

A nighttime photograph of a city skyline with a prominent highway interchange in the foreground. The highway has multiple levels and ramps, with long-exposure light trails from cars in white, red, and blue. The city buildings in the background are lit up, and the sky is a deep blue with some clouds.

Safaricom PLC

FY22 Investor Presentation

12th May 2022

Disclaimer

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The Group's management believes these measures provide valuable additional information in understanding the performance of the Company's businesses because they provide measures used by the company to assess performance. Although these measures are important in the management of the business, they should not be viewed as replacements for, but rather as complementary to, the comparable GAAP measures. All growth rates quoted are year-on year and refer to the twelve (12) months ended 31 March 2022 compared to the twelve (12) months ended 31 March 2021, unless stated otherwise.

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Our Purpose: Creating Shared Value

Safaricom & M-PESA Foundations

3-Yr Impact
4.2Mn Lives impacted, 2,000 Partners

3.2Mn
Beneficiaries

Health

MNCH*
Fistula Programme
Diabetes

0.6Mn
Beneficiaries

Education

Literacy & Numeracy
M-PESA Foundation
Accelerated learning
programme

0.4Mn
Beneficiaries

Economic Empowerment

Agriculture & SME's
Entry level & Digital jobs

0.4Mn
Beneficiaries

Sports

(Golf, Olympics, Athletics
Safari Rally)

Conservation

& Music

Community

Sponsorships

*MNCH: Maternal Newborn Child Health Programmes

Operating Environment: Sustained Regulatory Headwinds

Tailwinds

- Improved macro-economic performance
- GDP growth surpassing pre-pandemic levels
- COVID-19 positivity rate dropped to <1%



Headwinds

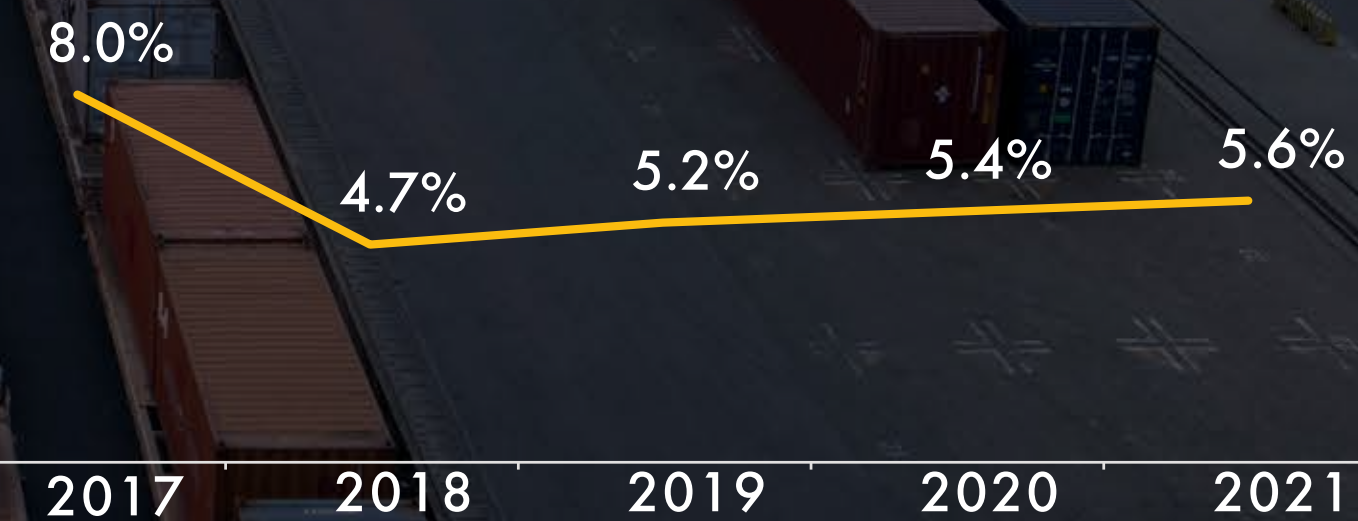
- Heightened regulatory risk
 - MTR revision
 - Taxation-GSM Excise duty revisions in 2021
 - Customer acquisition/subscriber registration changes
- Elections/geopolitical risks
- Rising inflation pressure



GDP growth* in Kenya



Annual Average Inflation*



*Source
GDP: Kenya National Bureau of Statistics (KNBS)
Annual Average Inflation rates: Central Bank of Kenya

The Foundations: Transforming Lives Through our Fistula Programme



Sustainable Business: Building a Purpose Driven Brand



Create Shared Value

- Creating digital societies through our products and services
- Creating sustainable and inclusive growth through the entire value chain
- Inclusive business platforms

Operating Responsively

- Ethics, integrity & transparency
- Anti- bribery and corruption
- Human and digital Rights for all



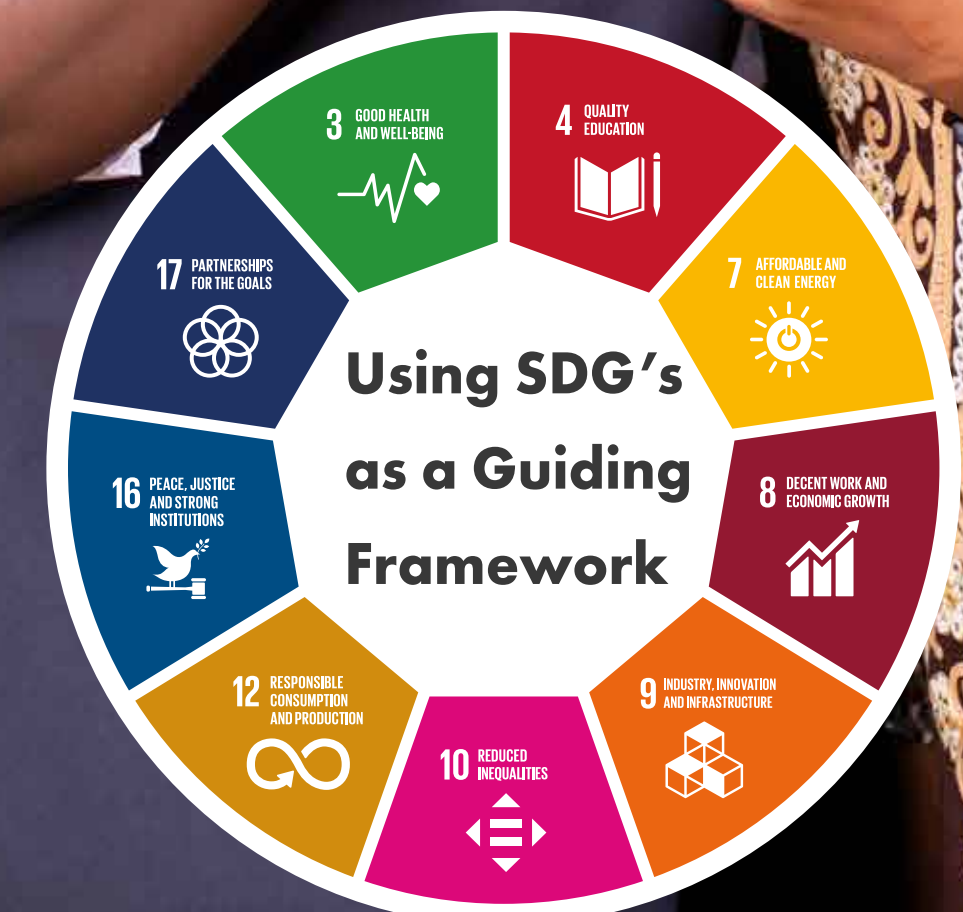
Planet

- Net Zero by 2050, +1 Mn trees planted
- Building a Circular Economy
- Support society to decarbonise



Our People & The World Around Us

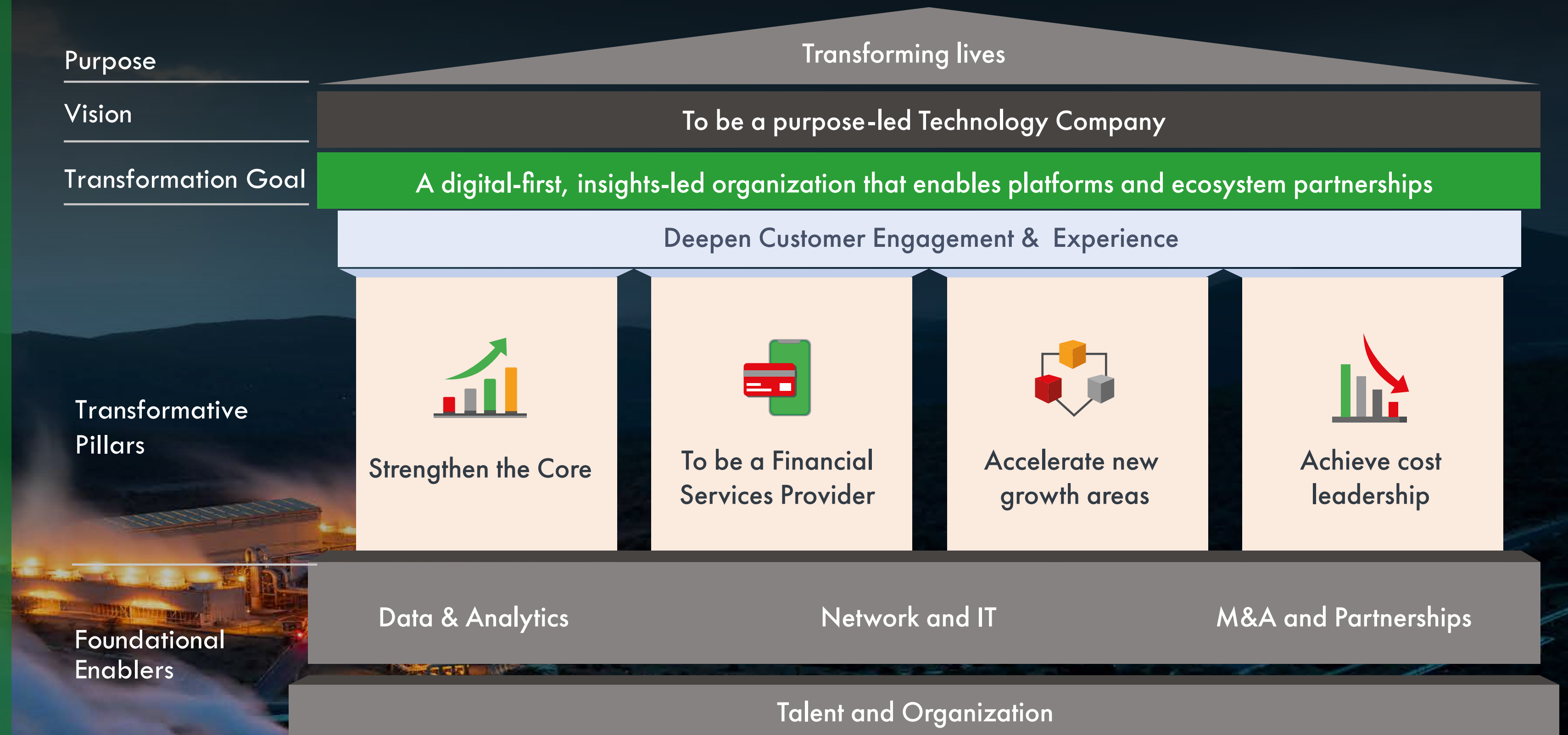
- Connecting Kenyans through our brand & assets
- Sustainable community investments through the Foundations
- Best place to work



