

**SAFARICOM PLC NOTICE AND AGENDA OF THE 2019 ANNUAL GENERAL MEETING**

**TO ALL SHAREHOLDERS**

Notice is hereby given that the Annual General Meeting of Safaricom PLC for the year 2019 will be held at Bomas of Kenya, Nairobi on Friday, 30 August 2019 at 11:00 a.m. to conduct the following business:-

**ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Financial Statements for the year ended 31 March 2019 together with the Chairman's, Directors' and Auditors' reports thereon.
2. Dividend
  - a) To approve a final dividend of KShs. 1.25 per share for the Financial Year ended 31 March 2019 as recommended by the Directors. The dividend will be payable on or about 30 November 2019 to the Shareholders on the Register of Members as at the close of business on 2 September 2019.
  - b) To note that a special dividend of KShs. 0.62 per share for the Financial Year ended 31 March 2019, as approved by the Directors on 2 May 2019 and payable from retained earnings, will be payable on or about 30 November 2019 to the Shareholders on the Register of Members as at the close of business on 2 September 2019.
3. Directors
  - a) To re-appoint Dr. Bitange Ndemo who retires at this meeting in accordance with the provisions of Articles 90 and 91 of the Company's Articles of Association and being eligible, offers himself for re-election.
  - b) To re-appoint Ms. Rose Ogega who retires at this meeting having been appointed in the course of the financial year and being eligible, offers herself for re-election.
4. In accordance with the provisions of Section 769 of the Companies Act, 2015, the following Directors, being members of the Board Audit Committee be elected to continue to serve as members of the said Committee:-
  - Dr. Bitange Ndemo
  - Mrs. Esther Koimett
  - Mr. Mohamed Joosub
  - Dr. Till Streichert
  - Ms. Rose Ogega
5. To approve the Directors' Remuneration Report and the remuneration paid to the Directors for the year ended 31 March 2019.
6. To note that Messrs PricewaterhouseCoopers continue in office as Auditors by virtue of Section 721 (2) of the Companies Act, 2015 and to authorise the Directors to fix the Auditors' remuneration for the ensuing financial year.
7. Any other business of which due notice has been given.

**SPECIAL BUSINESS**

8. Change to the Company's Articles of Association
  - To consider and if thought fit to pass the following resolution as a special resolution, as recommended by the Directors:-

Article 89 (a) be amended by deleting the phrase 'ten (10)' and replacing it with the phrase 'eleven (11)' and to add the phrase 'a majority of' so that Article 89 (a) will read as follows:-  
 "Unless and until otherwise from time to time determined by a special resolution of the Company, the number of Directors (excluding alternates) shall not be less than seven (7) nor more than eleven (11) in number and shall include independent non-executive directors a majority of who shall be of Kenyan citizenship."

**BY ORDER OF THE BOARD**

KATHRYNE MAUNDU (MS)  
 COMPANY SECRETARY  
 Date: 31 JULY 2019

**NOTES:**

- (i) A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead and a proxy need not be a member of the Company. A form of proxy may be obtained from the Company's website [www.safaricom.co.ke](http://www.safaricom.co.ke) or at Safaricom House, Waiyaki Way, Westlands, Nairobi, or from any of the Safaricom shops countrywide.
- (ii) In the case of a member being a corporate, the proxy form must be completed under its common seal or under the hand of an officer or attorney duly authorised in writing.
- (iii) All proxy forms should be sent by post to Image Registrars, P.O. Box 9287-00100, Nairobi. Alternatively, duly signed proxy forms can be scanned and emailed to [info@image.co.ke](mailto:info@image.co.ke) in PDF format. Proxy forms must be in the hands of the Secretary not later than 48 hours before the time of holding the meeting.
- (iv) In accordance with Article 145 of the Company's Articles of Association, a copy of the entire Annual Report and Accounts may be viewed on and obtained from the Company's website ([www.safaricom.co.ke](http://www.safaricom.co.ke)) from 31 July 2019 or from the Registered Office of the Company i.e. Safaricom House, Waiyaki Way, Westlands, Nairobi. An abridged version of the Financial Statements for the year ended 31 March 2019 has been published with this notice.
- (v) Registration of members and proxies attending the Annual General Meeting will commence at 7.00 a.m. on 30 August 2019. Production of a National Identity Card, a passport, a current Central Depository Statement of Account for shares held in the Company, or other acceptable means of identification will be required.
- (vi) The preferred method of paying dividends which are below KShs. 70,000 is through M-PESA. Shareholders who wish to receive their dividend through M-PESA and who have not registered for this mode of payment should contact Image Registrars (Tel: +254 20 2230330/ +254 20 2212065/ +254 202246449; Mobile: +254 724 699667/ +254 735565666/ +254 770 052116; Email: [info@image.co.ke](mailto:info@image.co.ke) or Safaricom PLC's Investor Relations Team (Tel: +254 427 4233/4260; Mobile: +254 722 004233/4260 or Email: [investorrelations@safaricom.co.ke](mailto:investorrelations@safaricom.co.ke)).
- (vii) Transport will be provided to Shareholders on the day of the meeting from the Kenyatta International Conference Centre (KICC) parking bay to the Bomas of Kenya from 7.00 a.m. to 10.00 a.m. and back to KICC parking bay after the close of the meeting.



