



Safaricom PLC

H1 FY21 Investor Presentation
9th November 2020

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As a country

- 75% of the Kenyan population is under 35 years



With our Government

- Eight point economic stimulus package by government to mitigate effects of the pandemic



As an industry

- Telecommunications and mobile money considered essential services



As a company

- Strong balance sheet, diversified portfolio



COVID-19 IN KENYA | LOW RATE OF CONFIRMED CASES, HIGH RATE OF SOCIO-ECONOMIC IMPACT

Q2 GDP contraction -5.7%*

(APR 20 - JUN 20)

- 43% Agriculture
 - 7% Infrastructure & manufacturing
 - 40% of Kenya's GDP is driven by SMEs
- } 50%



<1%
of confirmed
COVID-19 cases
out of total
population

KES all time low 108

Low lending appetite by banks rate at 7%



Unemployment Trend

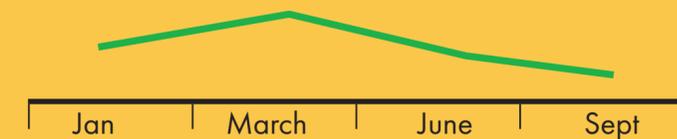


■ Q1 (JAN 20 - MAR 20) ■ Q2 (APR 20 - JUN 20)

83% of workforce employed informally (15.1 mn people)

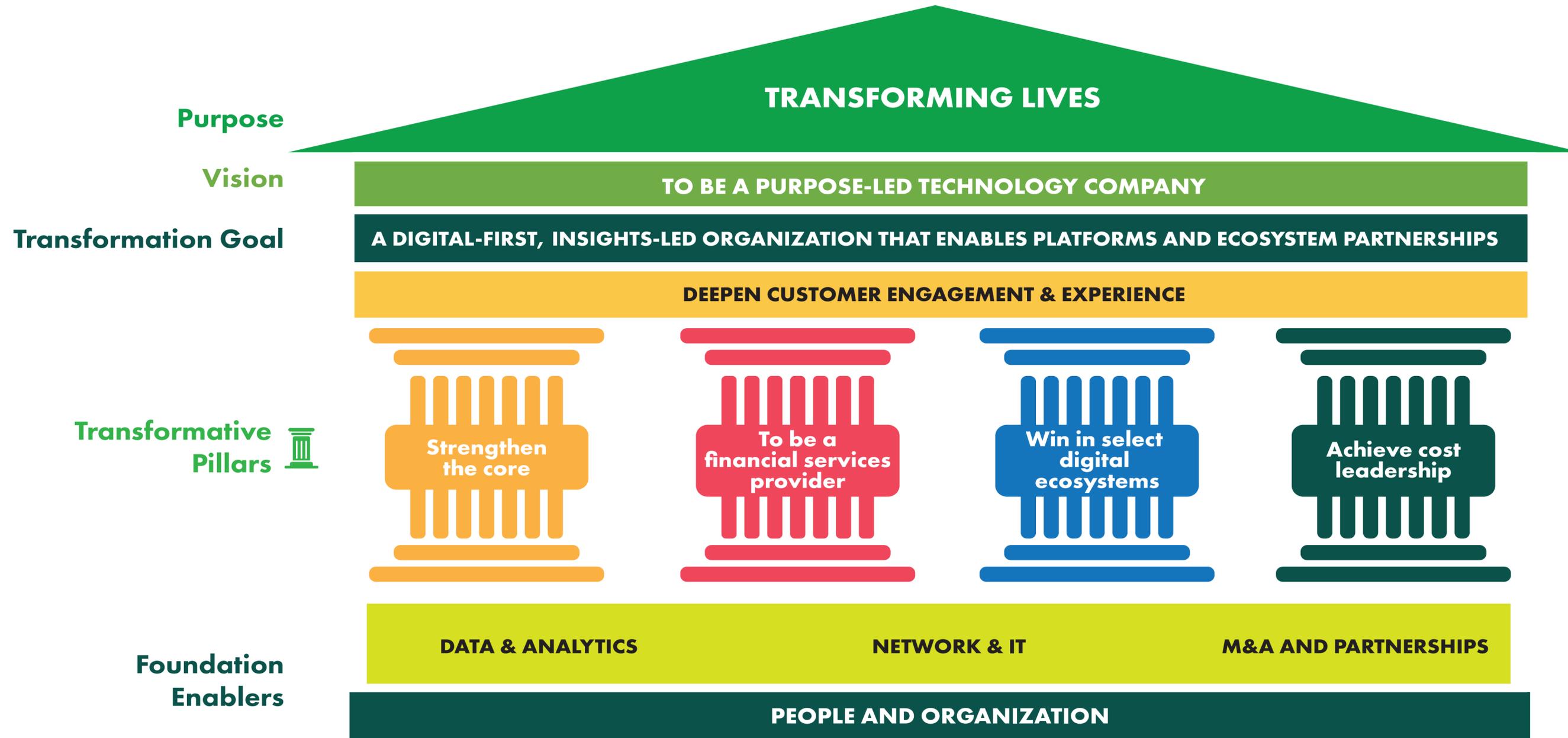


Consumer Wallet Trend 2020



Consumer wallet under pressure

*Source KNBS



Purpose: To Transform Lives

Strengthen the core

- **Defending voice** through use of Customer Value Management (CVM) platforms
- **Democratising data**, devices, reach and use cases
- **Expand enterprise portfolio:** IoT, ICT, FTTH/FTTB
- Win in FTTH/FTTB as a **converged business**
- Create a fin-tech anchored '**platform of choice**' for **empowerment of SME/MSME**
- Expand the core and financial services into **new geographies** by entering Ethiopia

To be a financial services provider

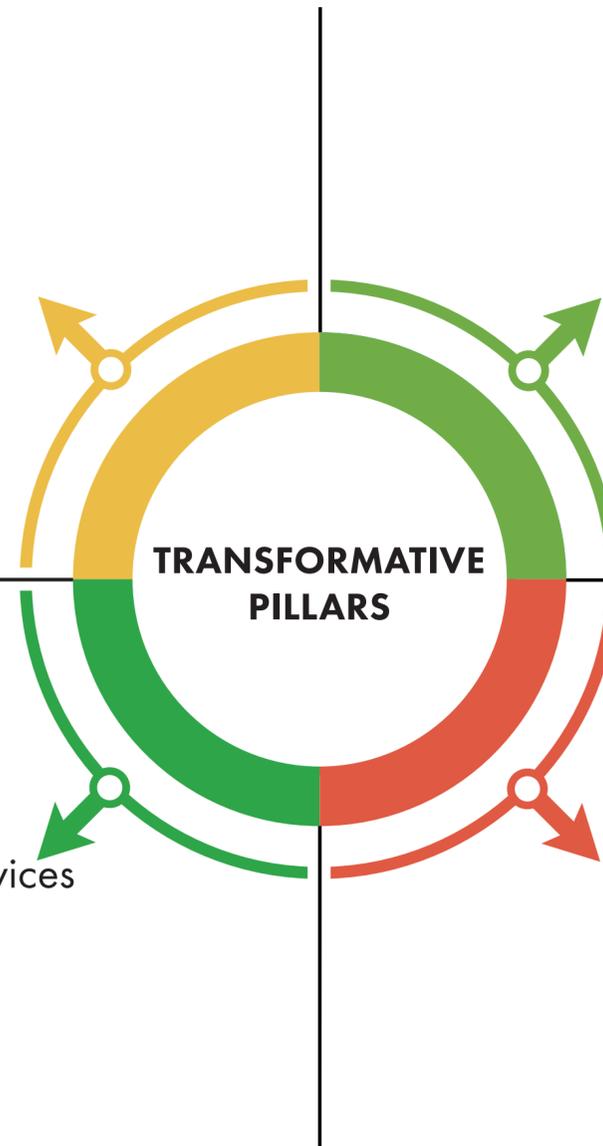
- **Next financial services:** Wealth management, savings, insurance, credit
- **Smart lifestyle channel:** M-PESA App
- **Integrated business solution:** Business App and payment aggregation platform
- **Universal payment network:** Enhanced merchant interoperability and enable E-Commerce and cross border payments (M-PESA global).

Win in select digital ecosystems

- **Scale DigiFarm** in a commercially sustainable way
- **Healthcare inclusion** through digital healthcare services
- Enabling access to **online learning**

Achieve cost leadership

- **Drive cost optimization** to fuel growth in new areas
- **Smart procurement**, automation, **digitisation** and operating model transformation





Restrictions put in place

Cessation of movement including;

- Airports and county borders
- Dusk to dawn curfews

COVID shutdown;

- Offices, hotels and eateries
- Closure of schools

Q1 SR 8.4% YoY decline

RESPOND

- Free fees for M-PESA Transactions*
- Double bandwidth offered in our fibre connections to home
- Mobile data usage growth
- Support working from home

Restrictions begin to lift

Opening up of the economy;

- Airports and county borders reopen
- Dusk to dawn curfews scaled back
- Offices, hotels and eateries reopen

