



Despite the challenges our business faces, with rising costs, reducing consumer power and increased regulatory actions, we believe that the outlook is positive and the Board has confidence in management's ability to continuously provide relevant products and solutions to our customers.

This has been a difficult period for us, with the passing of our CEO Bob Collymore. We are grateful to Michael for joining us as Interim CEO and look forward to sustained momentum with our incoming CEO Mr. Peter Ndegwa.

**Nicholas Nganga, Chairman**



We have achieved solid results despite challenges in the economy, driven mainly by strong M-PESA performance. We are fully committed to putting the customer at the heart of Safaricom, regaining customer trust and growing our market share.

Investment in network infrastructure is key to support the customer base and uptake of innovative products. The development of our 4G network remains a key strategic objective in this financial year.

We are excited about the second half of this financial year with our customer promise to be simple, transparent and honest.

**Michael Joseph, CEO**

Condensed Consolidated Statement of Comprehensive Income for the six months ended KShs Bn	GROUP			
	30-Sep-19 IFRS 15/16	30-Sep-19 IFRS 15/IAS17	30-Sep-18 IFRS 15/IAS17	% Change IFRS 15/IAS17
<b>Service revenue</b>	<b>124.32</b>	<b>124.32</b>	<b>118.05</b>	<b>5.3%</b>
Handsets and other revenue	5.16	5.16	4.31	19.7%
Construction revenue	0.35	0.35	0.30	15.2%
Other income	0.10	0.07	0.17	(58.8%)
<b>Total revenue</b>	<b>129.93</b>	<b>129.90</b>	<b>122.83</b>	<b>5.8%</b>
Direct costs	(37.48)	(37.48)	(34.96)	7.2%
Construction costs	(0.35)	(0.35)	(0.30)	15.2%
Other expenses	(23.73)	(25.58)	(25.79)	(0.9%)
<b>Earnings before interest, taxes, depreciation &amp; amortisation (EBITDA)</b>	<b>68.37</b>	<b>66.49</b>	<b>61.79</b>	<b>7.6%</b>
Depreciation and amortisation	(18.12)	(16.67)	(17.56)	(5.1%)
<b>Earnings Before Interest and Taxes (EBIT)</b>	<b>50.25</b>	<b>49.82</b>	<b>44.22</b>	<b>12.7%</b>
Finance Income	2.07	2.07	1.54	34.8%
Finance Costs	(1.04)	(0.22)	(0.13)	73.1%
Share of profit/(loss) of associate	0.05	0.05	(0.01)	>100.0%
<b>Profit before taxation</b>	<b>51.32</b>	<b>51.71</b>	<b>45.63</b>	<b>13.3%</b>
Income tax expense	(16.13)	(16.07)	(14.46)	11.1%
<b>Total comprehensive income for the year</b>	<b>35.20</b>	<b>35.65</b>	<b>31.17</b>	<b>14.4%</b>
<b>Attributed to:</b>				
<b>Equity holders of the company</b>	<b>35.20</b>	<b>35.65</b>	<b>31.17</b>	<b>14.4%</b>
<b>Basic and diluted earnings per share (EPS) *</b>	<b>0.88</b>	<b>0.89</b>	<b>0.78</b>	<b>14.4%</b>

Condensed consolidated Statement of Cash Flows for the six months ended KShs Bn	GROUP			
	30-Sep-19 IFRS 15/16	30-Sep-19 IFRS 15/IAS17	30-Sep-18 IFRS 15/IAS17	% Change IFRS 15/IAS17
<b>Operating activities</b>				
Cash generated from operations	71.01	69.40	67.68	2.5%
Movement in restricted cash	(0.08)	(0.08)	(0.18)	(57.0%)
Net interest received	1.80	1.80	1.28	40.3%
Income tax paid	(15.77)	(15.77)	(13.71)	15.0%
<b>Net cash from operating activities</b>	<b>56.96</b>	<b>55.36</b>	<b>55.08</b>	<b>0.5%</b>
Investing activities	(29.29)	(29.29)	(16.85)	73.8%
Financing activities	(24.42)	(22.81)	(11.05)	>100.0%
<b>Net movement in cash and cash equivalents</b>	<b>3.25</b>	<b>3.25</b>	<b>27.17</b>	<b>(88.0%)</b>
<b>Movement in cash and cash equivalents</b>				
At start of year	20.03	20.03	9.50	>100.0%
Increase	3.25	3.25	27.17	(88.0%)
<b>At end of the period</b>	<b>23.28</b>	<b>23.28</b>	<b>36.67</b>	<b>(36.5%)</b>

### Commentary on Results

The Board of Directors is pleased to announce the unaudited results for the six months ended 30 September 2019. The same accounting policies and methods of computation have been used as were in the last financial statements with the exception of adoption of IFRS 16 and change in PPE useful life for specific asset categories.

