Half-Year Results Presentation

10th November, 2010

Niko na Safaricom

Our Vision & Strategy

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
- Maintain # 1 position in market

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Half-Year Key Highlights

- Expansion of 3G network
- Tests ongoing on LTE
- Acquisition of 2 additional Wimax providers
- Introduction of innovative products on our Data offering

- Phenomenal growth of users to **13.5 million** as at September 2010
- Over 80% of our subscribers registered for M-PESA
- Launch of M-KESHO
- Cumulative value transferred since inception of Kshs.596.84 billion

- Continued subscriber growth to **16.71 million** as at September 2010
- Aggressive retention programs e.g. Revamped Bonga loyalty scheme, promotional campaigns

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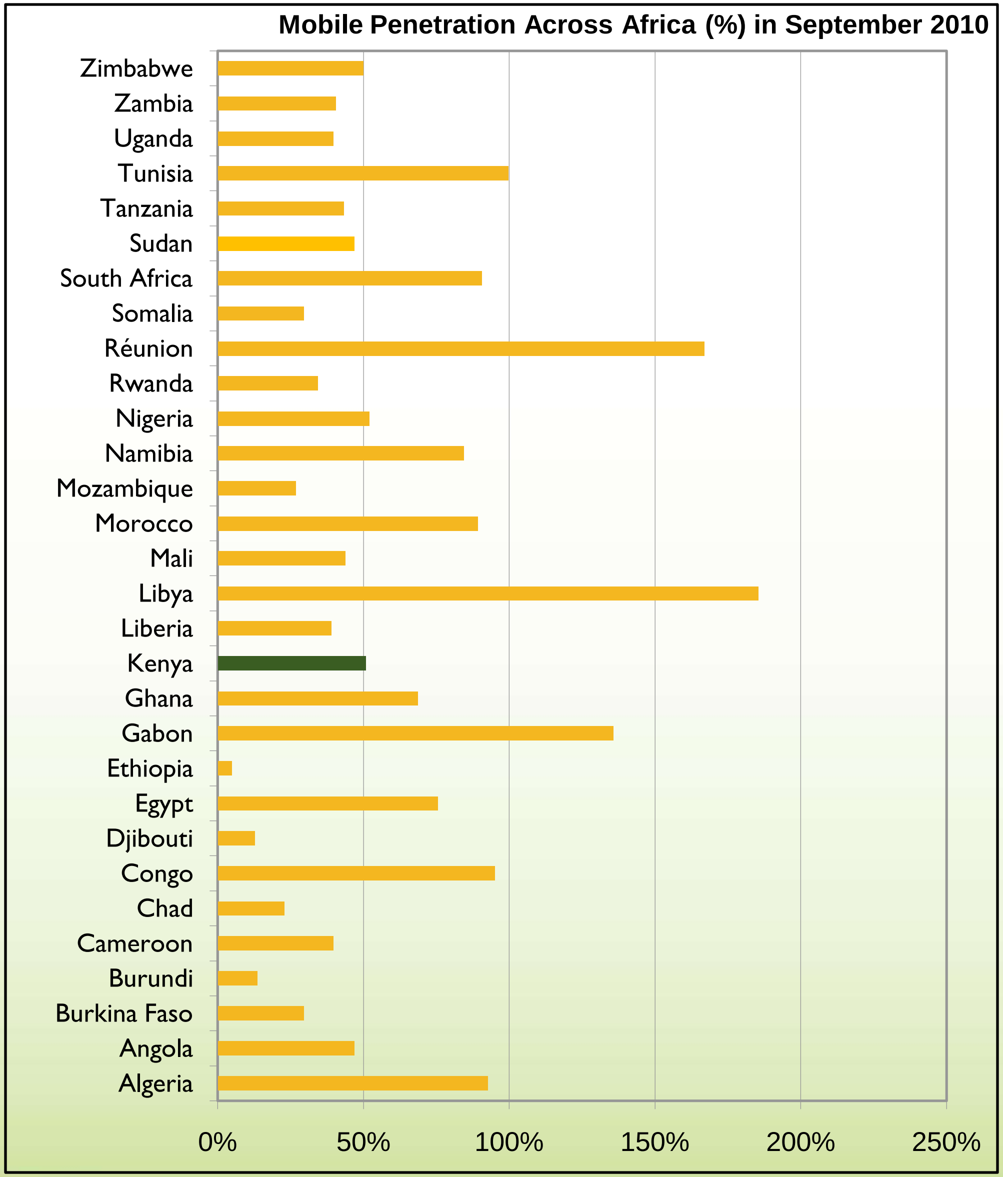
Performance Highlights – HI 10 v H1 11

16.71mn	Kshs. 47.11 bn	Kshs. 18.83bn	Kshs. 7.63bn	Kshs. 0.19
15.2%	15.9%	13.8%	15.1%	14.9%
Customers	Turnover	EBITDA	Net Income	EPS

Regulatory Environment

1. Mobile Termination Rates: Reduced by 50% to Kshs. 2.21.
   - Has led to aggressive reduction in pricing
   - However, Interconnect revenues contribute to <5% of total revenues
2. Kenya Information & Communications Regulations 2010
   - Aligned to international best practice
3. Subscriber Identity Registration
   - Government is working on legislation on subscriber registration which will affect unregistered subscribers
4. Mobile Number Portability
   - Expected to commence in December 2010

A Growing Market

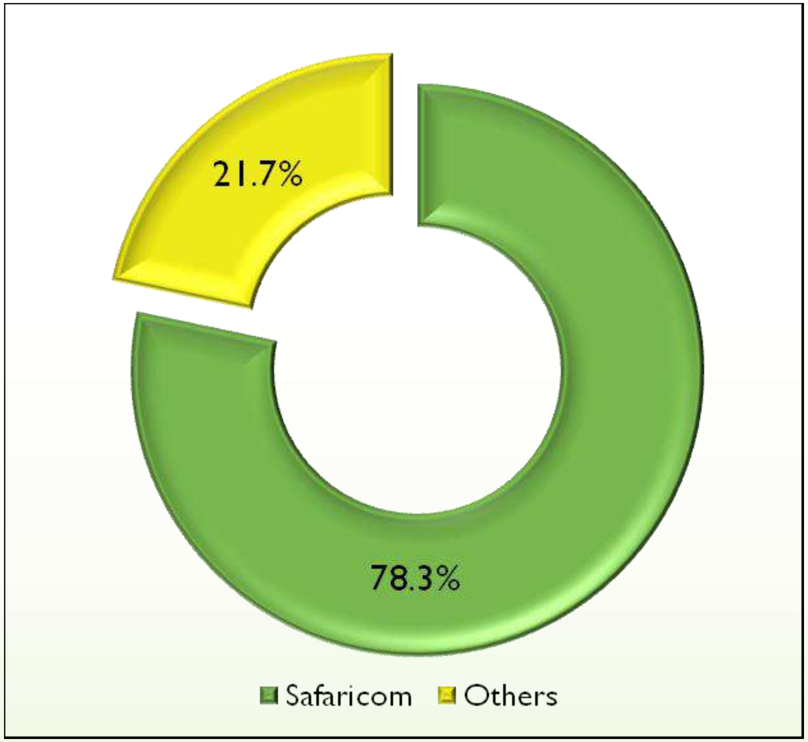


- Safaricom operates in the world's fastest growing mobile market with a diversity of consumer needs
- SIM penetration in Kenya > 50% as at 30th September 2010
- Data penetration still below 10%
- With declining Voice ARPUs, focus is now on Data
- Value added services and Data products deemed to be the game changers

