

SAFARICOM LIMITED

Condensed audited financial statements for the year ended 31st March 2013

| Condensed consolidated Statement of Comprehensive Income Kshs '000 | Group | | % |
|--|--------------|--------------|------------|
| | 31-Mar-13 | 31-Mar-12 | |
| Revenue | 124,287,856 | 106,995,529 | 16.2% |
| Cost of sales | (56,544,436) | (54,139,219) | 4.4% |
| Gross Profit | 67,743,420 | 52,856,310 | 28.2% |
| Operating expenses (selling, distribution, administration and other expenses/income) | (40,643,226) | (32,704,953) | 24.3% |
| Operating Profit | 27,100,194 | 20,151,357 | 34.5% |
| Net financing cost | (1,639,951) | (2,782,762) | (41.1%) |
| Share of associate (loss)/profit | (9,678) | 805 | (1,302.2%) |
| Profit before tax | 25,450,565 | 17,369,400 | 46.5% |
| Income tax expense | (7,910,755) | (4,741,793) | 66.8% |
| Total comprehensive income for the period | 17,539,810 | 12,627,607 | 38.9% |
| Attributed to: | | | |
| Equity holders of the Company | 17,539,810 | 12,737,837 | 37.7% |
| Non-controlling interest | - | (110,230) | (100.0%) |
| | 17,539,810 | 12,627,607 | 38.9% |
| Gross Margin | 54.5% | 49.4% | |
| Proposed dividend | 12,400,000 | 8,800,000 | 40.9% |
| Earnings per share for profit attributable to the equity holders of the company - basic (Kshs per share) | 0.44 | 0.32 | 37.5% |

| Condensed consolidated Statement of Financial Position Kshs '000 | Group | | % |
|---|--------------|--------------|----------|
| | 31-Mar-13 | 31-Mar-12 | |
| Capital Employed | | | |
| Share capital (including share premium) | 3,850,000 | 3,850,000 | 0.0% |
| Retained earnings | 64,015,128 | 59,940,584 | 6.8% |
| Proposed dividends | 12,400,000 | 8,800,000 | 4.1% |
| Shareholders Funds | 80,265,128 | 72,590,584 | 10.6% |
| Non-controlling interest | - | (508,886) | (100.0%) |
| Deferred liabilities | - | 97,525 | (100.0%) |
| Non-current borrowings | 12,000,000 | 12,104,554 | (0.9%) |
| | 92,265,128 | 84,283,777 | 9.5% |
| Represented by | | | |
| Non-Current Assets | 103,500,133 | 100,705,482 | 2.8% |
| Current Assets: | | | |
| Inventories | 2,234,294 | 2,653,125 | (15.8%) |
| Receivables and prepayments | 8,124,808 | 8,190,298 | (0.8%) |
| Current income tax | - | 1,542,714 | (100.0%) |
| Cash and cash equivalents | 14,996,922 | 8,808,058 | 70.3% |
| | 25,356,024 | 21,194,195 | 19.6% |
| Current Liabilities | | | |
| Payables and accrued expenses | 27,825,322 | 30,463,358 | (8.7%) |
| Current income tax | 537,749 | - | (100.0%) |
| Derivative financial instruments | 8,227,958 | 7,005,542 | 17.4% |
| Borrowings | 36,591,029 | 37,615,900 | (2.7%) |
| | (11,235,005) | (16,421,705) | (31.6%) |
| | 92,265,128 | 84,283,777 | 9.5% |

| Condensed consolidated Statement of Cash Flows Kshs '000 | Group | | % |
|---|--------------|--------------|--------|
| | 31-Mar-13 | 31-Mar-12 | |
| Operating activities | | | |
| Cash generated from operations | 46,486,321 | 40,038,720 | 16.1% |
| Net interest paid | (1,451,683) | (1,468,799) | (1.2%) |
| Income tax paid | (5,903,893) | (5,333,847) | 10.7% |
| Net cash from operating activities | 39,130,745 | 33,236,074 | 17.7% |
| Investing activities | | | |
| Financing activities | (25,361,304) | (25,681,538) | (1.2%) |
| | (7,580,577) | (4,007,524) | 89.2% |
| Net movement in cash and cash equivalents | 6,188,864 | 3,547,012 | |
| Movement in cash and cash equivalents | | | |
| At start of year | 8,808,058 | 5,261,046 | |
| Increase | 6,188,864 | 3,547,012 | |
| At end of the period | 14,996,922 | 8,808,058 | |