**CHAIRMAN'S ABRIDGED STATEMENT  
 REGULATE, DON'T STIFLE GROWTH  
 OVERVIEW**

Last year was challenging for businesses across the country. Despite reported positive economic growth, consumer wallets remained strained resulting in lower discretionary spending. This, coupled with increased tax demands targeting the ICT sector, contributed towards the plateauing in growth of services such as voice and SMS.

Despite this, the service industry continued to register sturdy performance, supported by the growth of ICT, wholesale and retail trade, transport, tourism and real estate.

**Sustaining Growth Through Supportive Regulation**

As mobile penetration has deepened, so has the need to find alternative means of sustaining growth. This will require more calculated investment and innovation, both of which can only succeed in a supportive regulatory environment. While we continue to labour our assets for greater returns, we have noted with concern attempts to regulate the industry through proposed legislation that seeks to forcefully reorganise the operating structure of companies such as ours, whose growth has been the result of well-executed business strategy.

Such actions would severely limit the ability of businesses to invest, innovate and transform lives. It is our hope that this matter will be handled in a more consultative manner, in order to come to a more considered outcome.

**Welcoming Competition**

Kenya is a dynamic market with enough room for multiple players and it is encouraging to see the competition landscape evolving and bringing new developments that will undoubtedly result in greater benefits to customers.

Safaricom welcomes fair competition on a fair playing ground, where investment, strategy, innovation and brand promise are the true differentiators; as opposed to the use of regulatory support as a means to success.

**Connecting People, Transforming Lives**

Over the last 18 years, Safaricom has built a business founded on our innate desire to transform lives using mobile technology.

We have done this by focusing on our strategy, continuously anticipating customer needs and innovating to meet them and staying true to our purpose. However, none of this would have been possible without your unwavering belief in our vision. So on behalf of the Board of Directors, I would like to say, thank you.

Your patience, loyalty and support inspire us to do more: to seek out new growth opportunities that will generate considerable shareholder wealth and deliver shared value to a broader stakeholder base.

**In Closing**

We began Q2 2020 on a sad note following the passing of our CEO, Mr. Bob Collymore. To honour his legacy we will stay true to our purpose of transforming lives and to using mobile technology to make life better for as many people as we can reach across the world.

We are confident in our ability to do this growth, guided by a strong Executive Committee headed by Mr. Michael Joseph, who was appointed as the Interim CEO by the Board of Directors.

Looking ahead, we will continue to reinvent our business, invest in new areas of growth and realign our priorities to position Safaricom as a business that is fit for the future.

**Chairman  
 Nicholas Nganga**



### CHIEF EXECUTIVE OFFICER'S (INTERIM) ABRIDGED STATEMENT A PERIOD OF TRANSITION OVERVIEW

The last month has been a difficult one for the Safaricom family, including our partners, following the passing of Bob Collymore. He was a great man, not only because he was a dear friend of mine, but also because of what he was able to achieve in the 9 years he spent at the helm of Safaricom.

While we are still trying to come to terms with this loss, I believe that focusing on preserving and honouring Bob's legacy will help us to eventually heal.

#### Staying on Course

To guide the business through this transition, I have been appointed by the Board of Directors as Interim CEO. In this role, I will be taking care of the business to ensure that we stay on course with our strategy while the Board identifies a suitable candidate to lead this great company.

Until then, my focus for the foreseeable future will be to rally the team and guide the various business divisions in the execution of our business strategy, which will mean continued focus on putting the customer first, delivering relevant products and services and enhancing our operational efficiency.

We see a number of viable opportunities that have the potential to lead our business to greater heights.

I am aware that the business has already outlined a number of focus areas for the current financial year, including providing additional support to business units that are emerging as key revenue drivers, such as the Financial Services.

I am particularly keen to work closely with the team to take M-PESA beyond Kenya. Data also remains a key priority for the business, which needs to find a way to balance data consumption and revenue growth.