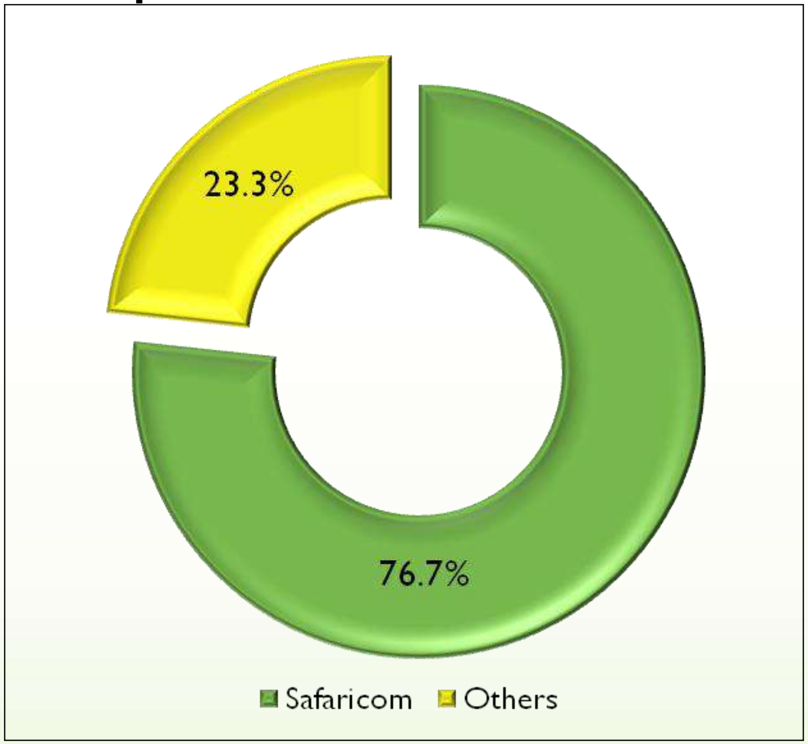
Source: WCIS

The Market Leader

March 2010



September 2010



Source: CCK

- The No.1 Mobile Service provider in Kenya with the largest and most advanced network coverage

- 15.2% increase in number of customers to 16.71 million with 0.92 million net additions between April-September 2010

Towards Total Communication

Going beyond the conventional

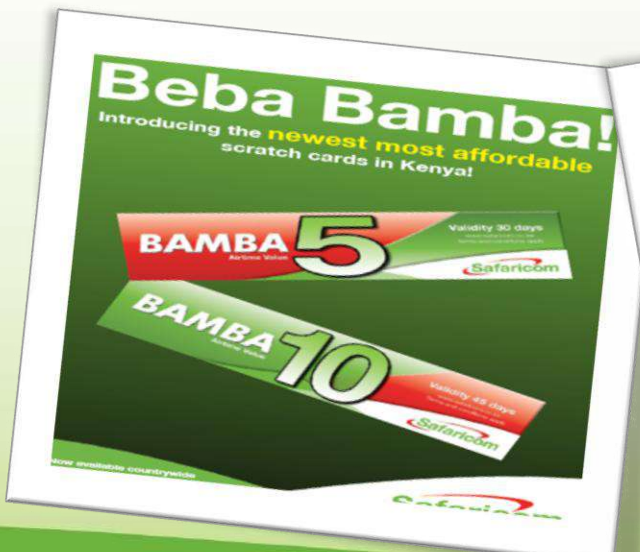
Safaricom has transitioned from being a pure voice player to a total communication provider.

- Voice
- Fixed Data – Wimax, Fibre Optic
- Mobile broadband
- Mobile Money transfer & Mobile-Banking
- Handsets, Laptops, Modems
- LTE

Its not all about Voice

Through value added services and products we ensure customer satisfaction and retention

- M-PESA
- Bonga Points
- New generation SIM cards
- Evolving to 4G technology (under trial)
- Low cost recharge vouchers



Data for all

Aiding data penetration by

- Providing affordable data rates & bundles
- Aggressive selling of affordable data enabled devices
- Financing partnerships with financial institutions
- Promotions on data enabled devices

Stimulate usage by

- Attractive promotions
- Continuous customer education on our data offering

Tailored Data solutions

- Continued roll out of Wimax sites
- Business and residential data based communication solutions

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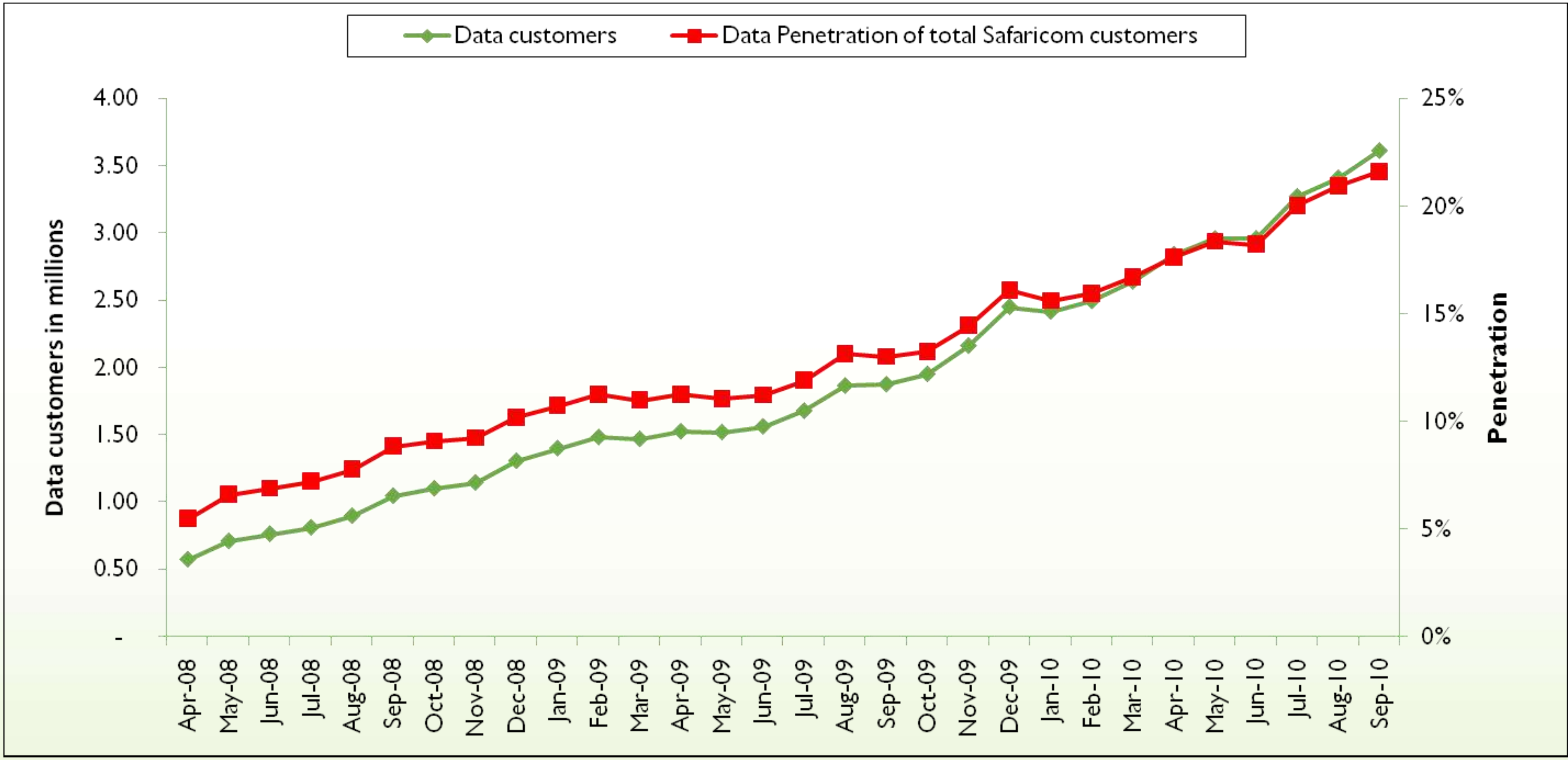
Data Penetration