Commentary on results

The Board of Directors is pleased to announce the audited results for the year ended 31st March 2013. The same accounting policies and methods of computation have been used as were in the last financial statements.

The year ended 31st March 2013 resulted in an increase in the number of subscribers to 19.42 million from 19.07 million in the previous year. This is after disconnection of 1.4 million customers who did not meet the new customer registration requirements. In order to support the customer and revenue growth, the company continued to invest in the expansion of both its 2G and 3G networks as well as fixed data (Wimax) infrastructure.

Capital expenditure in the year declined marginally with a further investment of Kshs 24.89 billion (excluding acquisitions) to bring the total capital expenditure from inception to Kshs 215.14 billion. To finance this expansion, the group has continued to reinvest a significant portion of internally generated cash.

Total borrowings as at 31st March 2013 stood at Kshs 20.23 billion. Cash and cash equivalents stood at Kshs 15.00 billion, leaving net borrowing of Kshs 5.23 billion, down from Kshs 10.30 billion for the period ended 31st March 2012.

Taxation

The Group continues to be a major contributor to the revenues of the government and remitted Kshs 34.68 billion in duties, taxes and license fees (excluding dividends) in the year ended 31st March 2013, increasing the total duties, taxes and fees paid since inception to Kshs 243.33 billion.

Dividends

The Directors recommend for approval the payment of a dividend per share of Kshs 0.31 representing a total dividend payment of Kshs 12.4 billion. Subject to the shareholders' approval at the AGM, the dividend will be paid on or before 11th December 2013.

Closure of register

The register of members will be closed at the closure of business on 12th September 2013 for the purpose of determining shareholders' entitlement of dividend.

Annual General Meeting

The Annual General Meeting will be held on 12th September 2013.

By order of the Board
Nicholas Nganga
Chairman

Date 13th May 2013

Key highlights for the year ended 31st March 2013

- Customer numbers have increased by 1.8% to 19.42m as at March 2013 from 19.07m as at March 2012
- Mobile data customers who were active in the last 30 days increased by 56.7% to 7.13m as at March 2013 from 4.55m as at March 2012
- M-PESA registered customers grew by 14.8% to 17.11m as at March 2013 compared to 14.91m as at March 2012
- Revenue increased by 16.2% to Kshs 124.29bn compared to Kshs 107.00bn in a similar period ended March 2012
- Voice revenue increased by 12.6% to Kshs 77.66bn compared to Kshs 68.96bn in a similar period ended March 2012
- SMS revenue grew by 30.4% to Kshs 10.13bn compared to Kshs 7.77bn in a similar period ended March 2012
- Data revenue increased by 27.8% to Kshs 8.42bn compared to Kshs 6.59bn in a similar period ended March 2012
- Strong growth in M-PESA revenue of 29.5% to Kshs 21.84bn compared to Kshs 16.87bn in a similar period ended March 2012
- M-PESA/SMS/Data revenues increased to 32.5% of total revenues from 29.2% in a similar period ended March 2012
- EBITDA increased by 31.1% to Kshs 49.18bn compared to Kshs 37.50bn in a similar period ended March 2012
- Net income increased by 38.9% to Kshs 17.54bn compared to Kshs 12.63bn in a similar period ended March 2012
- Dividend payout is recommended to increase by 40.9% to Kshs 12.40bn representing 85.5% of Free Cash Flow