So far, we have been making significant investments in this area and have a vision to become the best 4G+ network for everything from gaming and entertainment to social networking and I look forward to collaborating with a cross-functional team to make this happen.

Growth in this area will support our evolution into a digital lifestyle enabler, which will position us favourably to grow new revenue streams from non-traditional products and services such as DigiFarm, Masoko and other innovations in the pipeline.

#### Maintaining our Position

We believe that these initiatives, together with the investments we're making in our network, will enable us to maintain our industry position not just based on the variety and quality of products and services we provide, but based on what our customers feel and say about us, because our business exists to transform their lives.

This purpose is in our DNA; it's what makes Safaricom great and I look forward to working with all our stakeholders to bring it to life, while at the same time delivering enhanced value for our shareholders.

**Chief Executive Officer (Interim)**  
**Michael Joseph**



### INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF SAFARICOM PLC

#### Opinion

We have audited the summary financial statements of Safaricom Plc, which comprise the summary consolidated statement of financial position at 31 March 2019 and the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended which are derived from the audited financial statements of Safaricom Plc and its subsidiaries (together, the "Group") for the year ended 31 March 2019. The Group's financial statements are prepared in accordance with International Financial Reporting Standards and the Kenyan Companies Act, 2015.

In our opinion the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements of the Group which are prepared in accordance with International Financial Reporting Standards (IFRS) and the Kenyan Companies Act, 2015.

The summary directors' remuneration report is derived from the directors' remuneration report for the year ended 31 March 2019.

#### Summary financial statements and directors' remuneration report

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards and in the manner required by the Kenyan Companies Act, 2015. In addition, the summary directors' remuneration report does not contain all the disclosures required by the Companies (General) (Amendment) (No. 2) Regulations, 2017.

Reading the summary financial statements, the summary directors' remuneration report and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements, the directors' remuneration report and the auditor's report thereon. The summary financial statements, the summary directors' remuneration report and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

#### The audited financial statements and our report thereon

We expressed an unmodified audit opinion on the audited financial statements in our audit report dated 2 May 2019 and also confirmed that the auditable part of the directors' remuneration report was prepared in accordance with the Kenyan Companies Act, 2015. That audit report also includes the communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period.

#### Directors' responsibility for the summary financial statements

The directors are responsible for the preparation of the summary financial statements and the summary directors' remuneration report in accordance with the International Financial Reporting Standards and Kenyan Companies Act, 2015.

#### Auditor's responsibility

Our responsibility is to express an opinion on whether the summary financial statements and the summary directors' remuneration report are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to report on summary financial statements.

#### Certified Public Accountants

#### Nairobi

CPA Peter Ngahu, Practising certificate No. 1458

Signing partner responsible for the independent audit

30 July 2019



## SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Abridged and Published in Accordance with Article 145 of the Company's Articles of Association

Summary Consolidated Statement of Financial Position as at 31 March	Group	
	2019 KShs' m	2018 KShs' m
Share capital	2,003	2,003
Share premium	2,200	2,200
Retained earnings	65,221	75,640
Proposed dividend	74,923	44,071
<b>Total equity</b>	<b>144,347</b>	<b>123,914</b>
<b>Non-current liabilities</b>		
Payables and accrued expenses	1,131	-
Contract liabilities	739	-
	1,870	-
<b>Total equity and non-current liabilities</b>	<b>146,217</b>	<b>123,914</b>
<b>Non-current assets</b>		
Deferred income tax	1,602	2,160
Property, plant and equipment	125,217	121,709
Indefeasible rights of use (IRUs)	3,553	3,854
Investment property	845	845
Intangible assets	7,386	8,756
Investment in associate	150	145
Prepaid operating lease rentals	57	45
Contract assets	965	-
Restricted cash	1,846	1,584
Deferred restricted cash asset	896	879
	<b>142,517</b>	<b>139,977</b>
<b>Current assets</b>		
Cash and cash equivalents	20,030	9,497
Other financial assets	8,043	-
Receivables and prepayments	18,126	15,857
Inventories	1,775	1,605
Current income tax	-	503
Contract assets	1,985	-
	<b>49,959</b>	<b>27,462</b>
<b>Current liabilities</b>		
Payables and accrued expenses	28,704	26,467
Current income tax	349	144
Borrowings	4,032	4,040
Provisions for liabilities	3,894	4,028
Contract liabilities	9,280	8,846
	<b>46,259</b>	<b>43,525</b>
<b>Net current assets/(liabilities)</b>	<b>3,700</b>	<b>(16,063)</b>
	<b>146,217</b>	<b>123,914</b>

