



Safaricom PLC
H1 FY22 Investor Presentation
10th November 2021

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Tailwinds



Improved macro outlook
+6.3% YoY GDP projection for 2021 (World Bank), -0.3% 2020

Improved business sentiment
Strong service revenue recovery, strong balance sheet & diversified portfolio



Consumer confidence and business activity boosted by COVID-19 vaccination efforts

Headwinds

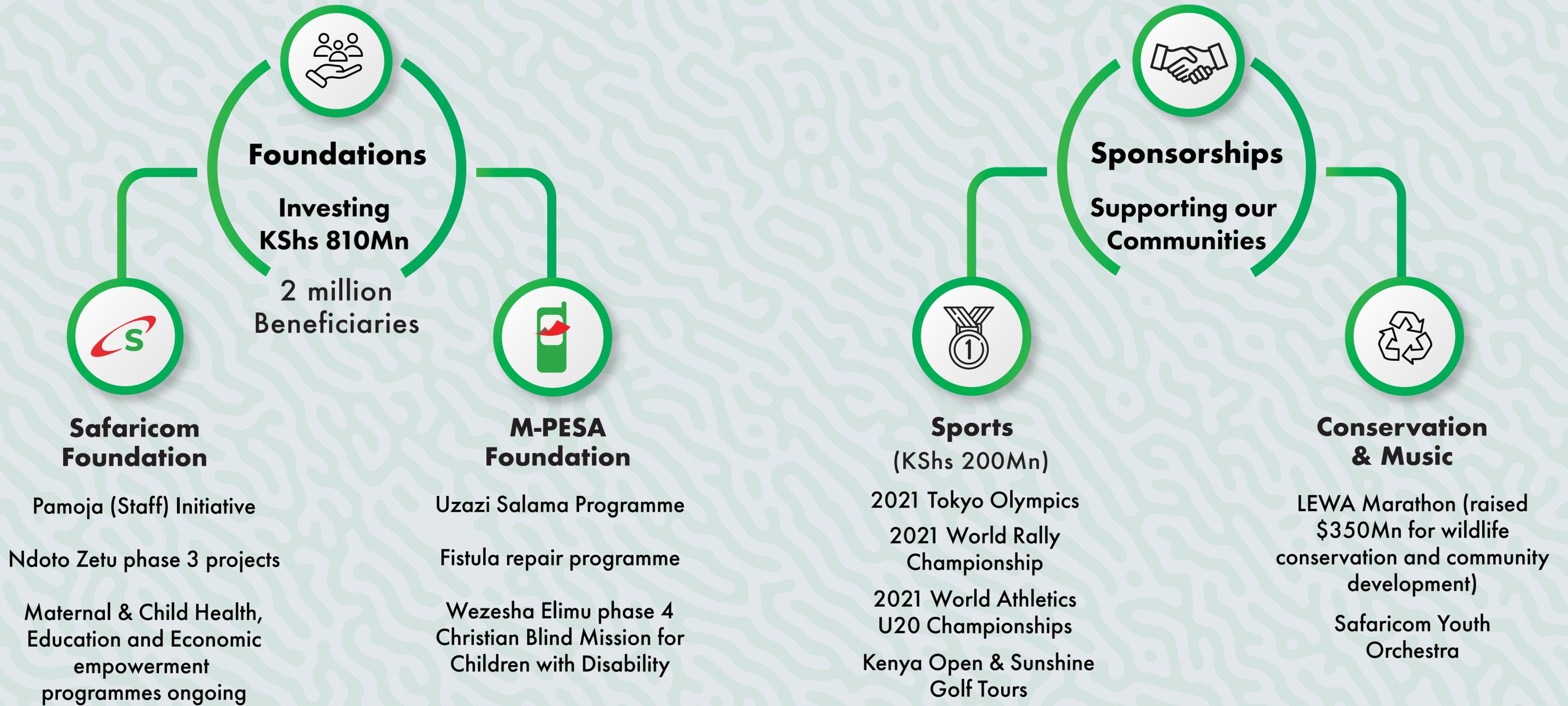


Increasing regulatory scrutiny, Taxation- adjusted excise duty on telco products

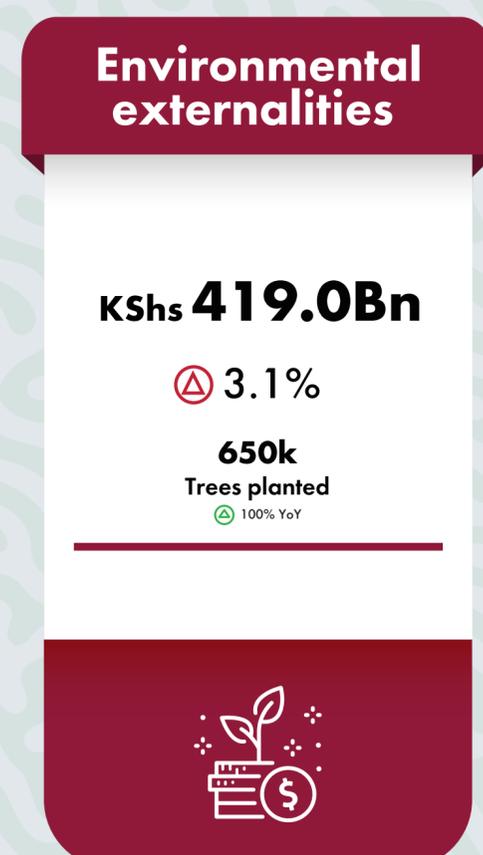
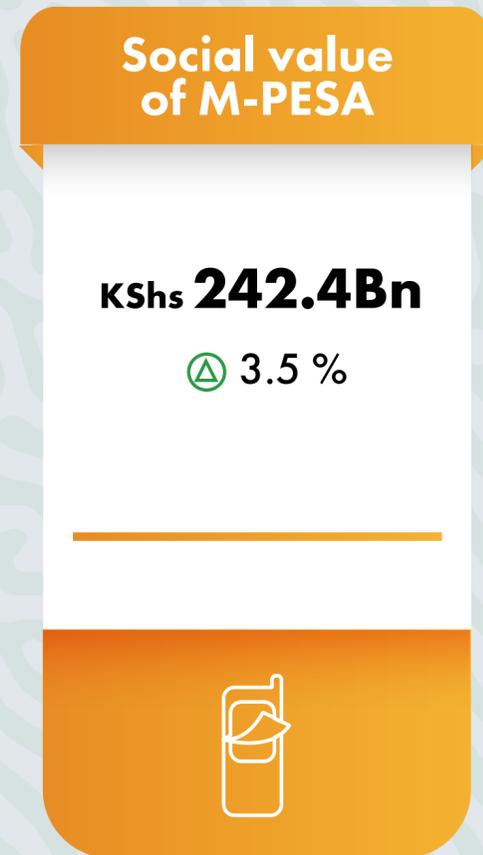
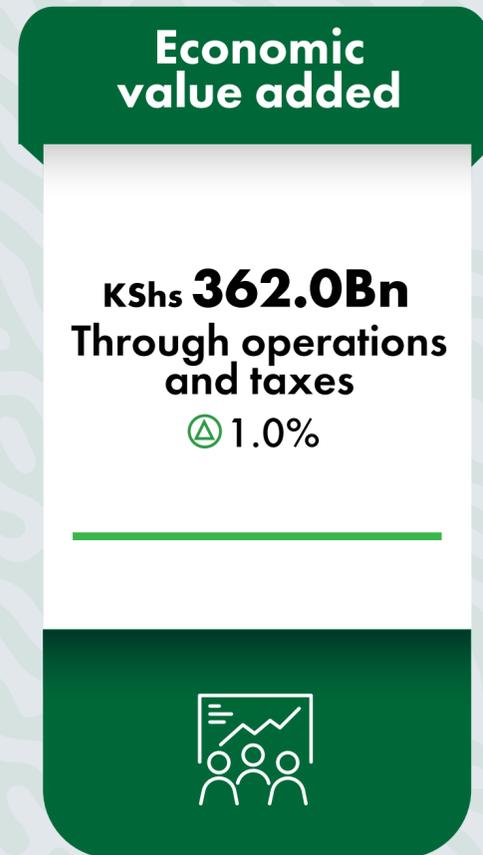
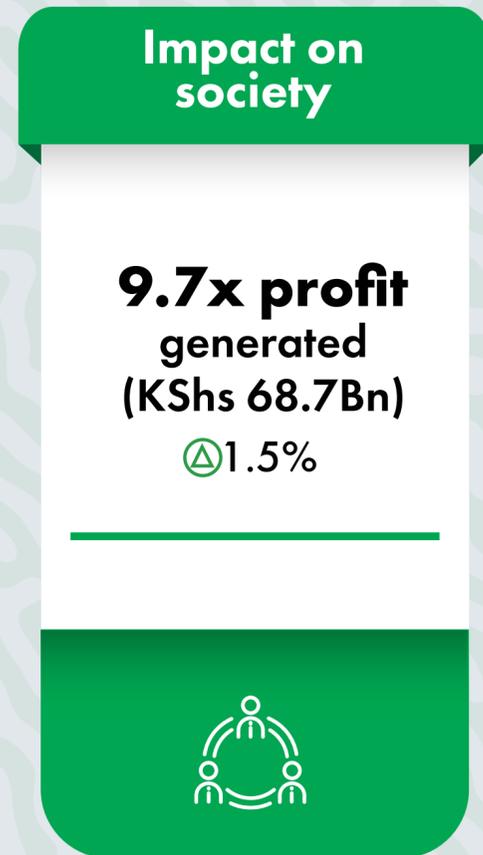
Sustained pressure on currency & consumer wallet with rising inflation



