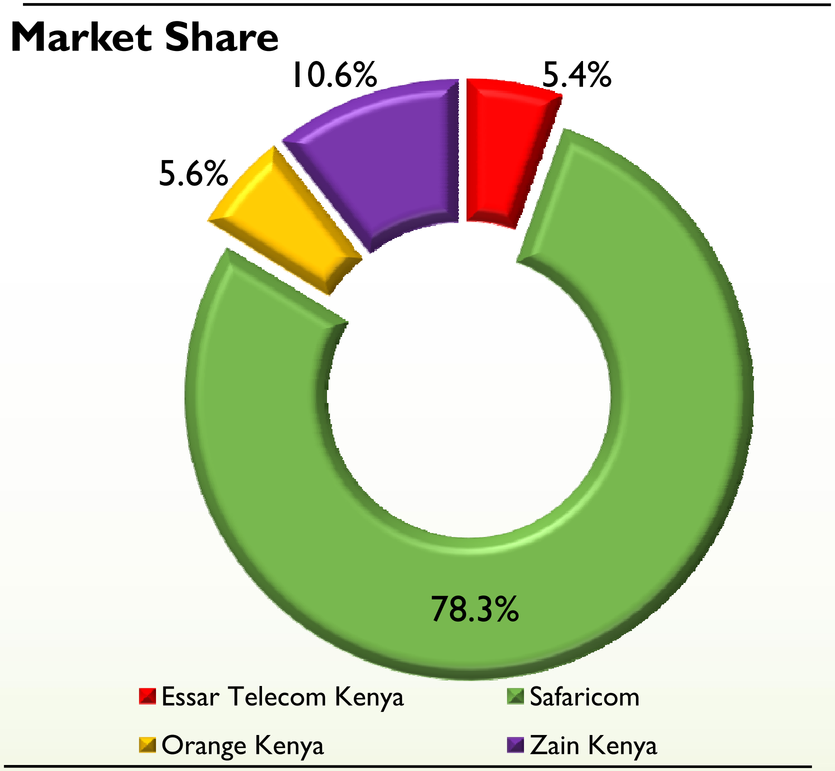






Maintained Market leadership





Source: WCIS

15.79 million subscribers by March 2010 representing an increase of 2.43 million new subscribers within the financial year

Market leader with 78.3% of customer market share (79.1% in March '09)

Revenue market share rose by 1.3% to 84.3%

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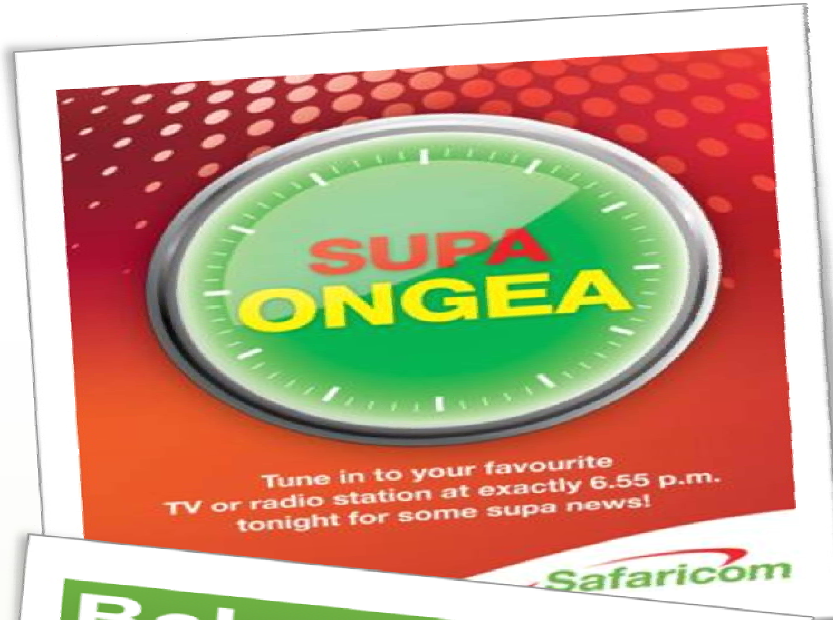
Staying Ahead

Through cutting-edge products and services we ensure customer satisfaction and retention

- M-PESA
- Bonga Points
- Dynamic tariffs with low calling rates
- 3G network platform
- Low cost recharge vouchers



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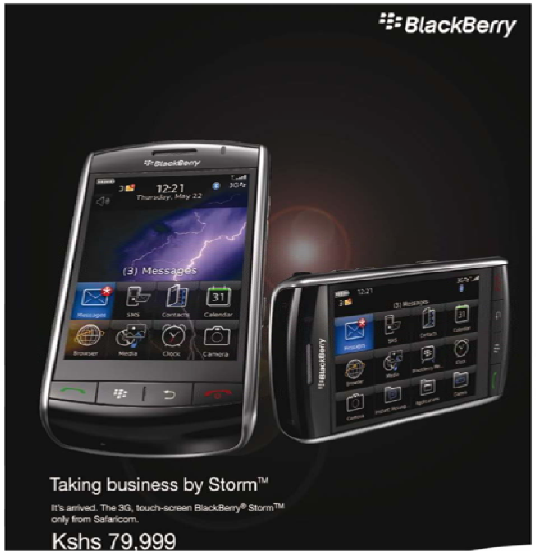
Aggressive push on Acquisition products

- Aggressive selling of handsets , laptops modems and other accessories
- Acquisition revenues increased by 58.5% to Ksh. 3.66 bn (Ksh.2.31 bn in March'09)
- In line with our acquisition strategy that aims at increasing mobile penetration nationwide
- Focus remains on Data enabled devices



