

A lush green tea plantation with terraced rows of tea bushes. Two workers are visible in the middle ground; one is carrying a basket on their head. A red curved line is drawn around the worker with the basket.

Niko na **Safaricom**

Safaricom Ltd

FY 2010 Results Announcement

26th May 2010



Consolidate Fixed &
Mobile Data Growth

Expansion of M-PESA
services

Sustain Voice Revenue

Data growth through
infrastructural investment

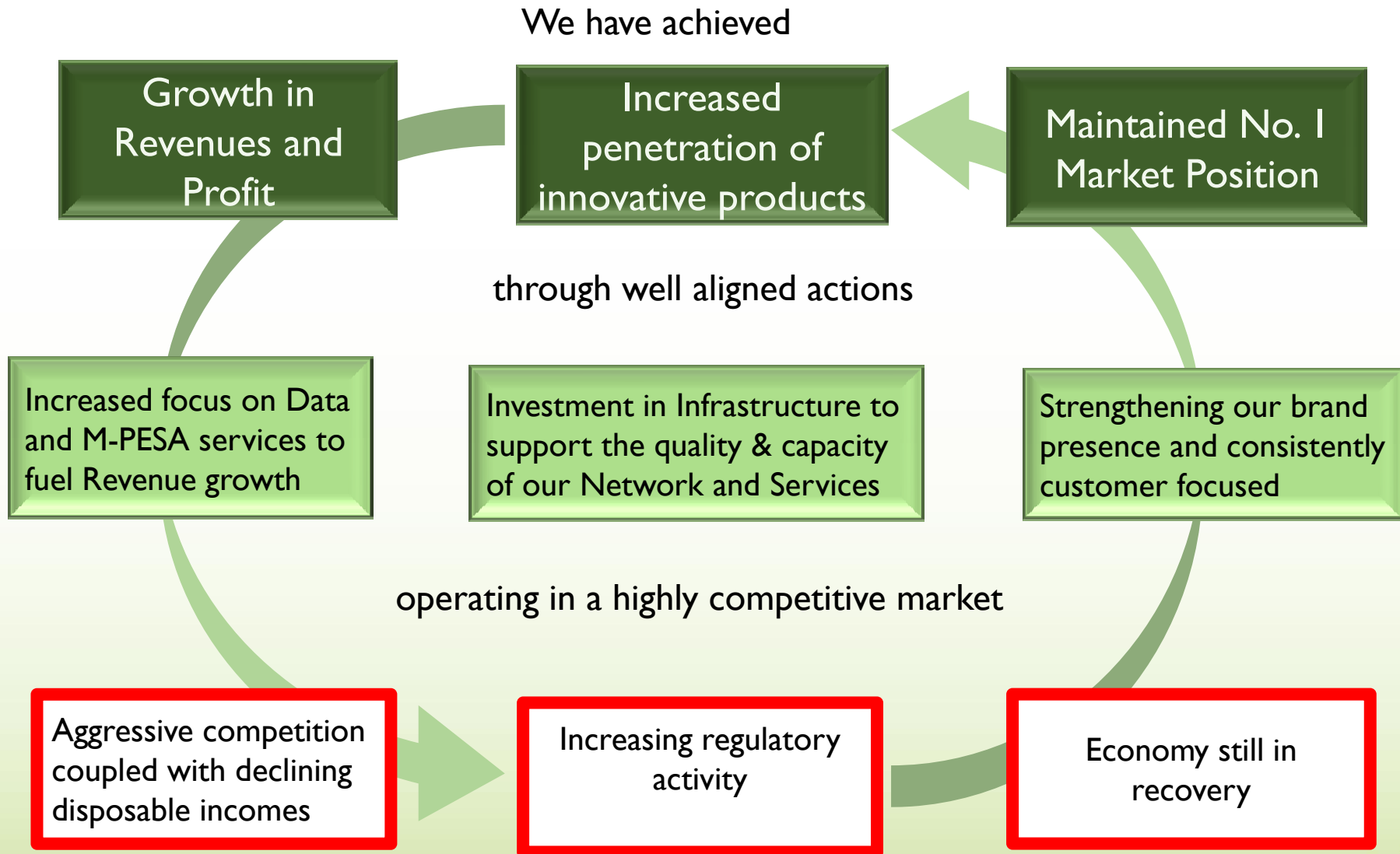
Increase Wimax Coverage &
Product innovation