Our Strategy: On Course to Deliver our 5-Year Strategy

FY22 Focus; Establish a Customer obsessed, digital first organization (delivering double digit growth) by the end of FY22, in order to be a purpose-led Technology Company by the end of 2025

FY23 Focus; Accelerate new growth areas delivering superior customer experience in order to be a purpose led Technology Company by the end of 2025



Our Vision: Transforming Into a Technology Company



Performance Highlights: Strong Strategy Delivery in FY22



Market Shares*

- **64.3%** Mobile Data Customer
- **70.4%** Voice Traffic
- **37%** Fixed Data Customer
- **42Mn** total subscribers

*Source: Q2 (Oct-Dec 2021) Sector Statistics Report



Network

- **4G everywhere** (97% population coverage)
- **2.4Mn 4G devices** added on our network
- **95%** Service Quality assessment score by CA
- **KShs 49.8Bn** Group Capex spend in FY22 of which KShs 10.4Bn spend in Ethiopia
- **2,000** Transactions per Second on M-PESA
- **99.99%** systems availability and incidents reduction



M-PESA

- Celebrated **15 years**
- Crossed the **30Mn** customer mark
- **5.3Mn** Super App downloads, 1 Mn Active Consumers and **462k** downloads on the businesses APP
- **11 Mn** Active Lipa na M-PESA active customers, +32.4% YoY
- Network of over **3.2Mn** businesses accepting payments
- **492.8k** Active LNM merchants, +63.4% YoY



Regional Expansion to Ethiopia

- **Commercial launch within 2022**
- Discussions on partnership with Ethio Telecom ongoing
- Network under construction
- **Sales and distribution** network set up ongoing
- **Contact centre established**
- **Mobile financial services law to be changed** to allow mobile financial services

Customer Obsession: Relevant Products & Services Making our Customer Lives' Better

Mobile Data new permanent pricing

NYOOSHA SHILINGI



M-PESA is now a **universal payments network**

Interoperability

'Till ni till'



Sharia compliant mobile financial service, partnering with Gulf Bank

HalalPesa



M-PESA GlobalPay Visa Virtual Card to support international online payments

(Launching in June 2022)



M-PESA Junior Account (10-18 years)

(Launching in Q2 2022)



Our Recognition: Mentions & Awards Earned in the Year



Innovation

GSMA Global Mobile Award (GLOMO)
Best Mobile Innovation for Connected Living
for the M-PESA Super APP



Financial Inclusion

M-PESA/Safaricom the most preferred
remittances service provider – mention in
Kenya's first CBK Diaspora Remittances Survey
December 2021 available [HERE](#)



Sustainable Business

Named **Global Compact LEAD Company** for
ongoing commitment to the United Nations Global
Compact and its Ten Principles for responsible business

GSMA Global Mobile Award (GLOMO)-
Outstanding Mobile Contribution to the UN SDGs for
BLAZE DigiTruck (won alongside Huawei & Close the
Gap)



Financial Reporting

ICPAK FiRe Awards overall winner
in East Africa

Chartered Governance Institute of
Southern Africa/JSE; **Integrated
Awards** Regional Winner



Network Award

Umlaut global award for
superior network quality



Brand

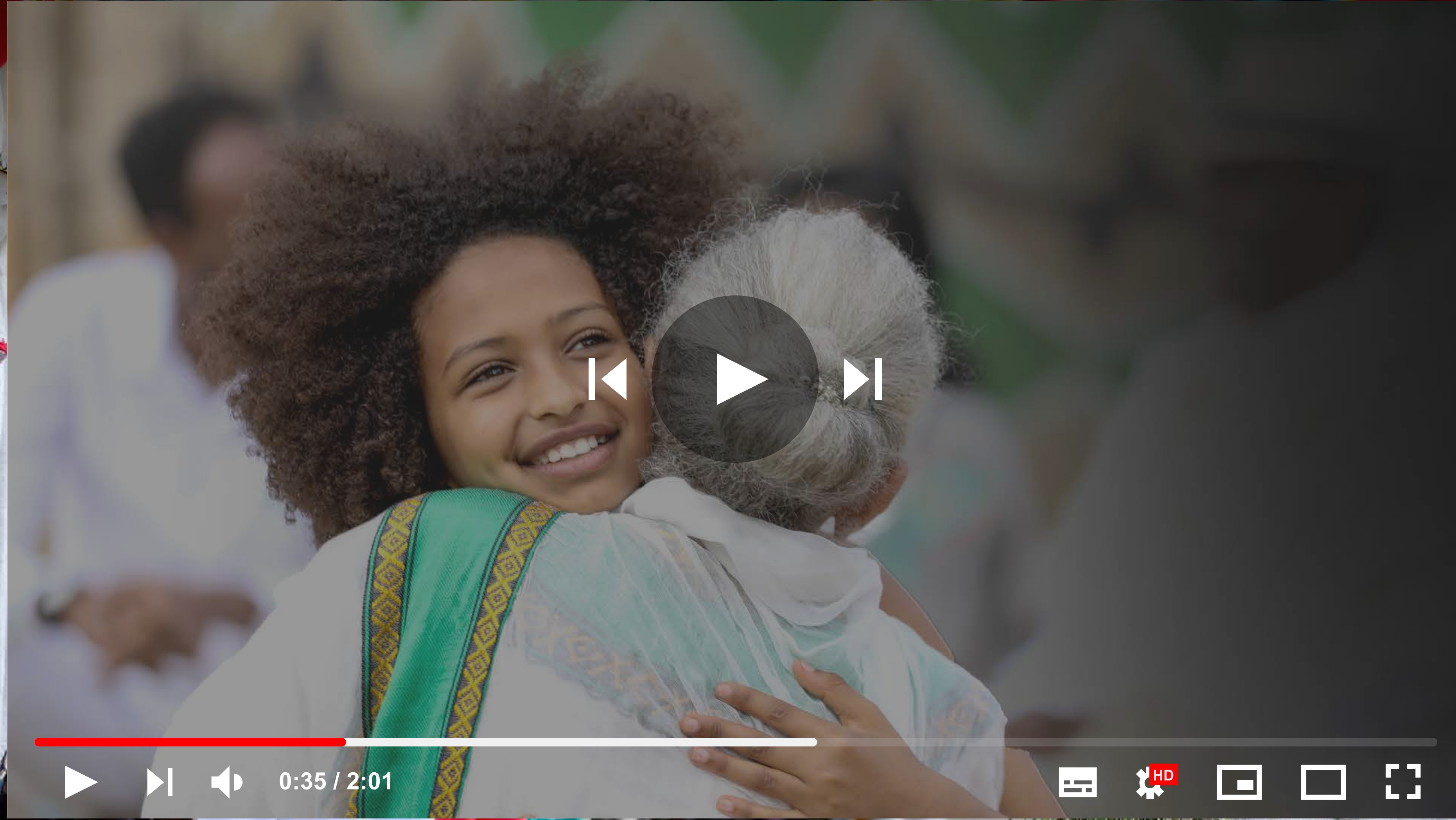
Safaricom & M-PESA; Best brands for women
Ranking of Top Most Loved Brands by Women done by
IPSOS and Branding Advisory Consultancy BSD Group





ETHIOPIA UPDATE

Ethiopia Introductory Video



Ethiopia: Macro Update



Political/ Sector/ Regulatory

- ✓ **Lifted state of emergency**, easing conflict
- ✓ **Partnership with Ethiotel** (negotiations ongoing)



Macro-economic

- ✓ **+8% projected Real GDP growth** driven by industry and services recovery (Source; AfDB)
- ✓ **Expected rebound in consumer spending**, Household spending +4.1% in 2022 from +1.7% in 2021 (Source; Fitch Solutions)
- ✓ **Projected gradual rebound of capital inflows**
- ✓ **High inflation at 34.7%**, Ethiopia Birr (ETB) depreciation of 23% as at March '22



Ethiopia: Commercial Launch Planned Within 2022



Network & IT

- 1st data center deployed (1 under construction)
- 1st test call done
- Network under construction



Sales & Distribution

- Distributors and retail shops identified
- Simcard production commenced
- Contact centre established
- Products; Voice, SMS, Mobile data & VAS services



People & Governance

- Leadership team established
- 305 staff onboarded, 50% local talent
- Office space acquired
- Discover graduate recruitment programme ongoing



Dependencies & Operational Risks

- Political & regulatory risk
- Supply chain complexities and challenges
- Conclusion of Mobile money license terms & conditions
- Currency volatility



FY22 Performance



FY22 Earnings Outperform Guidance

Safaricom Plc Kenya (Excluding Ethiopia)

Guidance
KShs 107-110Bn

EBIT ▲

CAPEX ▲

Guidance
KShs 40-43Bn

Achieved
KShs 114.3Bn
+18.8% YoY

Achieved
KShs 39.3Bn
+12.5% YoY

Safaricom Plc Group (Including Ethiopia)