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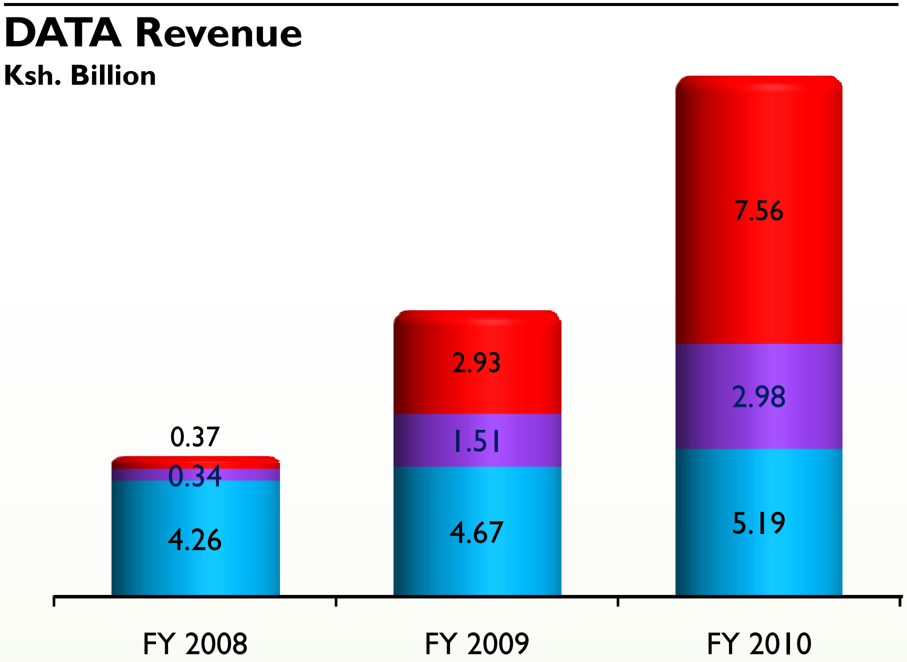
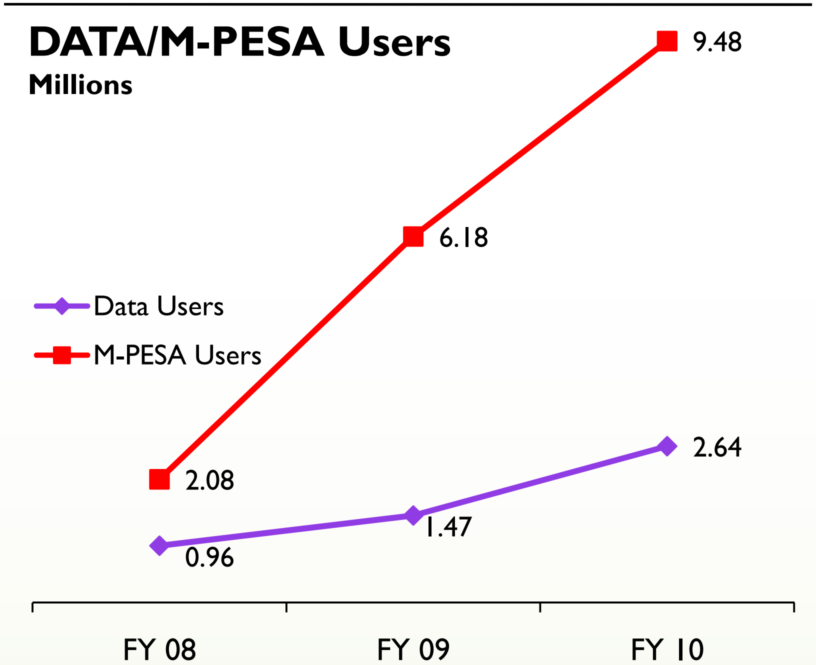
Growth propelled by DATA & M-PESA