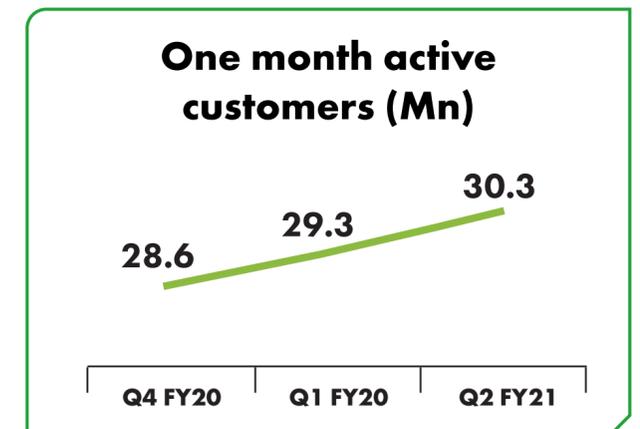
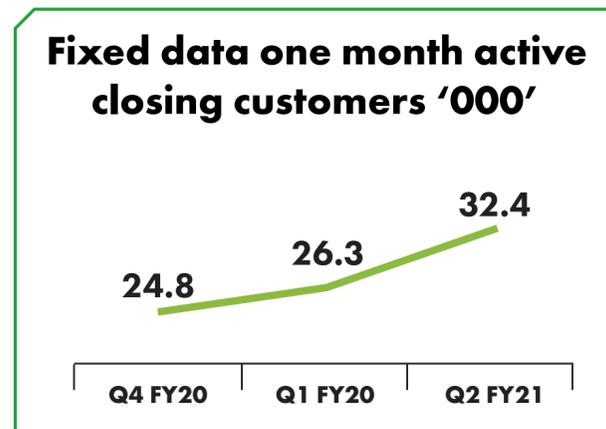
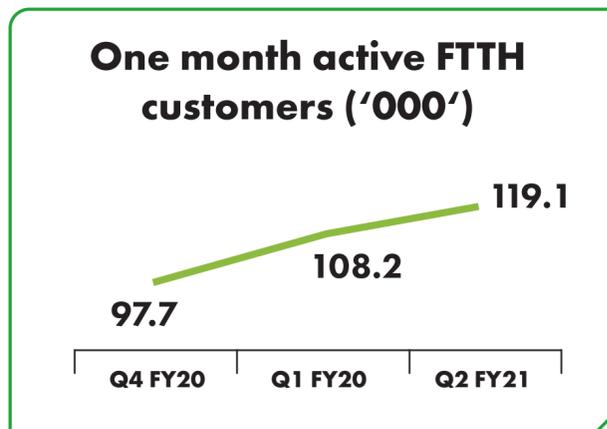
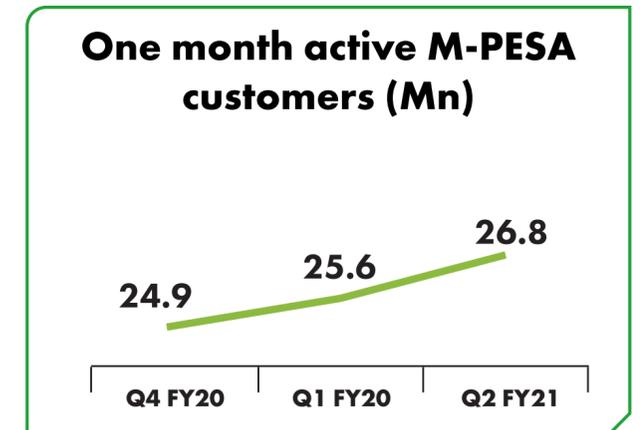
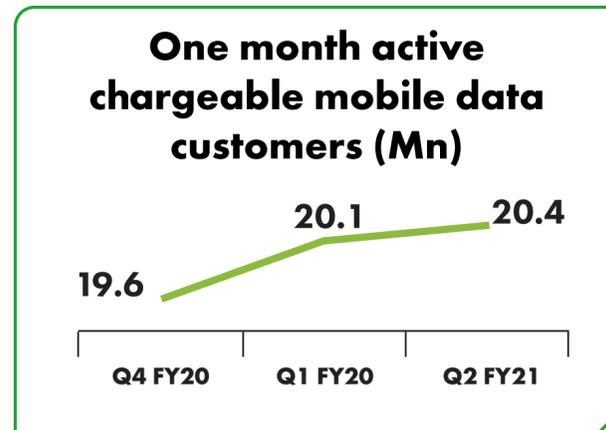
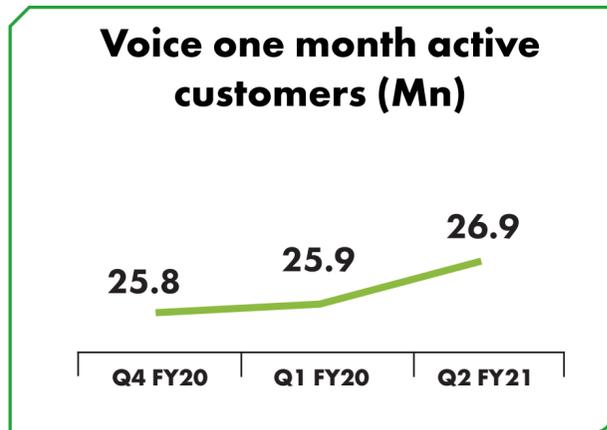
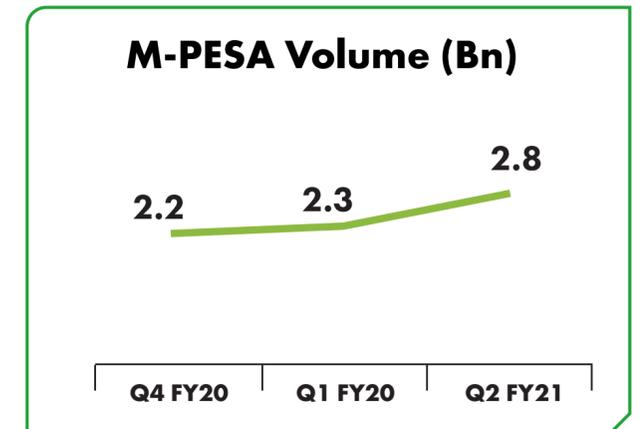
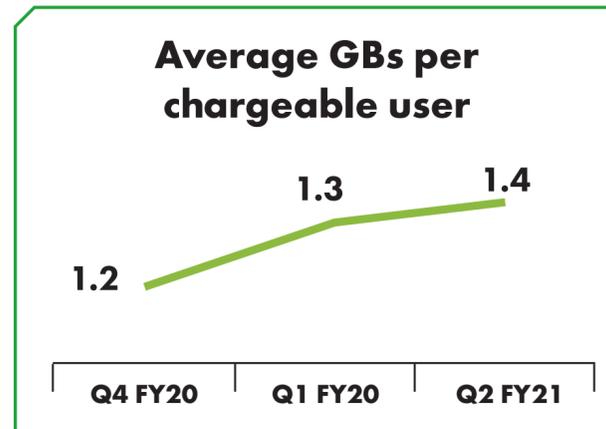
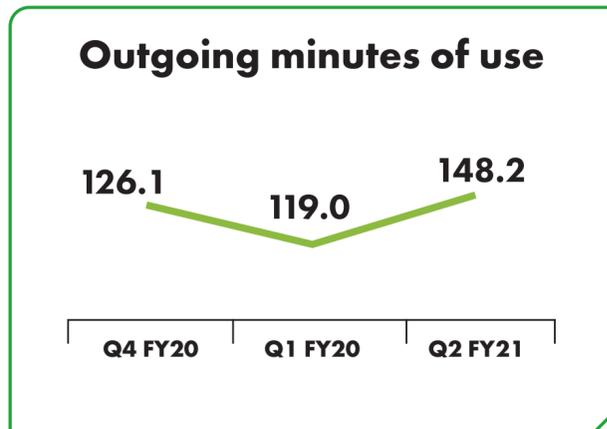
Q2 SR 1.2% YoY decline

REBUILD

- Continuation of free fees on M-PESA transactions
- Enhanced one to one offerings (1.2mn customers daily on CVM platform)
- 4G coverage expanded to 91%
- FTTH penetration of homes passed increased 10.6ppts since FY20 to 53.5%
- Broader range of functionalities for M-PESA business tills and App
- Easy M-PESA float access, enhanced loyalty program, leading to agents growth of 22.3% to +215k
- Merchants self onboarding, active tills +76.7% to 224k
- Device financing (KShs 20 a day smartphone)

*Person to Person and Lipa na M-PESA transactions below KShs 1,000; Bank to M-PESA wallet and M-PESA wallet to bank transactions; Zero-rated paybill tills for government hospitals and dispensaries.

HEALTHY UNDERLYING PERFORMANCE | GROWTH IN FUNDAMENTAL KPIs





Numbers

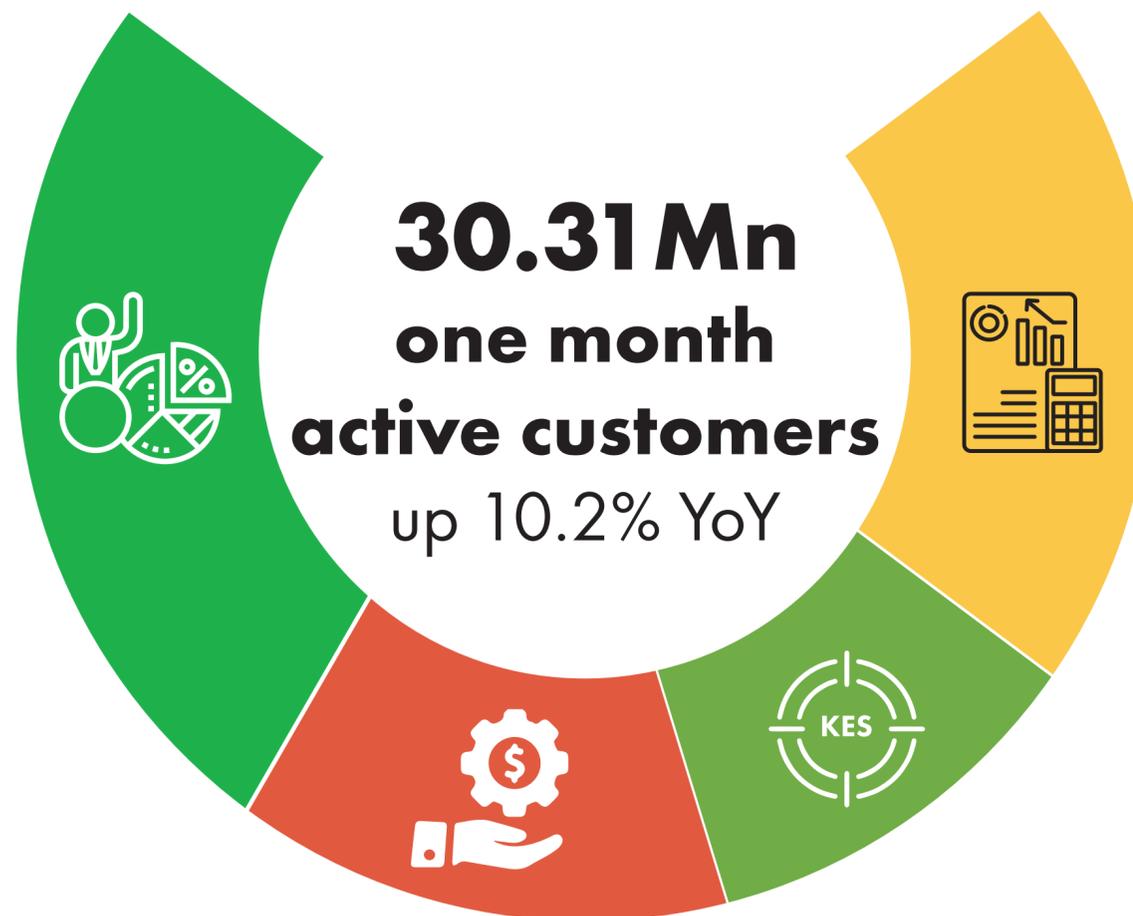
For more details, refer to our our results booklet. [Link <H1 FY21 Results Booklet>](#)