Upcoming general elections political risk

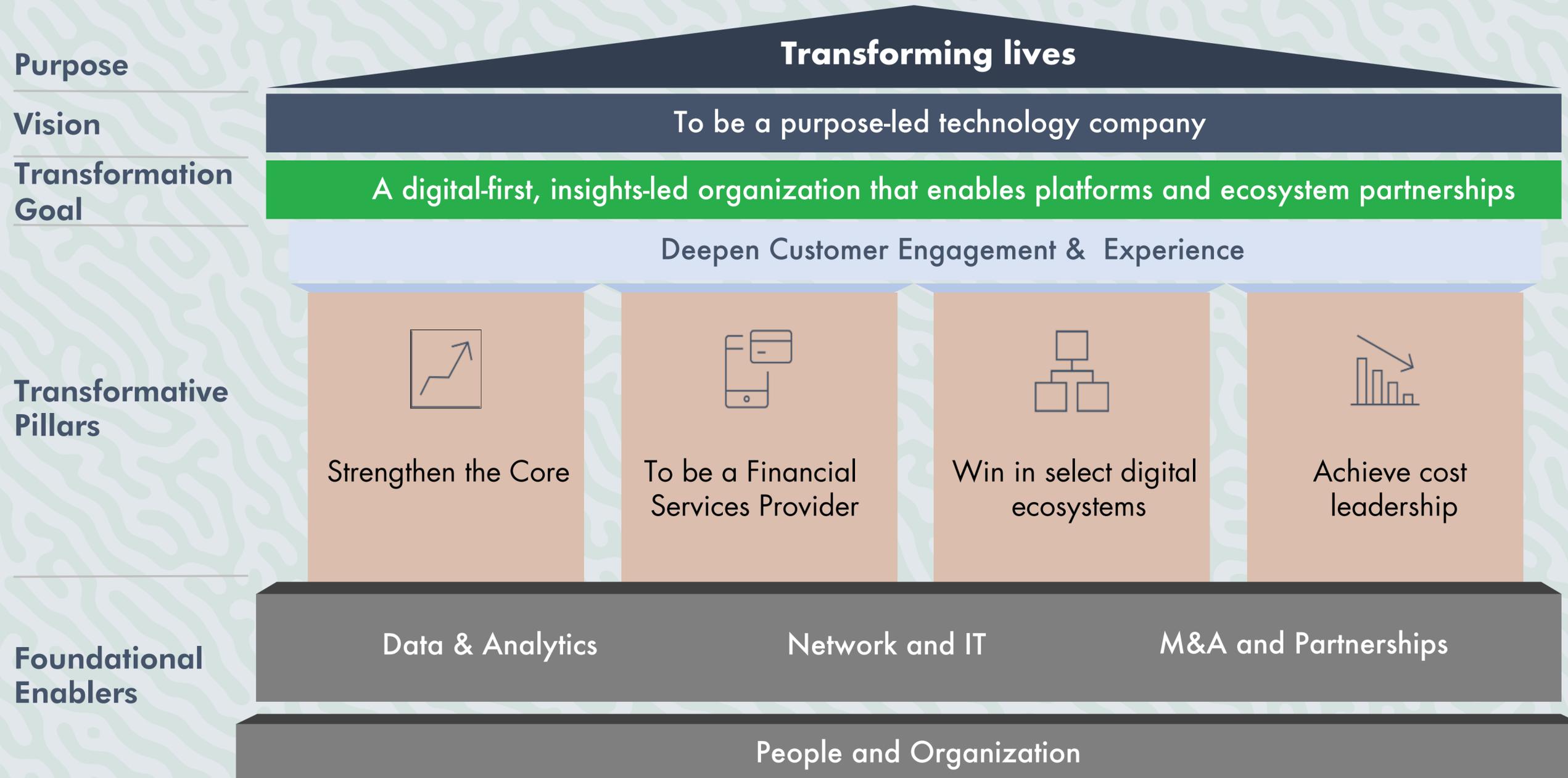


True Value Assessment



For more details on the True Value methodology refer to our 2021 Sustainable Business Report launched in September 2021. Link <SBR Report 2021>

STRATEGIC FOCUS | STRONG EXECUTION DRIVING GROWTH





Strengthening the Core

- Defending voice
- Democratizing data
- Technology business partner of choice
- Regional expansion to Ethiopia



FinTech Ecosystem

- Powering digital lifestyles (consumer & businesses)
- Integrated business solutions
- Addressing customer pain points



Winning in Digital Ecosystems

- Scale DigiFarm in a commercially sustainable way
- Enabling access to clean energy via Circle Gas
- Driving healthcare inclusion



Achieving Cost Leadership

- Cost optimization to fuel new growth areas: KShs 2.3Bn opex savings
- Driving productivity and efficiency



Regional Expansion to Ethiopia

ETHIOPIA | AN OPPORTUNITY TO LAUNCH OPERATIONS BEYOND KENYA



Ethiopia is an attractive market

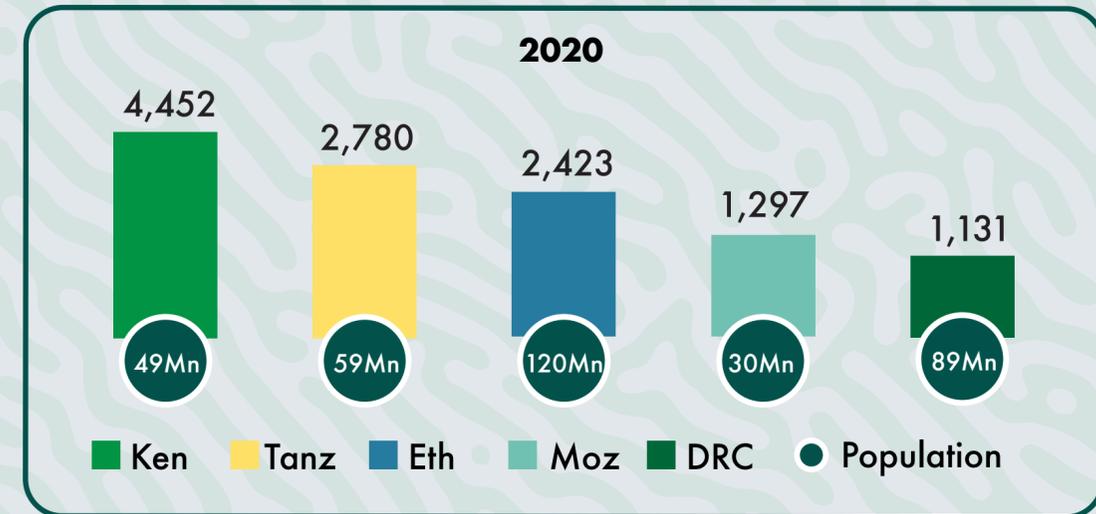
- Government's clear intention to open up the economy
- A huge population (median age at 17 years), growing GDP per capita (average at 7% over the last 7 years)
- Opportunity to drive digital transformation in Ethiopia
- A high growth opportunity, low penetration of services (telecoms at 43% and mobile financial services at <2%)



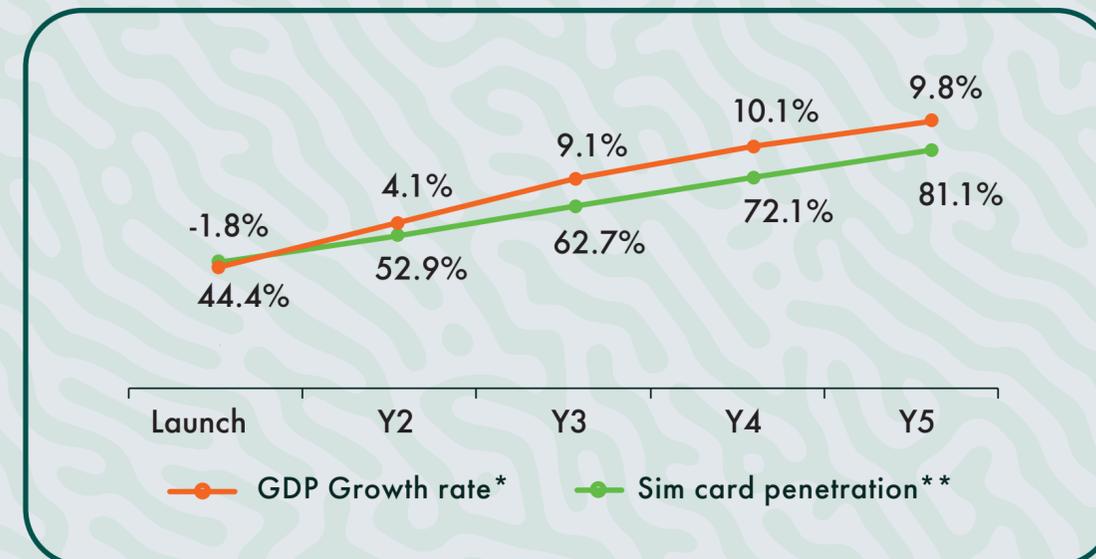
Opportunities for Safaricom

- Telecommunications Services
- Digital Services
- Mobile Financial Services (subject to license award)

GDP per Capita, PPP (USD) / Population *



Sim Card Penetration & GDP Growth Rate Projections



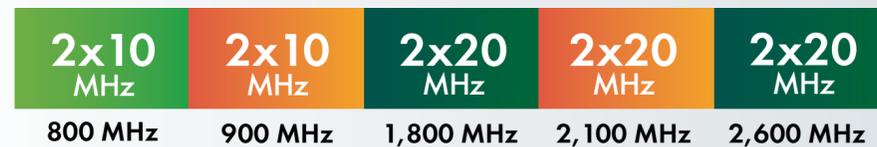
* Source; World Bank. GDP per Capita, PPP is expressed in current international dollars

** Significant sim penetration growth in first 5 years– new licenses driving coverage and multi-simming, base case prior to bid submission



Spectrum

Unified technology neutral telecoms services license, with spectrum allocated



Capex Investment

5Yr plan:
USD 1.5 - 2.0Bn

Network Rollout

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



Y1 Funding including license payment (Safaricom PLC)

USD c600Mn

Funding sources;