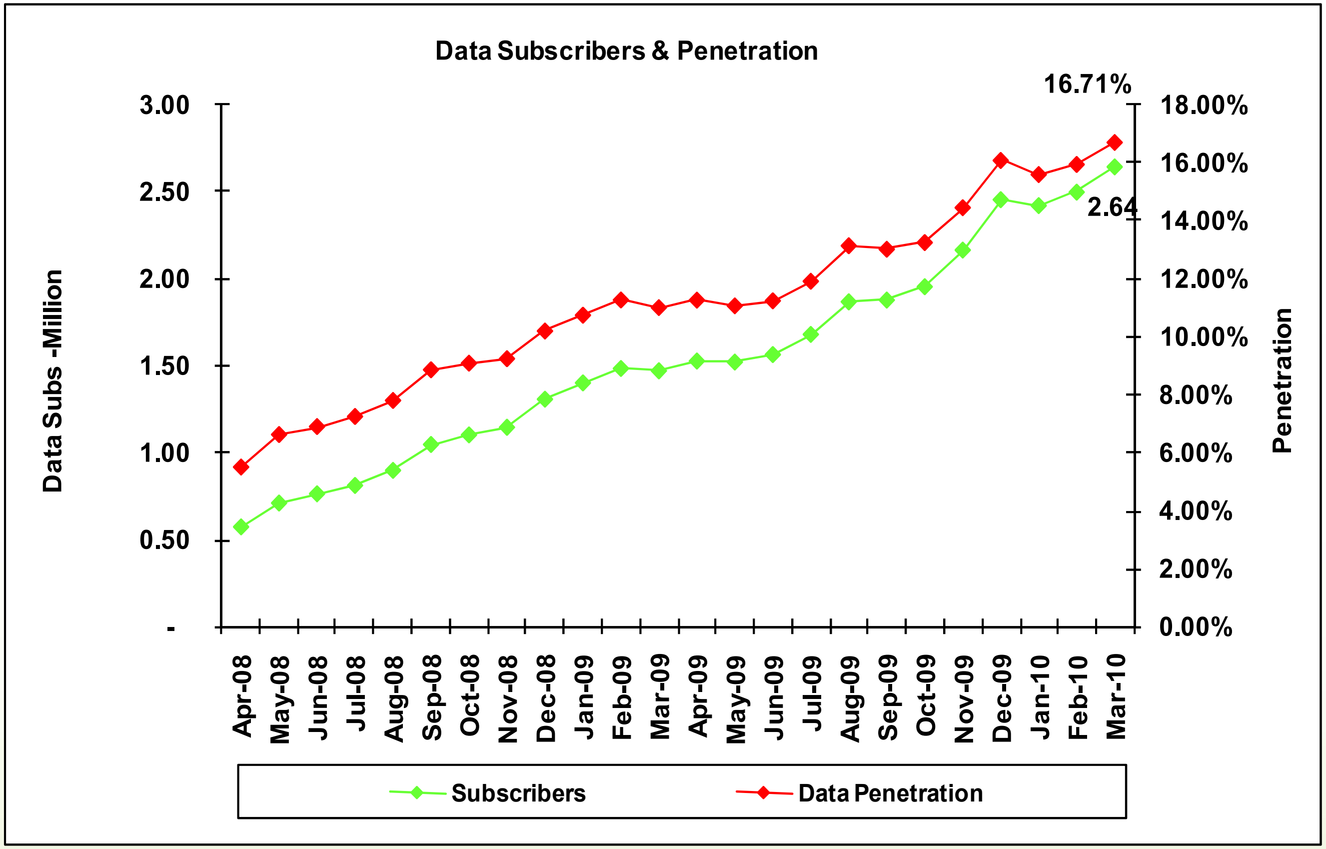


Data revenue increased by 72.8% representing 18.7% of revenue (12.9 % in March 09) driven by the combined effect of

- M-PESA up 158.1% (9.0% of revenue)
- Data up 97.7% (3.6% of revenue)
- SMS up 11.3% (6.2% of revenue)

Strong growth in the number of Data users (79.6%) and M-PESA users (53.4%)

DATA Penetration



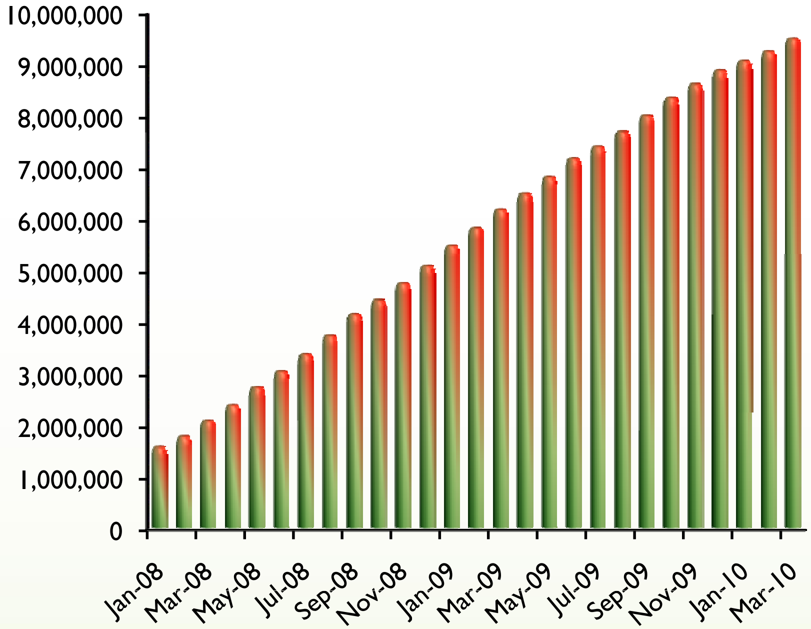
* Penetration is based on Safaricom subscribers

Driving growth in mobile data through mass market penetration

- Financed laptop acquisitions
- Low priced modems, routers and laptops
- Business product packages
- Promotional activities

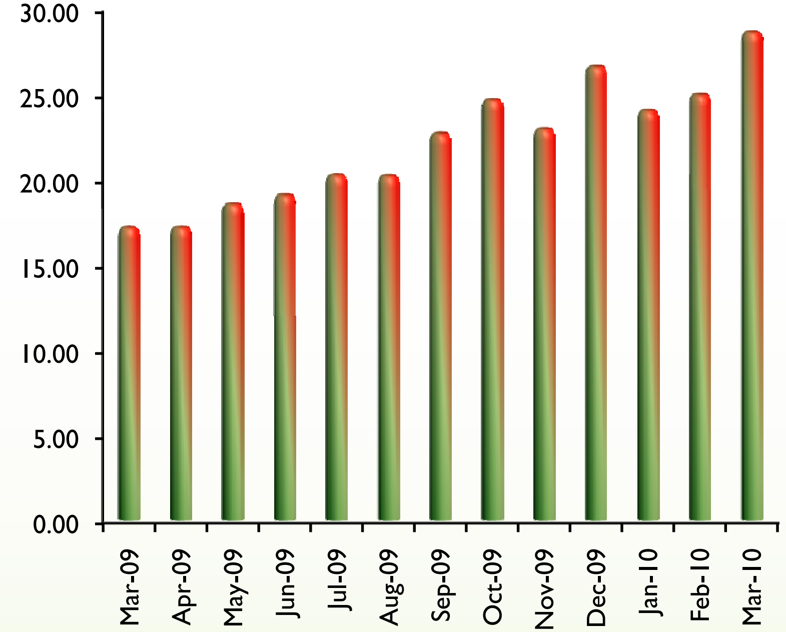
M-PESA : Continued growth and performance