Service Revenue

-4.8% YoY,
KShs 118.41Bn HY21,
KShs 124.32Bn HY20

Capex

+25.5% YoY,
KShs 22.75Bn HY21,
KShs 18.13Bn HY20



EBIT

-10.5% YoY,
KShs 44.97Bn HY21,
KShs 50.25Bn HY20

Opex*

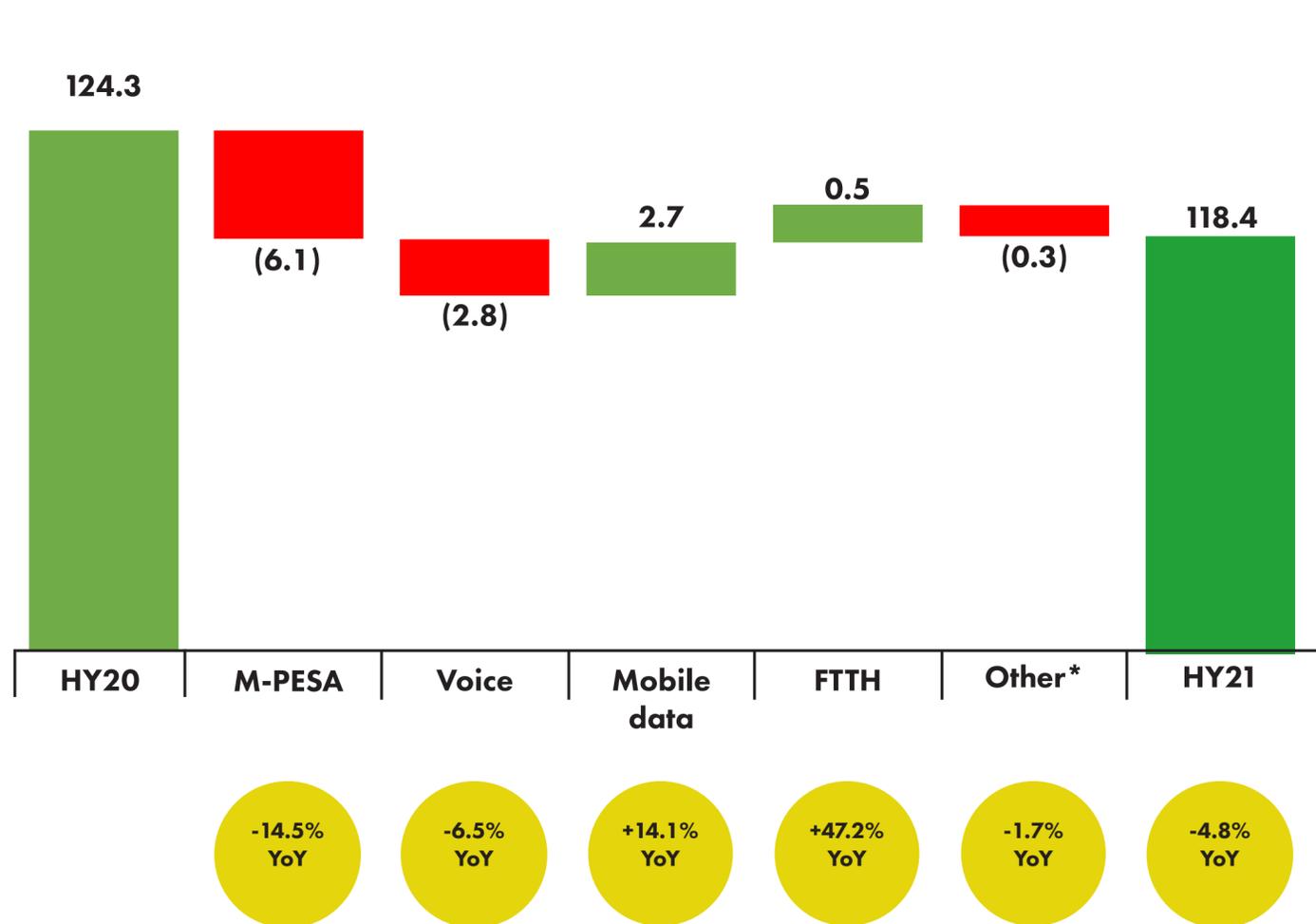
-10.6% YoY,
KShs 21.23Bn HY21,
KShs 23.73Bn HY20

*-6.0% YoY Opex saving on underlying basis excluding one-off releases

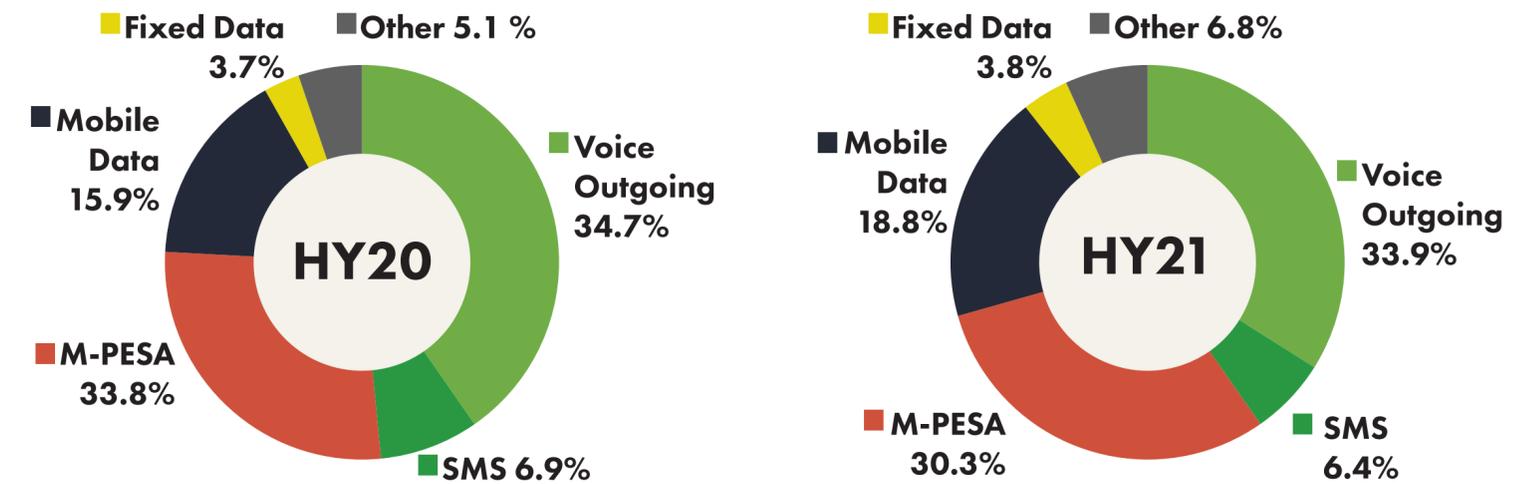
HY21 SERVICE REVENUE

STRONG GROWTH IN DATA, M-PESA & VOICE UNDER PRESSURE

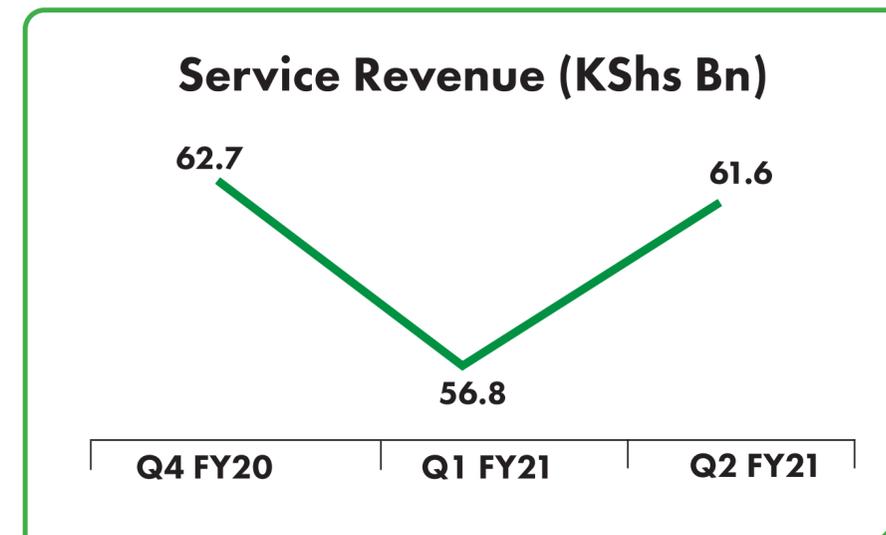
Contribution to Service Revenue Decline (KShs Bn)