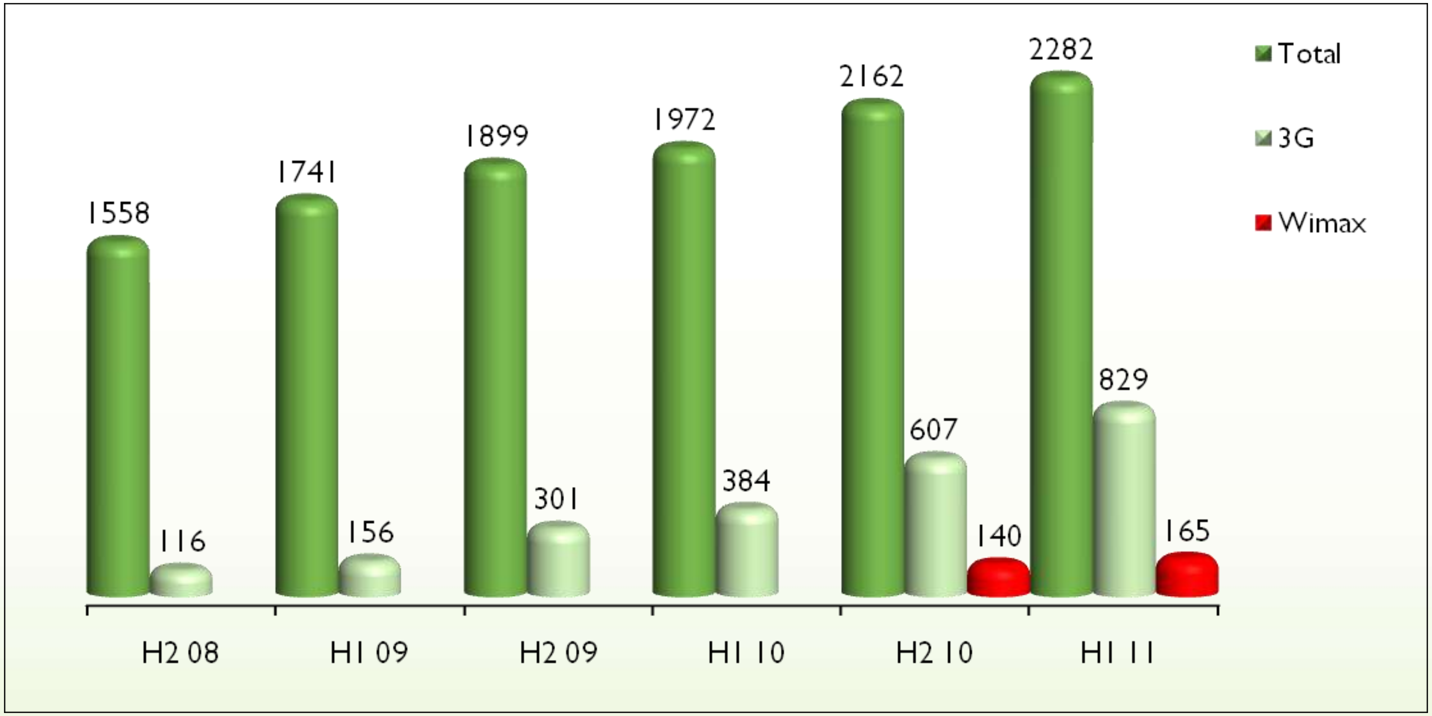


* Penetration is based on Safaricom subscribers

- Data continues to gain momentum with 3.61 million users in Sept. 2010
- Safaricom effectively serves 9% of Kenya's population
- Data penetration now stands at 21.61% (based on Safaricom subscribers)
- Increase of data customers by 92% over previous period

Capital Expenditure:-Expanding our Network

Base Stations



Network growth from 1,972 sites in Sept 09, to 2,282 sites in Sept 10

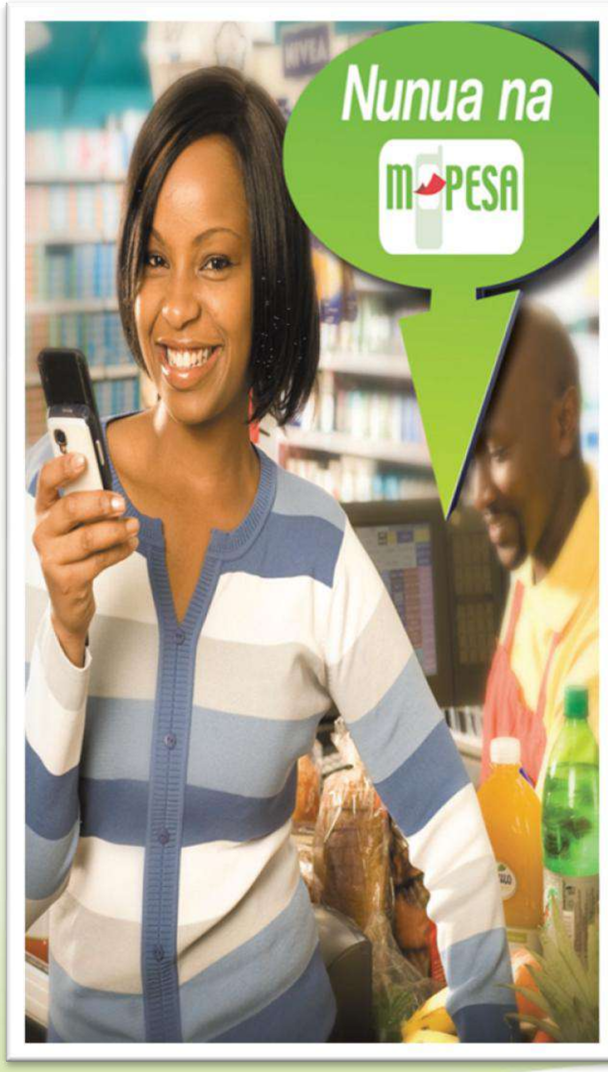
Metropolitan towns in Kenya now covered by 3G network