Registered Users



Monthly Value of P2P Transactions

Billions



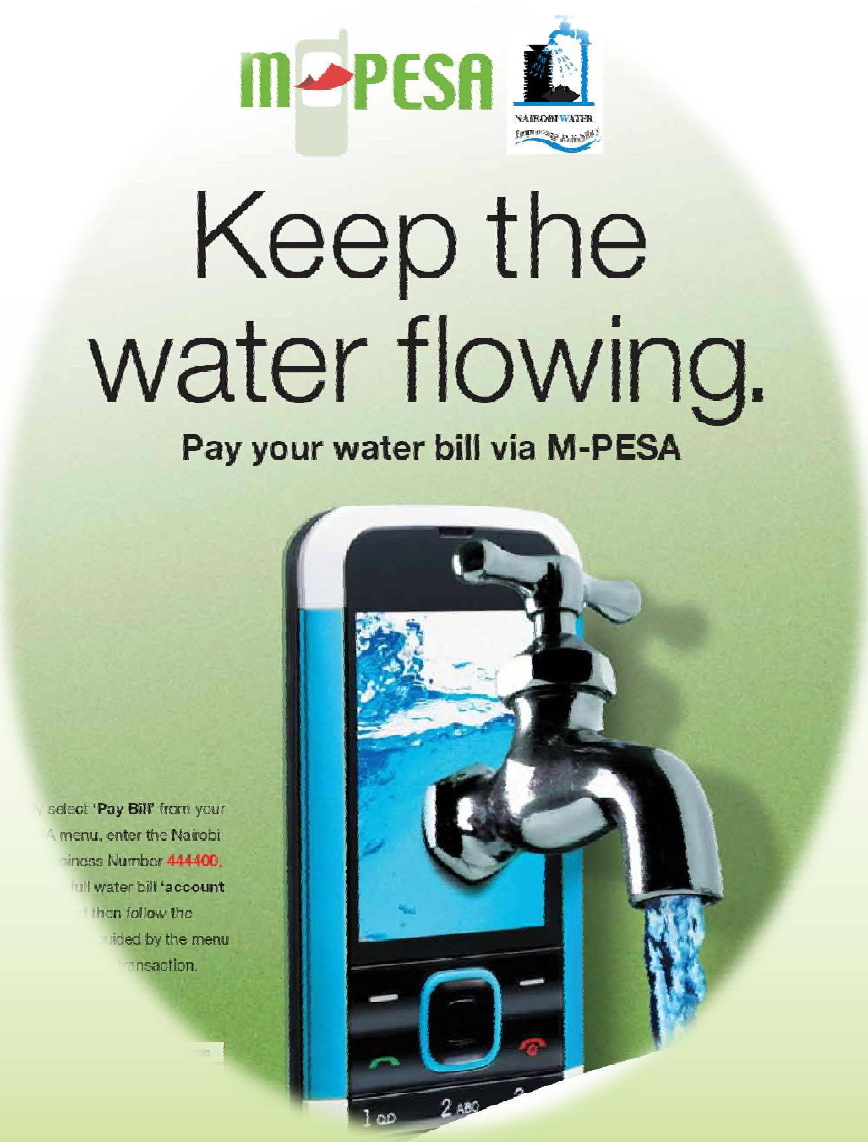
The M-PESA customer base continues to grow with 9.48 Million users as at March 2010

The M-PESA agent base is also expanding with 17,652 agents across the country

Person-to-Person transactions for March 2010 stood at Ksh. 28.59 Billion

Cumulative value of transactions from inception was Ksh. 405.52 billion as at end of period

M-PESA: Much more than money transfer



M-PESA is now used for

- Airtime purchase
- Utility bill payments
- Bulk cash payments e.g salary payments
- International money transfer
- ATM withdrawals
- Dividend payment
- Social/Charitable collections
- Banking

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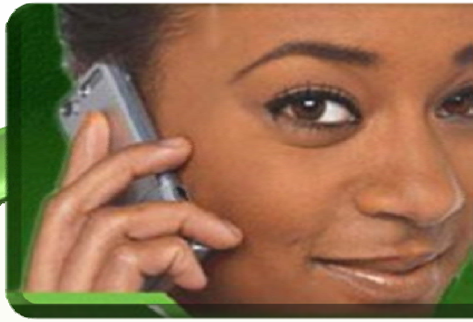
Safaricom Business: Total Communications Solutions

Business Data



Business Voice

Going beyond connectivity to providing total communication service solutions.