Evolution of Service Revenue Profile

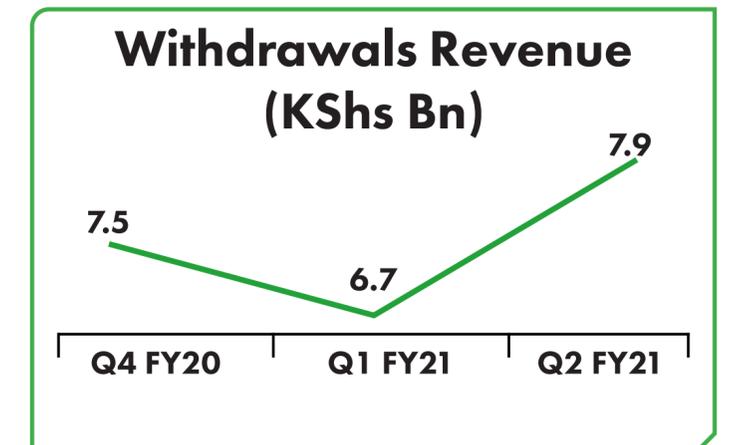
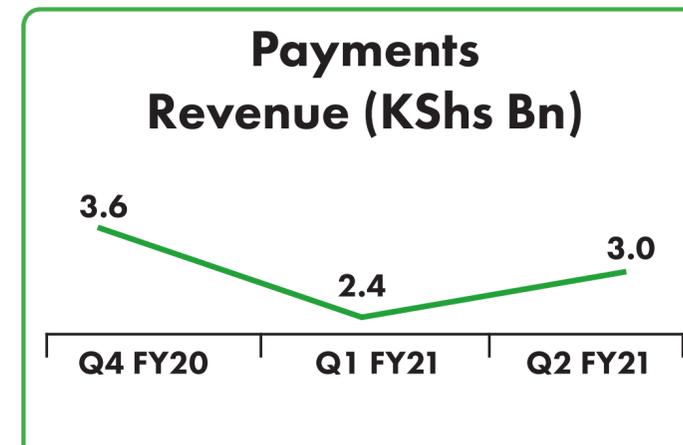
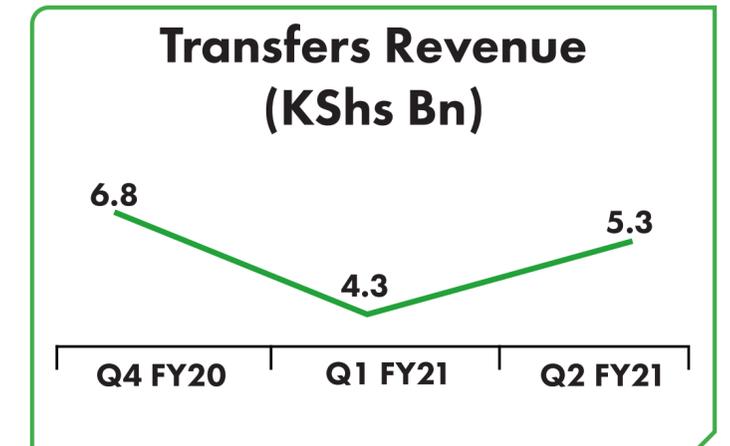
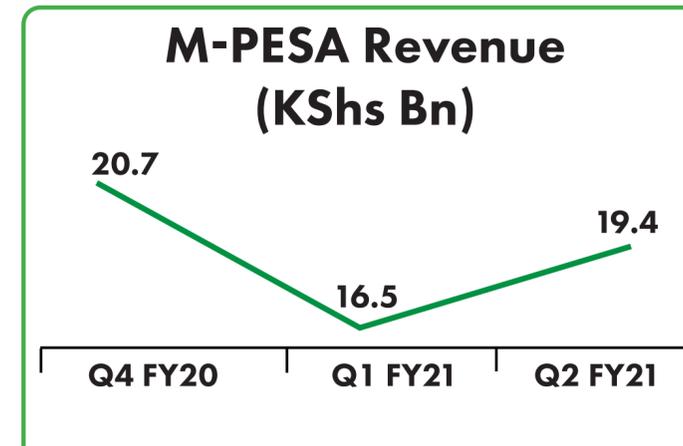
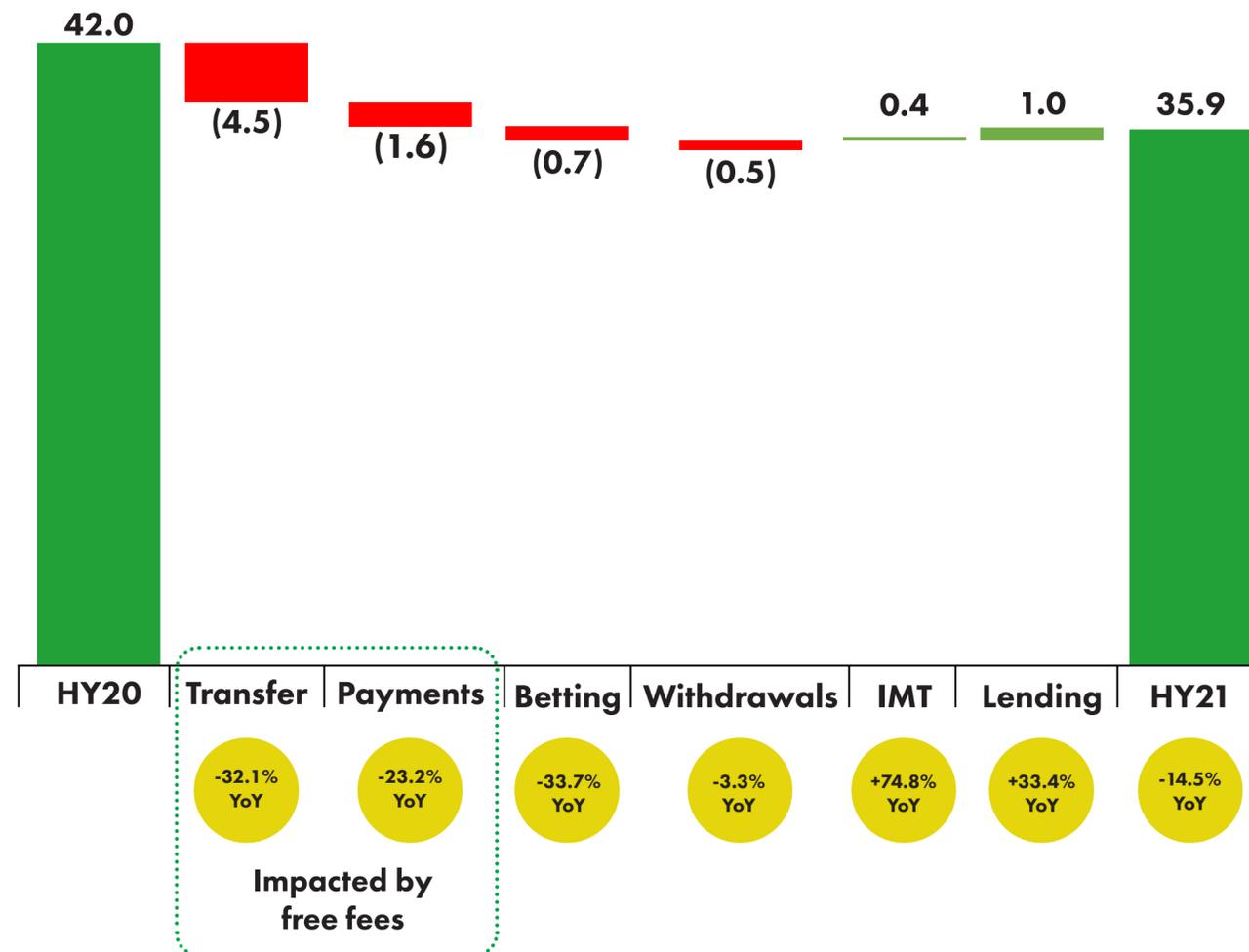


Service Revenue (KShs Bn)