Guidance
KShs 97-100Bn

EBIT ▲

CAPEX ▲

Guidance
KShs 70-73Bn

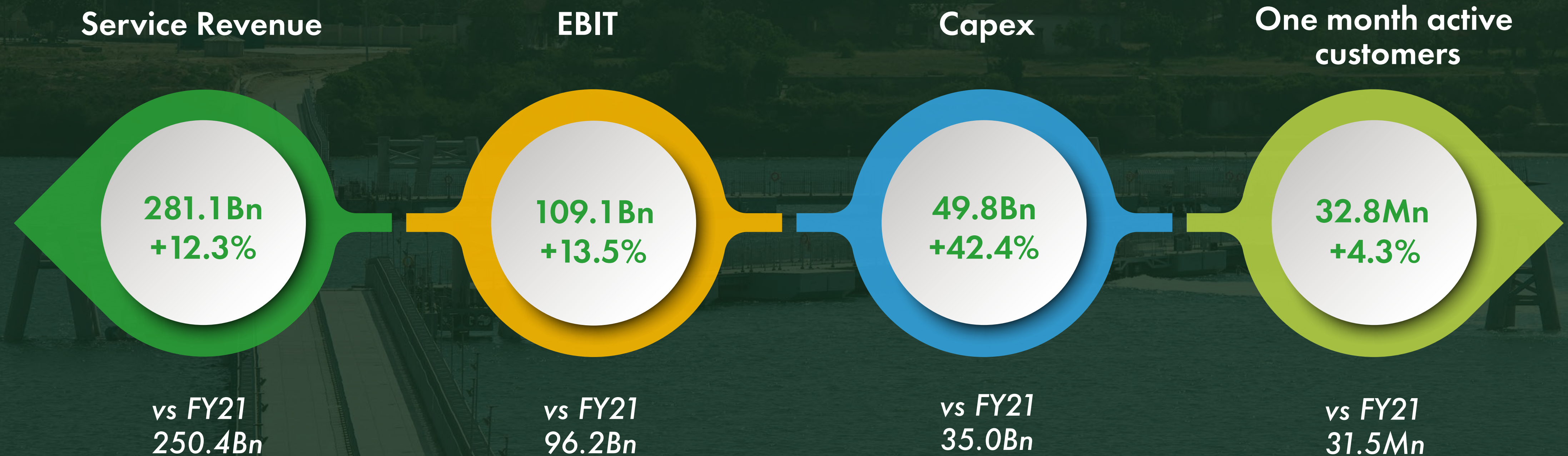
Achieved
KShs 109.1Bn
+13.5% YoY

Achieved
KShs 49.8Bn
+42.4% YoY



THE NUMBERS

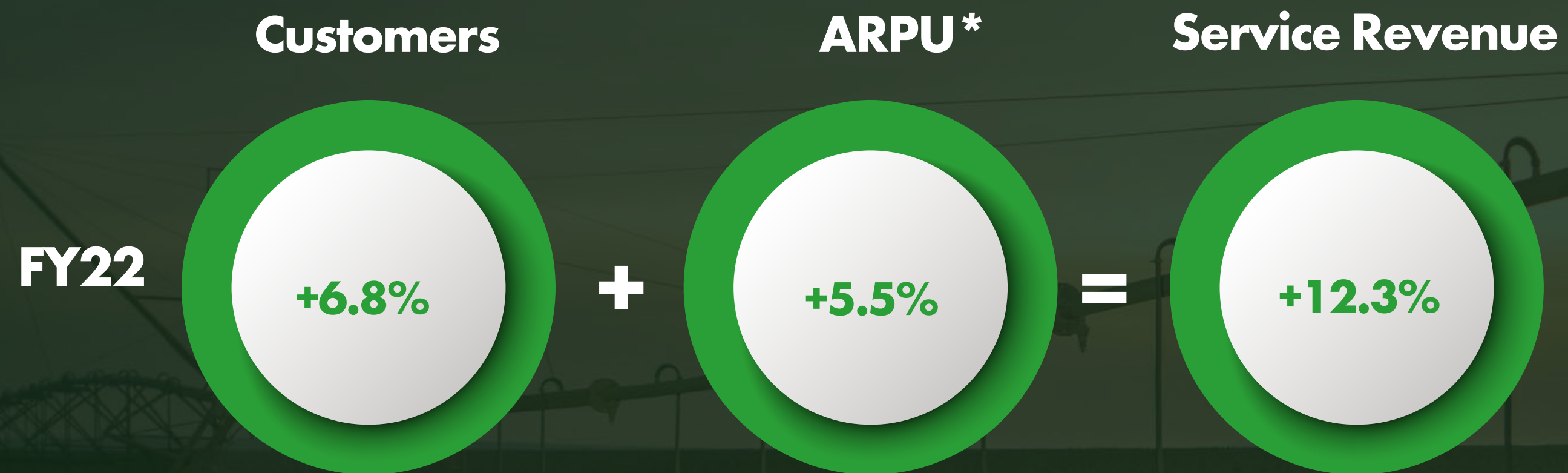
Highlights: Strong Group Performance in FY22



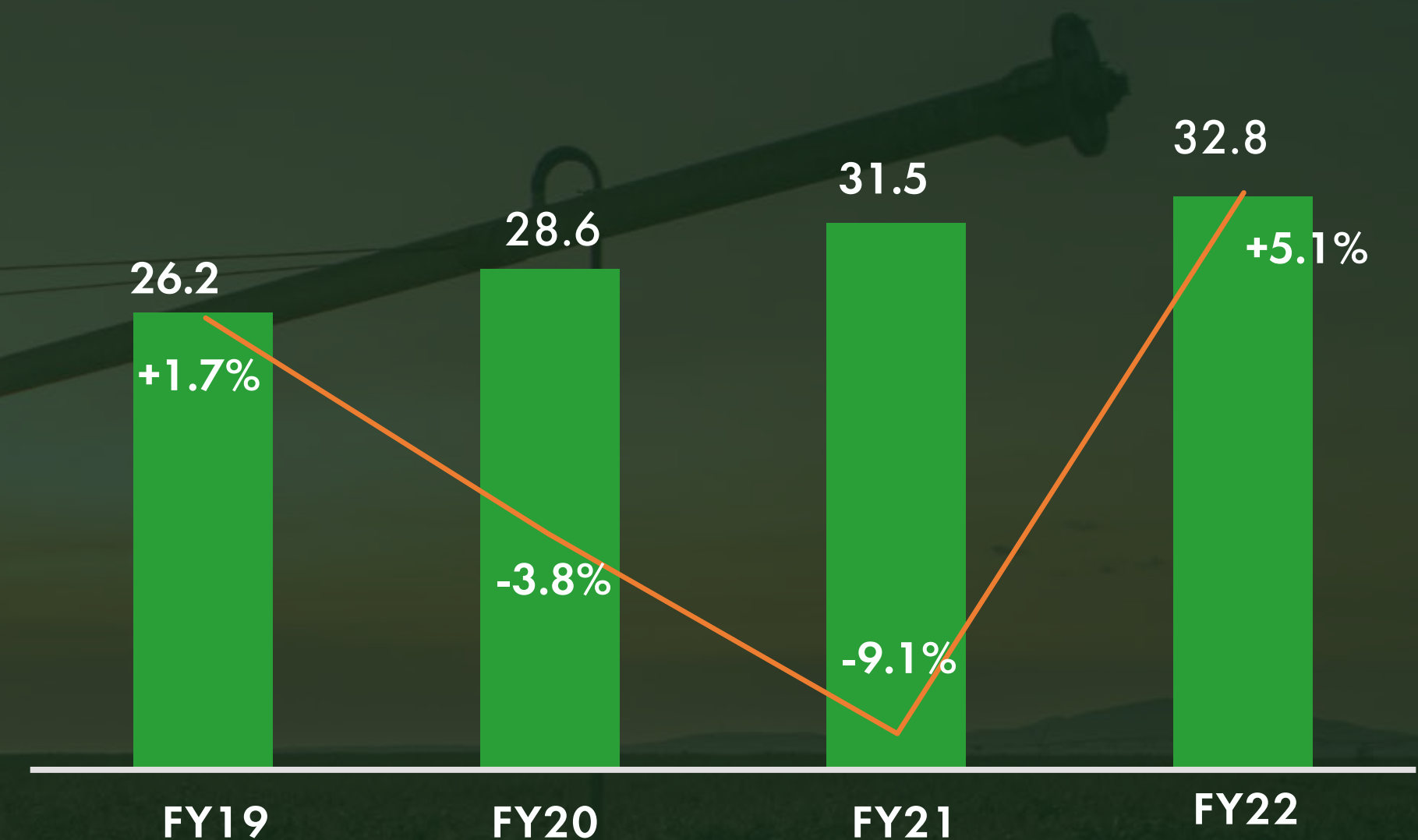
**All numbers include Ethiopia in all financial slides except revenue & KPIs*

Customer Focus: Sustained Growth in Customers Driving Revenue Growth

Contribution to Service Revenue growth from;