During the period there was an increase in the number of overall customers to 34.57m as at 30 September 2019 with M-PESA one month active customers increasing to 23.61m and mobile data customers increasing to 20.19m customers. In order to support this growth, the company continued to invest heavily in its network focusing particularly on increasing 4G coverage, where the number of sites increased 50% year on year and coverage now extends to 500 towns across the country.

Capital expenditure for the six months period to 30 September 2019 stood at KShs 18.11bn. This expansion was financed from internally generated cash.

### Cash and cash equivalents

As at 30 September 2019 cash and cash equivalents stood at KShs 23.28bn with no borrowings in the same period.

### Taxation

The Group continues to be a major contributor to the revenues of the government and remitted KShs 58.85bn in duties, taxes and license fees for the six months ended 30 September 2019. This increased the total duties, taxes and fees paid since inception to KShs 757.36bn.

### Notes

Following the adoption of IFRS 16 - Leases on 1 April 2019, the Group's results for the six months ended 30 September 2019 are on an IFRS 16 basis, whereas the results for the period to 30 September 2018 are (as previously reported) on an IFRS 15/IAS 17 basis. To ensure appropriate disclosure during the period of transition onto IFRS 16, numbers for the six months ended 30 September 2019 have been disclosed on both an IFRS 16 and IAS17 basis and our commentary describing our operating performance has been provided solely on an IFRS 15/IAS17 basis.

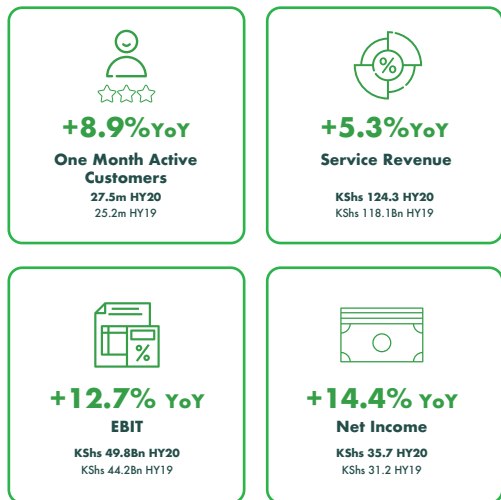
\*EPS based on results to 30 September 2019

By order of the Board

Nicholas Nganga  
Chairman  
31st October 2019

Condensed Consolidated Statement of Financial Position as at: KShs Bn	GROUP			
	30-Sep-19 IFRS 15/16	30-Sep-19 IFRS 15/IAS17	31-Mar-19 IFRS 15/IAS17	% Change IFRS 15/IAS17
<b>Capital employed</b>				
Share capital (including share premium)	4.20	4.20	4.20	0.0%
Retained earnings	100.42	100.87	65.22	54.7%
Proposed dividends	0.00	0.00	74.92	(100.0%)
<b>Shareholders funds</b>	<b>104.62</b>	<b>105.07</b>	<b>144.35</b>	<b>(27.2%)</b>
<b>Non current liabilities</b>	<b>15.67</b>	<b>1.77</b>	<b>1.87</b>	<b>(5.6%)</b>
<b>Total equity and non current liabilities</b>	<b>120.29</b>	<b>106.83</b>	<b>146.22</b>	<b>(26.9%)</b>
<b>Non current assets</b>	<b>161.20</b>	<b>144.01</b>	<b>142.52</b>	<b>1.0%</b>
<b>Current assets:</b>				
Cash and cash equivalents	23.28	23.28	20.03	16.2%
Other financial assets	19.22	19.22	8.04	>100.0%
Receivables and prepayments	19.54	20.30	18.13	12.0%
Inventories	1.98	1.98	1.78	10.8%
Contract assets	2.36	2.36	1.99	18.2%
Current income tax	0.03	0.03	0.00	>100.0%
	<b>66.40</b>	<b>67.17</b>	<b>49.96</b>	<b>34.4%</b>
<b>Current liabilities:</b>				
Payables and accrued expenses	33.79	33.79	28.70	17.7%
Dividends payables	56.14	56.14	0.00	>100.0%
Current Income tax	0.76	0.81	0.35	>100.0%
Lease liability	3.02	0.00	0.00	0.0%
Borrowings	0.00	0.00	4.03	(100.0%)
Provisions for other liabilities	3.72	3.72	3.89	(4.6%)
Contract liabilities	9.89	9.89	9.28	6.6%
	<b>107.31</b>	<b>104.34</b>	<b>46.26</b>	<b>&gt;100.0%</b>
<b>Net current (liabilities)/assets</b>	<b>(40.91)</b>	<b>(37.18)</b>	<b>3.70</b>	<b>(&lt;100.0%)</b>
	<b>120.29</b>	<b>106.83</b>	<b>146.22</b>	<b>(26.9%)</b>