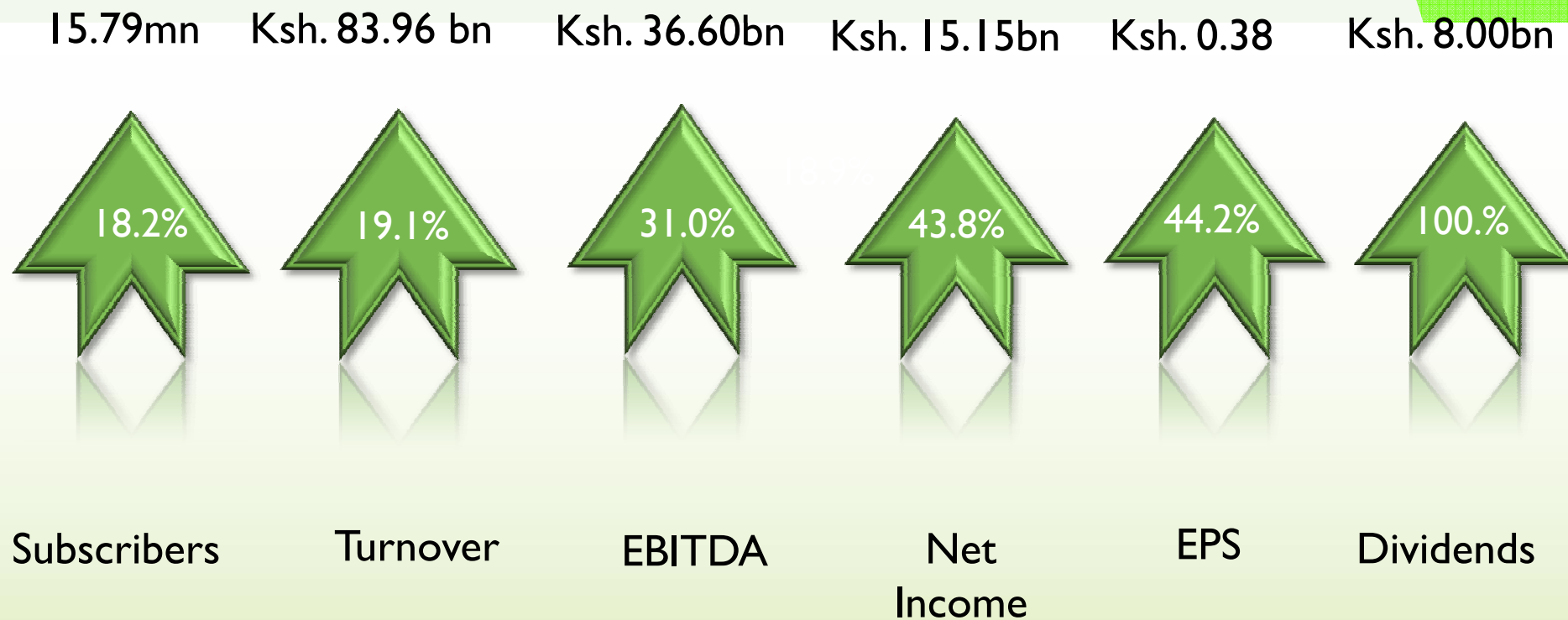
Increase M-PESA
Penetration

Increase product offering
under M-PESA

Stimulate voice revenue
growth through Dynamic
tariffs

Maintain # 1 position in
market

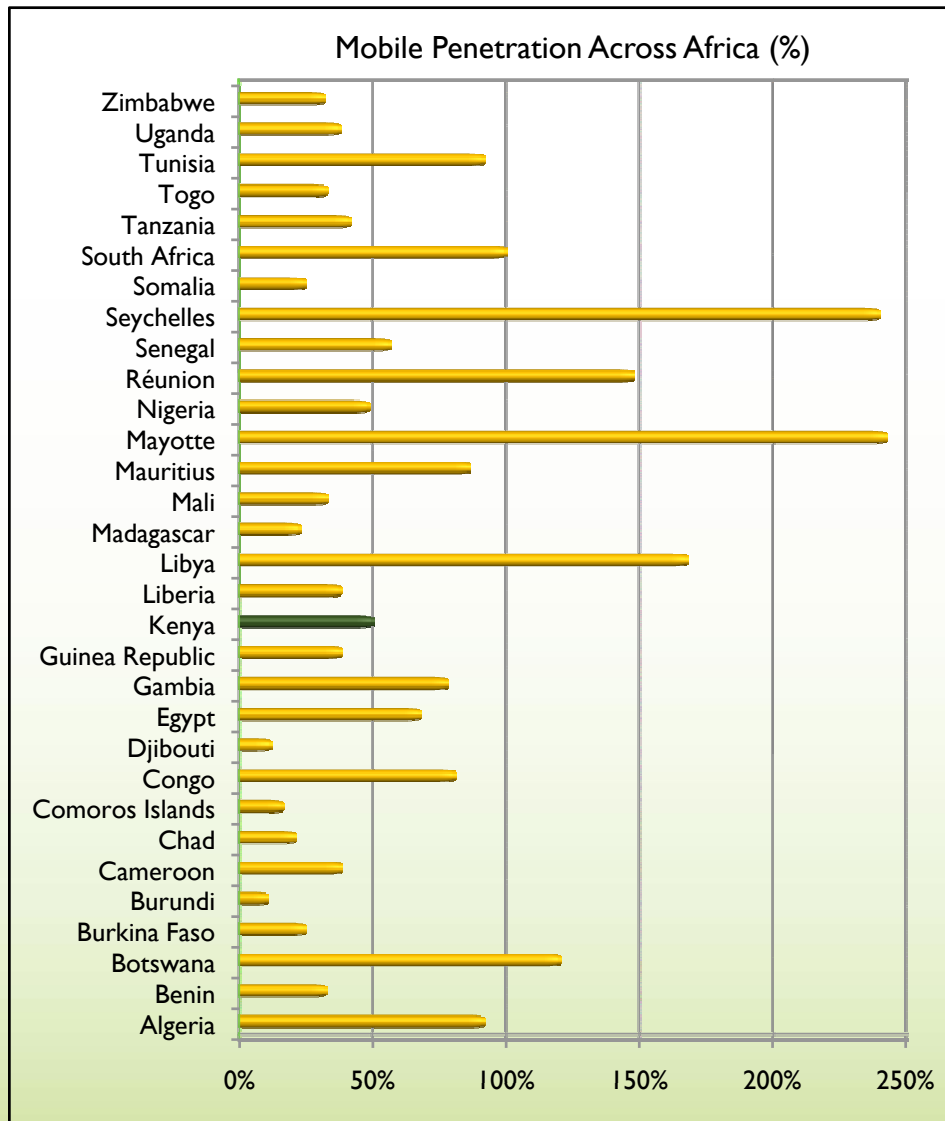




OPERATING ENVIRONMENT

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

7 Market Dynamics

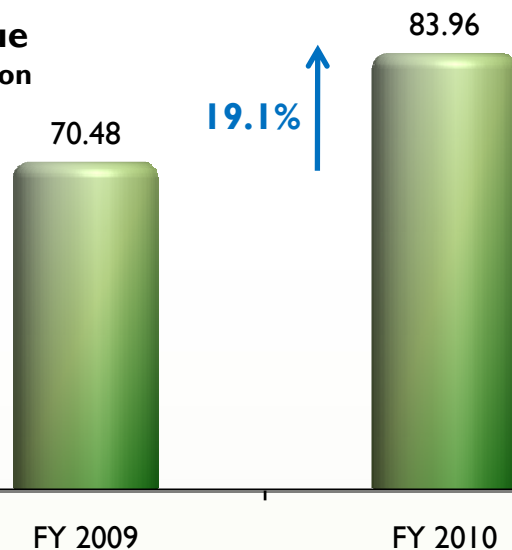


- Sub-Saharan Africa still the fastest growing mobile market in the world
- Mobile penetration in Kenya at 50 % as at 31st March 2010;
- Data penetration still below 10%
- Focus on expansion into the Data segment as operators tap into the 3G networks and under-sea data cables
- Declining Voice ARPU