Customer & ARPU growth

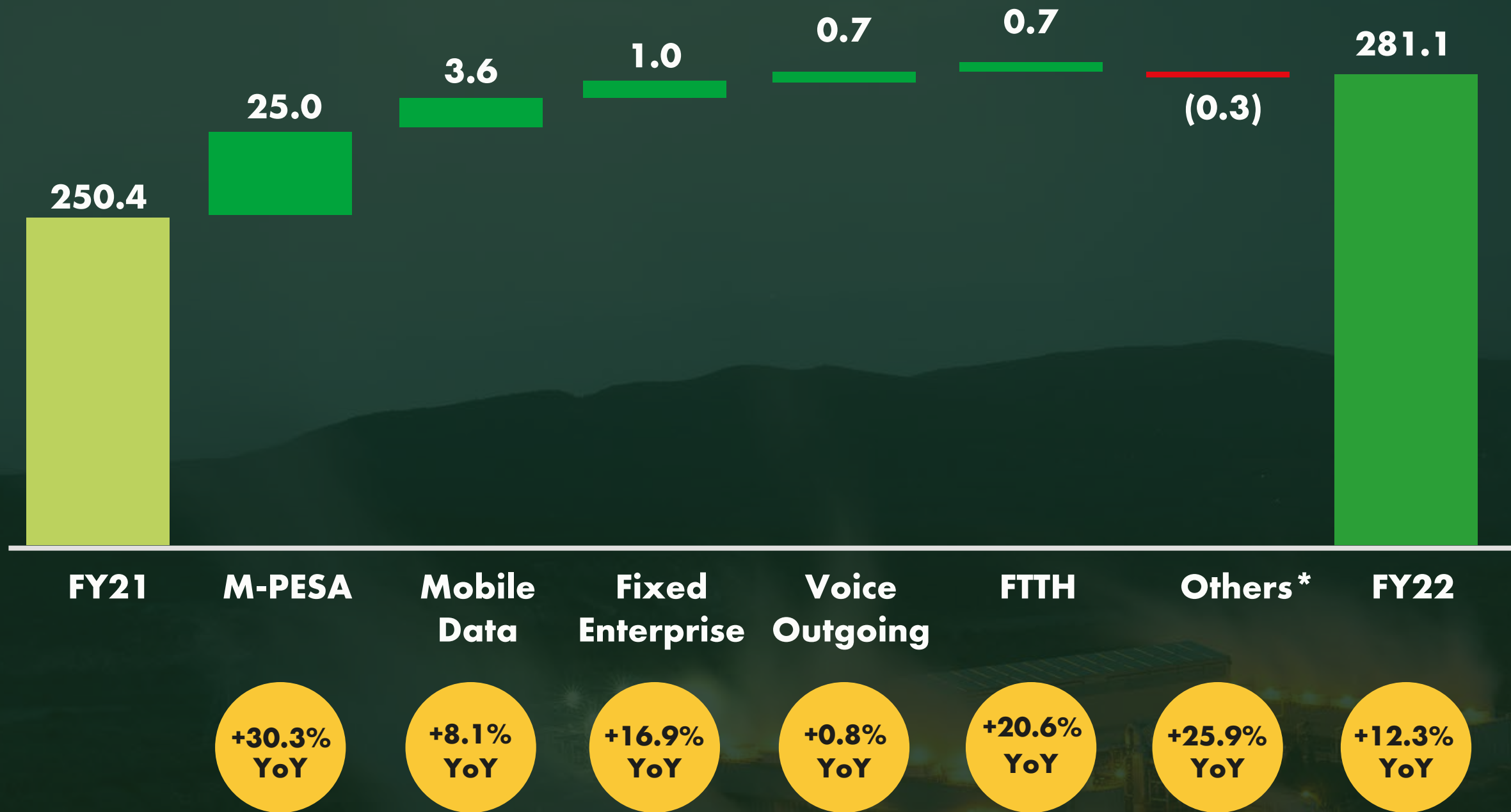


■ One month active customers (Mn)
— One month active customers ARPU* YoY growth (%)

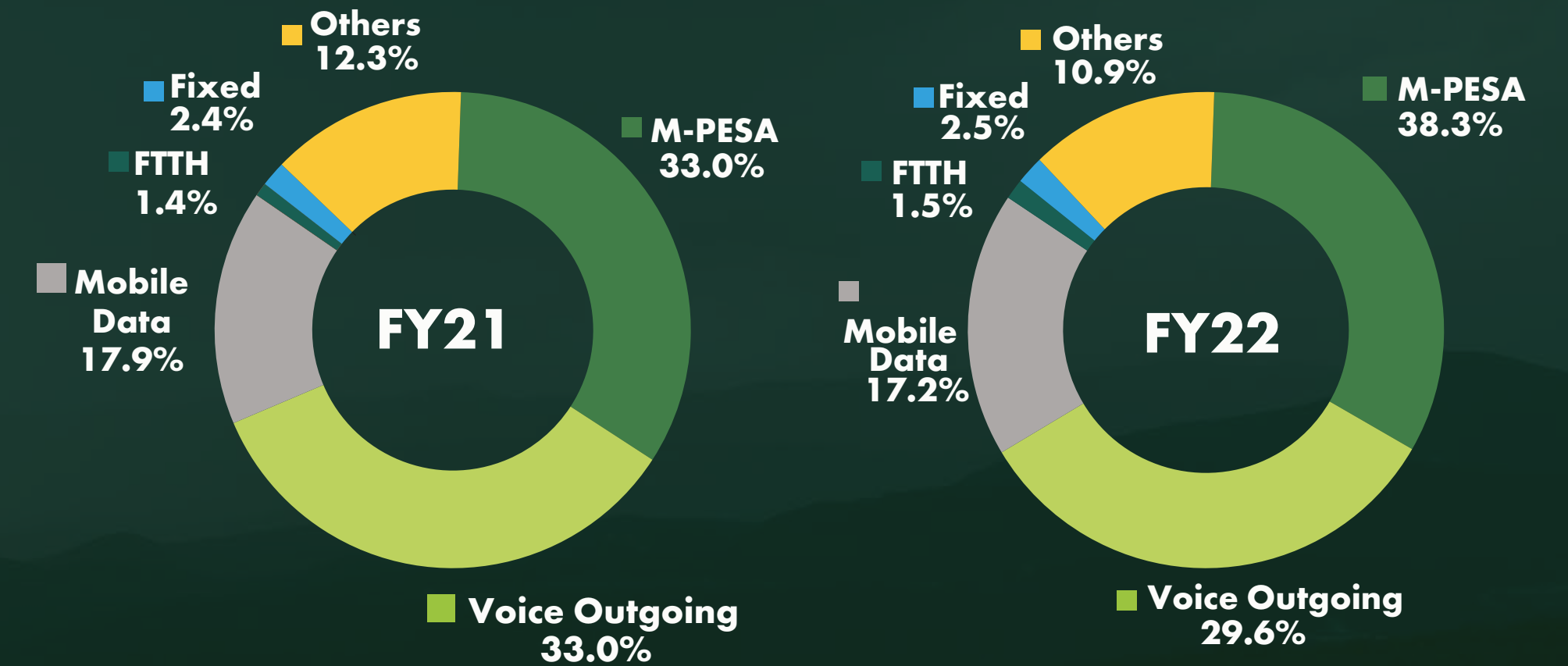
*Average Revenue per User (ARPU) is based on one month active customers

Service Revenue: Strong Recovery Driven by M-PESA and Mobile Data

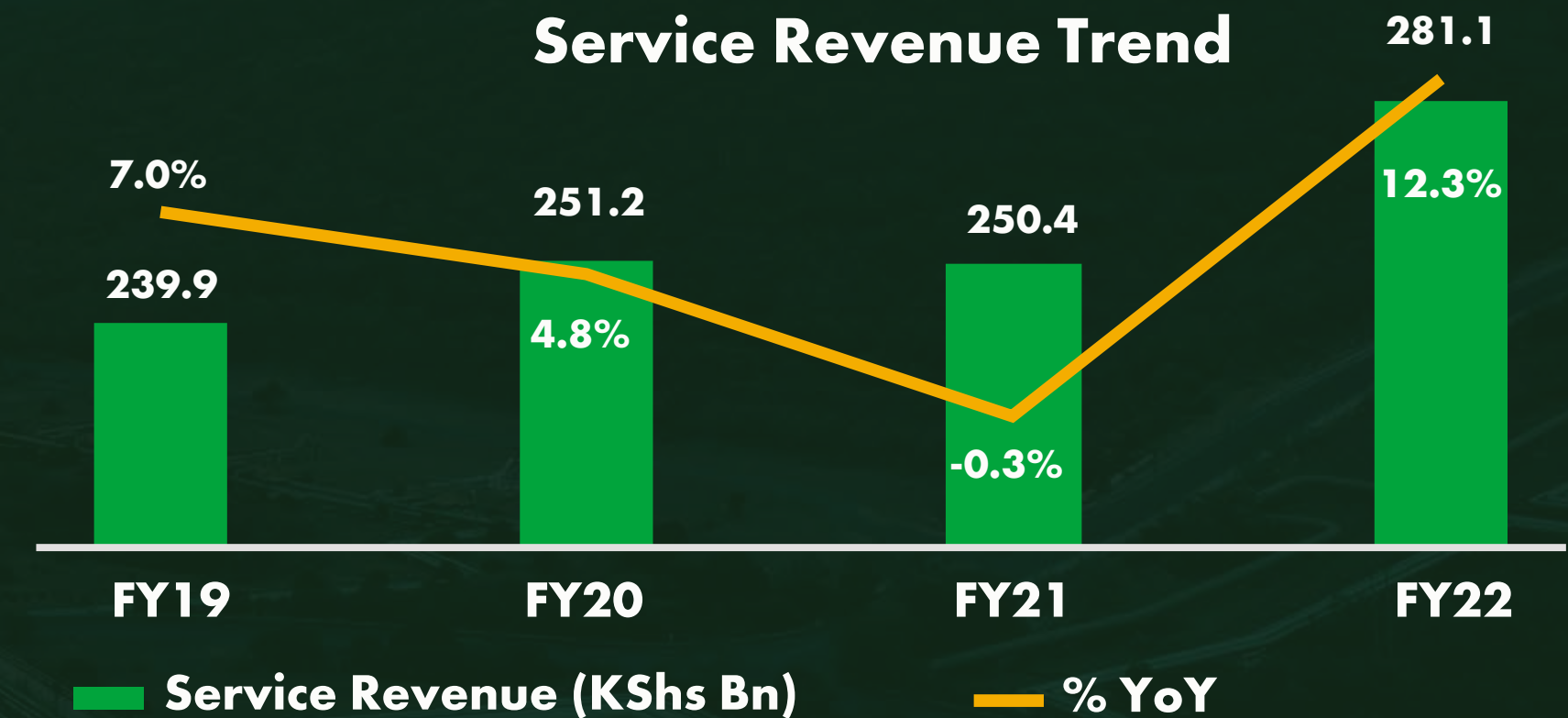
Contribution to Service Revenue (KShs Bn)



