

SAFARICOM LIMITED

CONDENSED UNAUDITED RESULTS FOR THE HALF YEAR ENDED 30 SEPTEMBER 2017

Condensed Consolidated Statement of Comprehensive Income		Group		%
Kshs Bn	30-Sep-17	30-Sep-16	Change	
Service revenue	109.73	98.01	12.0%	
Handsets and other revenue	4.49	4.01	11.9%	
Construction revenue	0.20	0.08	>100	
Total revenue	114.43	102.10	12.1%	
Other income	0.32	2.28	(86.0%)	
Direct costs	(35.43)	(32.50)	9.0%	
Construction costs	(0.20)	(0.08)	>100	
Other expenses	(24.84)	(20.99)	18.3%	
Earnings before interest, taxes, depreciation & amortisation (EBITDA)	54.27	50.81	6.8%	
Depreciation, impairment and amortisation	(16.74)	(16.35)	2.4%	
Earnings before interest and taxes (EBIT)	37.53	34.46	8.9%	
Finance income	0.91	0.83	10.2%	
Finance costs	(0.63)	(0.81)	(21.9%)	
Share of profit of associate	0.01	0.01	(43.6%)	
Profit before taxation	37.82	34.49	9.6%	
Income tax expense	(11.61)	(10.56)	10.0%	
Total comprehensive income for the year	26.20	23.93	9.5%	
Attributed to:				
Equity holders of the company	26.20	23.93	9.5%	
Basic and diluted earnings per share (EPS)	0.65	0.60	9.5%	

Condensed Consolidated Statement of Financial Position		Group		%
Kshs Bn	30-Sep-17	31-Mar-17	Change	
Capital employed				
Share capital (including share premium)	4.20	4.20	-	
Retained earnings	90.62	64.42	40.7%	
Proposed dividends	0.00	38.86	(100.0%)	
Shareholders funds	94.82	107.49	(11.8%)	
Represented by				
Non current assets	138.57	136.53	1.5%	
Current assets:				
Inventories	3.06	1.37	>100	
Receivables and prepayments	16.44	17.83	(7.8%)	
Cash and cash equivalents	28.07	5.96	>100	
	47.57	25.16	89.1%	
Current liabilities:				
Payables and accrued expenses	45.81	36.57	25.3%	
Dividends payable	38.86	0.00	100.0%	
Current income tax	0.11	1.09	(90.0%)	
Borrowings	6.53	16.54	(60.5%)	
	91.31	54.20	68.5%	
Net current liabilities	(43.74)	(29.04)	50.6%	
	94.82	107.49	(11.8%)	

Commentary on results

The Board of Directors is pleased to announce the unaudited results for the half year ended 30 September 2017. The same accounting policies and methods of computation have been used as were in the last financial statements.

During the period there was an increase in the number of customers to 29.5m as at 30 September 2017. In order to support this growth, the Company continued to invest heavily in both the expansion and modernisation of its 2G, 3G and 4G networks and fibre roll out.

Capital expenditure in the network for the period ended 30 September 2017 stood at Kshs 17.39bn. To finance this expansion, the Company levered its statement of financial position and continues to invest a significant portion of internally generated cash.

Borrowings

As at 30 September 2017 bank borrowings were at Kshs 6.53bn with cash and cash equivalents at Kshs 28.07bn, leaving a net cash of Kshs 21.54bn.