Business Value Added Services

Business Messaging Service

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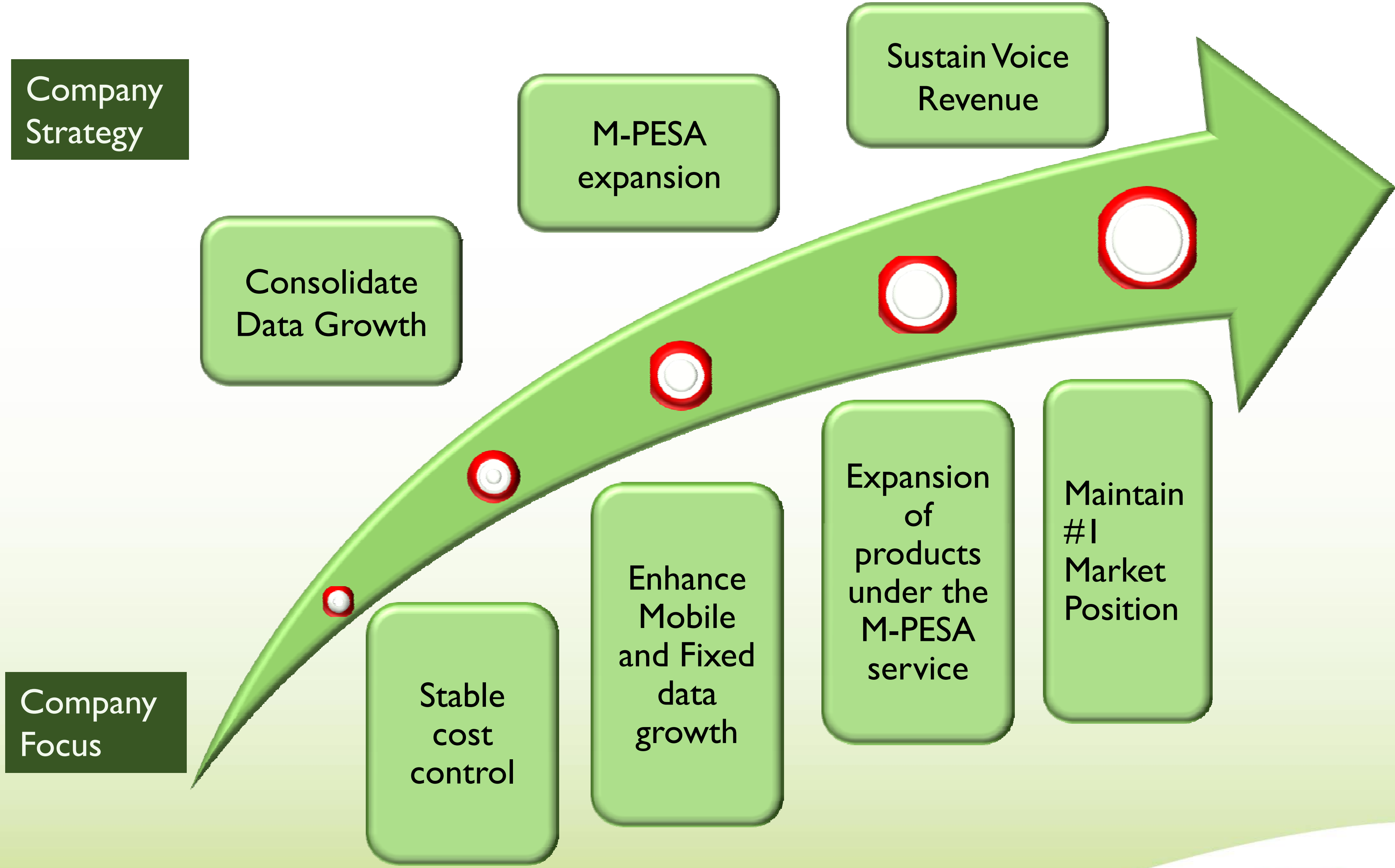
Our Future: Building on our Strengths



FINANCIALS

Key Financials: FY2010 Summary

Ksh. Billion	Mar-10		Mar-09		% CHANGE
Revenue	83.961		70.480		19.1%
EBITDA	36.604		27.951		31.0%
EBITDA Margin	43.6%		39.7%		
Operating Profit	22.611		16.175		39.8%
Profit Before Tax	20.967		15.304		37.0%
Net Income	15.148		10.537		43.8%
<u>Key KPIs</u>					
Basic EPS	0.38		0.27		44.2%
Dividend	8.000		4.000		100.0%
Shareholder Funds	62541		51253		22.0%
Free cashflow	6090		(1,053)		678.3%
Gearing (Gross Borrowing)	24%		19%		
Net debt/EBITDA(times)	0.16		0.25		

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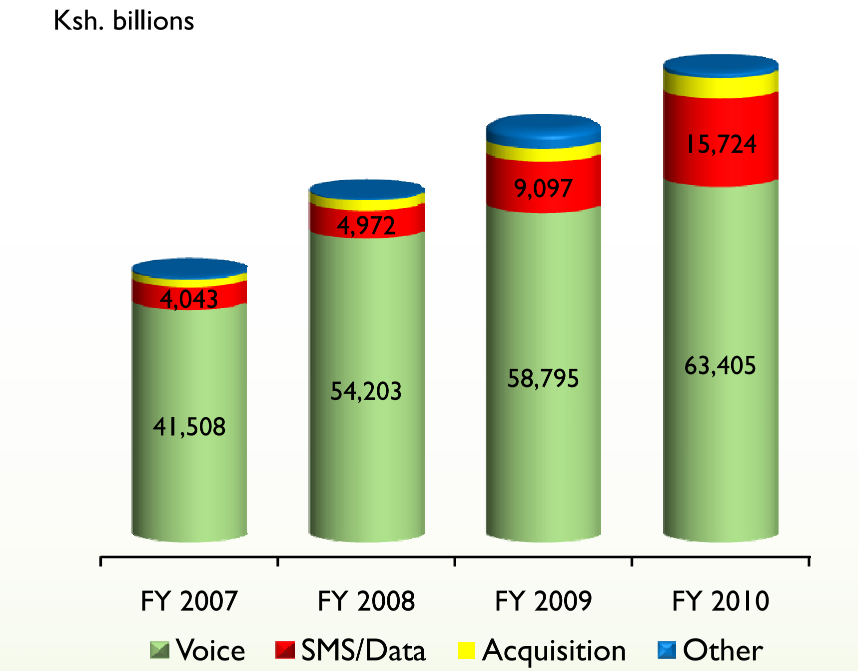
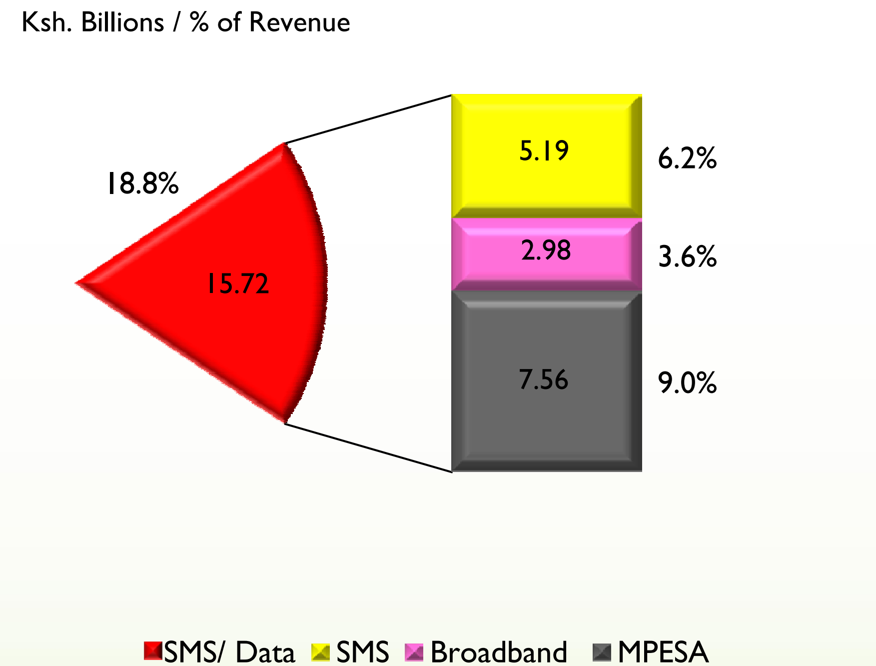
KPIs: Continued Revenue Growth