Equity, DFIs, local borrowing and internal reserves

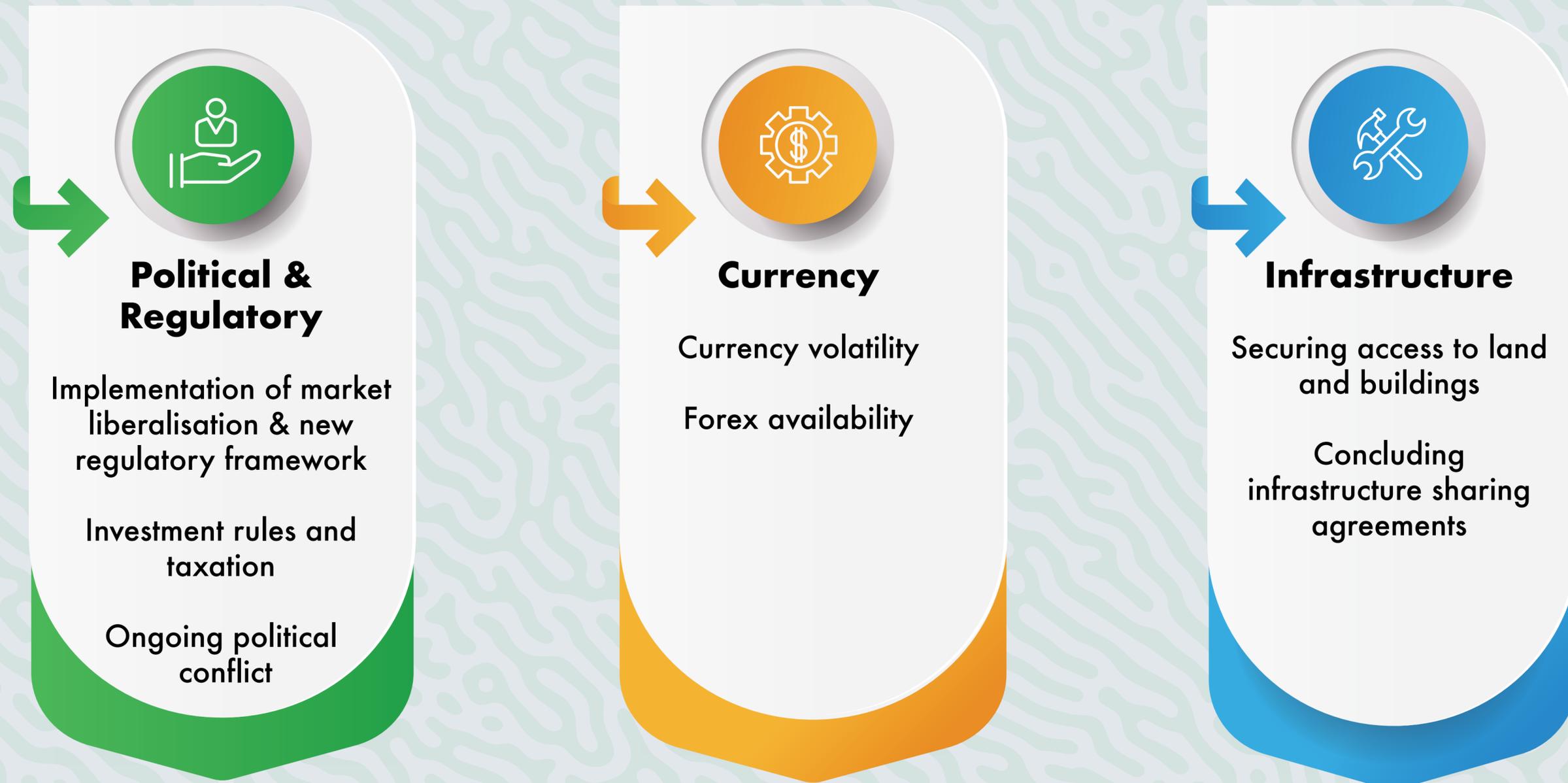


EBITDA break-even in Y4

EBITDA Margin Y10 est. at around 40%

Enablers

- Network expansion through own build and infrastructure sharing
- Sim card penetration
- World class digital services
- Mobile money products (subject to license award)



Target date for commercial launch
mid 2022 as required by the license

01

Completion of company and governance set up
Board members appointed
Exco leadership team with diverse experience

02

Contributing to purpose-led digital Ethiopia
Regulatory framework operationalization
Ethio Telecom partnership on infrastructure
Mobile money license
Transforming lives Social Contract

03

Onboarding local and international partners including network and IT
Operating company fully operational

04

Job creation
Ongoing staff recruitment
1,000 employees in year 1 including 150 graduates



| The Numbers

HY22 KEY HIGHLIGHTS | SOLID PERFORMANCE IN H1

Service Revenue ●

+16.9% YoY

HY22	HY21
KShs 138.4Bn	KShs 118.4Bn



EBIT ●

+28.8% YoY

HY22	HY21
KShs 57.9 Bn	KShs 45.0Bn



Capex ●

+0.3% YoY

HY22	HY21
KShs 22.8Bn	KShs 22.8Bn



+4.7% YoY Customers

One month active

31.75Mn
HY22

30.31Mn
HY21



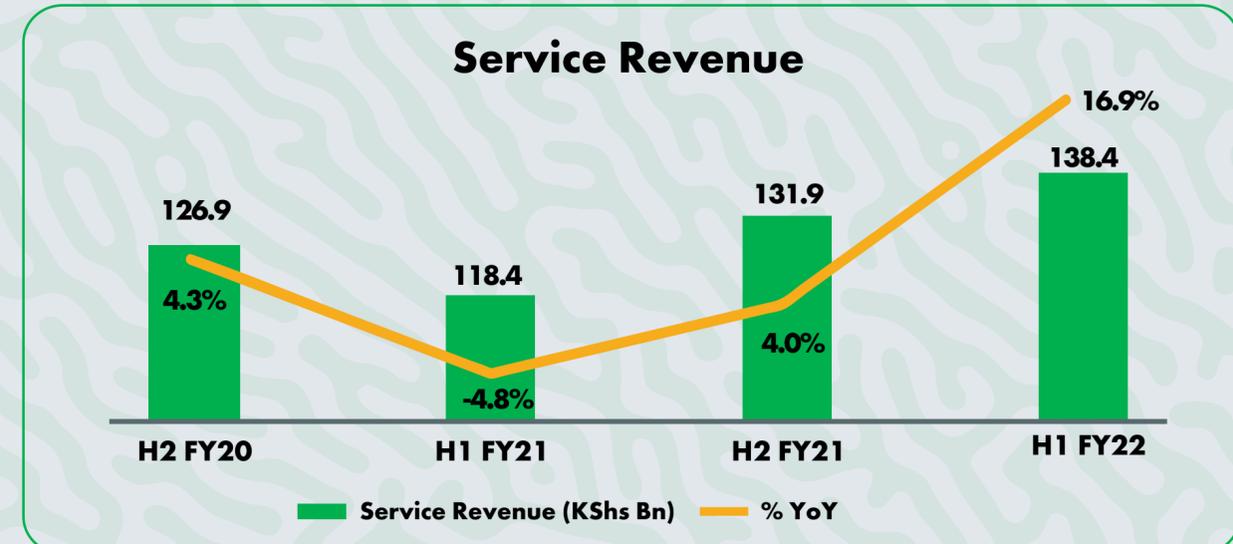
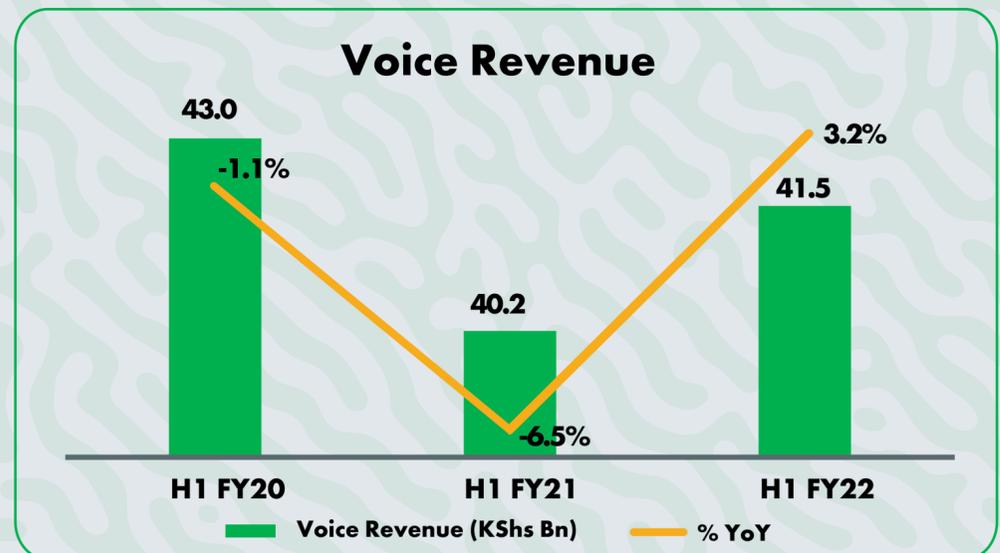
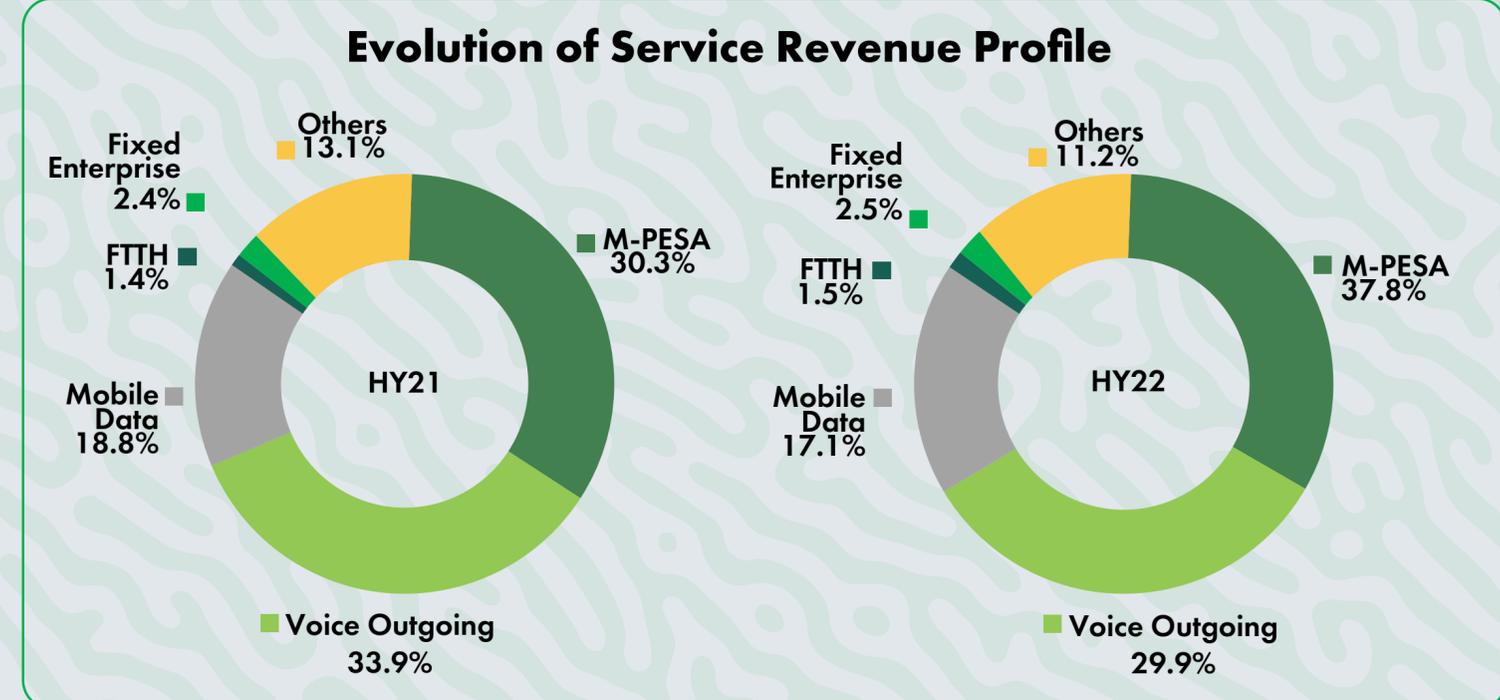
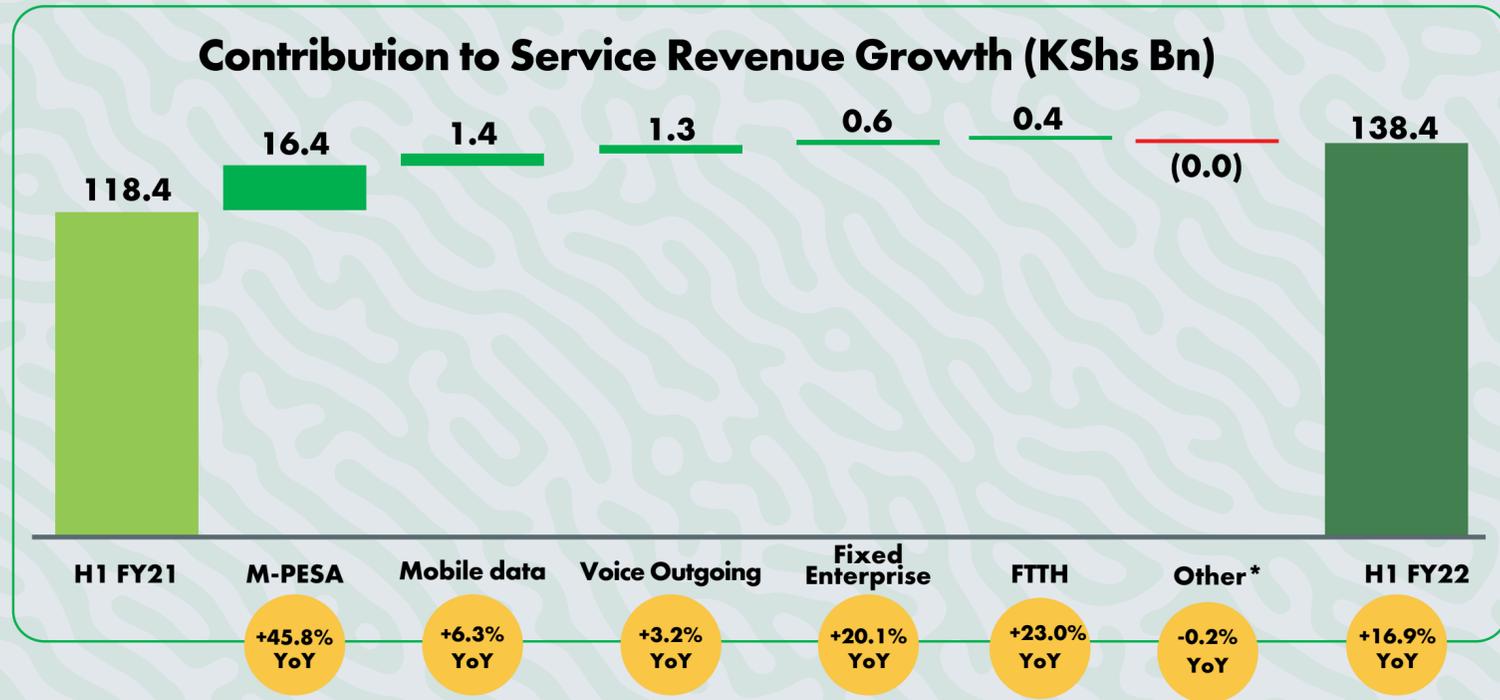
Free Cash Flow ●