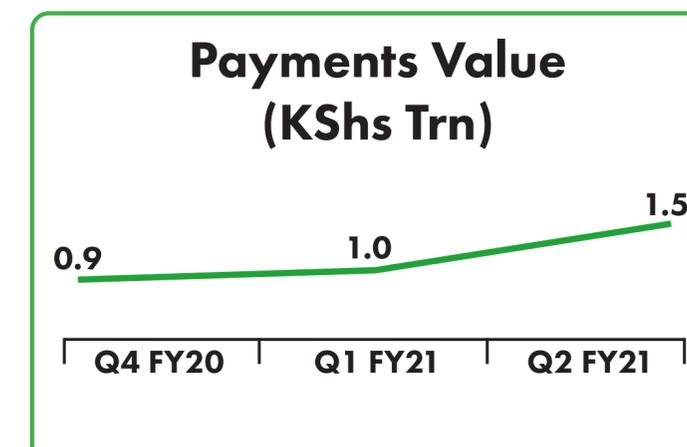
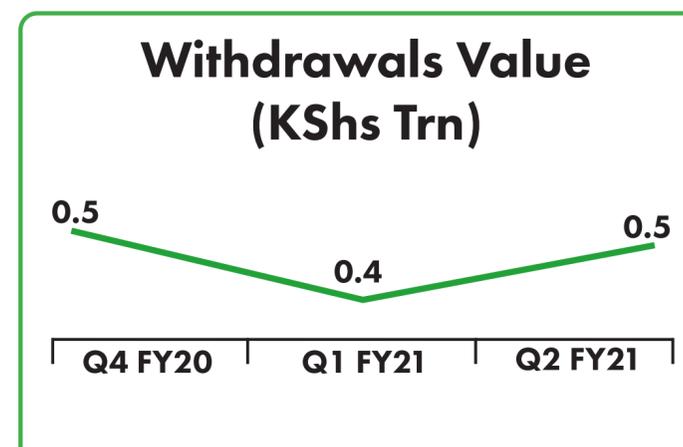
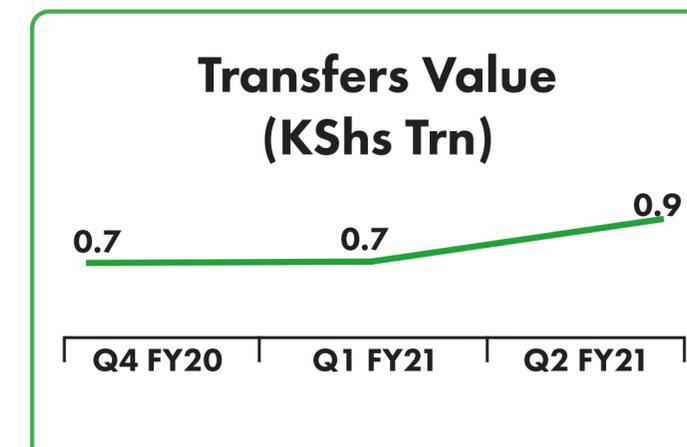
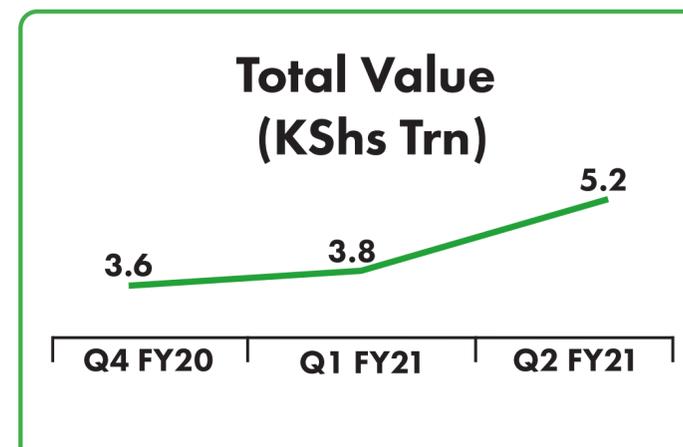
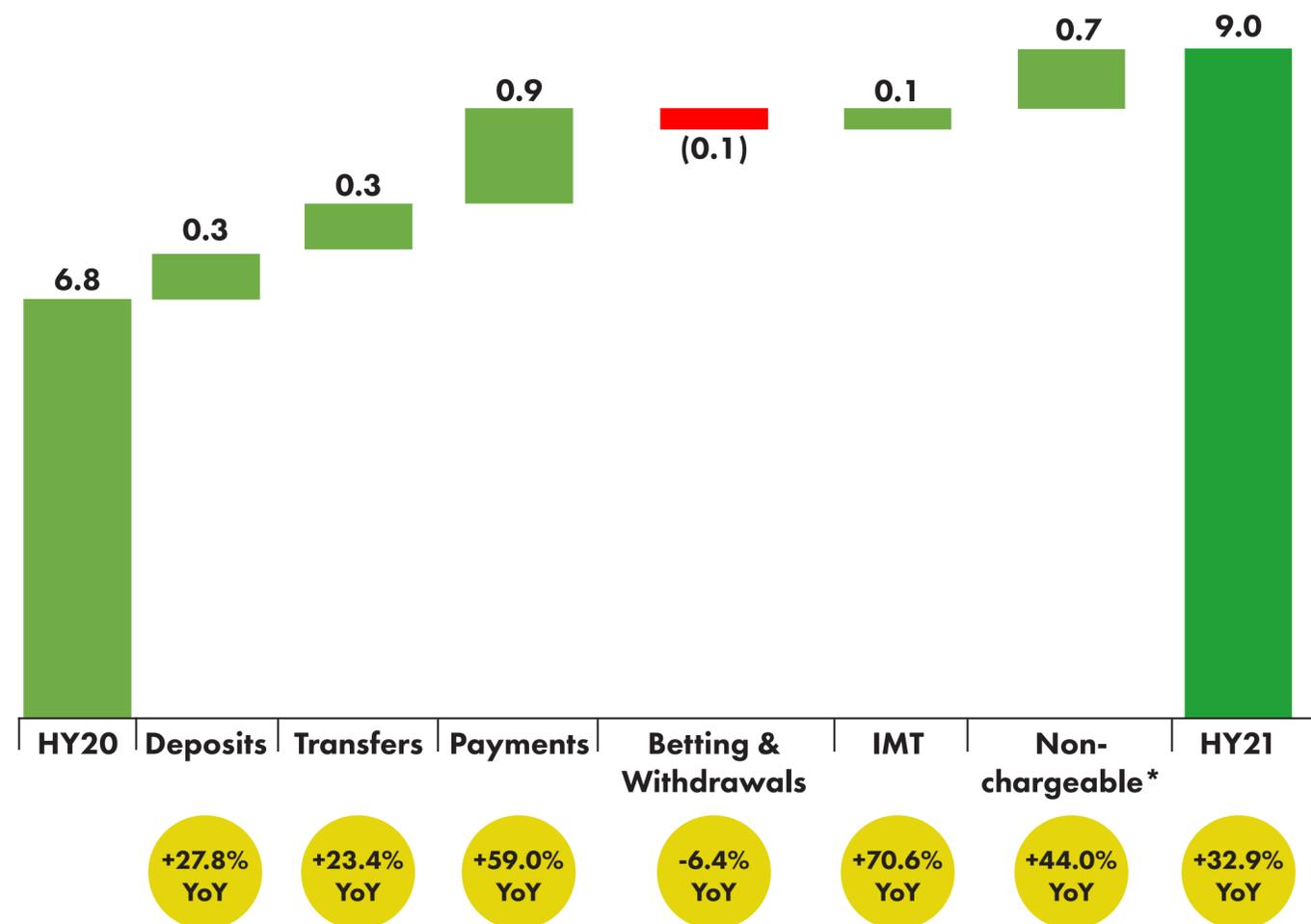
*Other - Voice incoming, SMS Revenue, Fixed Enterprise and Other SR

Contribution to M-PESA Revenue (KShs Bn)



Detailed M-PESA KPIs are available in our results booklet. Link <H1 FY21 Results Booklet>

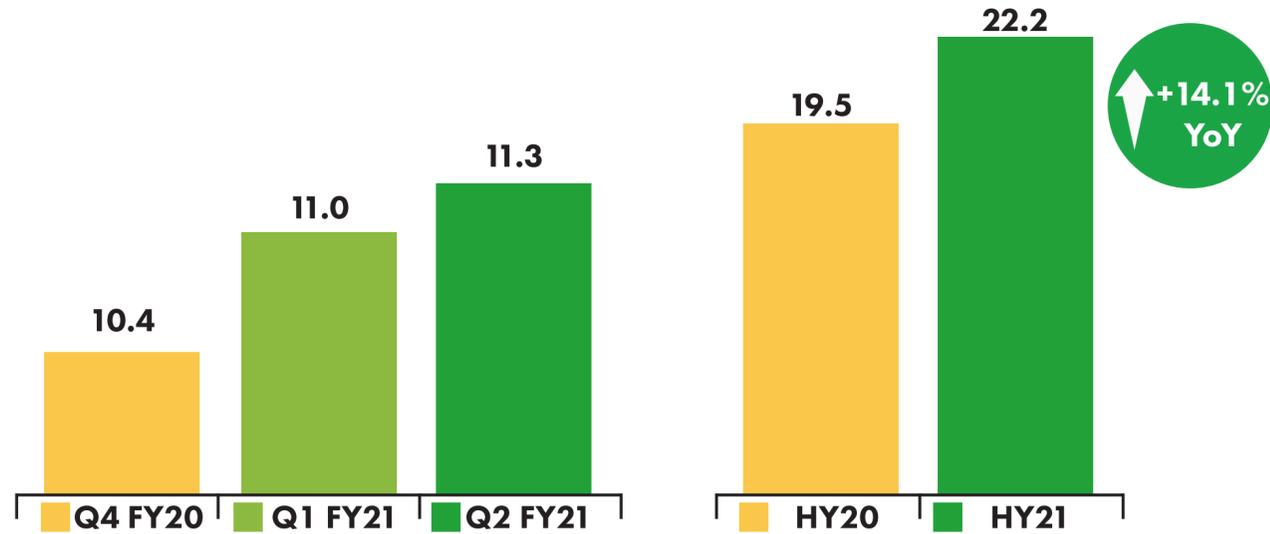
Contribution to M-PESA Value (KShs Trn)



* Non-chargeable transactions includes B2B non-chargeable and airtime
Detailed M-PESA KPIs are available in our results booklet. Link <H1 FY21 Results Booklet>