Evolution of Service Revenue Profile



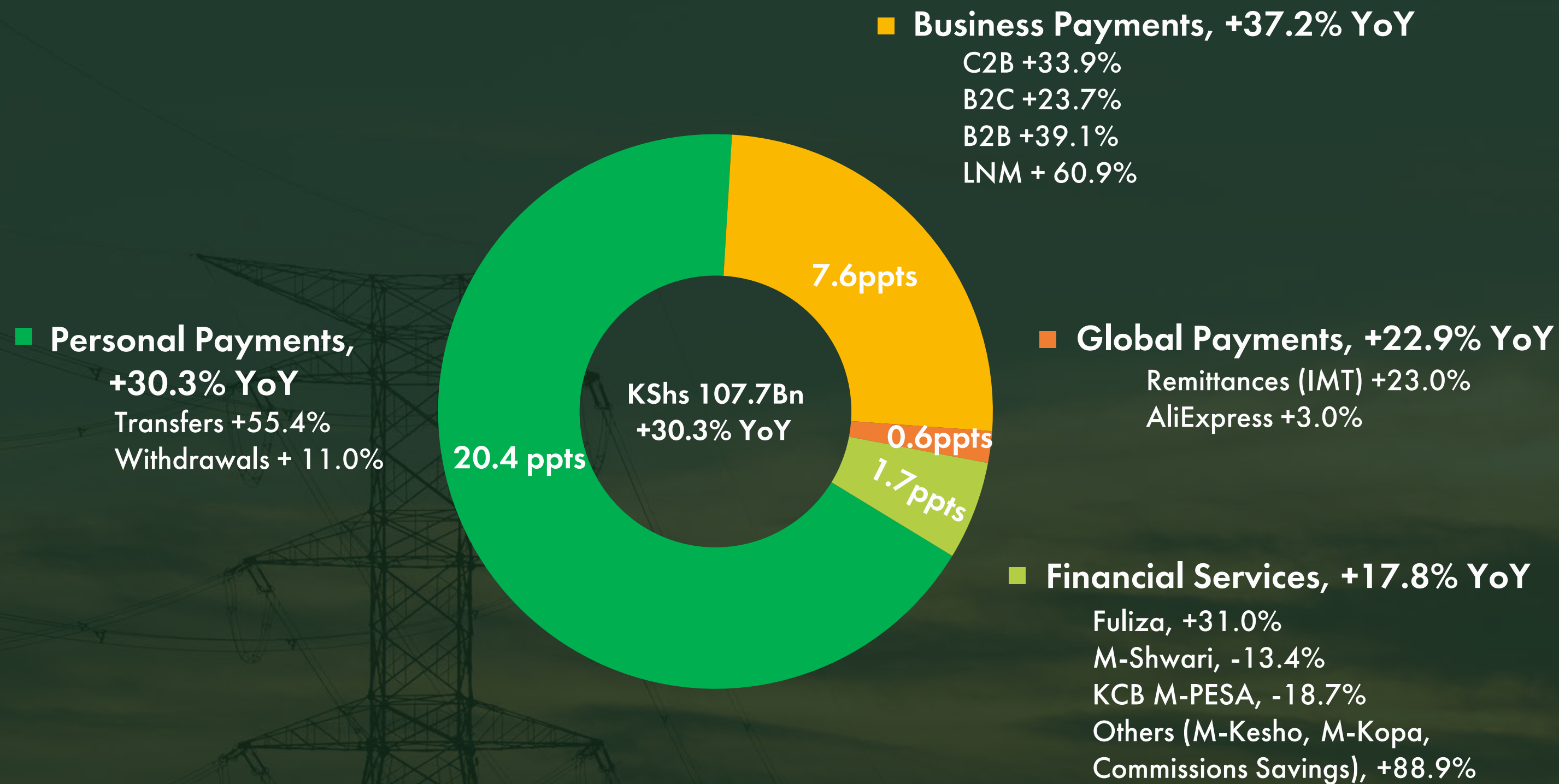
Service Revenue Trend



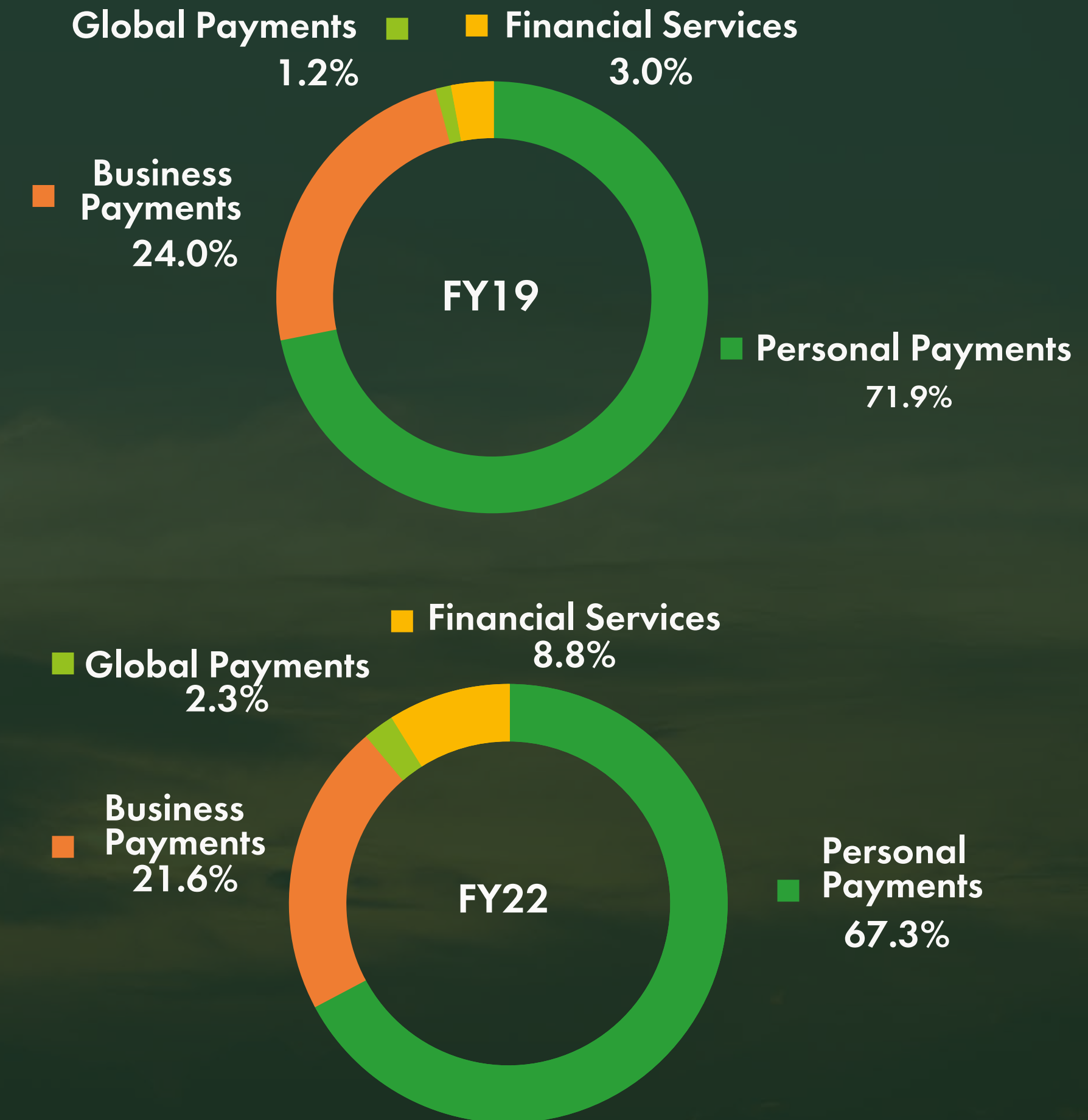
*Others- Voice Incoming, Messaging Revenue and Other Service Revenue

M-PESA: Fintech Ecosystem Driving Growth

Contribution to M-PESA growth



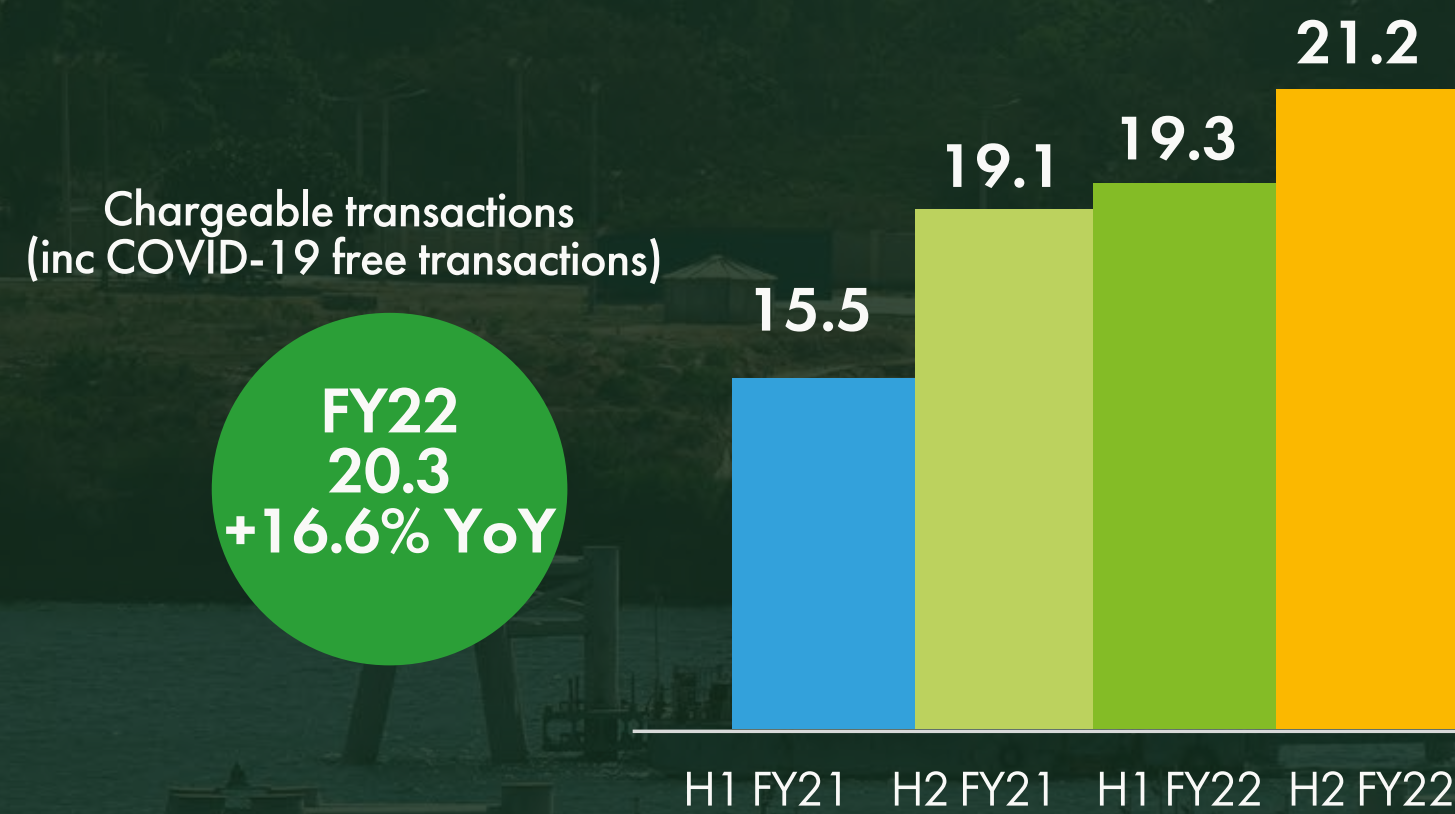
Accelerating New Growth Areas



M-PESA revenue profile naming has changed to breakdown the various domains of our fin-tech business. The change in naming has no impact in the totals or sub totals presented or previously reported.