+45.8% YoY

HY22	HY21
KShs 34.4Bn	KShs 23.6Bn

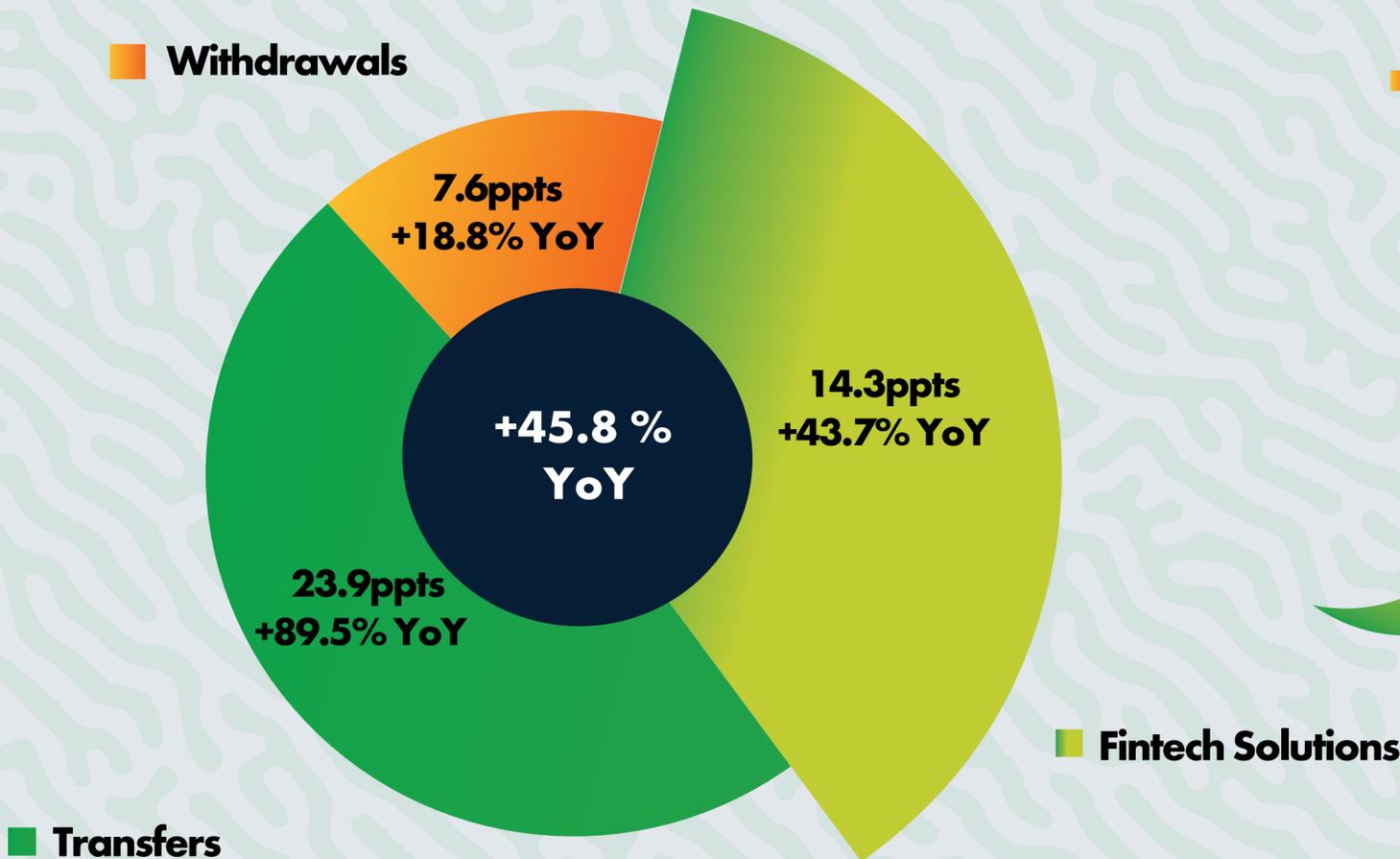
Note; All numbers include Ethiopia in all financial slides