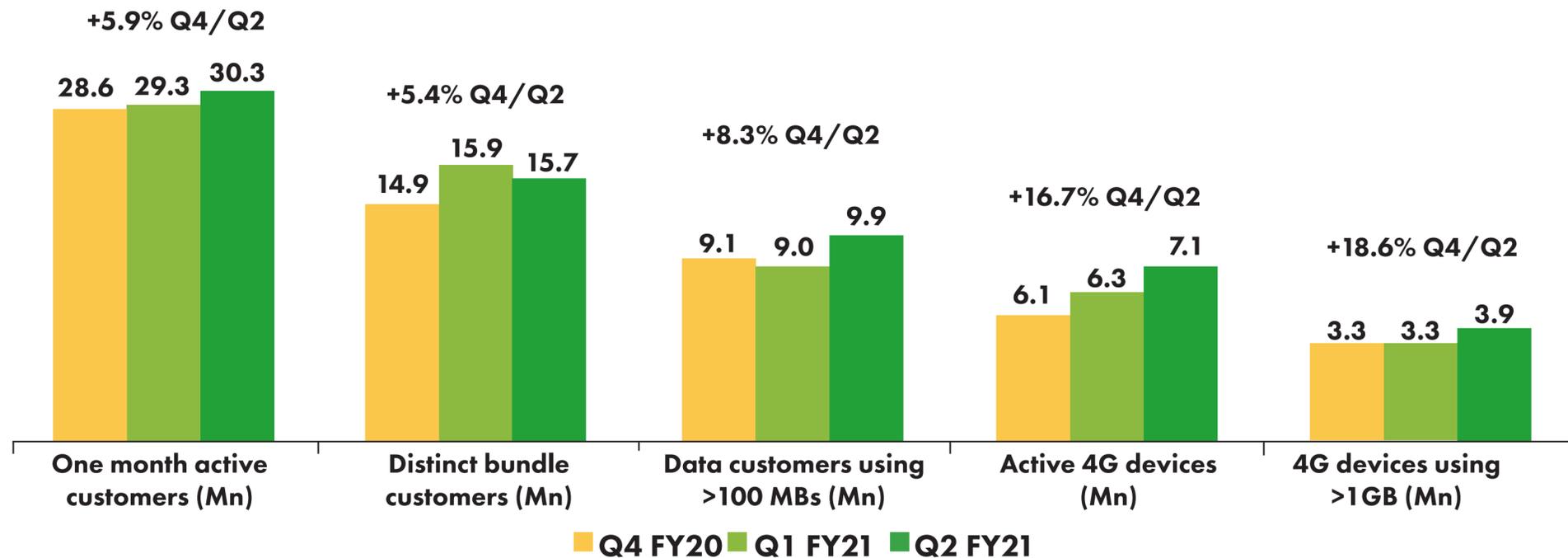
MOBILE DATA | DRIVING DIGITAL ACCELERATION TO DEEPEN CUSTOMER CONNECTIVITY

Mobile Data Revenue (KShs Bn)



	Q4 FY20	Q1 FY21	Q2 FY21	H1FY21 YoY%
Rate Per MB (cents)	14.7	13.9	13.5	-22.3%
Average GB per Chargeable User	1.2	1.3	1.4	+33.0%
Data ARPU (One month active chargeable)	180.8	182.2	185.4	+3.5%

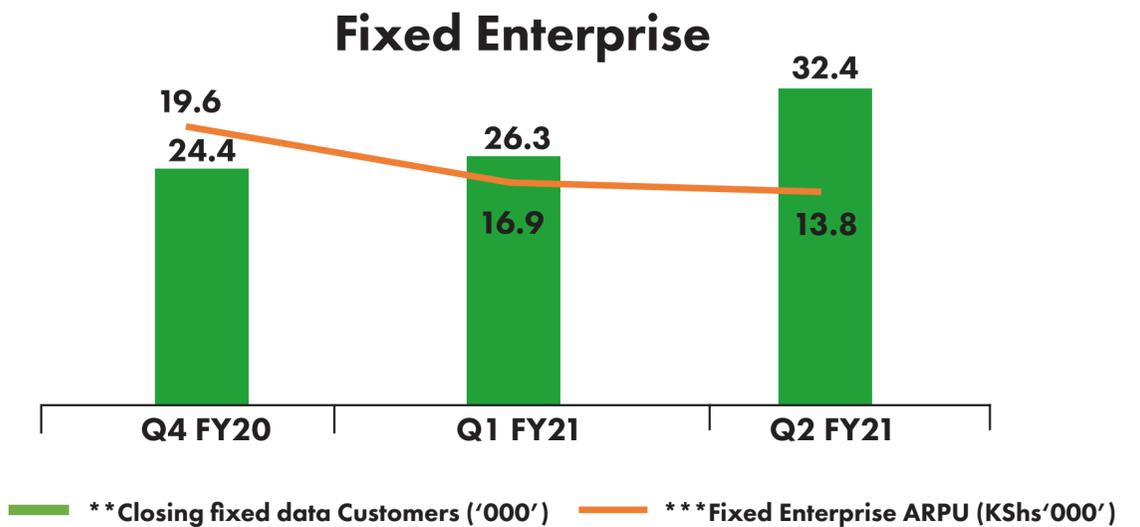
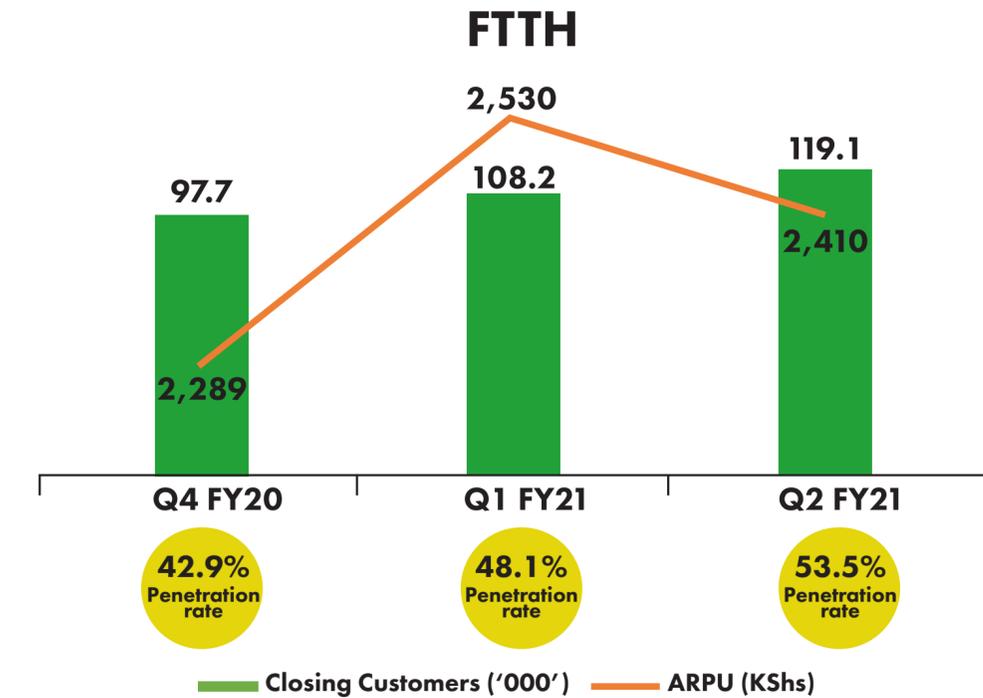
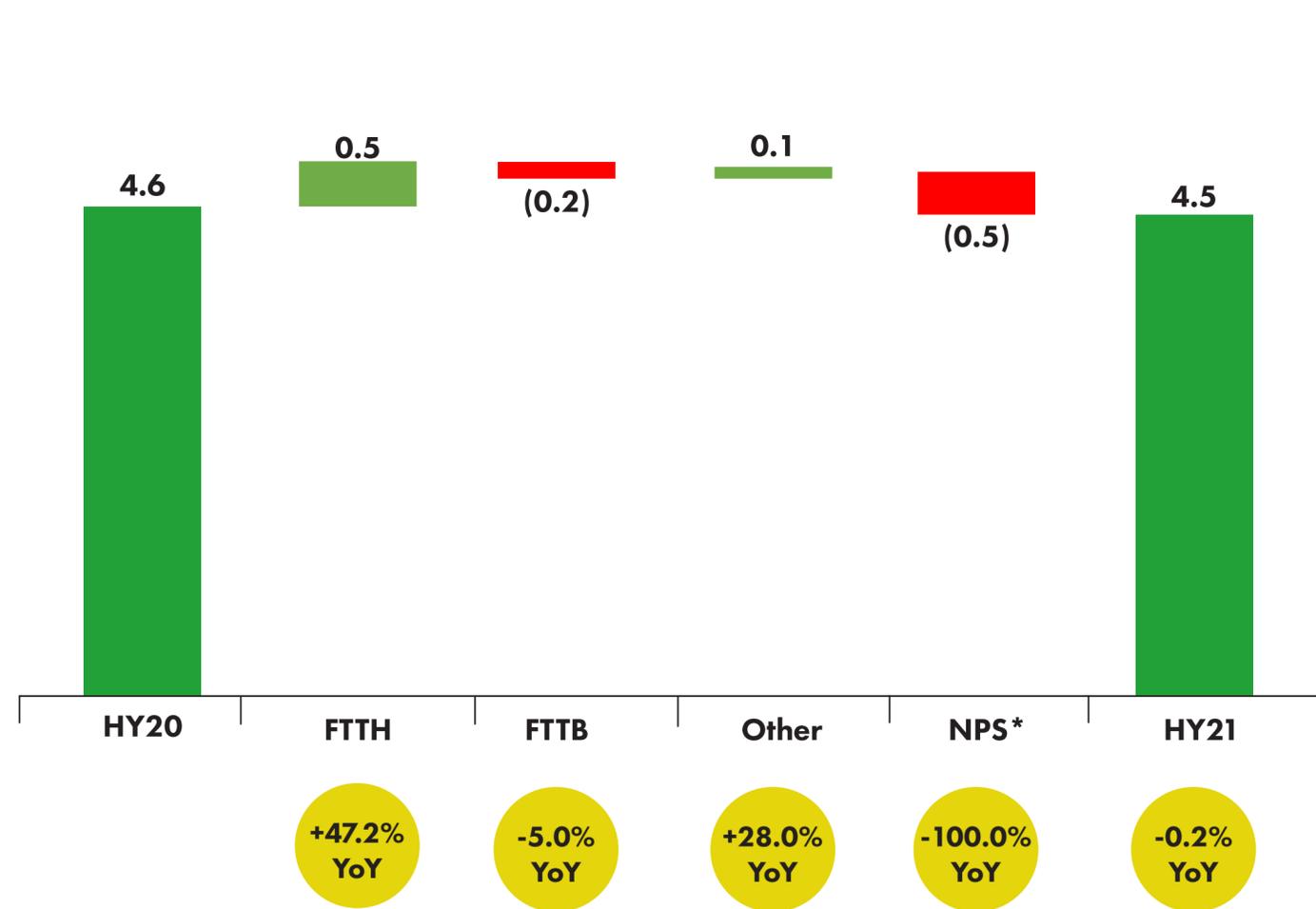
Key Performance Indicators