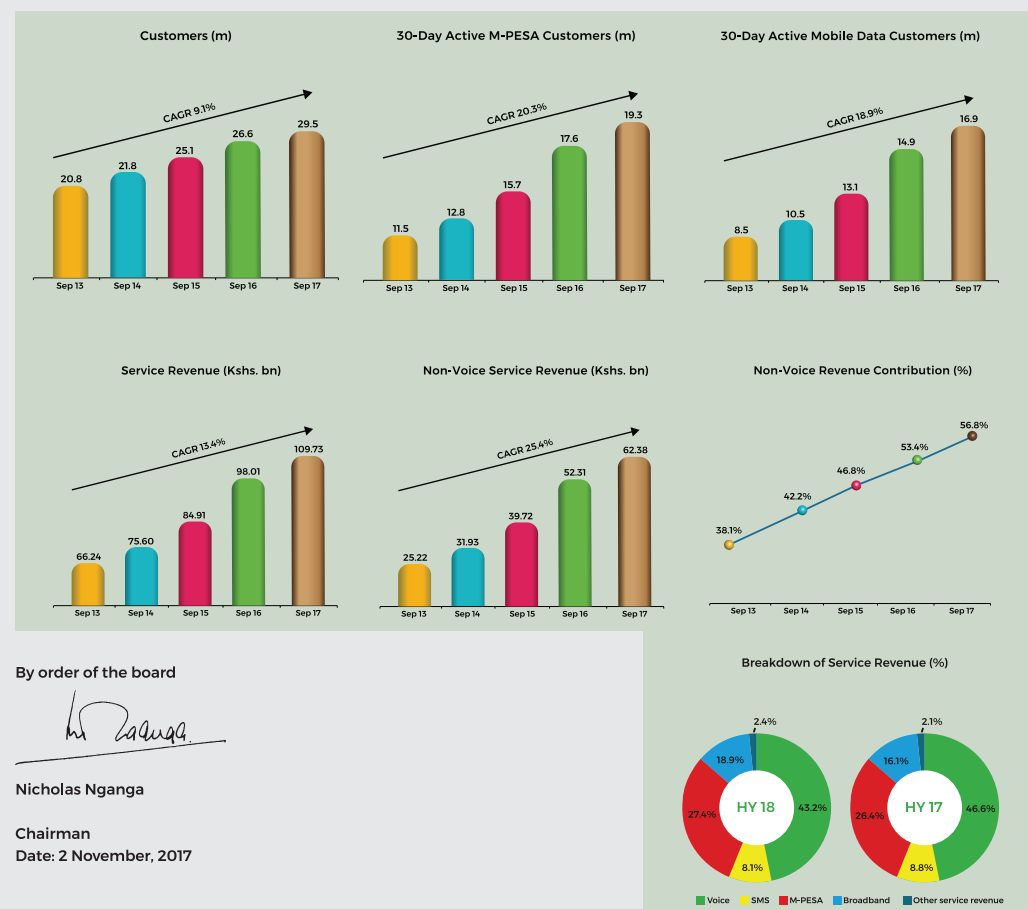
Taxation

The Group continues to be a major contributor to the revenues of the Government and remitted Kshs 43.85bn in duties, taxes and license fees for the period ended 30 September 2017. This increased the total duties, taxes and fees paid since inception to Kshs 536.59bn.

Condensed Consolidated Statement of Cash Flows		Group		%
Kshs Bn	30-Sep-17	30-Sep-16	Change	
Operating activities				
Cash generated from operations	63.19	50.66	24.7%	
Movement in restricted cash	(0.30)	0.10	(<100)	
Net interest received	0.33	0.67	(51.6%)	
Income tax paid	(13.70)	(12.27)	11.6%	
Net cash from operating activities	49.51	39.16	26.4%	
Investing activities	(17.39)	(18.92)	(8.1%)	
Proceeds from borrowings	6.53	16.57	(60.6%)	
Repayments on borrowings	(16.54)	0.00	(100.0%)	
Net movement in cash and cash equivalents	22.11	36.81	(39.9%)	
Movement in cash and cash equivalents				
At start of year	5.96	6.22	(4.3%)	
Increase	22.11	36.81	(39.9%)	
At end of the period	28.07	43.03	(34.8%)	

Key highlights for the half year ended 30 September 2017

- Customer numbers have increased by 10.8% to 29.5m as at 30 September 2017 from 26.6m as at 30 September 2016.
- Mobile data customers who were active in the last 30 days increased by 13.5% to 16.9m as at 30 September 2017 from 14.9m as at 30 September 2016.
- M-PESA customers who were active in the last 30 days grew by 9.5% to 19.3m as at 30 September 2017 compared to 17.6m as at 30 September 2016.
- Service revenue increased by 12.0% from Kshs 98.01bn to Kshs 109.73bn for the half year ended 30 September 2017.
- Voice service revenue increased by 3.6% from Kshs 45.70bn to Kshs 47.35bn for the half year ended 30 September 2017.
- Messaging (SMS) revenue increased by 3.4% from Kshs 8.63bn to Kshs 8.92bn for the half year ended 30 September 2017.
- Mobile data revenue increased by 31% from Kshs 13.40bn to Kshs 17.55bn for the half year ended 30 September 2017.
- Fixed service revenue increased by 34.7% from Kshs 2.40bn to Kshs 3.23bn for the half year ended 30 September 2017.
- M-PESA revenue grew by 16.2% from Kshs 25.87bn to Kshs 30.05bn for the half year ended 30 September 2017.
- Non-Voice service revenue (M-PESA/SMS/Broadband/Other service revenue) increased to 56.8% of total service revenues for the half year ended 30 September 2017.
- EBITDA increased by 6.8% from Kshs 50.81bn to Kshs 54.27bn for the half year ended 30 September 2017. Excluding a one off adjustment of Kshs 3.4bn in HY 17, growth was 14.4%.
- EBIT increased by 8.9% from Kshs 34.46bn to Kshs 37.53bn for the half year ended 30 September 2017. Excluding the one off adjustment in HY 17 growth was 20.6%.
- Net income increased by 9.5% from Kshs 23.93bn to Kshs 26.20bn for the period ended 30 September 2017. Excluding the one off adjustment in HY 17 growth was 21.4%.



By order of the board

Nicholas Nganga

Nicholas Nganga

Chairman
Date: 2 November, 2017