Technical trials of LTE technology ongoing

M-PESA: So much more

M-PESA is now used for

- Secure money transfer
- Airtime purchase
- Utility bill payments
- Bulk cash payments
- International money transfer
- ATM withdrawals
- Dividend payment
- Social/Charitable collections
- M-KESHO
- Purchase of goods



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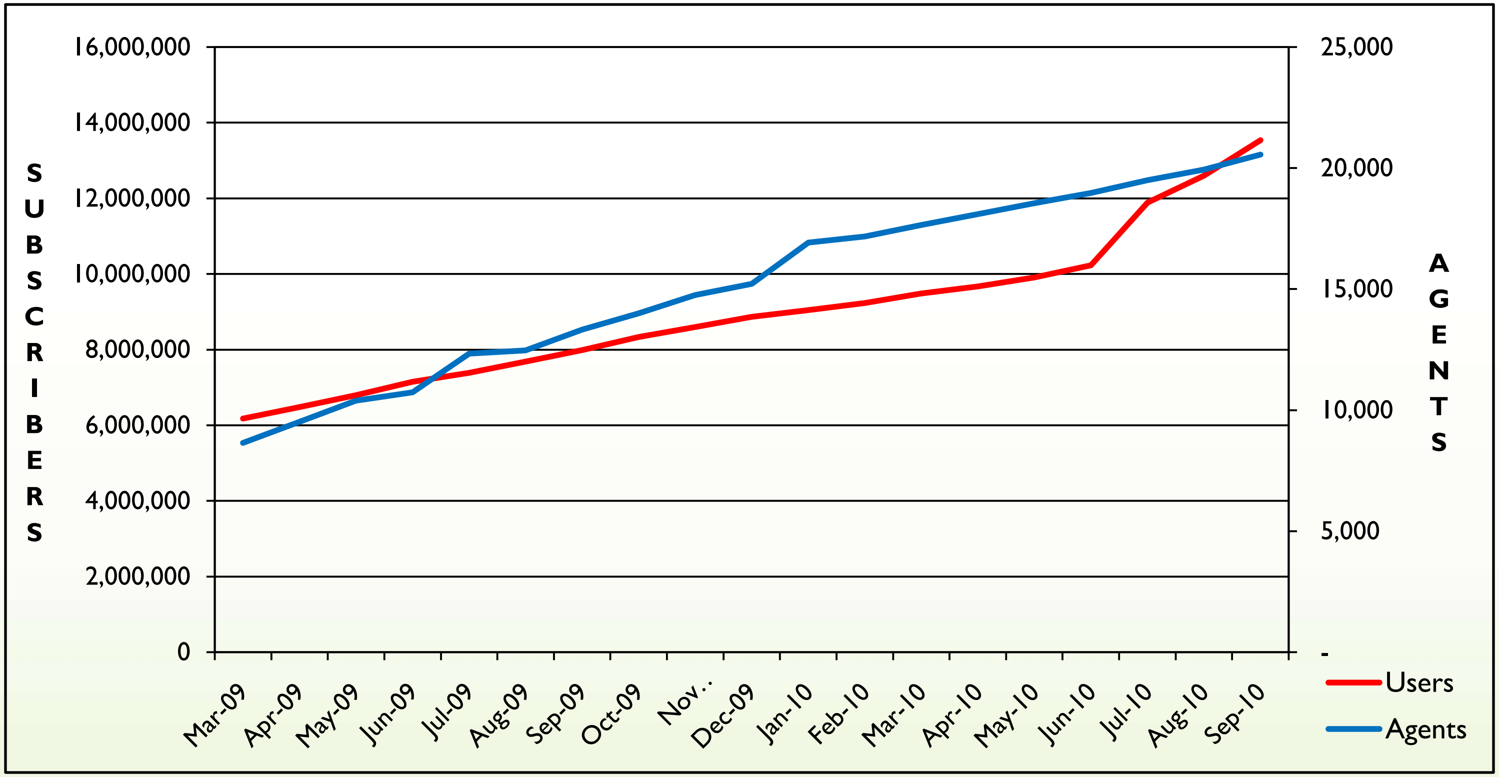
M-PESA: Purely Phenomenal

M-PESA Customers/Agents

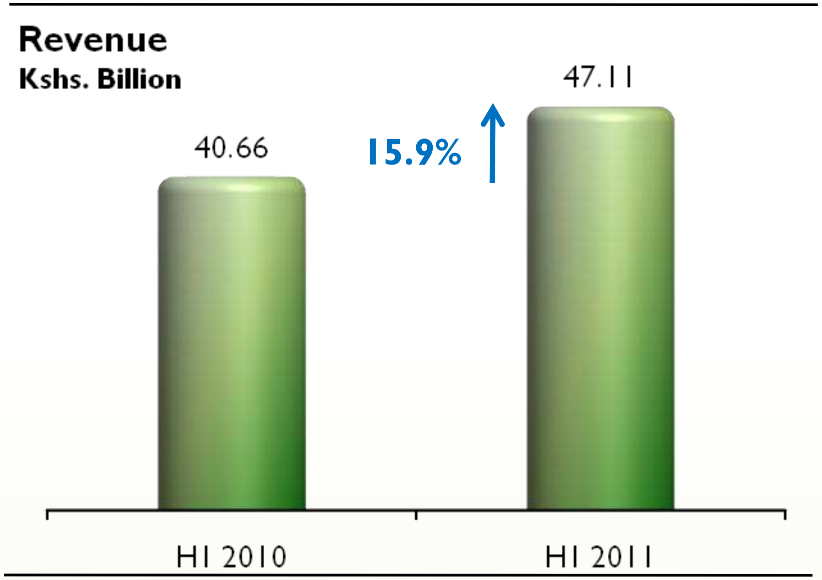


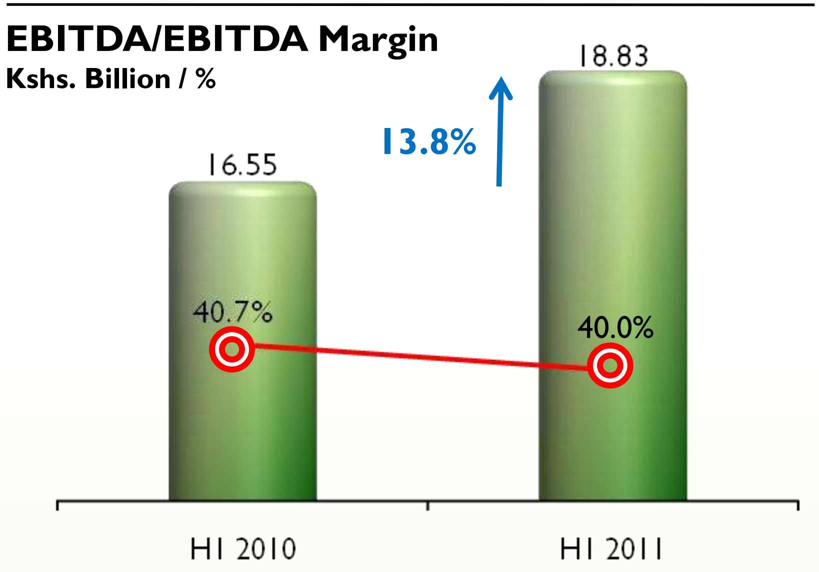
M-PESA continues to experience strong growth in users (13.5 million in Sept. 2010)