- 4G sites up 47.5% YoY to 5,195 sites, +853 sites since FY20
- 4G coverage at 91% from 77% as at FY20

FIXED SERVICE | CONTINUED GROWTH IN HOME, ENTERPRISE REVENUE IMPACTED BY COVID DISRUPTION

Contribution to Fixed Revenue (KShs Bn)

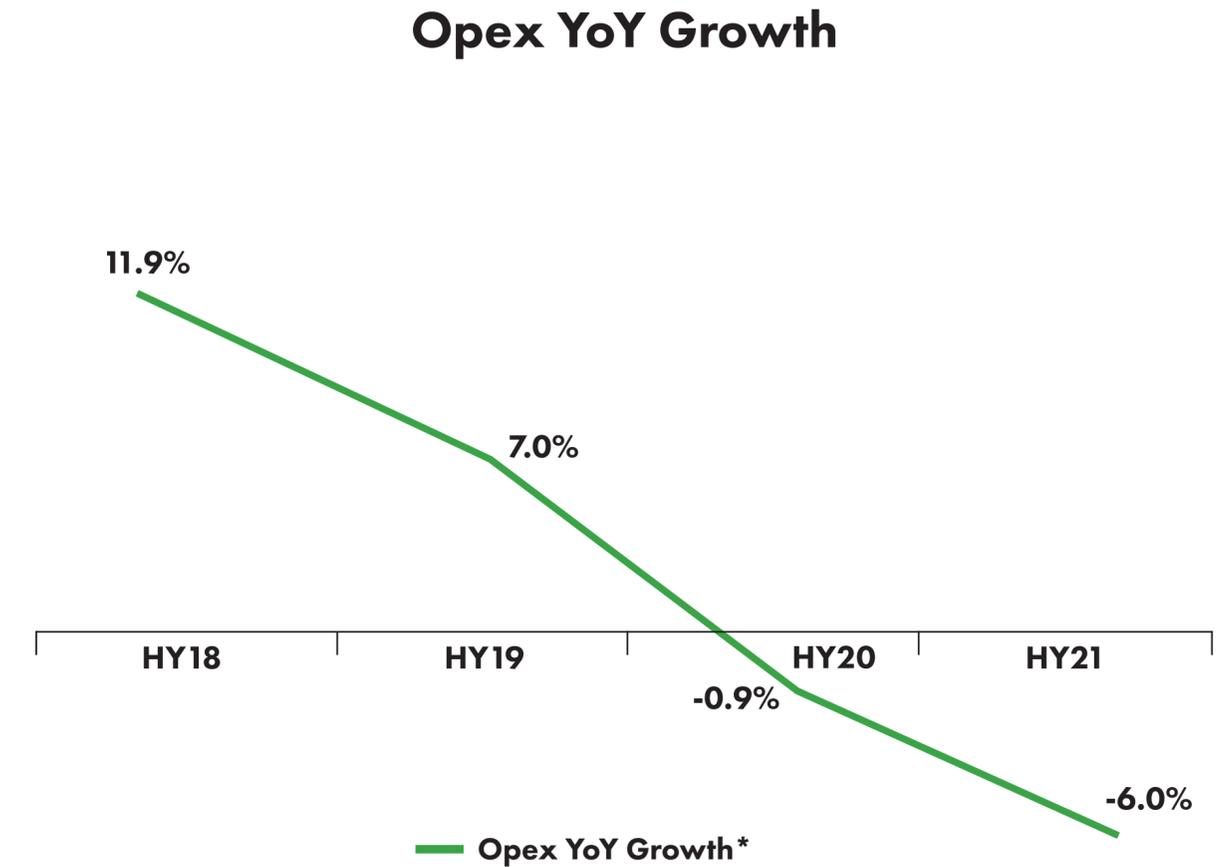
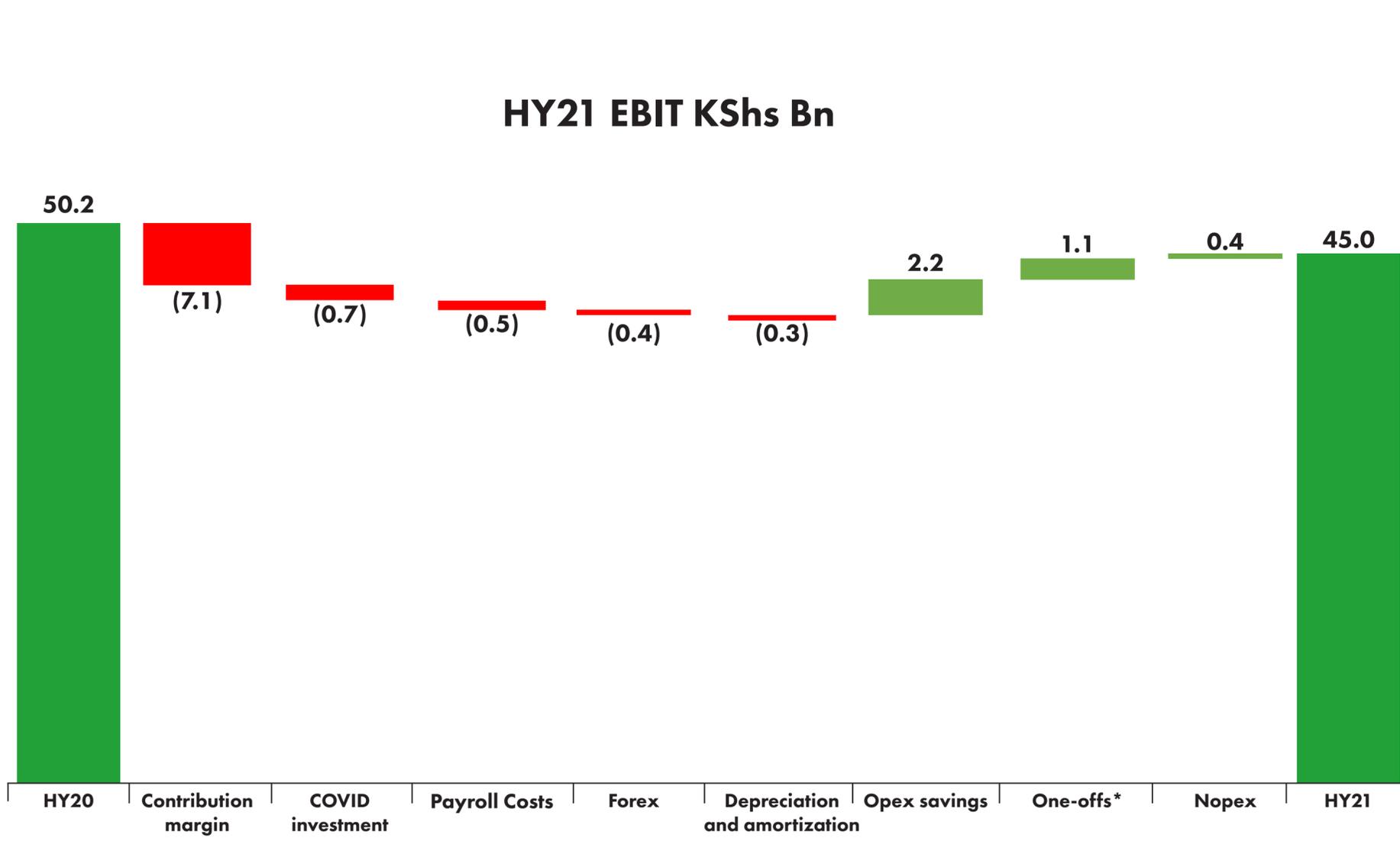


* National Police Service (NPS), a contract for managed services which expired in November 2019