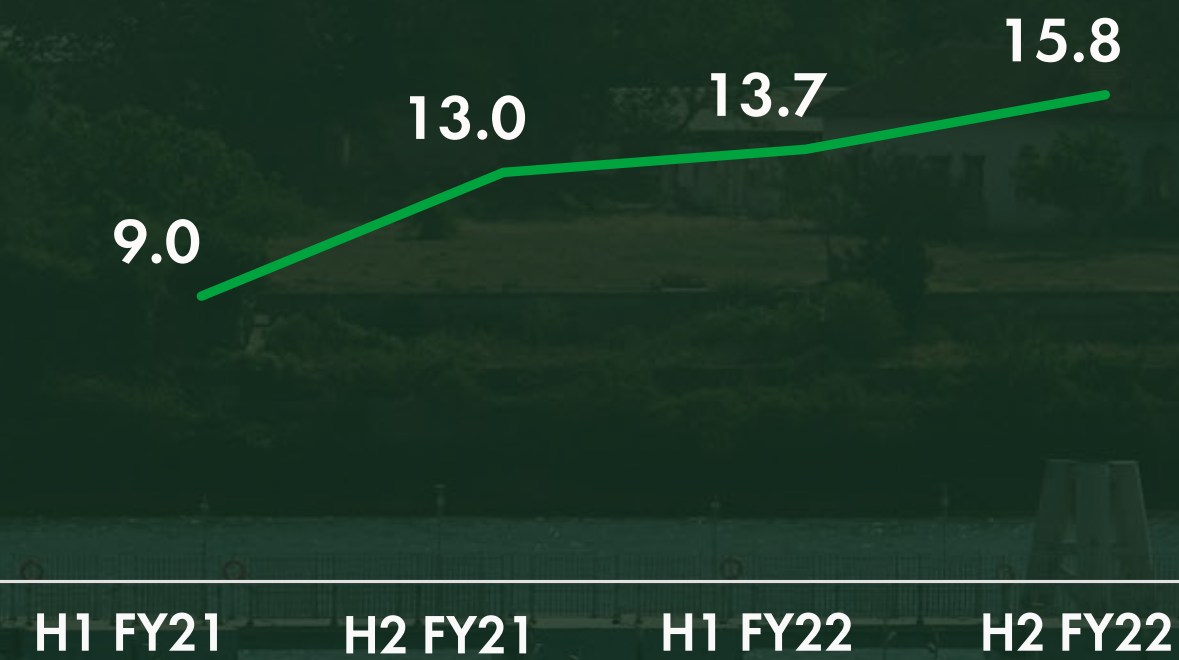
M-PESA: Accelerated Growth in the 2-sided Ecosystem

Opportunity to Grow Usage Remains

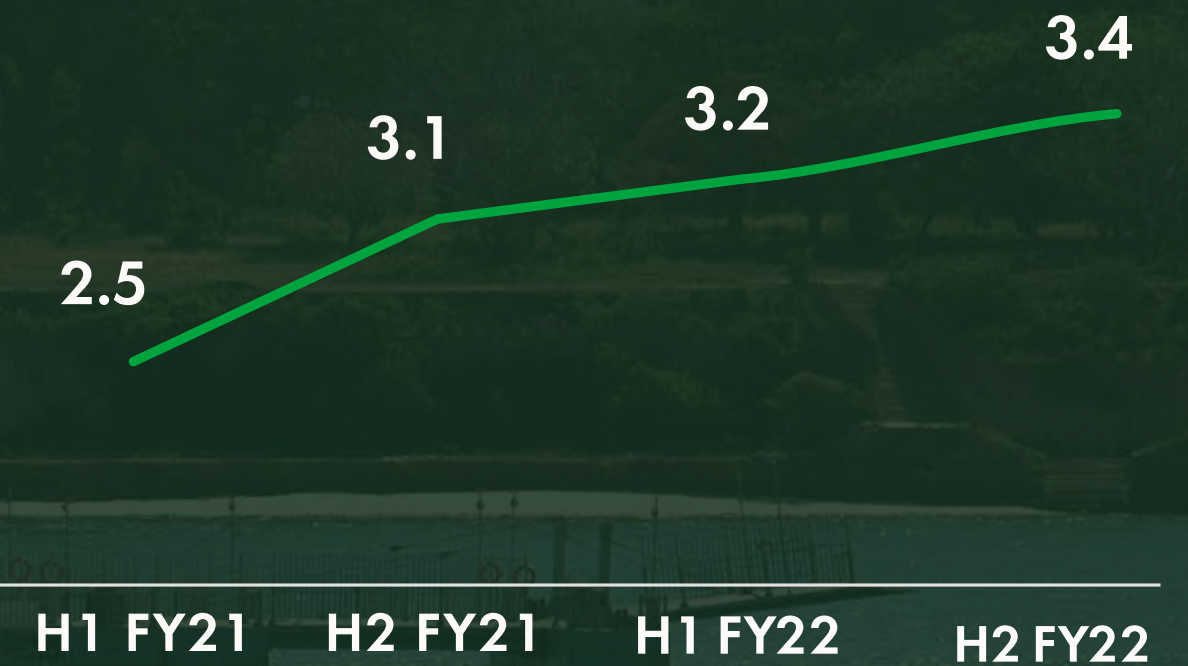


Value of M-PESA transactions in FY22
+34.0% YoY
KShs 29.5Trn

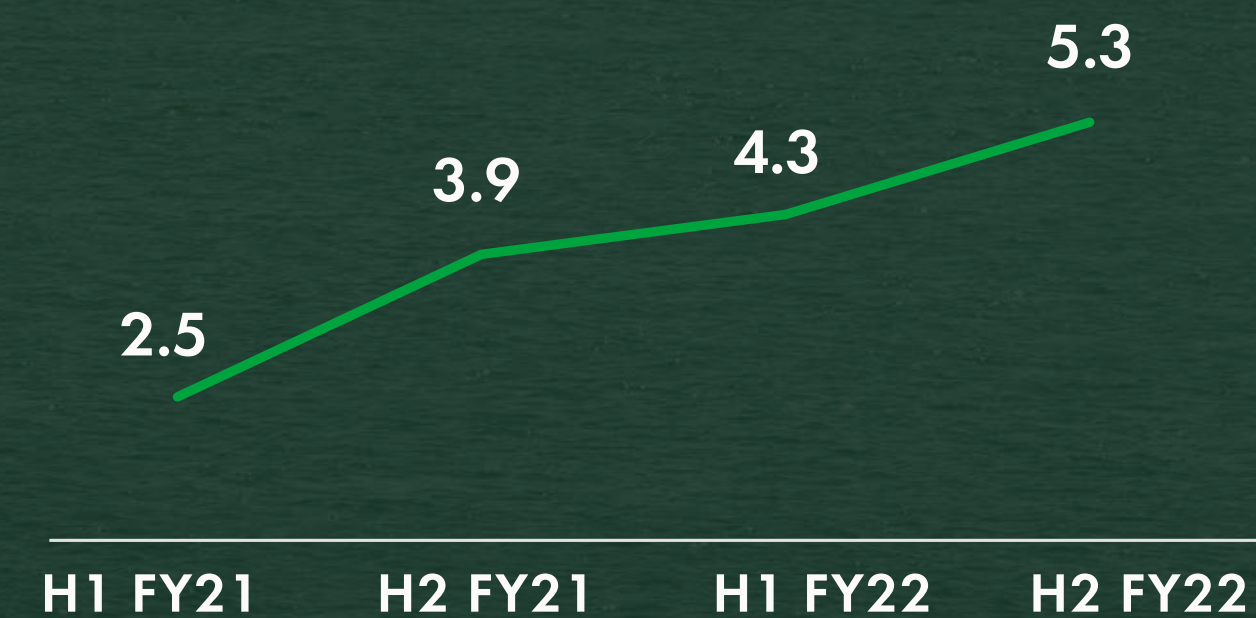
Total M-PESA Value (KShs Trn)



Transfers & Withdrawals Value (KShs Trn)



Payments Value (KShs Trn)



* M-PESA Wallet to Bank and Bank to M-PESA wallet transactions remain free. These account for 18.9% of total M-PESA value and 3.2% of total M-PESA volume of transactions

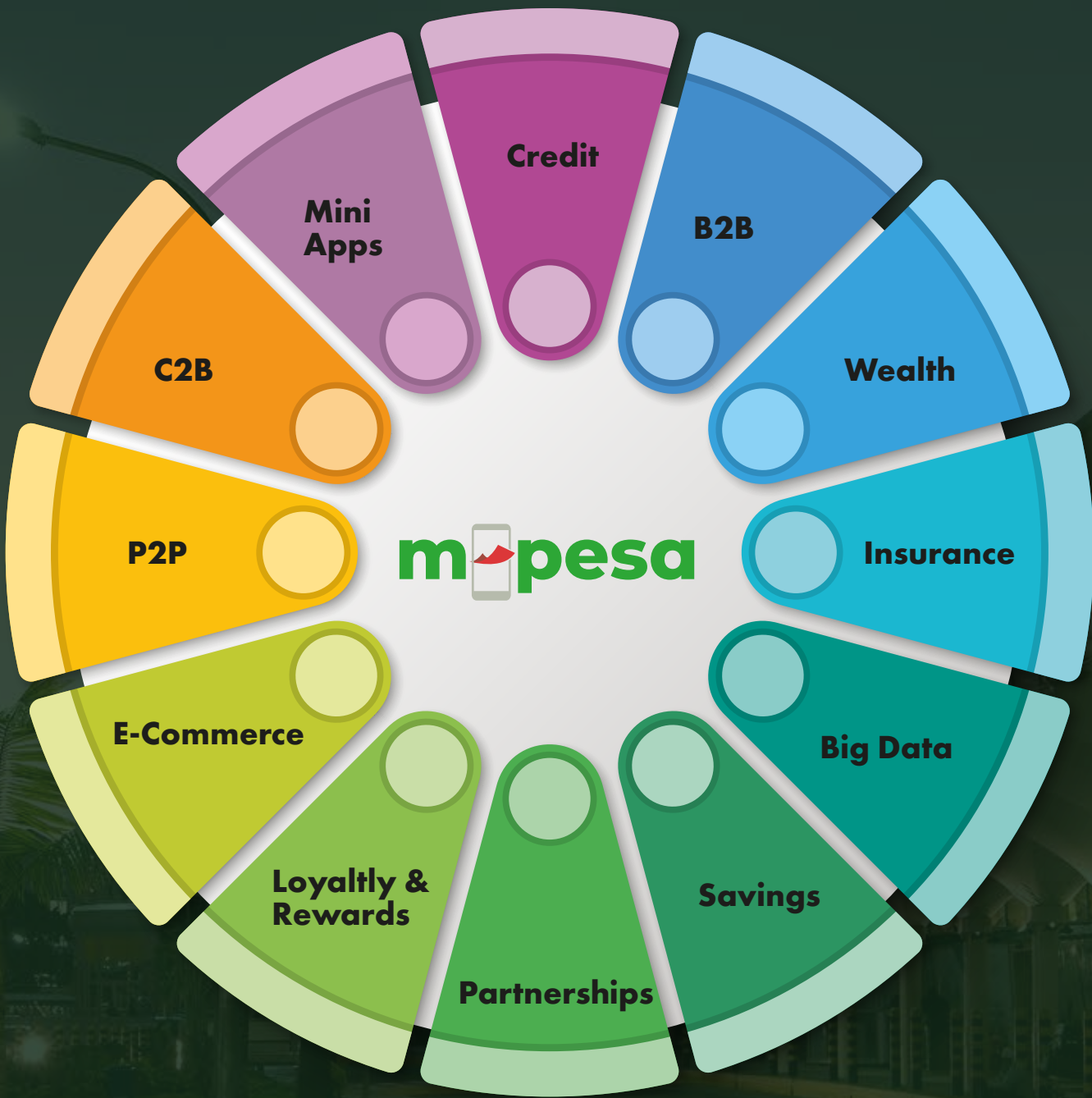
M-PESA: Developing Scalable Digital Platforms for Key Growth Areas