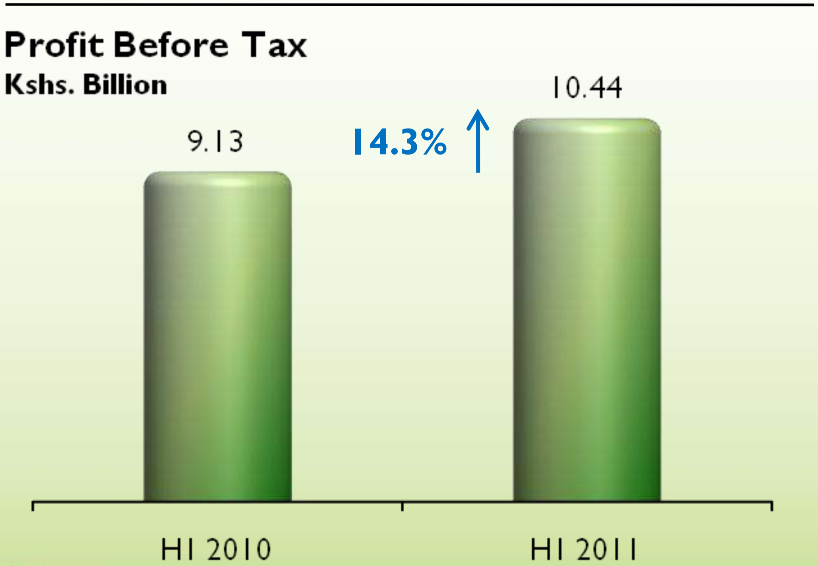
81% of our customers now registered for M-PESA

FINANCIALS

Strong Operational Performance







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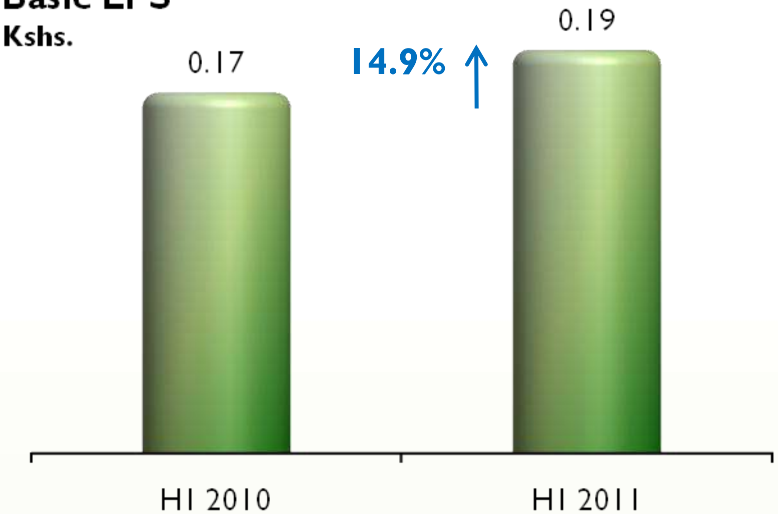
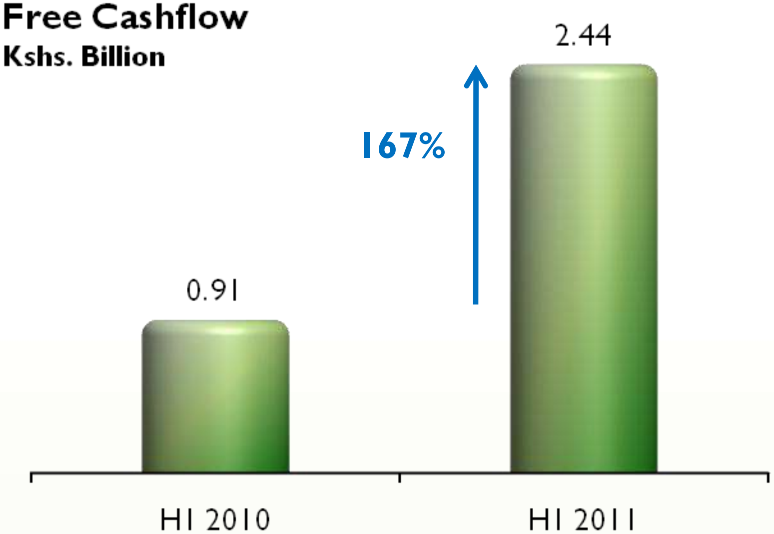
Strong Operational Performance

Basic EPS
Kshs.