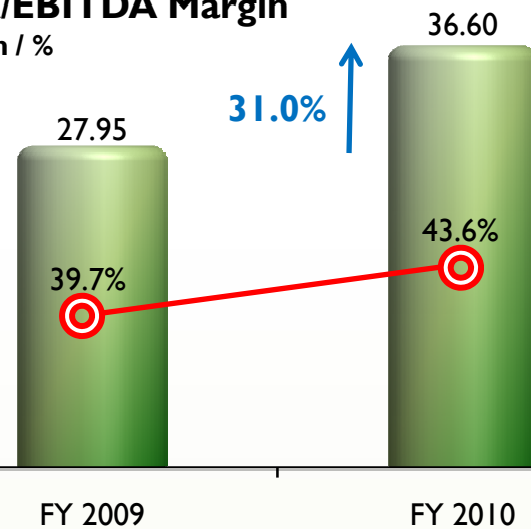
COMPANY PERFORMANCE

Strong Operational Performance

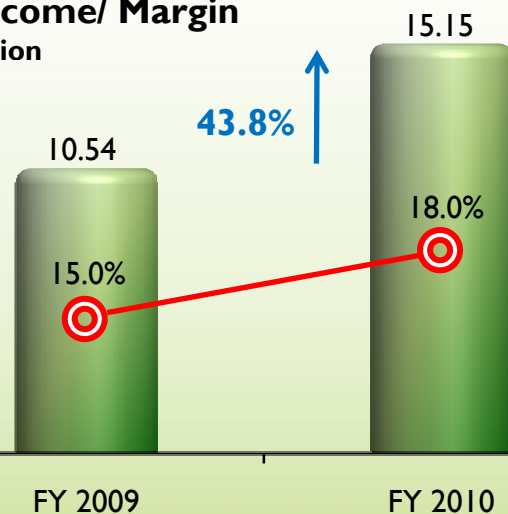
Revenue
Ksh. Billion



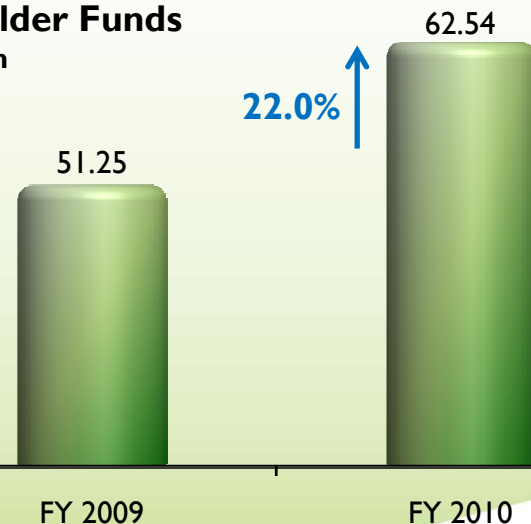
EBITDA/EBITDA Margin
Ksh. Billion / %



Net Income/ Margin
Ksh. Billion



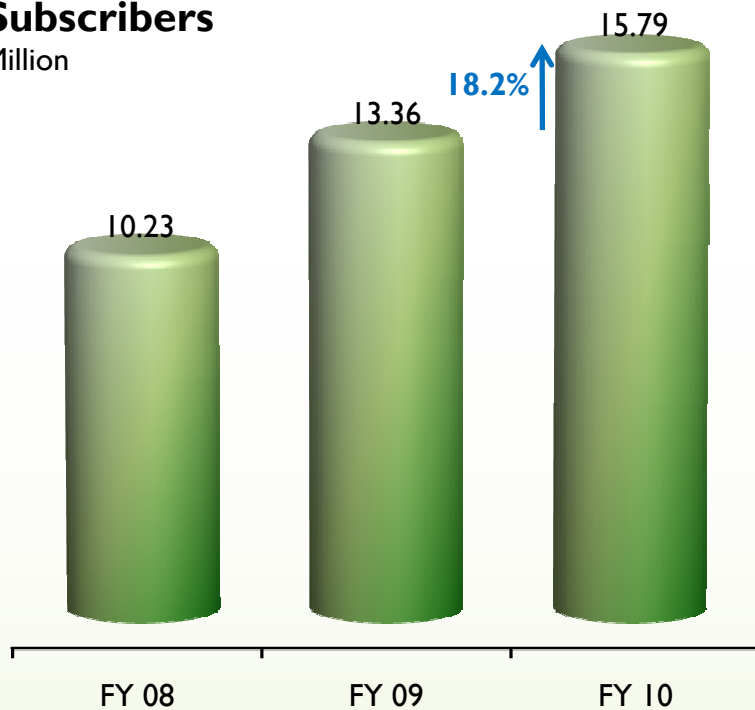
Shareholder Funds
Ksh. Billion



Maintained Market leadership

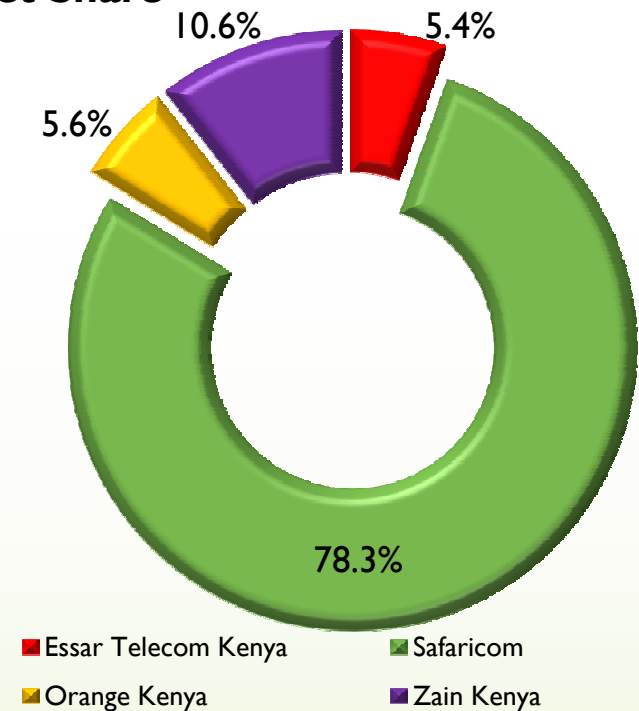
Subscribers

Million



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

Market Share



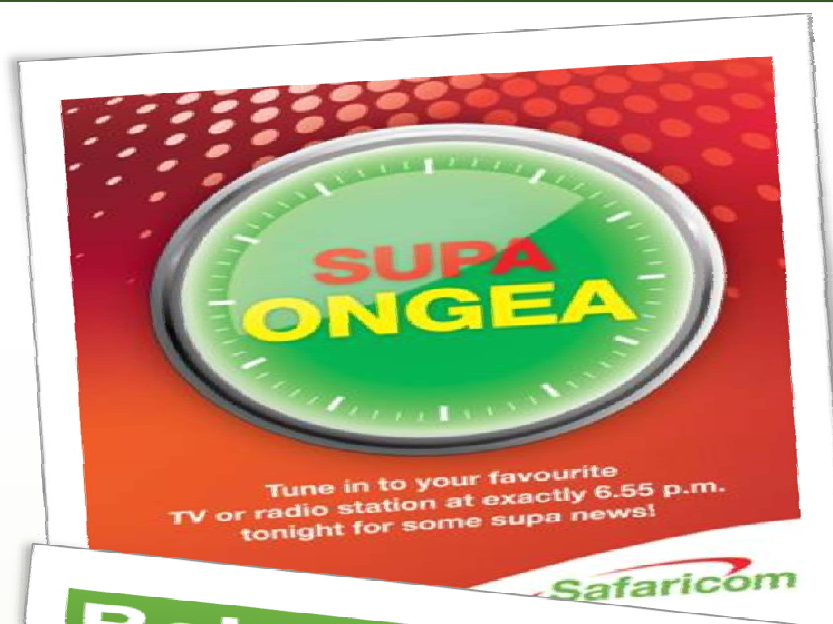
Source:WCIS

Market leader with 78.3% of customer market
share (79.1% in March '09)
Revenue market share rose by 1.3% to 84.3%

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



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)