Business
+3.0Mn Businesses
+492k Active Merchants



Target Addressable Market
5 - 6Mn Merchants

Business Super App
 Enterprise, Merchant Business Solutions,
 Extensive Agency Network



M-PESA Core Platform

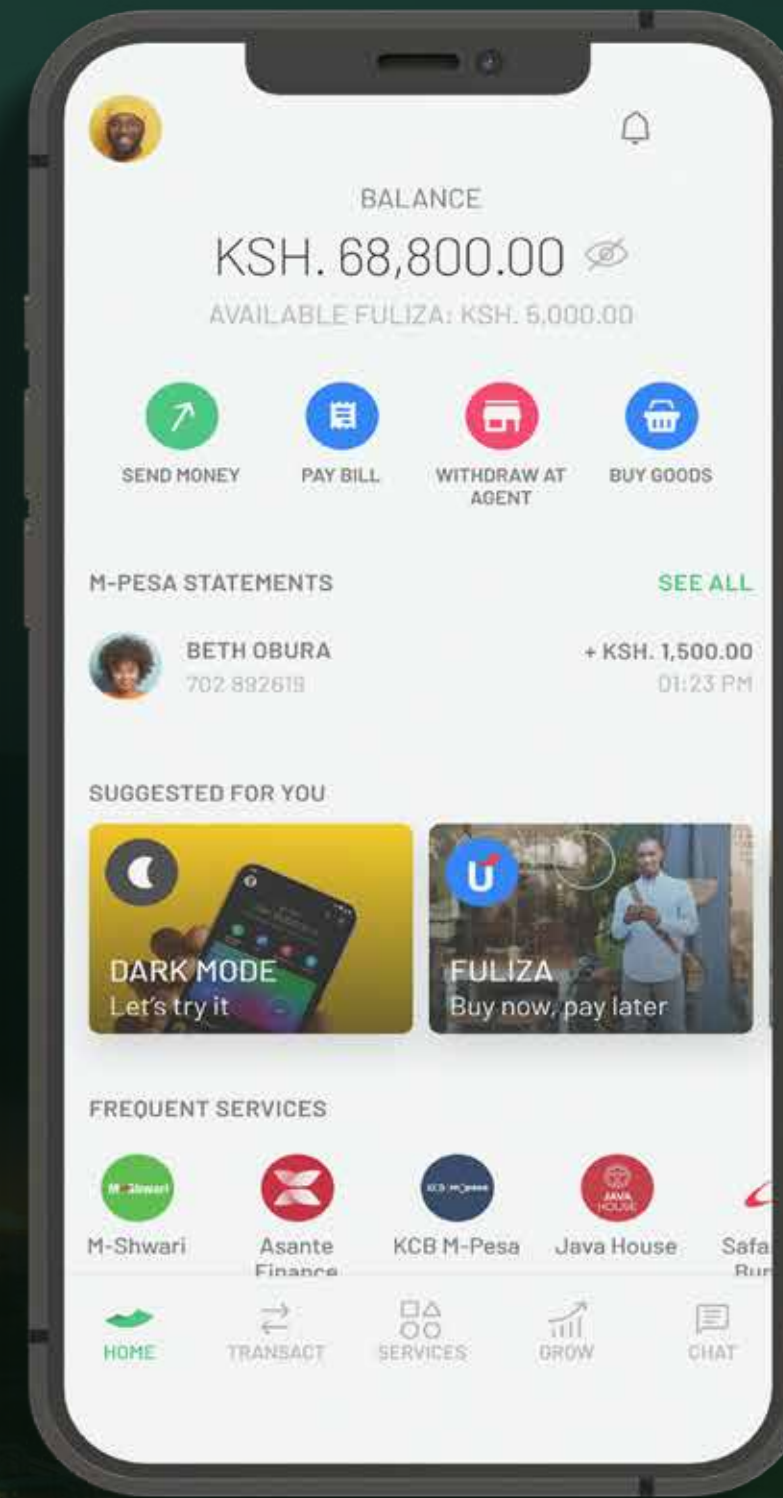
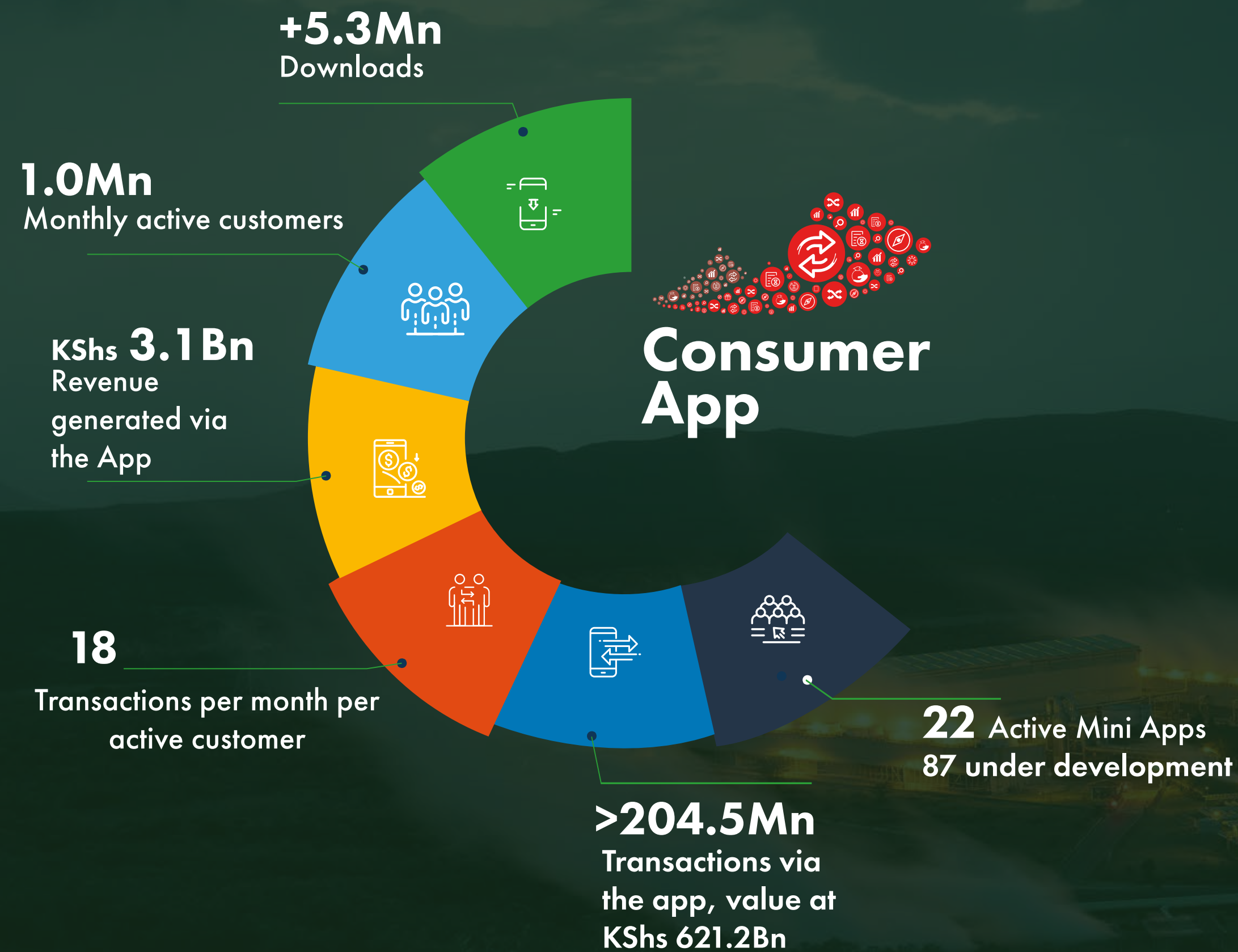
Consumer
+30Mn Customers