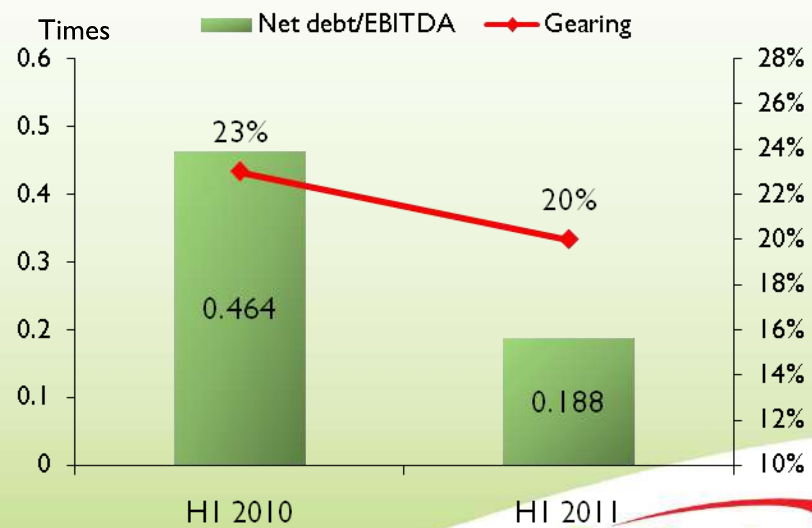


Free Cashflow
Kshs. Billion



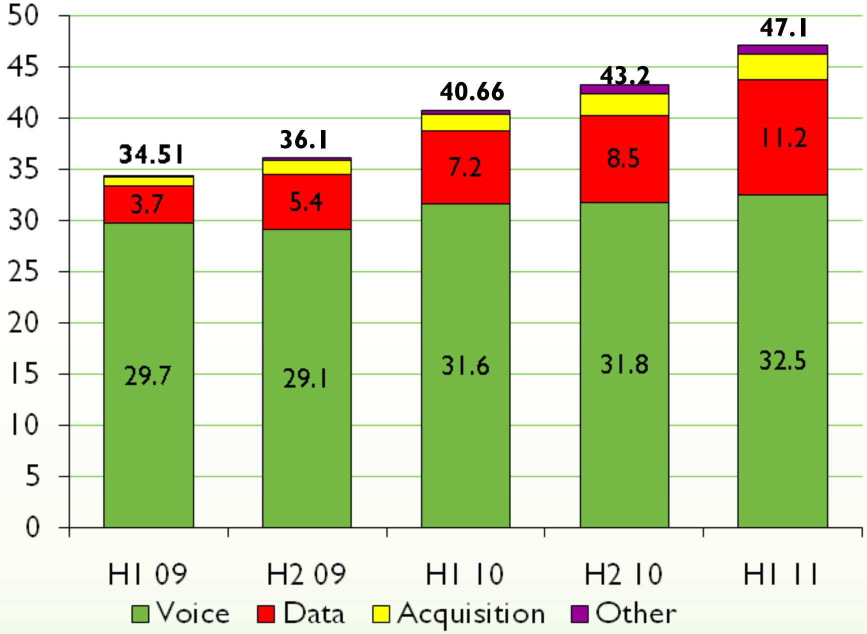
Shareholder Funds
Kshs. Billion

Gearing vs Net/EBITDA

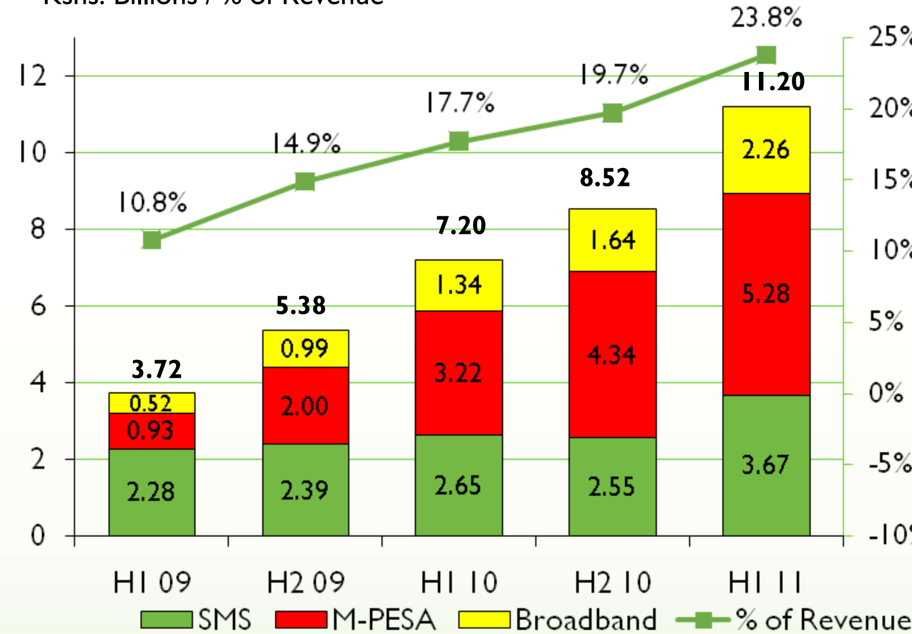


KPIs: Strong Revenue Growth

YoY Revenues Analysis



Data Revenue Breakdown



- Non-voice revenue increased by 71.1% contributing to 33.1% of total revenue
- Data revenue grew by 55.5% representing 23.8% of total revenue (17.7% Sept 09)
- Customer acquisition revenue increased by 67.6%

- Broadband data services (68.5% increase)
- M-PESA (63.9% increase)

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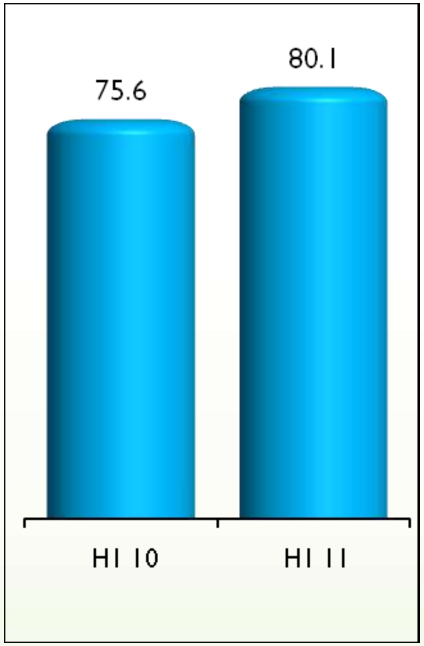
KPIs: Robust ARPU

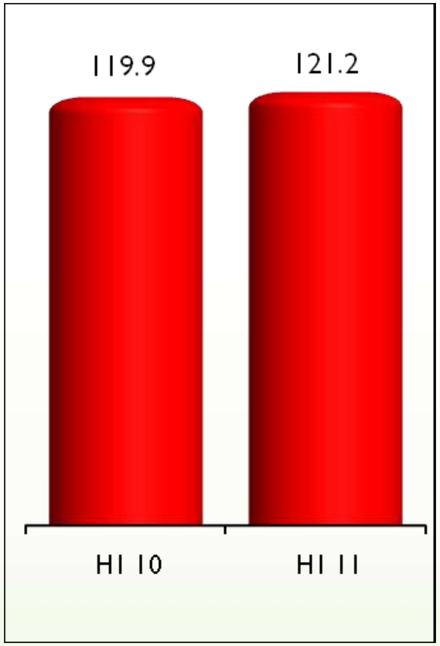
M-PESA

Kshs.



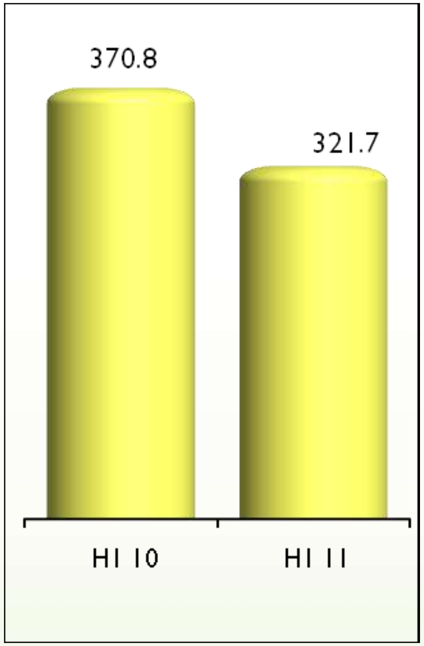
DATA

Kshs.