SERVICE REVENUE | DOUBLE DIGIT GROWTH, SUPPORTED BY M-PESA

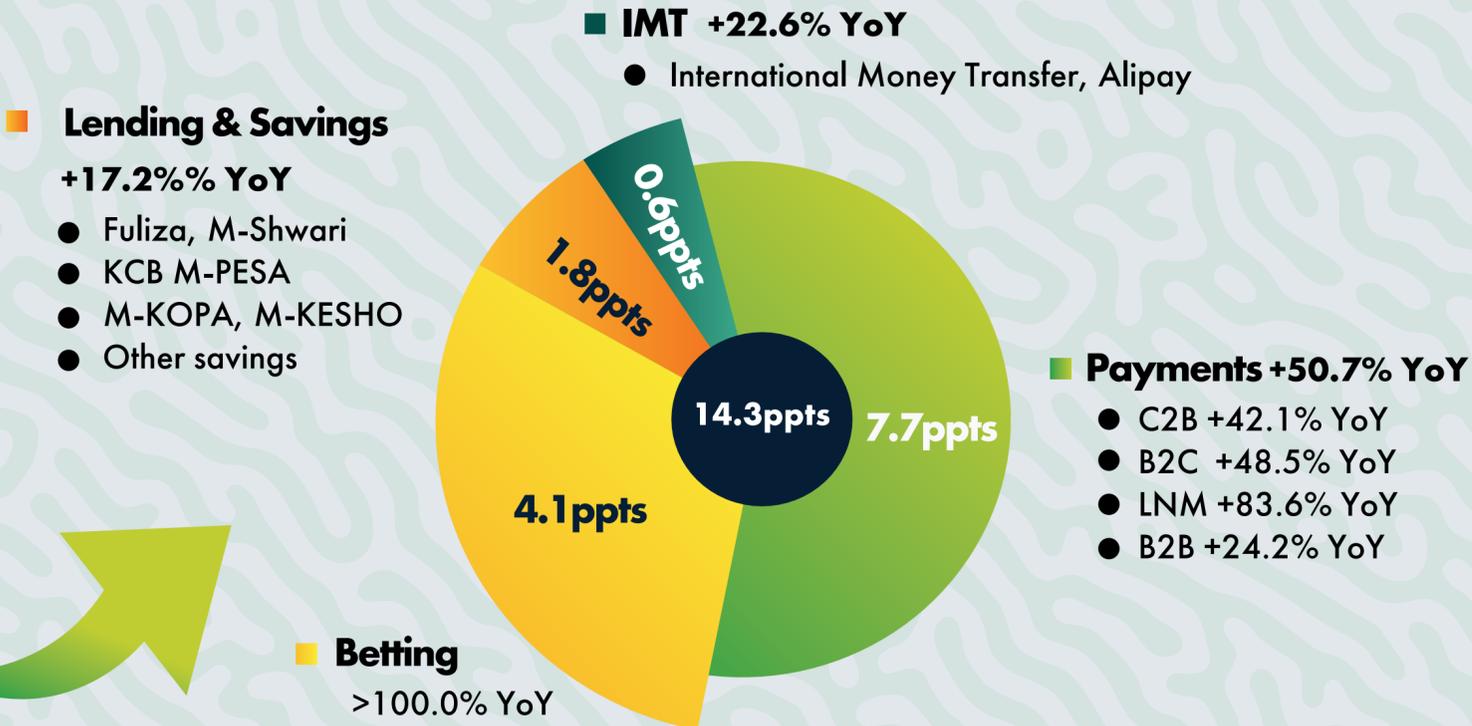


*Others - Incoming Voice & SMS revenue, Messaging and Other SR

Contribution to M-PESA Growth



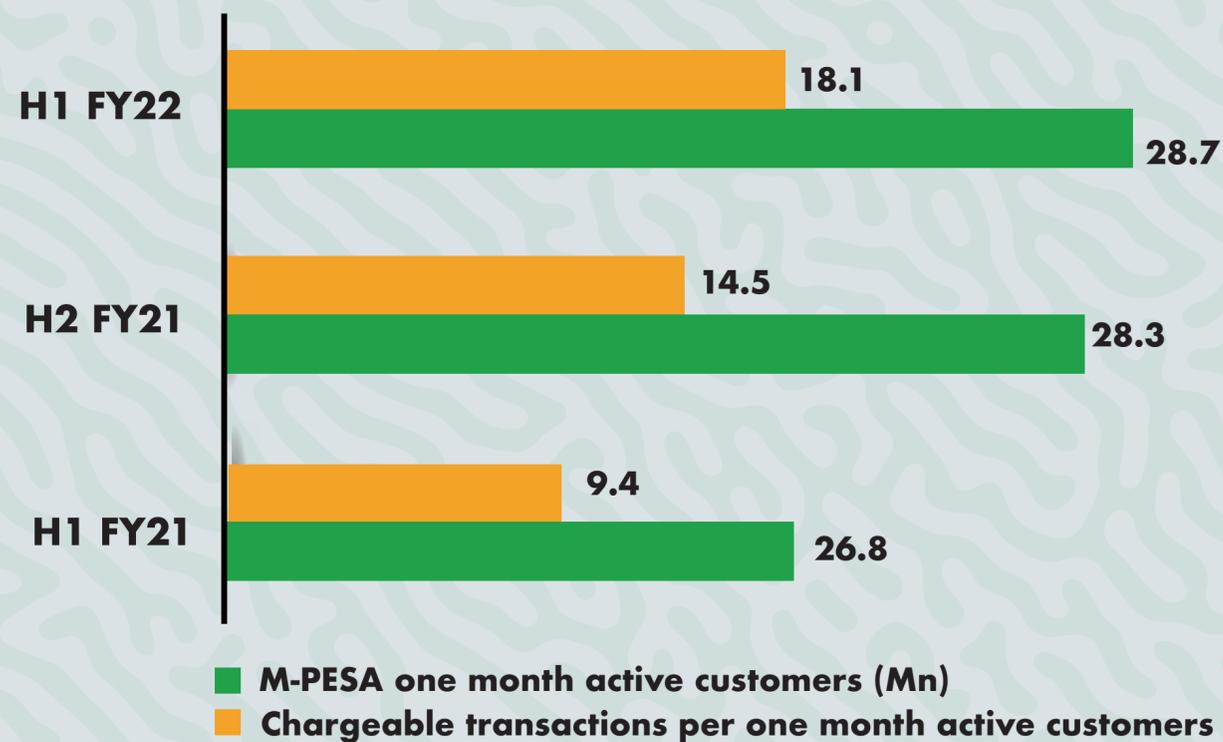
Contribution to Fintech Solutions Growth



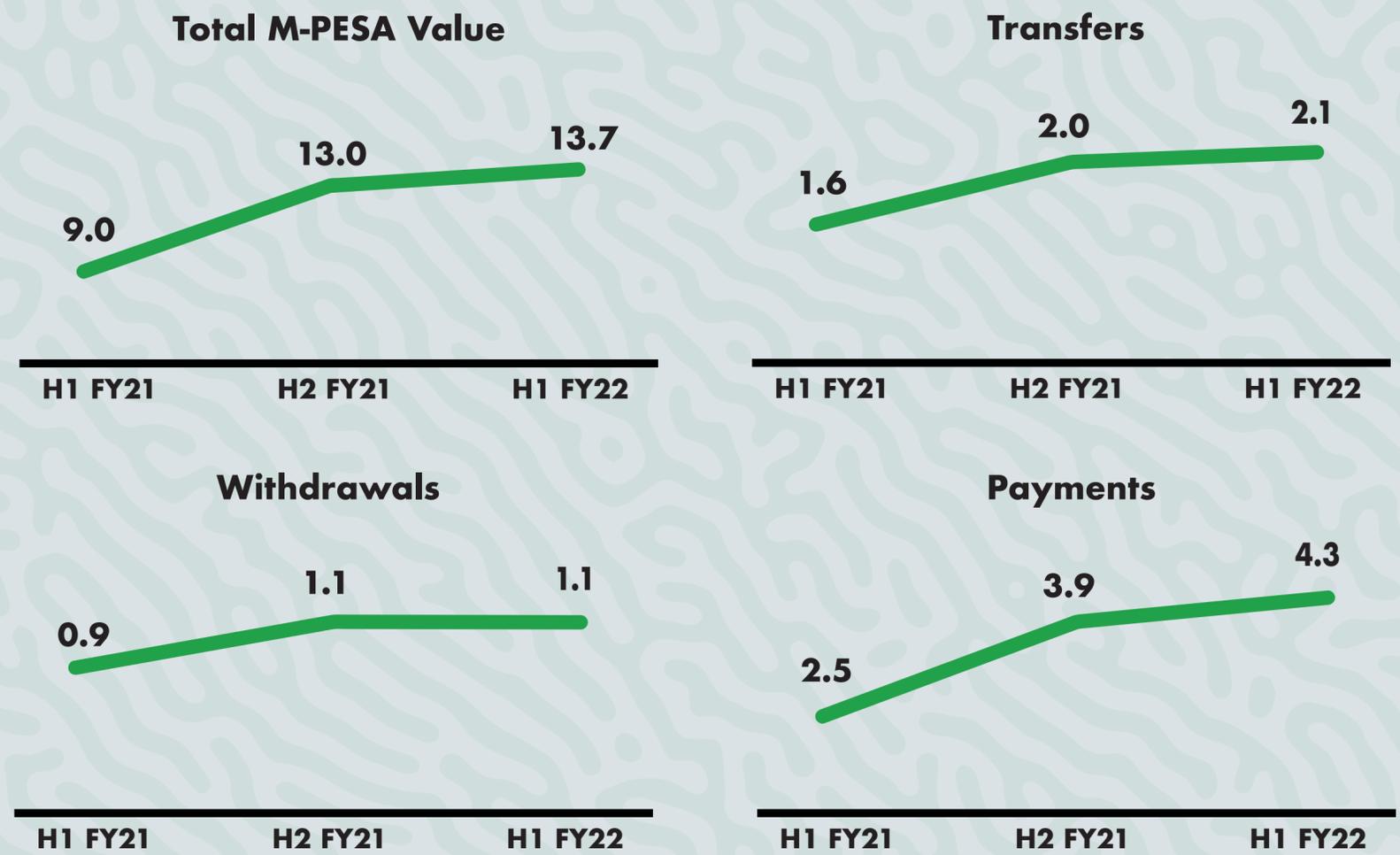
- Value of M-PESA transactions +51.5% YoY, KShs 13.7Trn, of which 18.1% is still zero-rated
- Volume of M-PESA transactions +42.0% YoY, 7.3Bn
- One month active M-PESA Agents +19.7% YoY, 258k
- One month active merchants tills +72.8% YoY, 387k

M-PESA | SUSTAINED VELOCITY IN THE CUSTOMER ECOSYSTEM

Usage Growth, Opportunity to Drive Penetration Remains



Sustained Growth in Value of M-PESA Transactions (KShs Trn)



Note; M-PESA Wallet to Bank/ Bank to M-PESA Wallet transactions still zero rated, accounting for 18.1% of HY22 total value of M-PESA transactions