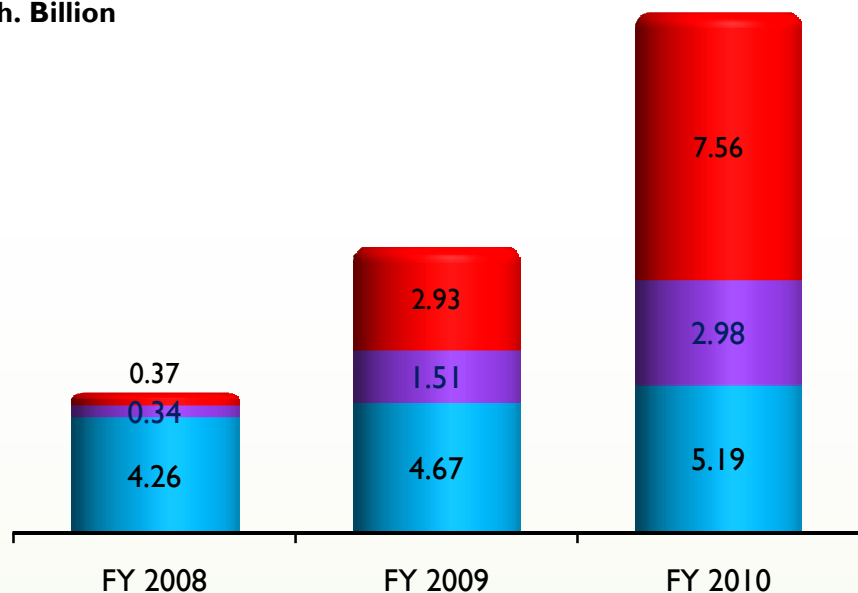
- In line with our acquisition strategy that aims at increasing mobile penetration nationwide

- Focus remains on Data enabled devices



DATA Revenue

Ksh. Billion

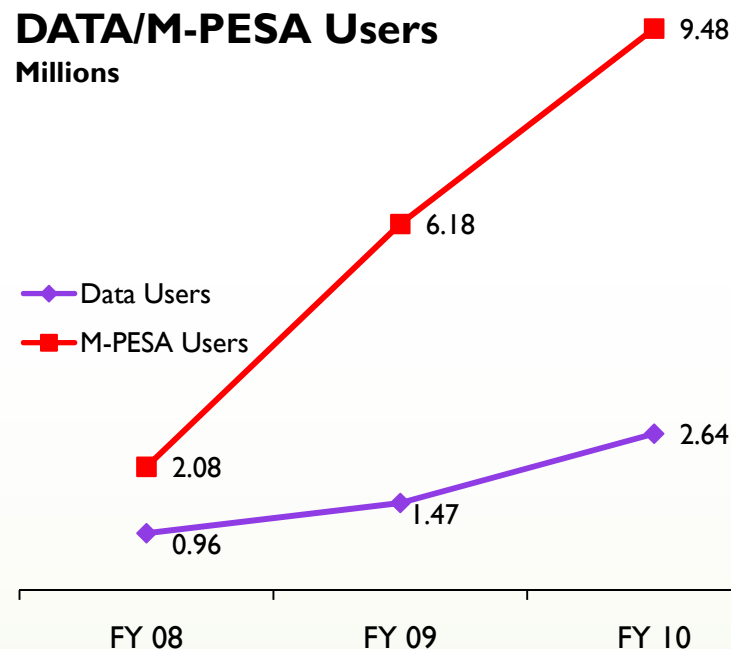


Data revenue increased by 72.8% representing 18.7% of revenue (12.9 % in March 09) driven by the combined effect of

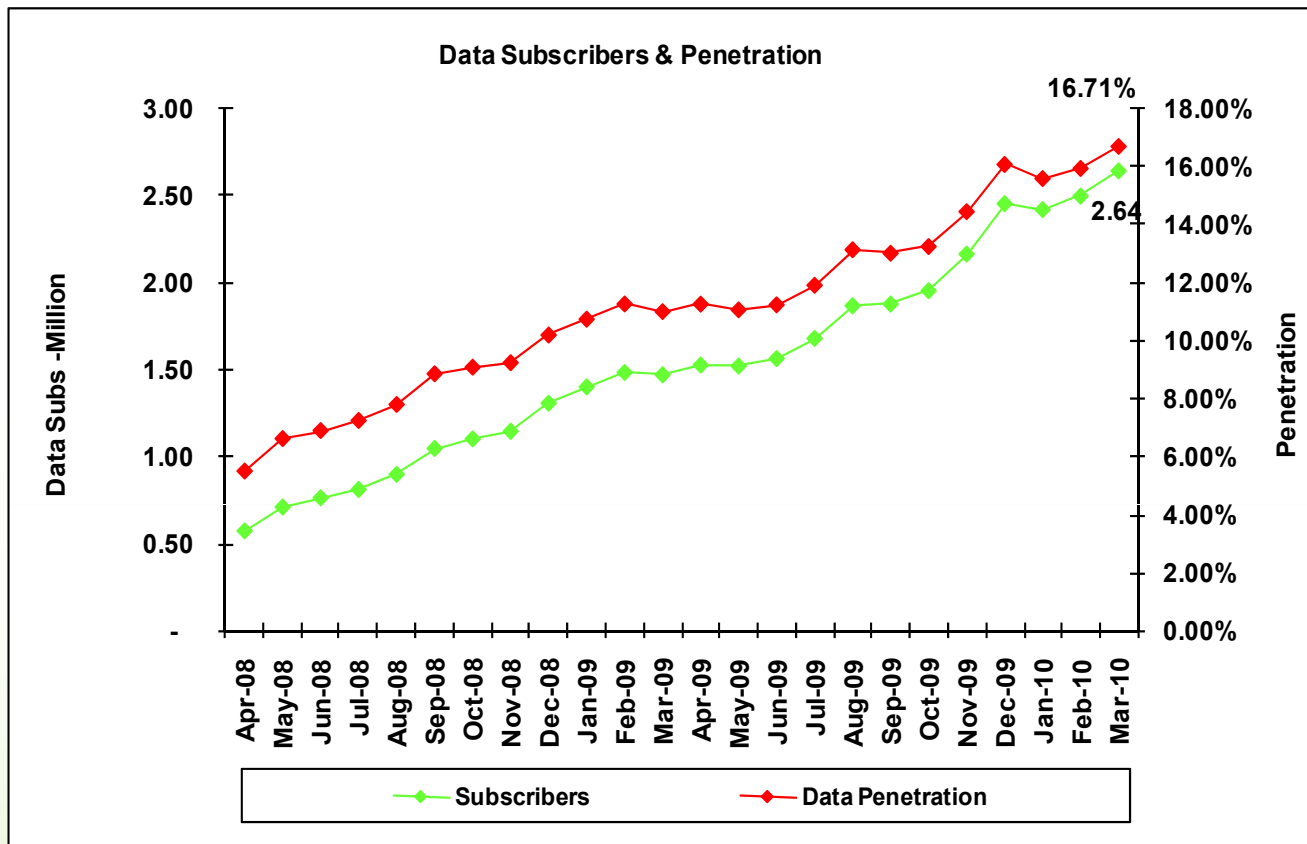
- M-PESA up 158.1% (9.0% of revenue)
- Data up 97.7% (3.6% of revenue)
- SMS up 11.3% (6.2% of revenue)

DATA/M-PESA Users

Millions



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



* Penetration is based on Safaricom subscribers

Driving growth in mobile data through mass market penetration

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

Laptop ni Lazima!

LAPTOP IKO, PESA ZIPO

FREE!