** LTE customers 50% of closing fixed data customers

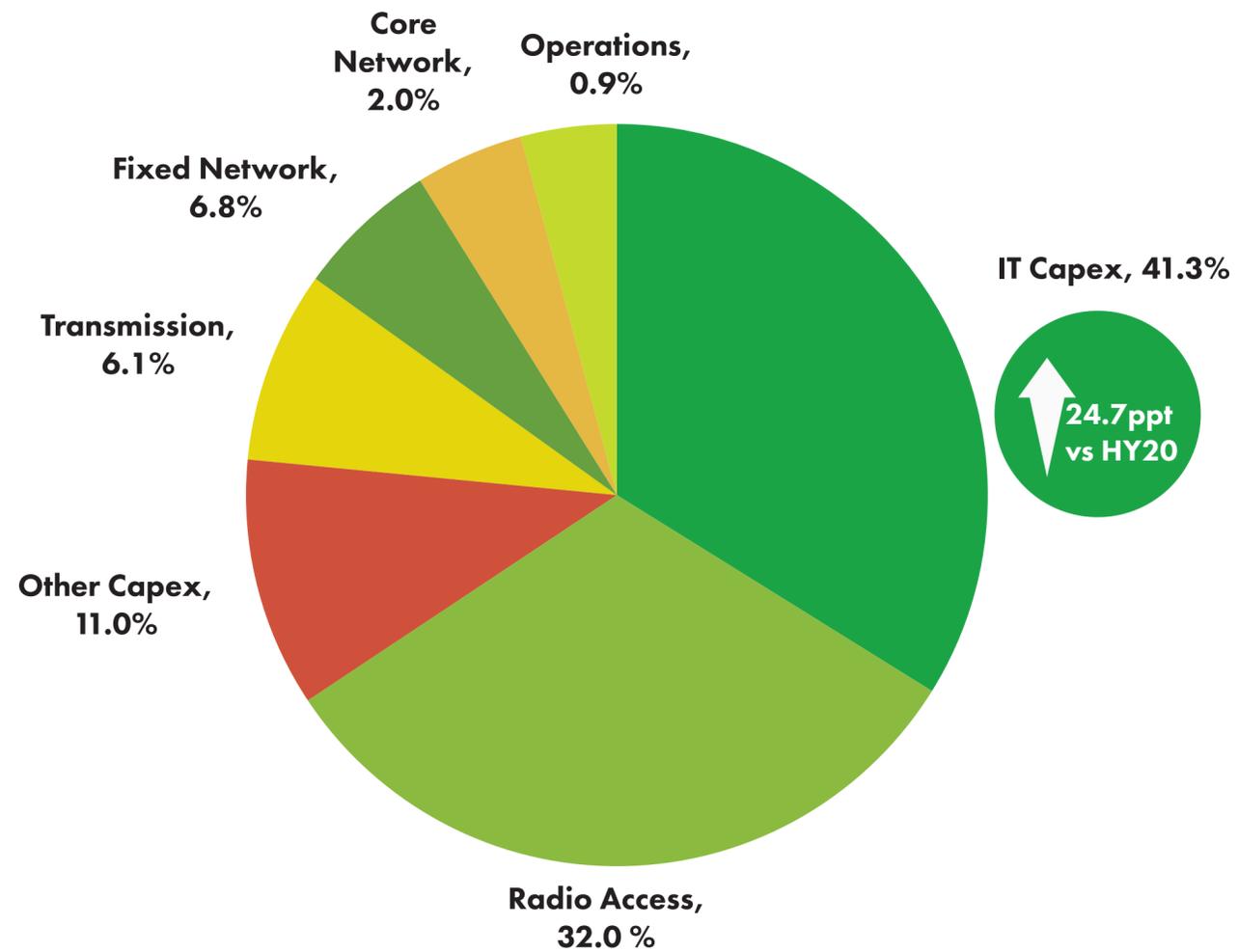
*** LTE ARPU 3.88k; Fixed Enterprise ARPU Ex LTE 29.68k

EBIT | SUSTAINED OPERATIONAL EFFICIENCIES OFFSET BY IMPACT OF COVID-19 RESPONSE



*Excluding one-offs

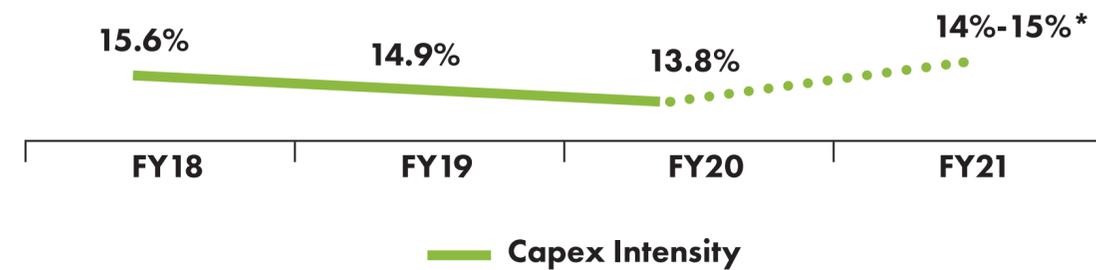
Capex Split



Capex (KShs Bn)



Capex Intensity



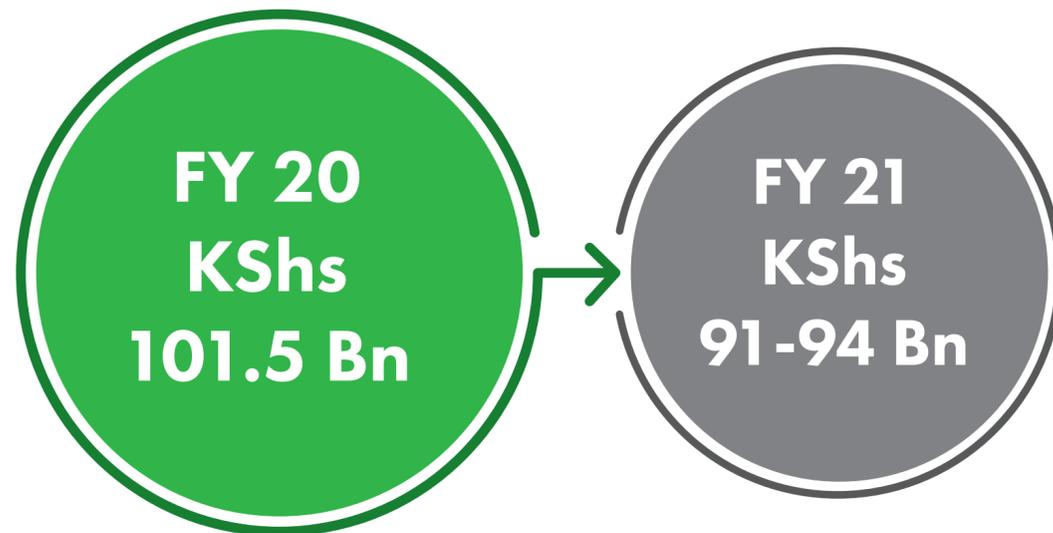
*Range based on FY21 Capex guidance

Outlook and Summary

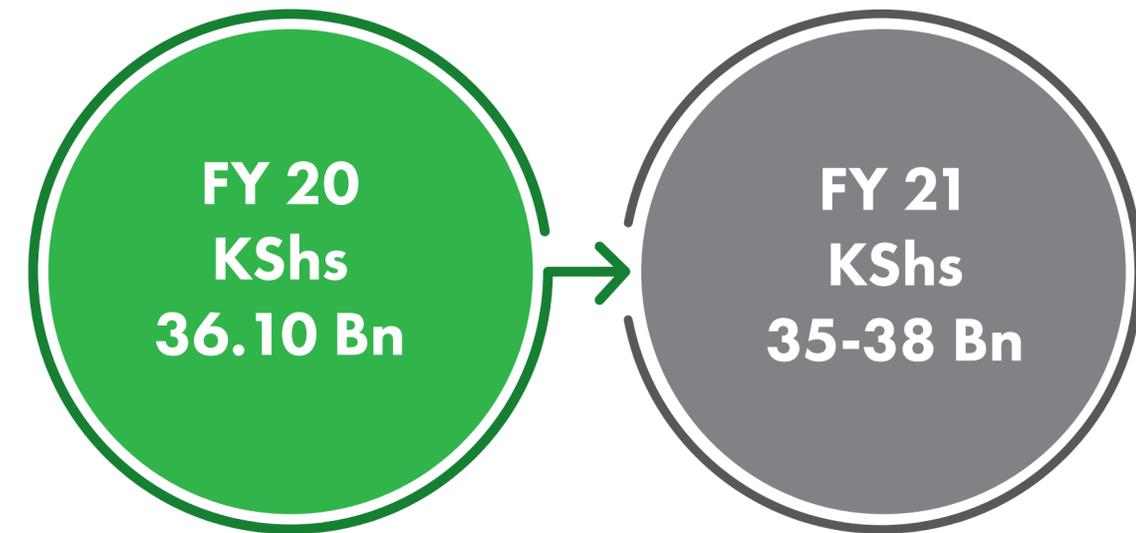


FY 21 GUIDANCE | FOCUS ON RECOVERY AND RETURNING TO GROWTH

EBIT Guidance



Capex Guidance



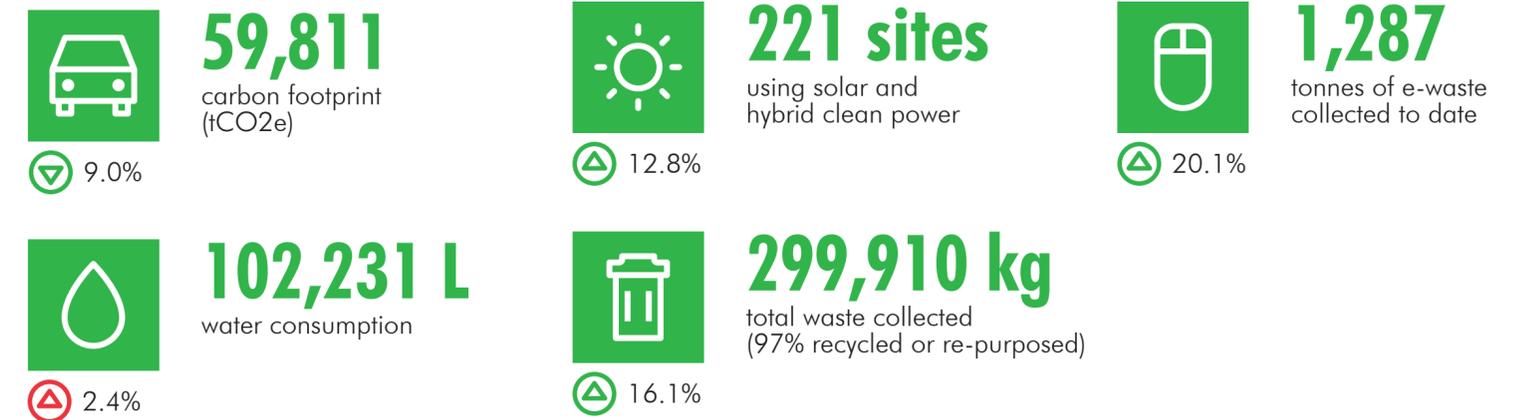
SUSTAINABLE BUSINESS

CONTINUED FOCUS ON NINE SDGs, EVEN IN THE FACE OF COVID-19 CRISIS

True value



Environment



We aim to be a net zero emitting company by 2050

Governance and people

- One executive board member, nine non-executive board members of which two are independent
- Staff living with disabilities 2.3% FY20
- 51% of staff, 35% of senior management and 30% of our board are female

For more details, refer to our 2020 Sustainable Business Report. Link <Sustainability Report 2020>



Thank You