CONSUMER SUPER APP

Customer Focused Products, Intuitive Digital Journeys



M-PESA 2.0 FINTECH PLATFORM

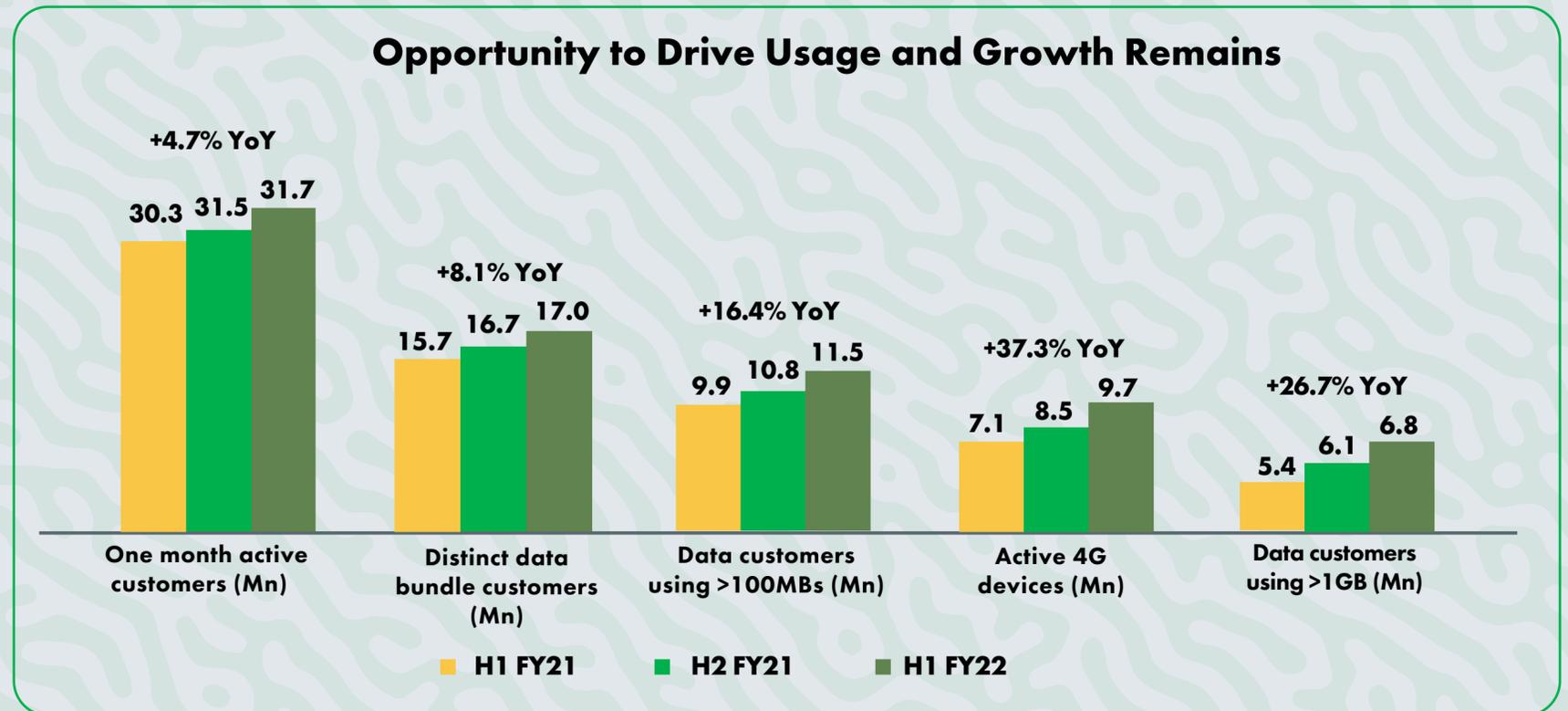
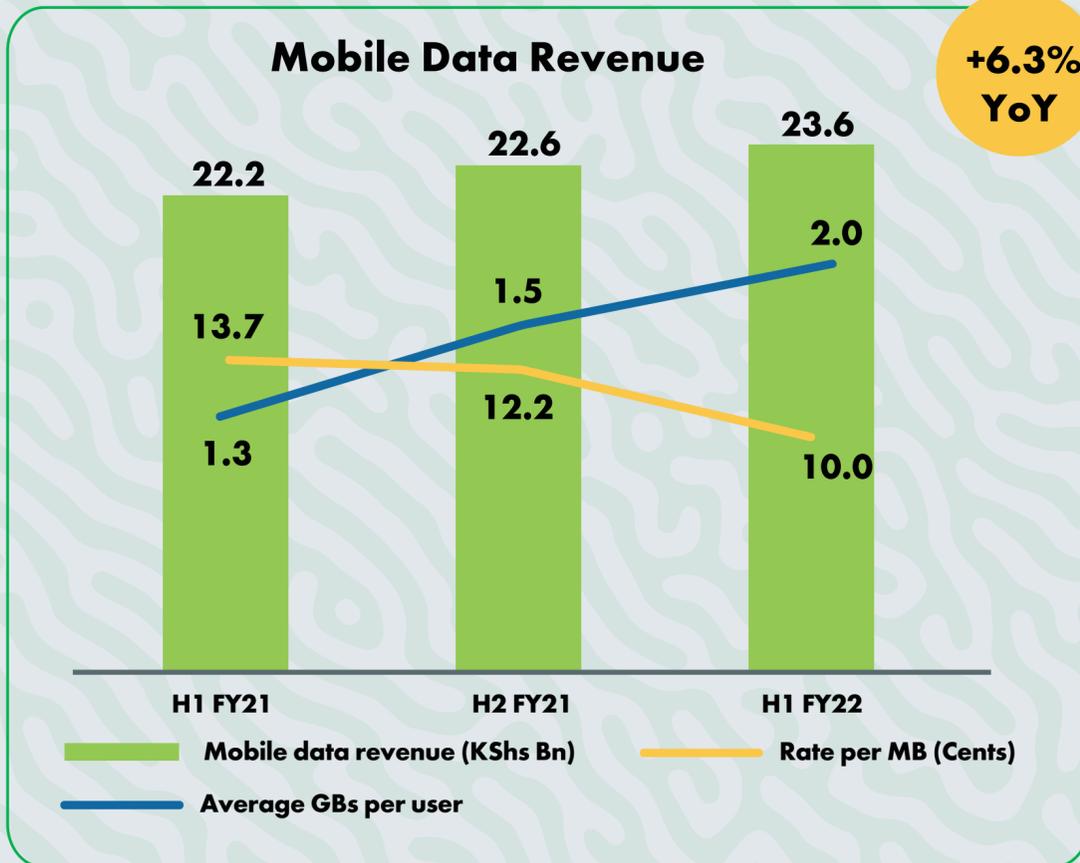


BUSINESS SUPER APP

Merchant Business Solutions, Extensive Agency Network

Subject to Regulatory approval

MOBILE DATA | PRICE RATIONALIZATION SLOWS DOWN PERFORMANCE



Data ARPU
HY 22
KShs 198.3
+7.9% YoY

GBs per chargeable user
+47.8% YoY

Rate per MB (cents)
-27.0% YoY

Spurring usage and growth through:

Enhanced CVM propositions and personalised offerings

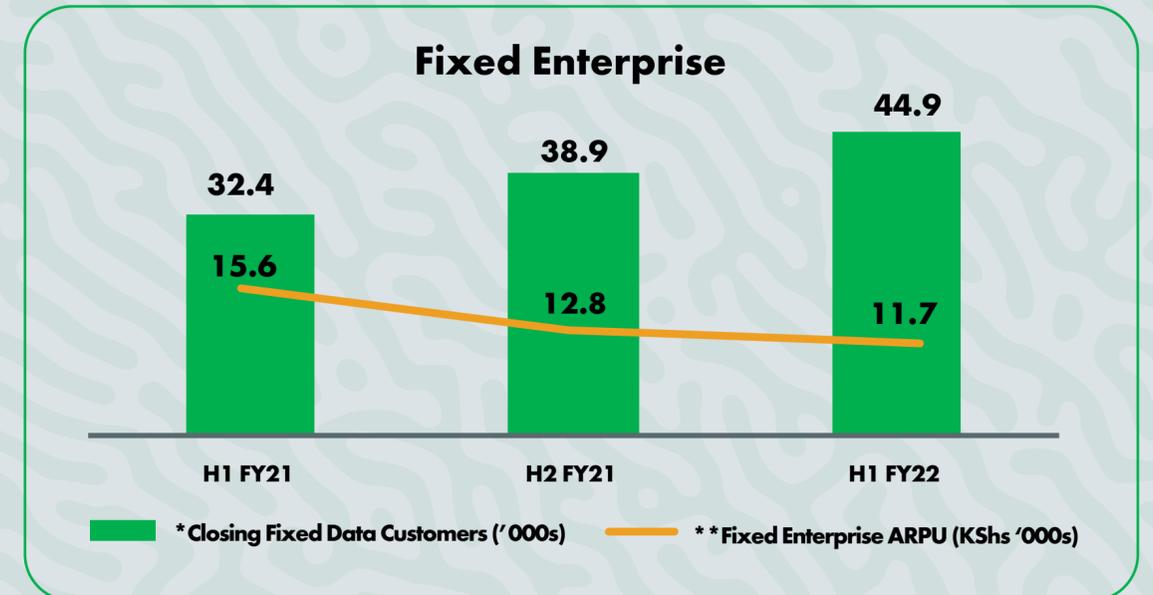
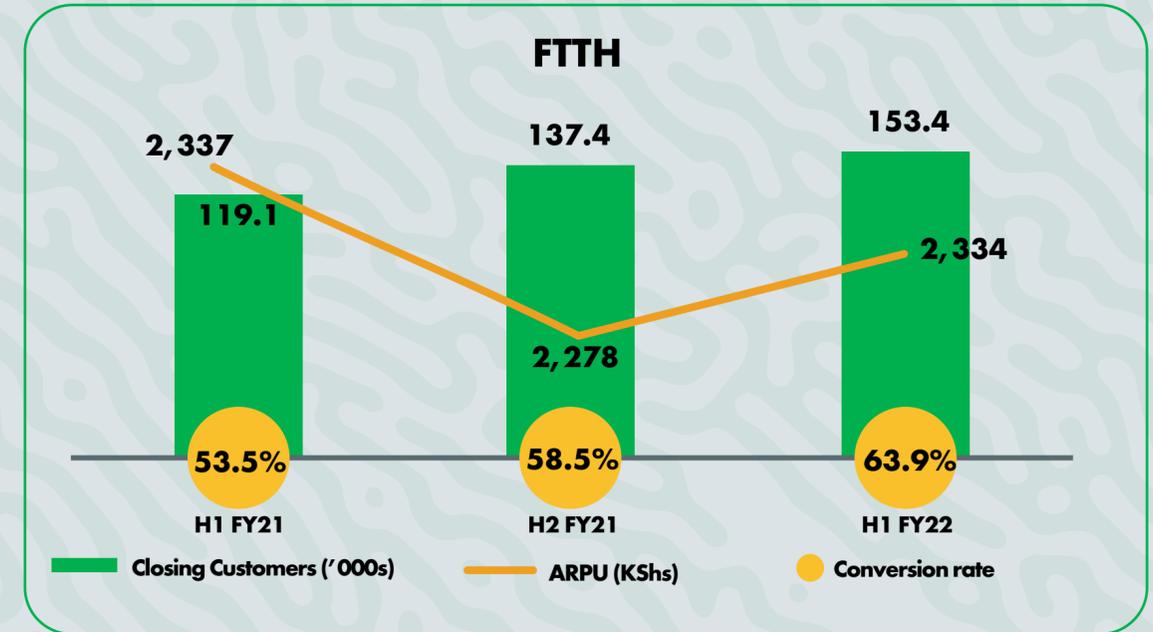
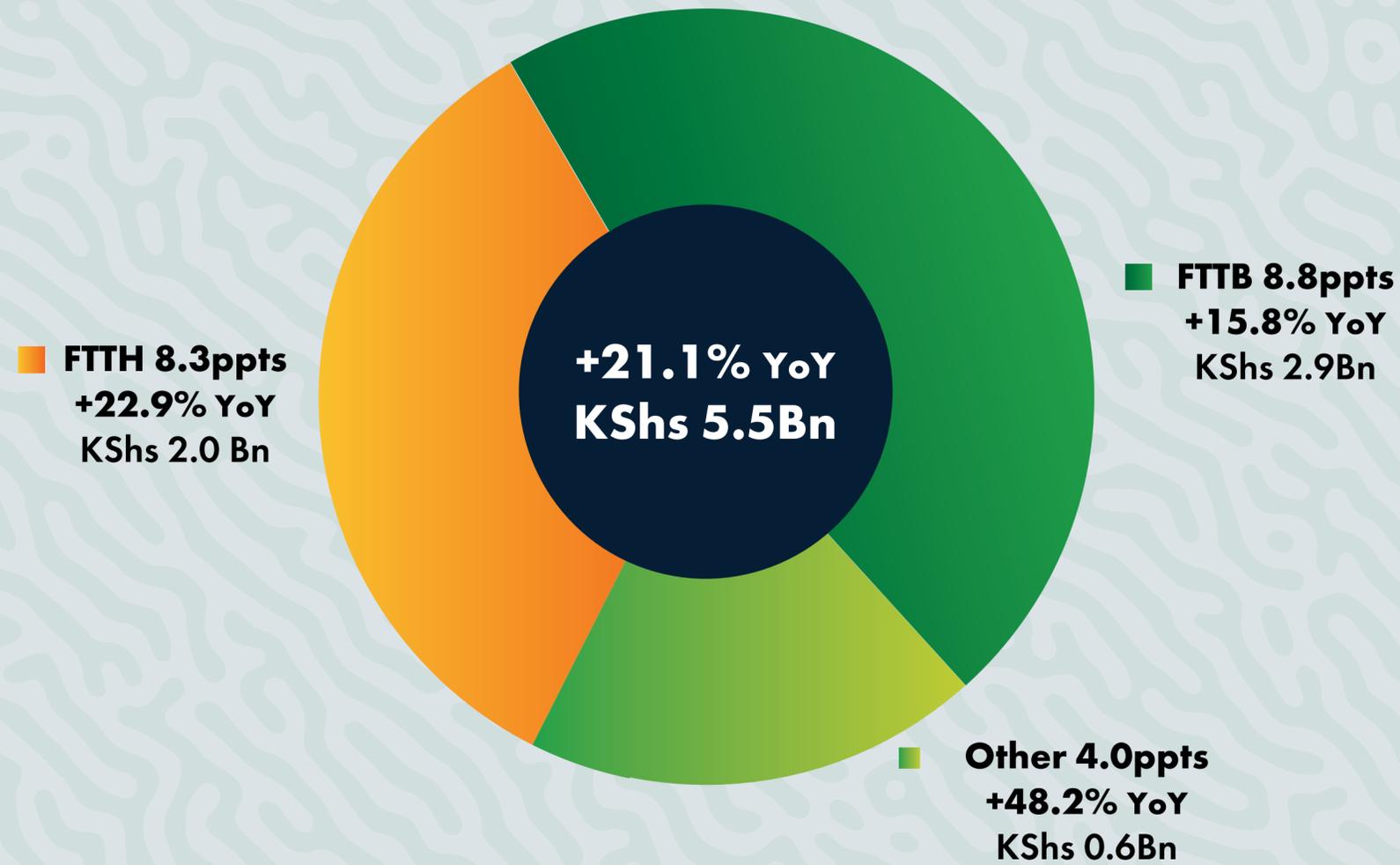
Aggressive customer acquisitions

Expanding the base of device financing customers

Driving content aggregation
Launched Baze platform

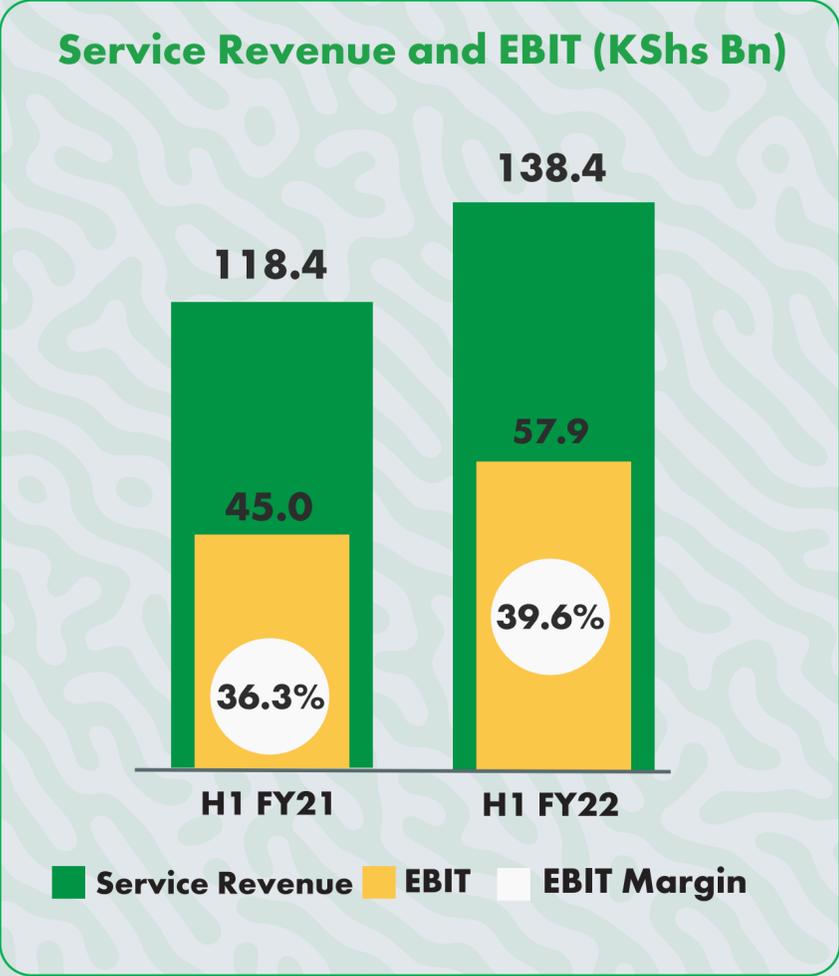
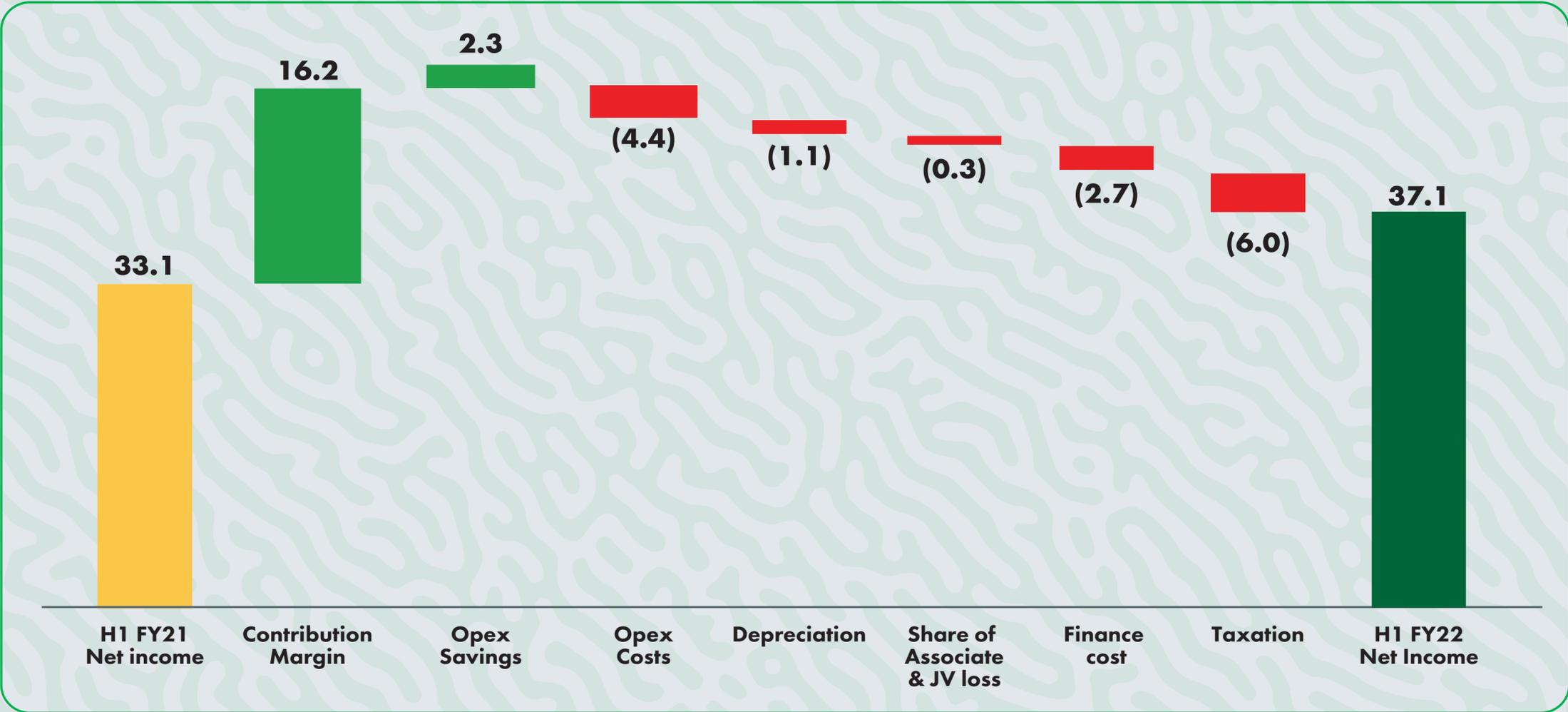
FIXED SERVICE | ACCELERATED CUSTOMER ACQUISITION DRIVES SOLID GROWTH