## Key Financials



## OUR DIGITAL STRATEGY - BEYOND A TELCO

### ENABLING DIGITAL LIFESTYLES

#### BRAND OF CHOICE

- Personalised and simplified products
- Product affordability
- Enhanced self service platforms
- Best 4G network coverage

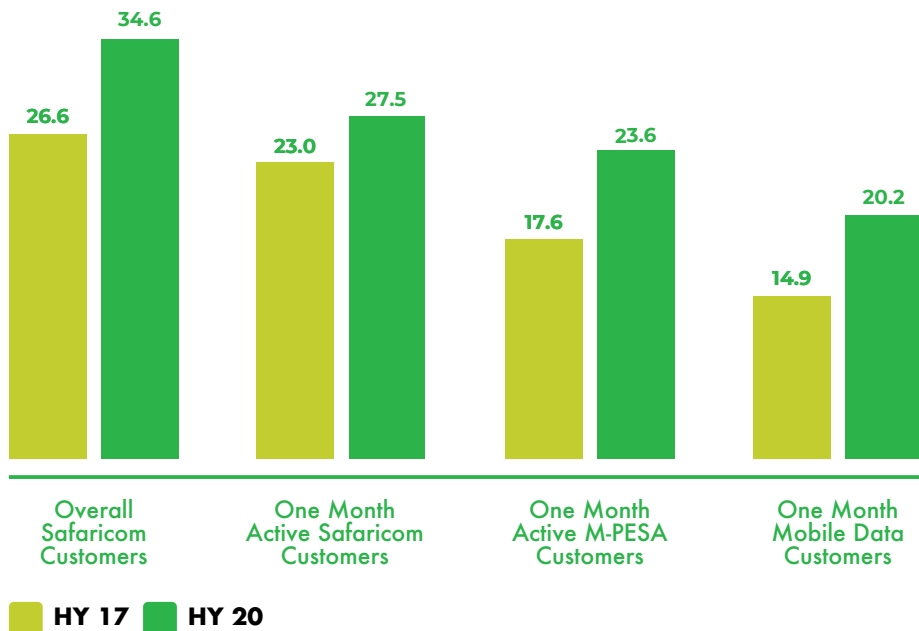
#### FINANCIAL PARTNER OF CHOICE

- Wealth management
- Driving a savings culture
- Payment lifestyle platform
- Security enhancements for financial products

#### BUSINESS PARTNER OF CHOICE

- Creating value through Cloud, IoT, SDI, WiFi analytics, managed security
- E-commerce and Agriculture platforms
- Expansion/ Mergers and Acquisition

## In Millions



## INVESTING IN OUR COMMUNITY



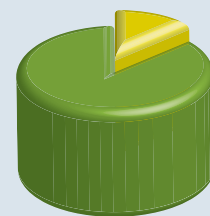
#### THE FOUNDATIONS:

- Maternal health: 53k mothers benefited
- Education: 40k+ students benefited
- Economic empowerment: Phase III launched targeting 20k beneficiaries



#### EMPLOYMENT:

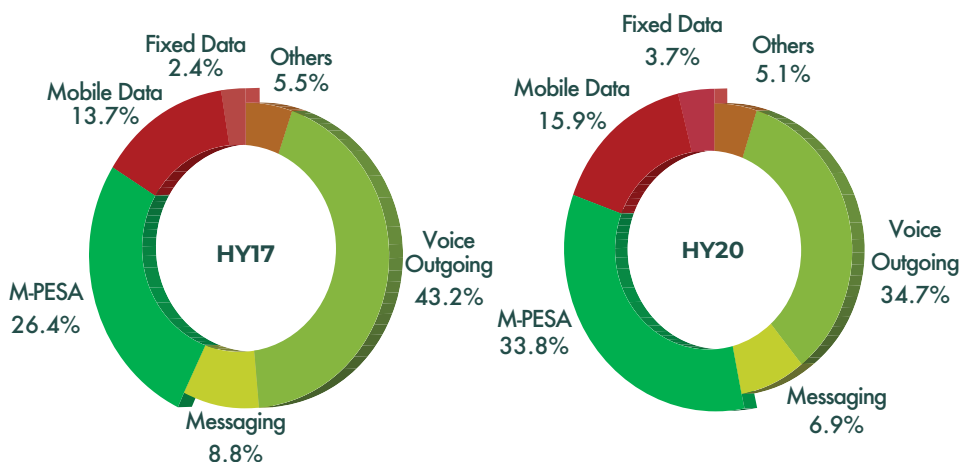
- Employer of the year award
- Differently abled employees increased by 1.7%
- 30% staff upskilled digital skills



6.3% Contribution to GDP



## Evolution Of Service Revenue



## DATA OR AIRTIME NO EXPIRY DATE

DIAL \*544#

CHOOSE ANY AMOUNT TO BUY

GET 50% EXTRA AIRTIME FOR CALLS & SMS

Simple • Transparent • Honest

## FOR YOU