YoY Revenues Analysis



Data Revenue Breakdown

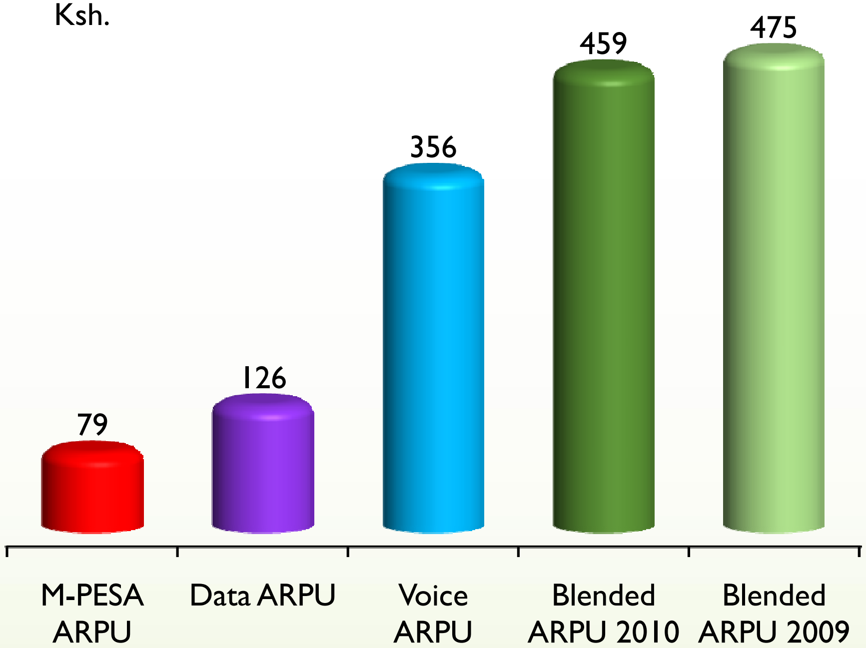


- Data revenue continues to grow by 72.8% representing 18.7% of revenue (12.9% Mar 09)
- Acquisition (58.5% increase)

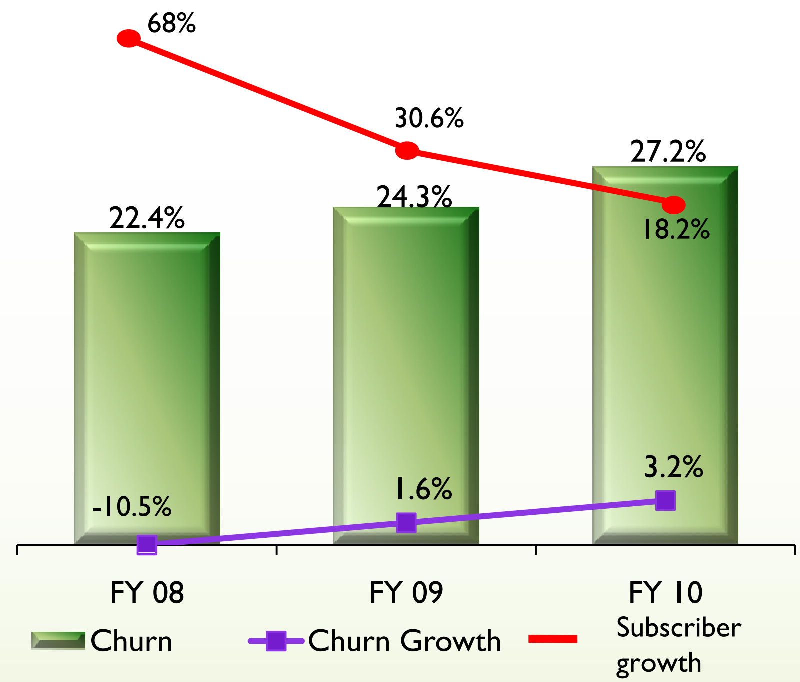
- Broadband data services (97.7% increase)
- M-PESA (158.1% increase)