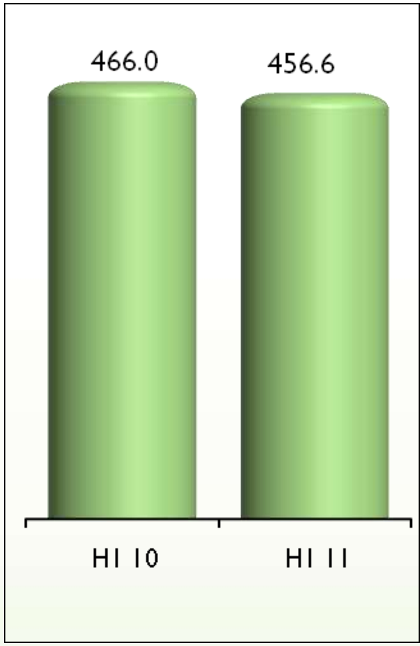
VOICE

Kshs.



Blended ARPU

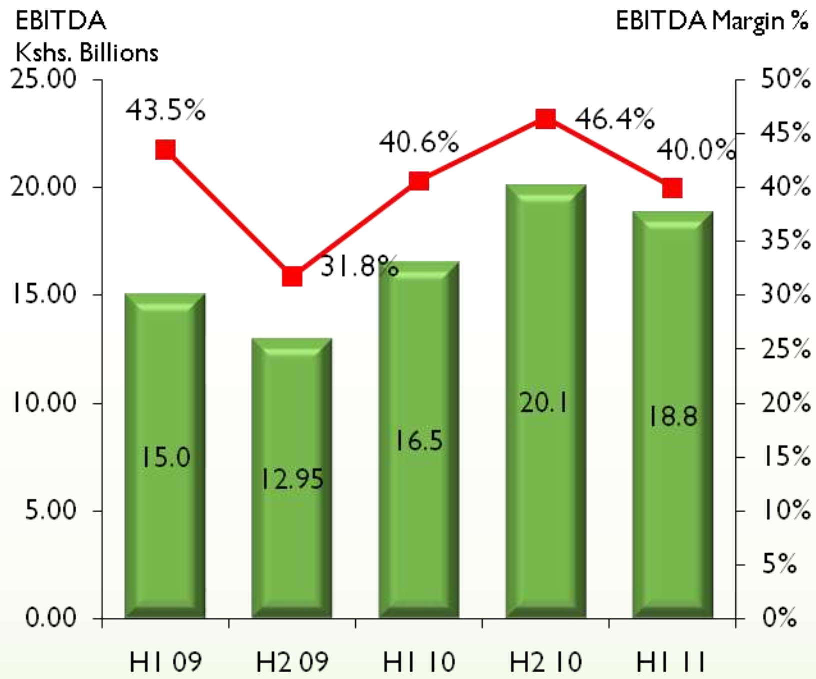
Kshs.



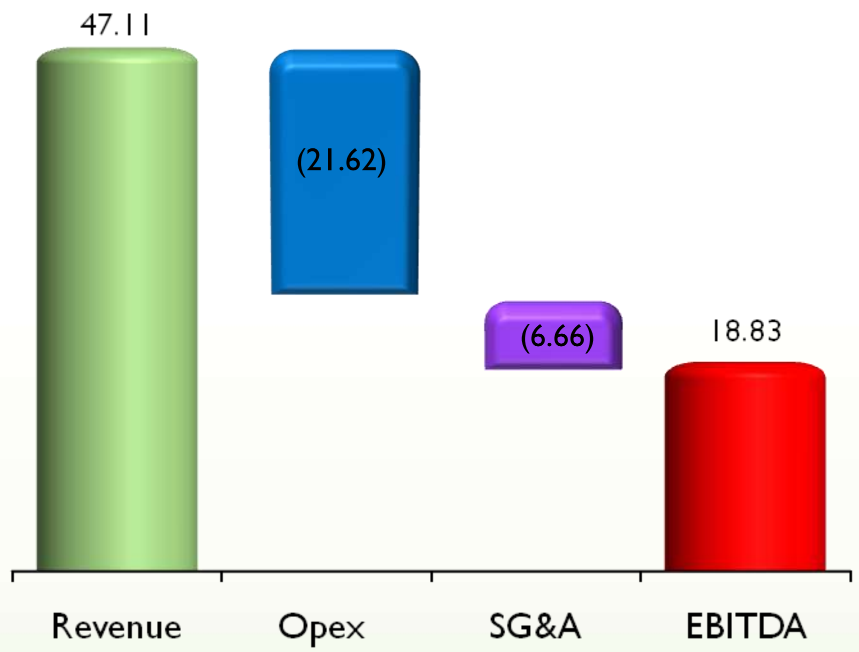
- Even with increase in M-PESA and Data customers, M-PESA ARPU and Data ARPU have increased by 6% and 1.1% respectively
- Voice ARPU declined as a result of tariff reduction and dilutive impact of new subscribers who tend to spend less