Contribution to Fixed Revenue Growth



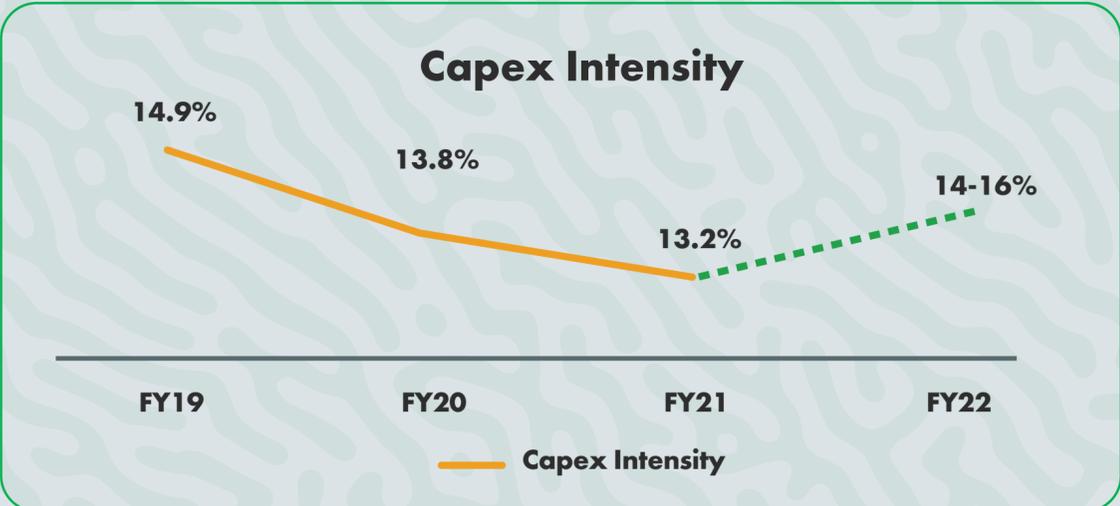
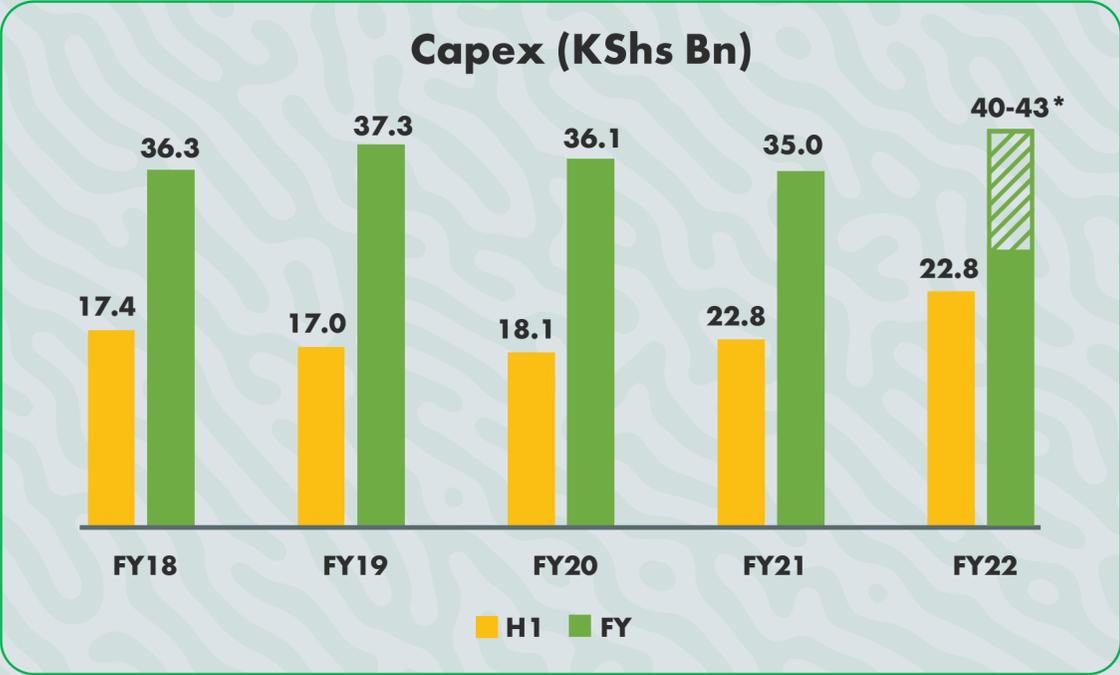
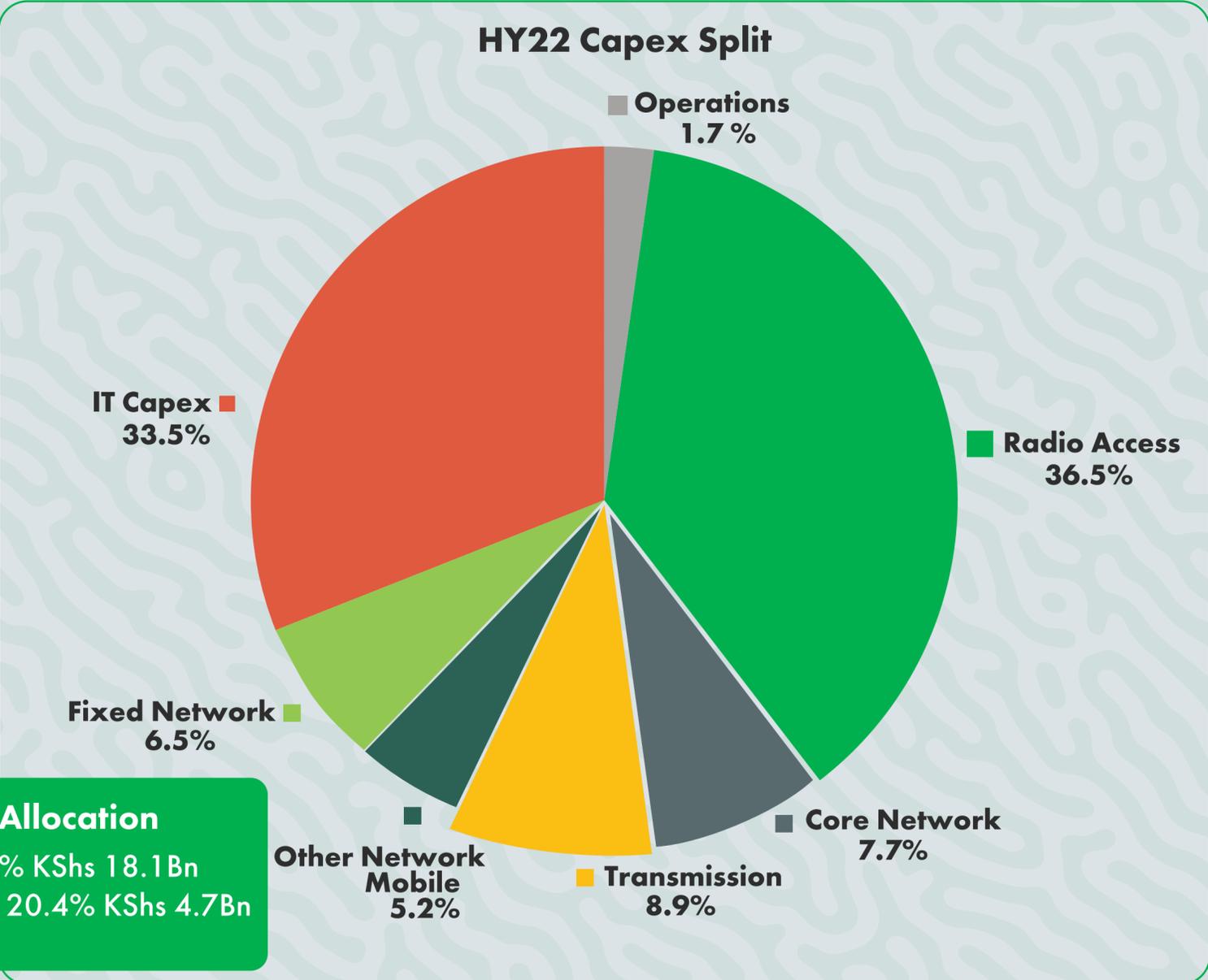
*LTE customers 25.28k, +55.5% YoY making up 56.3% of total fixed data closing customers at 44.89k, +38.3% YoY
 **Fixed Enterprise ARPU ex-LTE KShs 23.32k, LTE ARPU 3.7k, Fixed Enterprise ARPU KShs 11.63k in HY22

NET INCOME | IMPROVED PERFORMANCE DRIVEN BY TOP LINE RECOVERY & COST EFFICIENCIES



EBIT Margin improved 3.3ppts

CAPEX | SUSTAINED INVESTMENT TO ENHANCE CUSTOMER EXPERIENCE



*Capex guidance excluding Ethiopia

| Outlook



REVISED FY22 GUIDANCE





Thank You!

Simple • Transparent • Honest
FOR YOU