KPIs: Robust ARPU & CHURN

Blended ARPU



Churn Rate



Blended ARPU declined 3.4% to Ksh. 458.5 due to

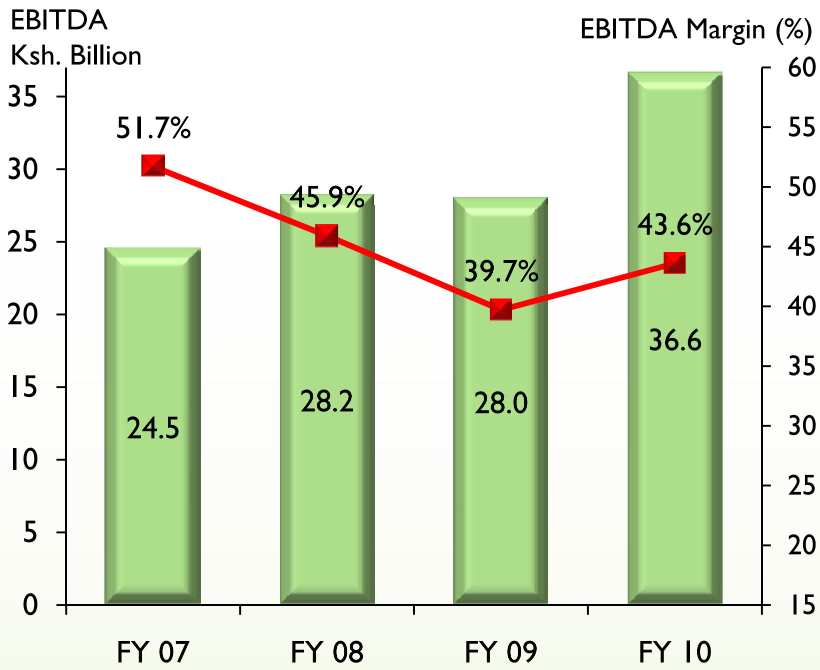
- Increased penetration into rural areas
- Lower disposable incomes coupled
- Lower average tariffs

Offset by increased contribution from Data

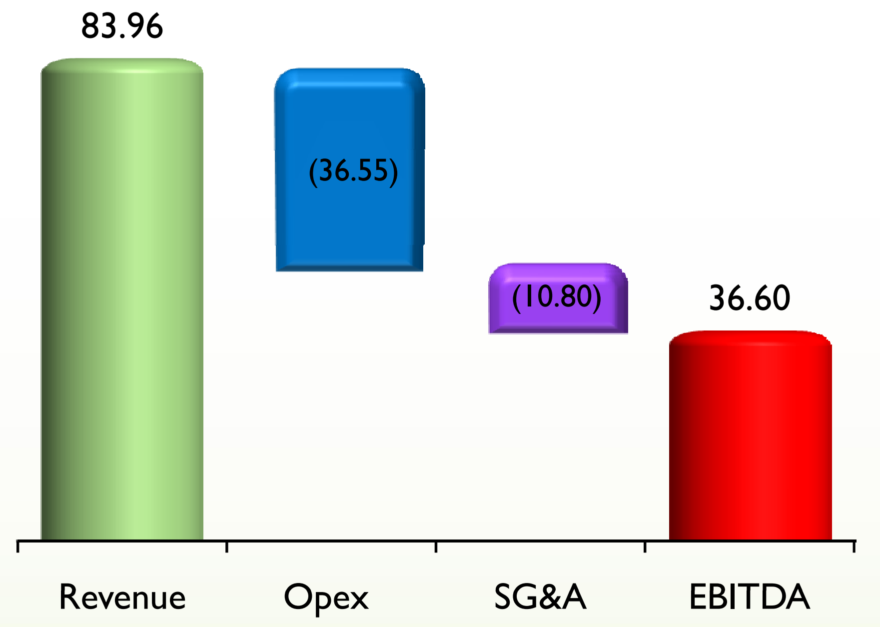
- Churn rate of 27.2% that is lower in comparison to the prepay industry average
- Continued positive impact of M-PESA and Bonga Loyalty Scheme

KPIs: Expanding EBITDA & Margins

YoY EBITDA



Revenue/EBITDA Analysis

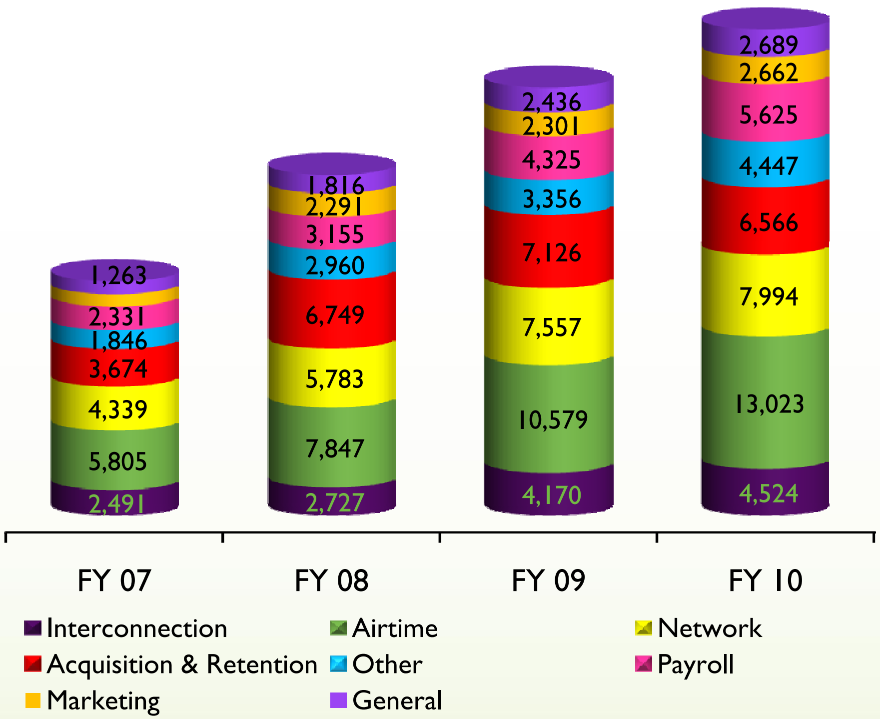


• Strong EBITDA growth of 31% to Ksh 36.60bn from Ksh 27.95bn in March 2009 reflecting a higher EBITDA margin of 43.6%