Summary Consolidated Statement of Comprehensive Income for the year ended 31 March	Group	
	2019 KShs' m	2018 KShs' m
Revenue from contracts with customers	248,102	232,199
Revenue from other sources	2,181	2,028
<b>Total revenue</b>	<b>250,283</b>	<b>234,227</b>
Direct costs	(72,389)	(70,757)
Other expenses	(53,590)	(50,636)
<b>Earnings before interest, taxes, depreciation and amortization (EBITDA)</b>	<b>124,304</b>	<b>112,834</b>
Depreciation of property, plant and equipment	(33,660)	(31,908)
Amortization - Indefeasible Rights of Use (IRUs)	(301)	(301)
Amortization - intangible assets	(1,370)	(1,359)
<b>Operating profit</b>	<b>88,973</b>	<b>79,266</b>
Finance income	2,760	1,830
Finance cost	(520)	(1,197)
Share of profit of associate	5	10
<b>Profit before income tax</b>	<b>91,218</b>	<b>79,909</b>
Income tax expense	(28,727)	(24,620)
<b>Profit and total comprehensive income for the year attributable to the owners of the Company</b>	<b>62,491</b>	<b>55,289</b>
<b>Earnings per share</b>		
Basic and diluted (KShs per share)	<b>1.56</b>	<b>1.38</b>

## Summary Directors remuneration report

In the financial year ended 31 March 2019, the total directors' remuneration was KShs 340 million compared to KShs 328 million in the previous year.



Nicholas Nganga  
Chairman  
30 July 2019



Michael Joseph  
Chief Executive Officer (Interim)  
30 July 2019

Summary Consolidated Statement of Cash Flows for the year ended 31 March	Group	
	2019 KShs' m	2018 KShs' m
<b>Cash flows from operating activities</b>		
Cash generated from operations	125,286	117,230
Movement in restricted cash	(333)	(390)
Interest received	2,318	1,400
Income tax paid	(27,460)	(26,280)
<b>Net cash generated from operating activities</b>	<b>99,811</b>	<b>91,960</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(37,253)	(36,422)
Proceeds from disposal of property, plant and equipment	245	23
Investment in other financial assets	(8,043)	-
<b>Net cash used in investing activities</b>	<b>(45,051)</b>	<b>(36,399)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(44,071)	(38,863)
Interest paid	(148)	(653)
Proceeds from short-term borrowings	8,028	18,606
Repayments on short-term borrowings	(8,036)	(31,110)
<b>Net cash used in financing activities</b>	<b>(44,227)</b>	<b>(52,020)</b>
<b>Increase in cash and cash equivalents</b>	<b>10,533</b>	<b>3,541</b>
<b>Movement in cash and cash equivalents</b>		
At start of year	9,497	5,956
<b>Increase in cash and cash equivalents</b>	<b>10,533</b>	<b>3,541</b>
<b>At end of year</b>	<b>20,030</b>	<b>9,497</b>

Summary Consolidated statement of changes in equity	Group				
	Share capital KShs'm	Share premium KShs'm	Retained earnings KShs'm	Proposed dividends KShs'm	Total equity KShs'm
<b>Year ended 31 March 2018</b>					
At start of year	2,003	2,200	64,422	38,863	107,488
Profit and total comprehensive income for the year	-	-	55,289	-	55,289
<b>Transactions with owner:</b>					
Dividends:					
- Final for 2017	-	-	-	(38,863)	(38,863)
- Proposed final for 2018	-	-	(44,071)	44,071	-
	-	-	(44,071)	5,208	(38,863)
<b>At end of year</b>	<b>2,003</b>	<b>2,200</b>	<b>75,640</b>	<b>44,071</b>	<b>123,914</b>
<b>Year ended 31 March 2019</b>					
At start of year	2,003	2,200	75,640	44,071	123,914
Initial application of IFRS 15	-	-	2,013	-	2,013
Adjusted balance at 1 April 2018	2,003	2,200	77,653	44,071	125,927
Profit and total comprehensive income for the year	-	-	62,491	-	62,491
<b>Transactions with owners:</b>					
Dividends:					
- Final for 2018	-	-	-	(44,071)	(44,071)
- Proposed final for 2019	-	-	(50,082)	50,082	-
- Proposed special dividend for 2019	-	-	(24,841)	24,841	-
	-	-	(74,923)	30,852	(44,071)
<b>At end of year</b>	<b>2,003</b>	<b>2,200</b>	<b>65,221</b>	<b>74,923</b>	<b>144,347</b>