Safaricom Bank

Deal of the Month

Internet Mkononi

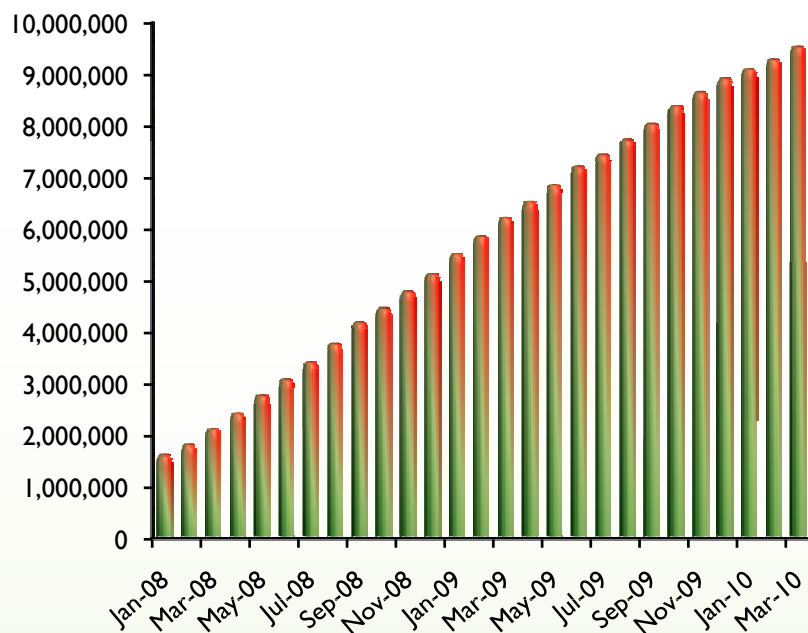
Nokia 1680 now for only Kshs. **2,699/-**

Internet enabled • GPRS • Full color screen • Camera • Ultra-long battery life • 16.8M-color messaging

250/-

M-PESA : Continued growth and performance

Registered Users

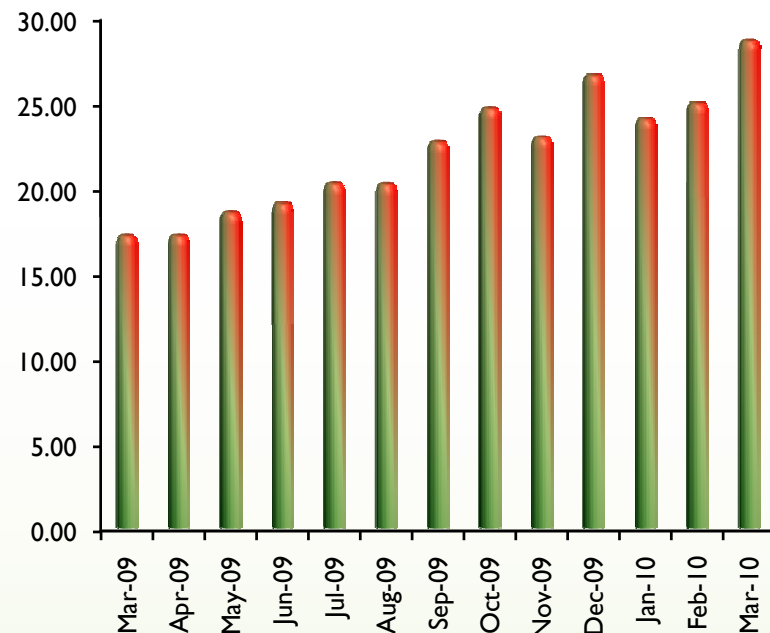


The M-PESA customer base continues to grow with 9.48 Million users as at March 2010

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

Monthly Value of P2P Transactions

Billions



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



Keep the water flowing.

Pay your water bill via M-PESA



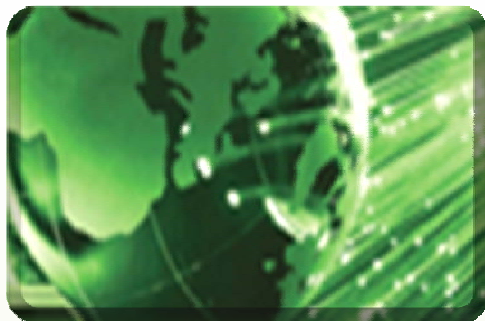
M-PESA is now used for

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

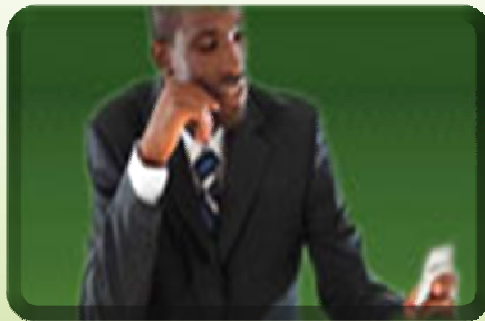
Think Further

Think about nationwide broadband coverage. Think about what you can achieve from wherever it is that you wish to achieve it. Think about the connections that you can make. Think about how far you can take your business when the world is in your hands.