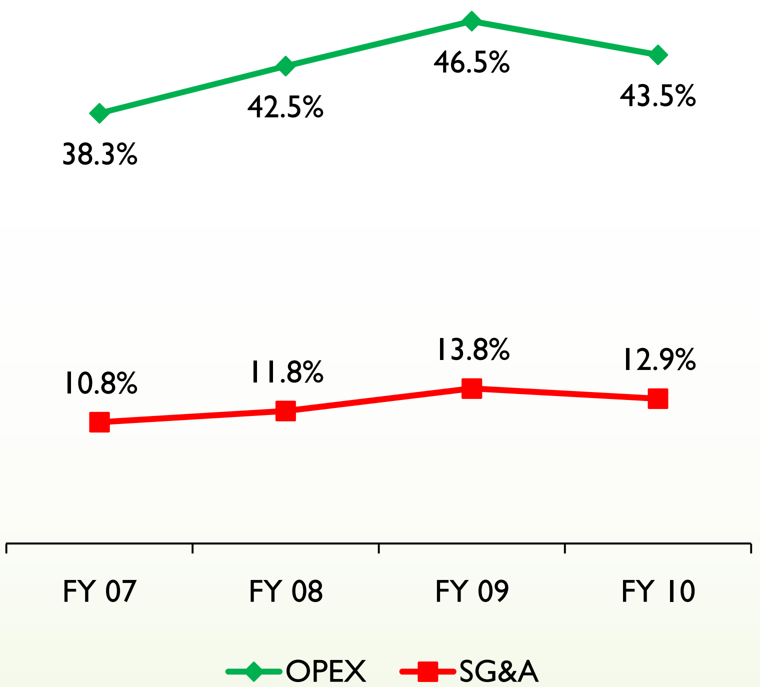
• OPEX and SG&A cost grew by 11.4% compared to a 19.1% growth in Revenue

Stable Cost Structure: OPEX & SG&A

OPEX & SG&A Breakdown



Cost Intensity (% of Revenue)



Increase in OPEX & SG&A due to

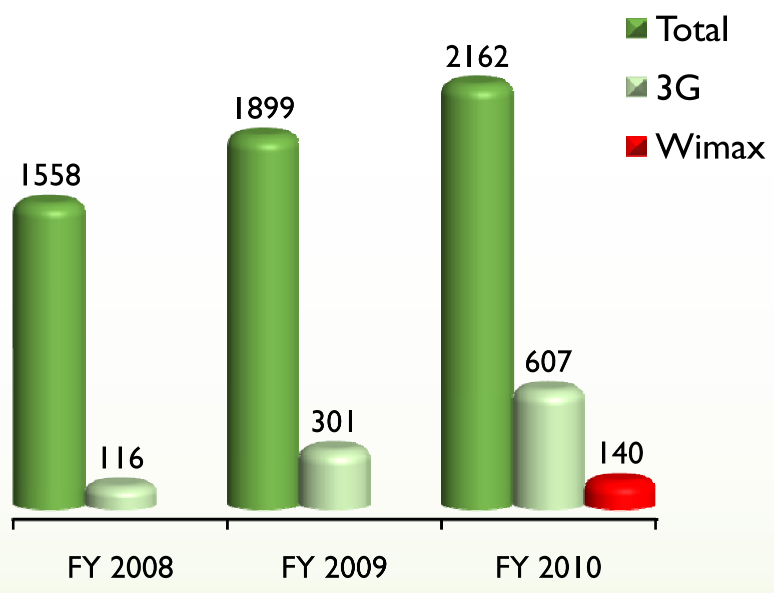
- Increased Commissions by 23.15%
- Increase Acquisition costs by 27%
- Increased Payroll and personnel cost by 30.1%
- Increased Marketing costs by 15.7%

Key Savings in

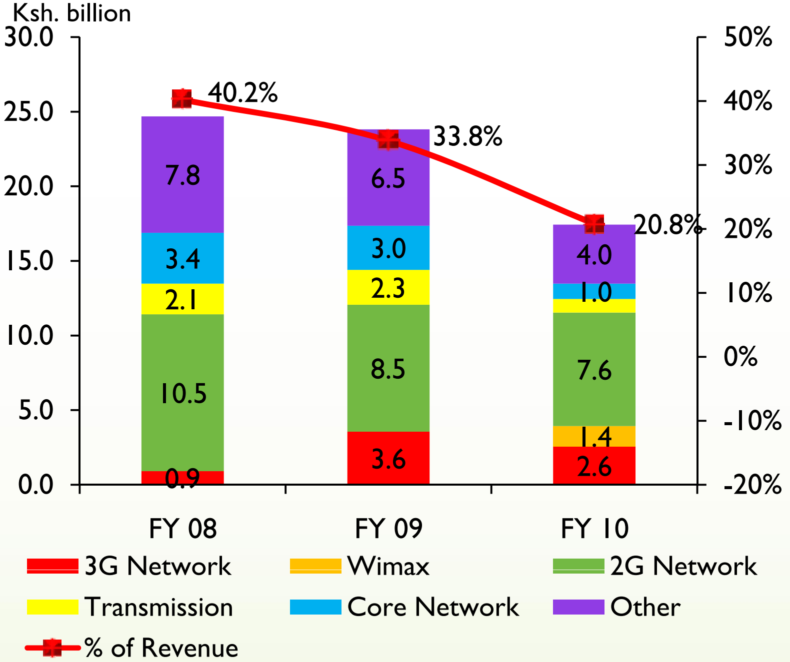
- Network Cost
- General and Administrative costs

Capital Expenditure:-Investing for the Future

Base Stations



CAPEX



Network growth from 1,899 sites to 2,162 sites

Reduction in Capex, for the period by 24.3% to Ksh.17.43bn.

Outstanding capital commitments of Ksh. 6.1bn

Capital expenditure expected to continue at a high level in these key investment areas

- Fixed data infrastructure
- 3G Network equipment
- Upgrade of existing 2G equipment (Quality & Capacity)

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