KPIs: Expanding EBITDA & Margins

YoY EBITDA



Revenue/EBITDA Analysis

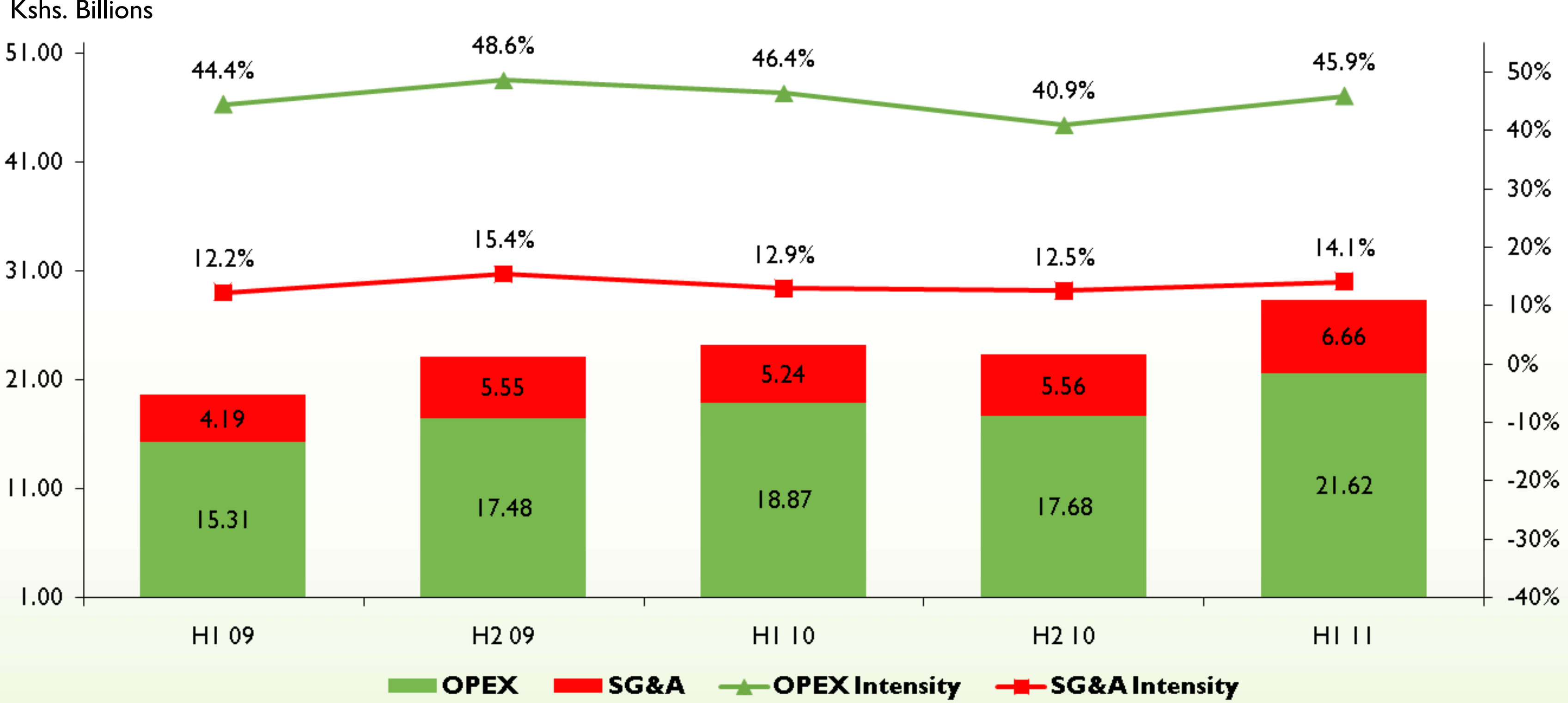


- Strong EBITDA growth of 13.8% to Kshs.18.83bn from Kshs.16.55bn in Sept. 2009 reflecting an EBITDA margin of 40%

- OPEX and SG&A costs grew by 17.3%

Stable Cost Structure: OPEX & SG&A

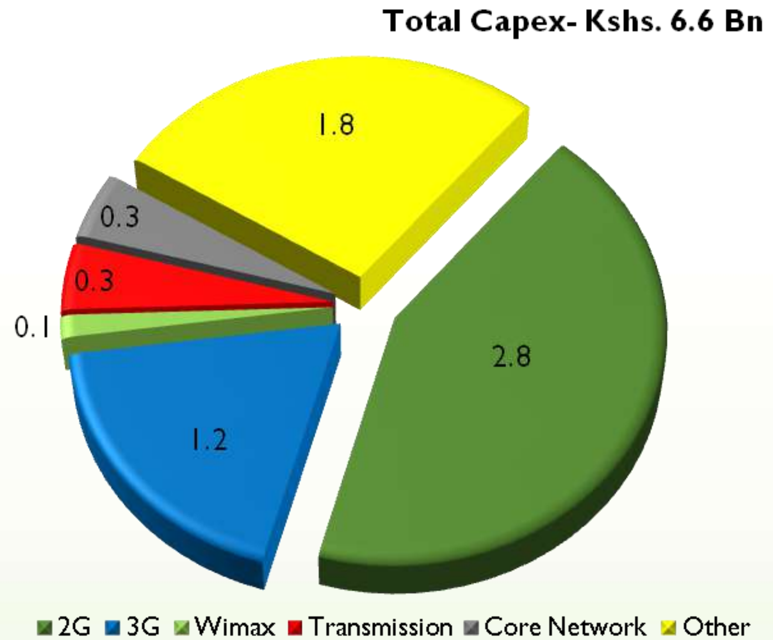
OPEX & SG&A Breakdown



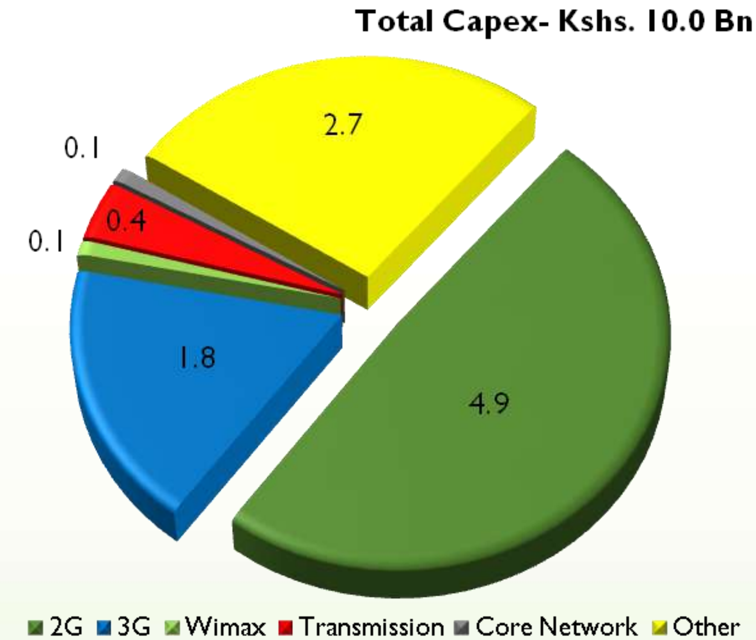
- 14.6% increase in OPEX
- Increased Commissions and Acquisition costs by 14.2 %
- Network costs increased by 2.8%
- 27.2% increase in SG&A
- Increased Payroll and personnel costs by 23.7%
- Increased Marketing costs by 49.7%
- Retail shops increased from 25 to 31 within the same period

Capital Expenditure:-Investing for the Future

CAPEX- H1 2010



CAPEX- H1 2011



- Capex intensity increased to 21.2% (16.2% in Sept. 2009)
- Gross Capex investment increased by 52% to Ksh. 10.01bn.
- Capital expenditure expected to continue at a high level in these key investment areas
    - Upgrade of existing network (Quality & Capacity)
    - Fixed data infrastructure
    - 3G Network equipment

The Future

Safaricom: Well positioned in a Growing Sector

Telecoms Industry in Emerging Markets	Safaricom	Safaricom's Penetration
Data market opportunity	• Linked to 2 undersea cables • Acquisitions & Strategic partnerships • Innovative and affordable data offerings	**9.33%** of population
M-PESA	• Increase in products offered • Upgrade of platform	**34.97%** of population
Sustained customer growth	• Largest mobile operator • Recognised and respected brand	**43.26%** of population
Network expansion opportunity	• Aggressive roll-out of 3G network • Continuing roll-out of Wimax sites	
Cashflow generation	• Strong cashflow generation • Strong balance sheet • Low gearing	**Largest Kenyan Tax payer**

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Our Future:- Still Number 1

Customer Focus	• Provide superior customer care service • Anticipate future needs of our customers • Deliver innovative products and services
Data	• Increase data penetration and usage • Network expansion • Diversification
M-PESA	• Expansion of functionality and services • Increase the number of registered users
Value Addition	• Continuous improvement in the quality of services offered • Diversify and create a robust portfolio of products
Shareholders	• Continue to increase shareholder value

The telecoms industry in Kenya is ever growing; presenting enormous opportunities for expansion and innovation

Safaricom is well placed to capitalize on these opportunities

We are **Number 1** and we shall continue to be **Number 1**

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Q &A


THANK YOU
Niko na Safaricom