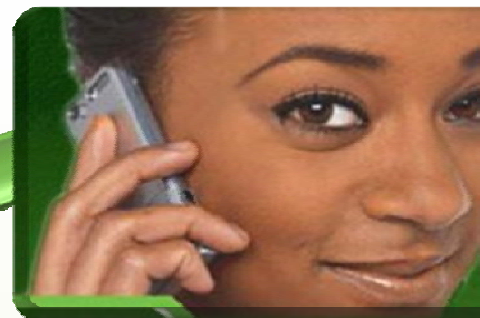
Think Safaricom Business



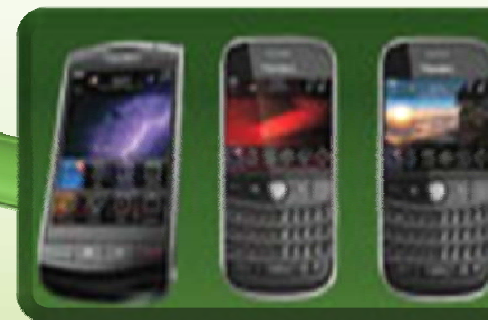
Business Data



Business Value Added Services

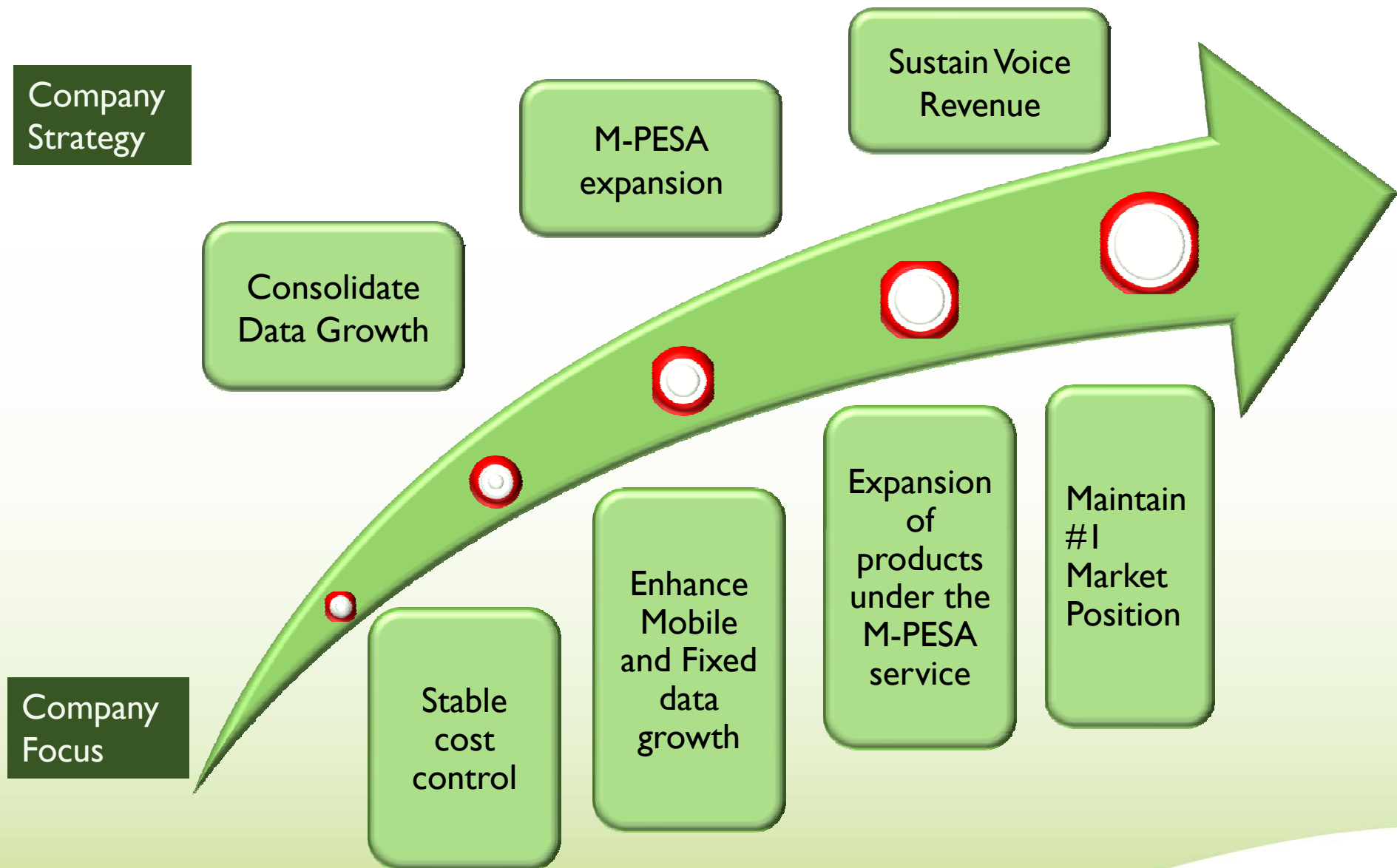


Business Voice



Business Messaging Services

Our Future: Building on our Strengths



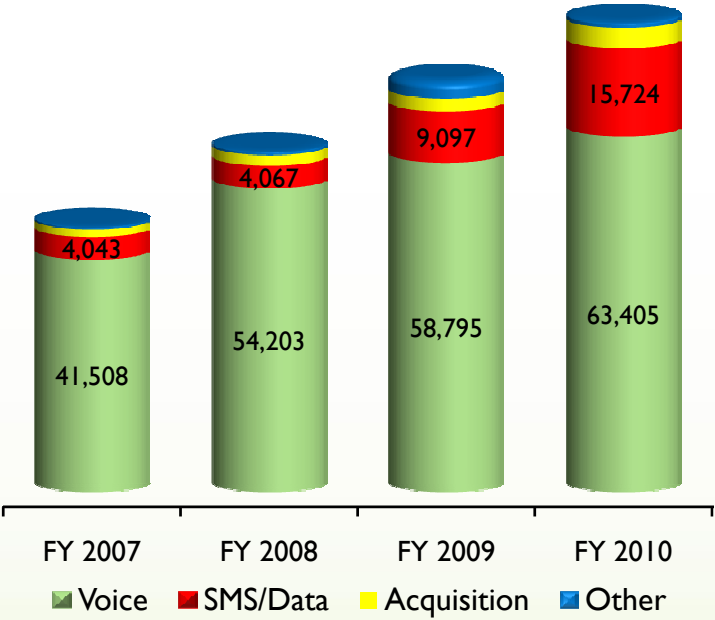
FINANCIALS

Key Financials: FY2010 Summary

Ksh. Billion	Mar-10	Mar-09	% CHANGE
Revenue	83.961	70.480	19.1%
EBITDA	36.603	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	6,090	(1,053)	678.3%
Gearing (Gross Borrowing)	24%	19%	
Net debt/EBITDA(times)	0.16	0.25	

YoY Revenues Analysis

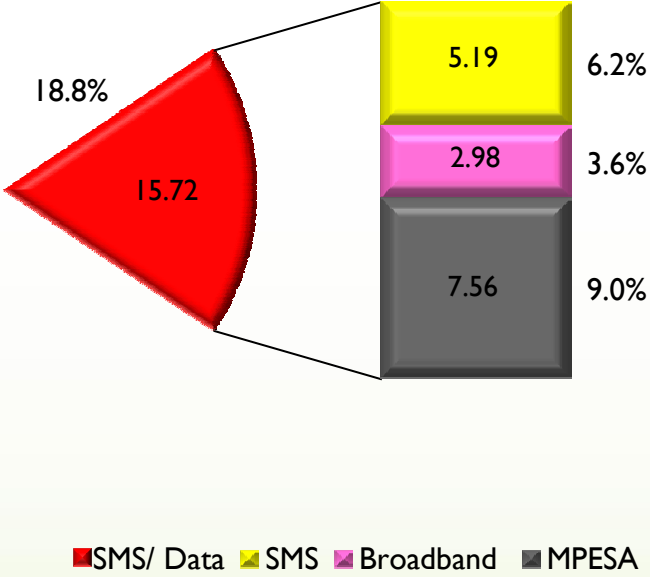
Ksh. billions



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

Data Revenue Breakdown

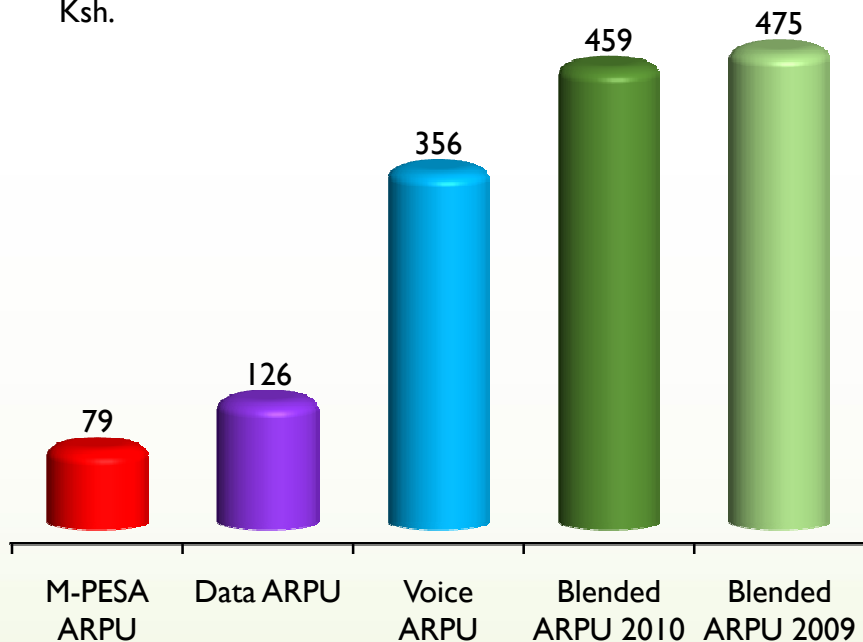
Ksh. Billions / % of Revenue



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

Blended ARPU

Ksh.

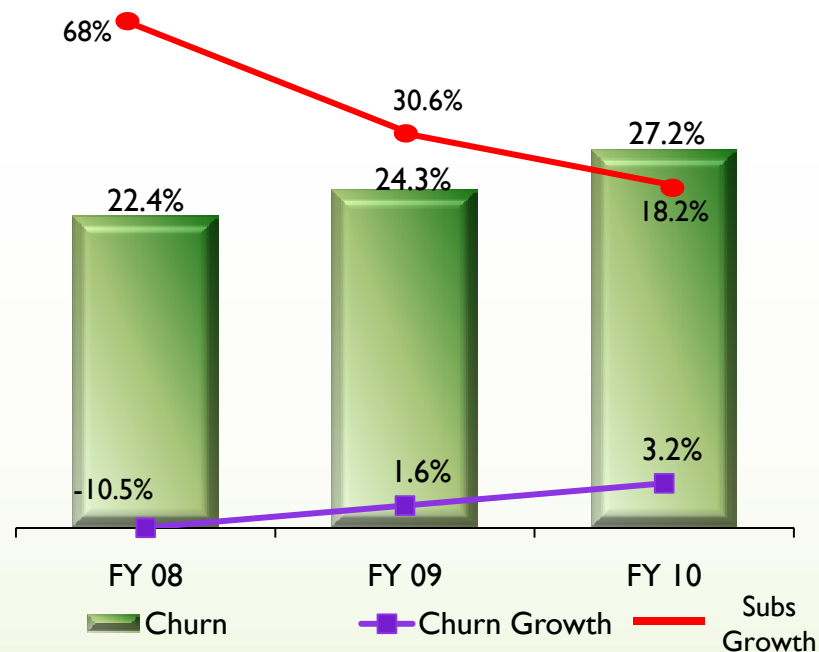


Blended ARPU declined 3.4% to Ksh. 458.5 due to

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

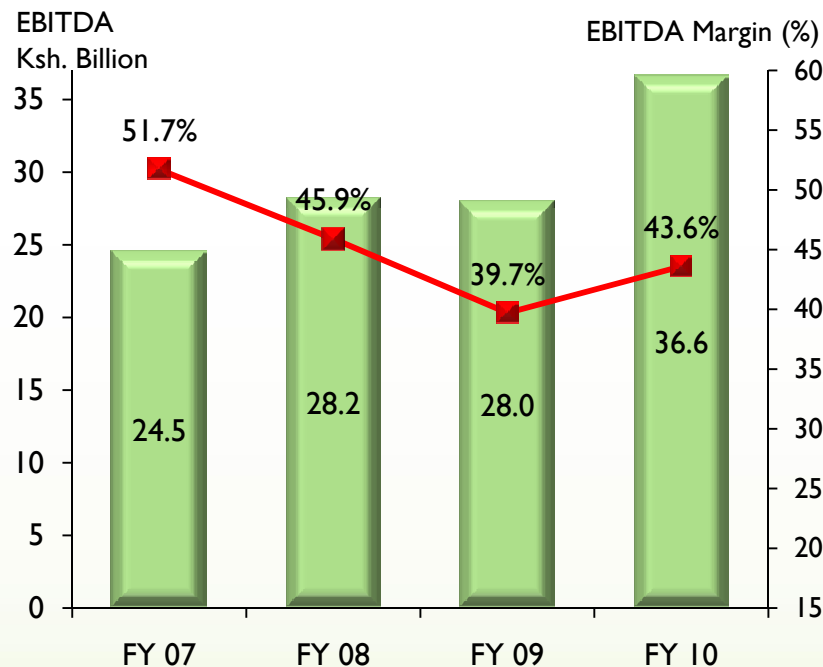
Offset by increased contribution from Data

Churn Rate

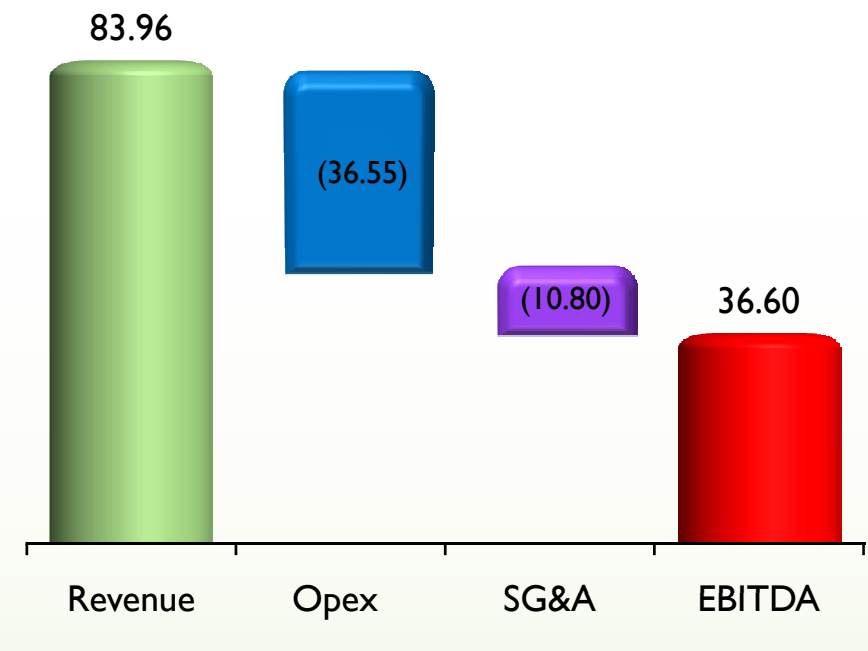


- Churn rate of 27.2% that is lower in comparison to the prepaid industry average
- Continued positive impact of M-PESA and Bonga Loyalty Scheme

YoY EBITDA



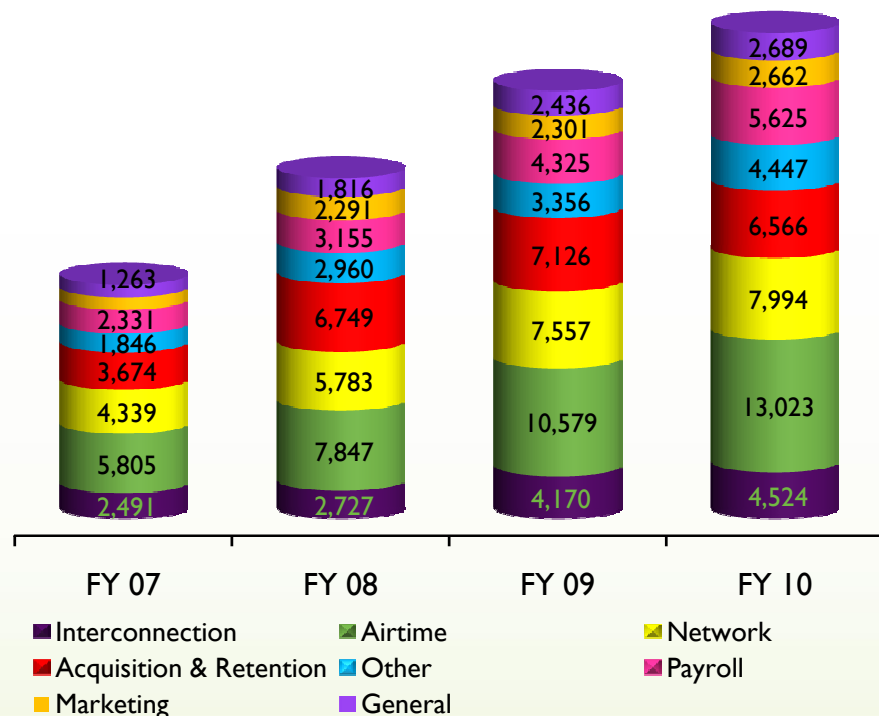
Revenue/EBITDA Analysis



- 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

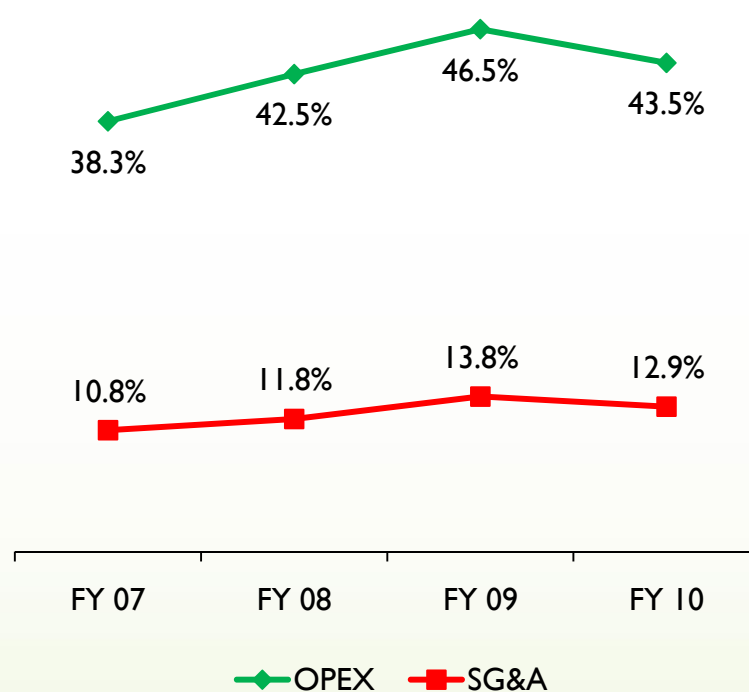
OPEX & SG&A Breakdown



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%

Cost Intensity (% of Revenue)

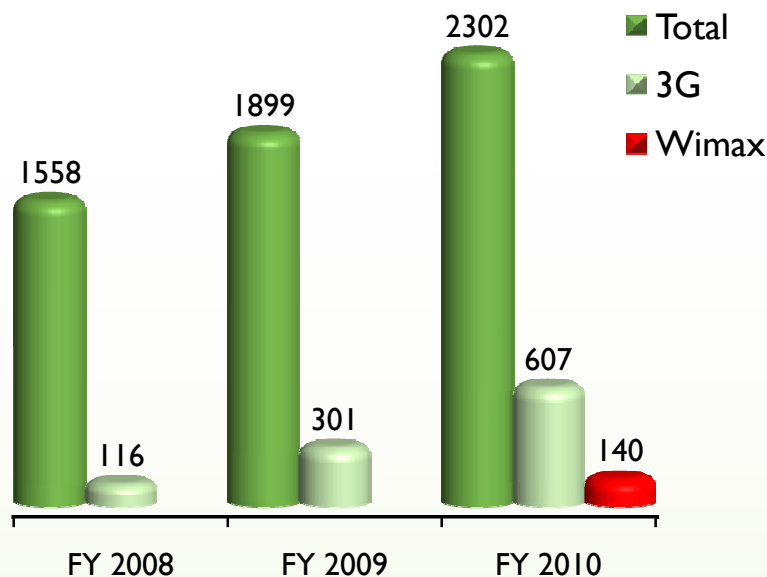


Key Savings in

- Network Cost
- General and Administrative costs

Capital Expenditure:-Investing for the Future

Base Stations

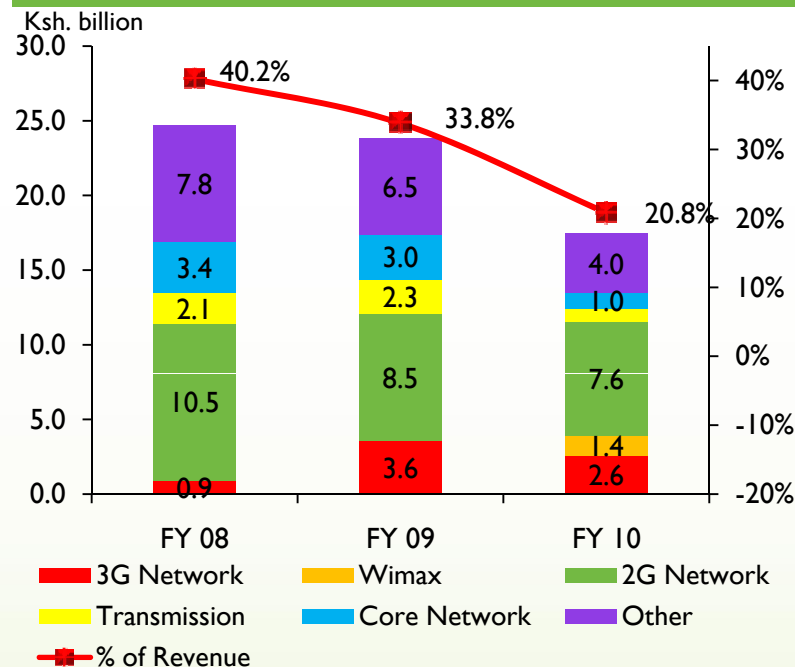


Network growth from 1,899 sites to 2,302 sites

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

Outstanding capital commitments of Ksh. 6.1bn

CAPEX



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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Q & A