Target Addressable Market
42Mn Consumers

Consumer Super App
 Customer Focused Products,
 Intuitive Digital Journeys

M-PESA Super App: Powering Digital Consumer Lifestyles



Driving Customer Engagement

+10%
ARPU Growth

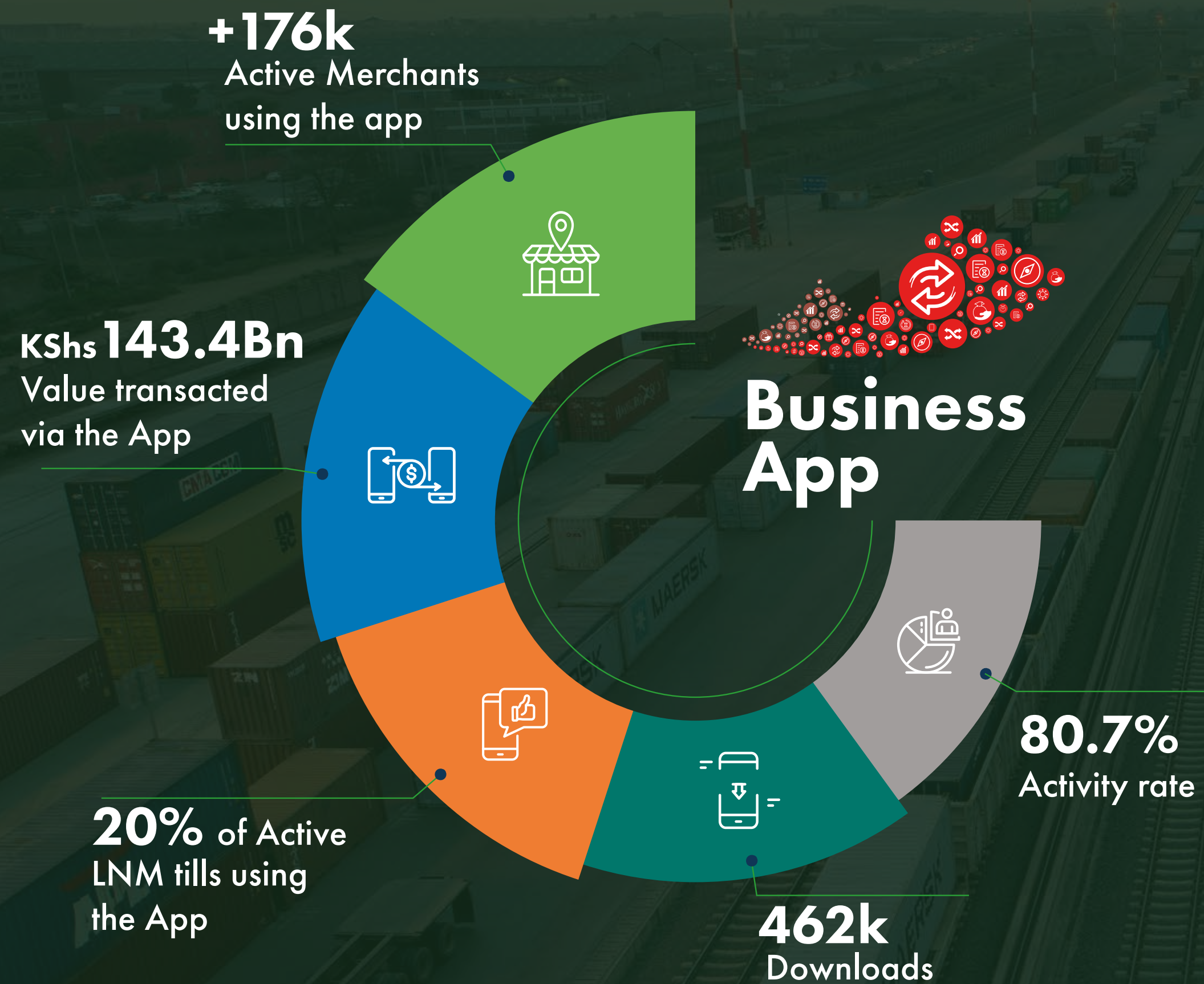
+15%
Average days of use in a month

+23%
Average number of transactions in a month

From a before and after cohort analysis of

700k
App Customers

M-PESA Business App: Empowering Businesses



Driving Merchant Engagement

+57%
Transaction per
Merchant growth

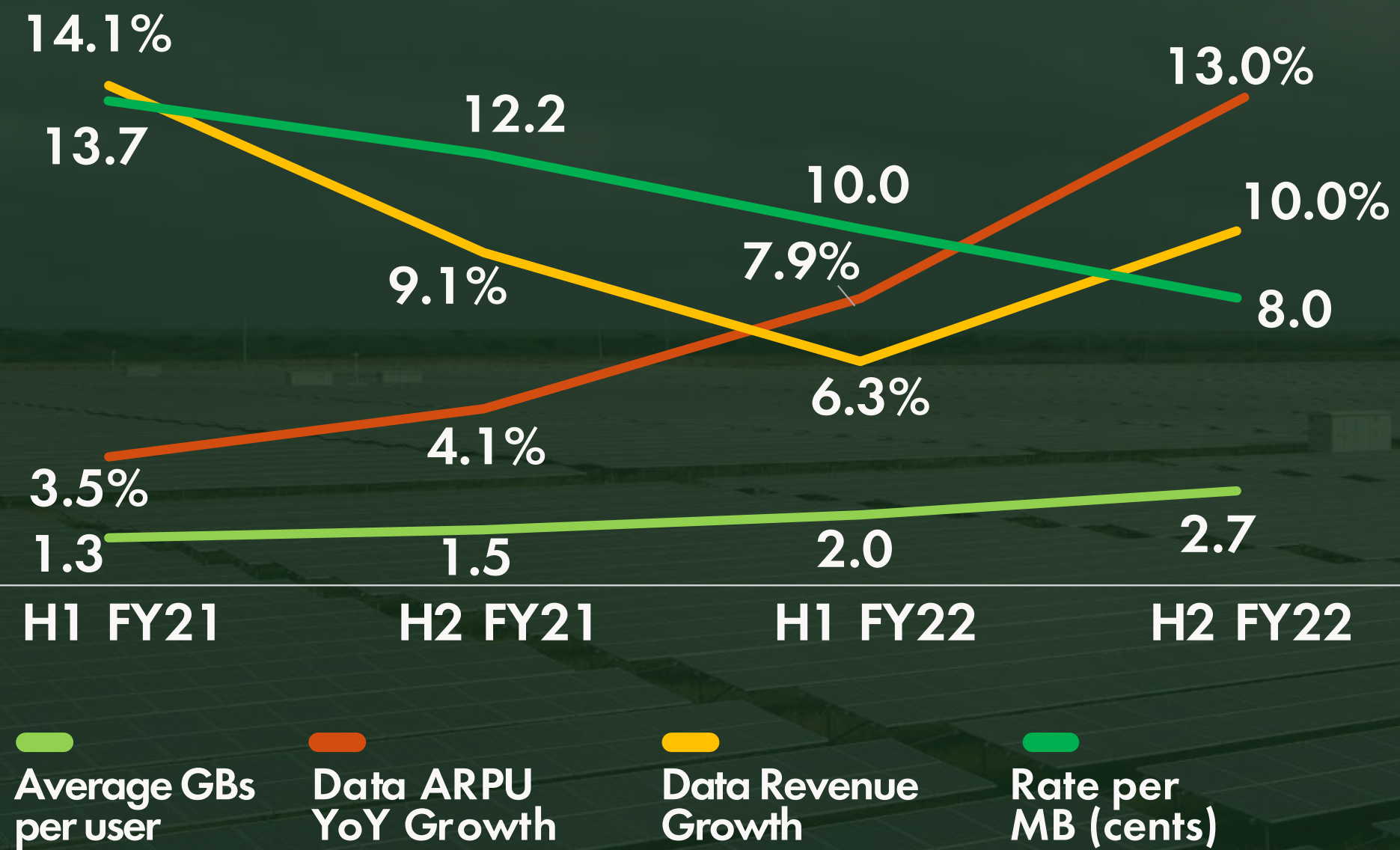
+52%
Value per Merchant

+75%
Average revenue
per Merchant

From a cohort analysis of
264.4k
Active Merchants ever signed up
on the app by March 2022

Mobile Data: Strong Recovery in H2 Driven by Data Analytics/CVM* Initiatives

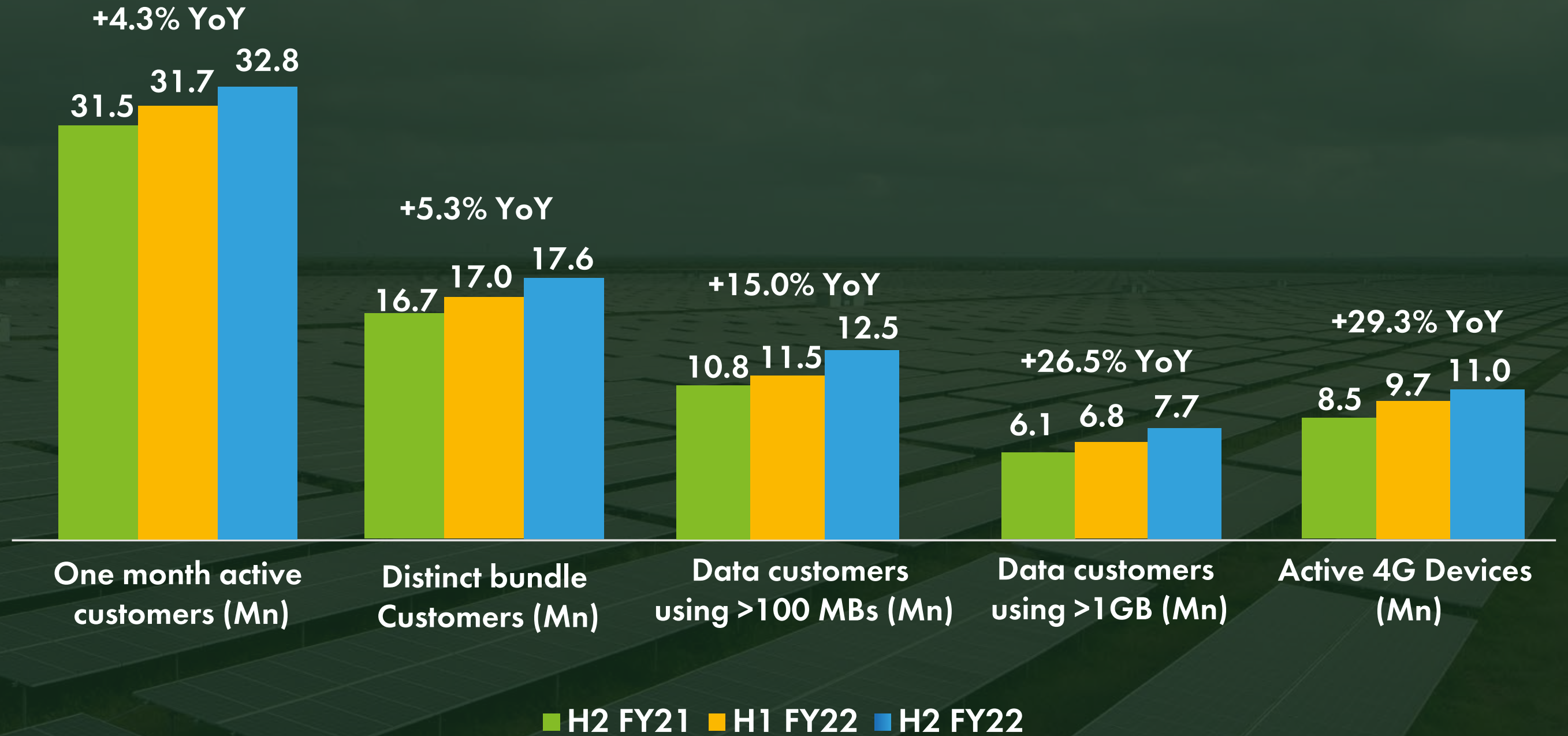
Strong Data Revenue Growth in H2



2.3 GBs per chargeable user
+60.5% YoY

Rate per MB (8.88 cents)
-31.2% YoY

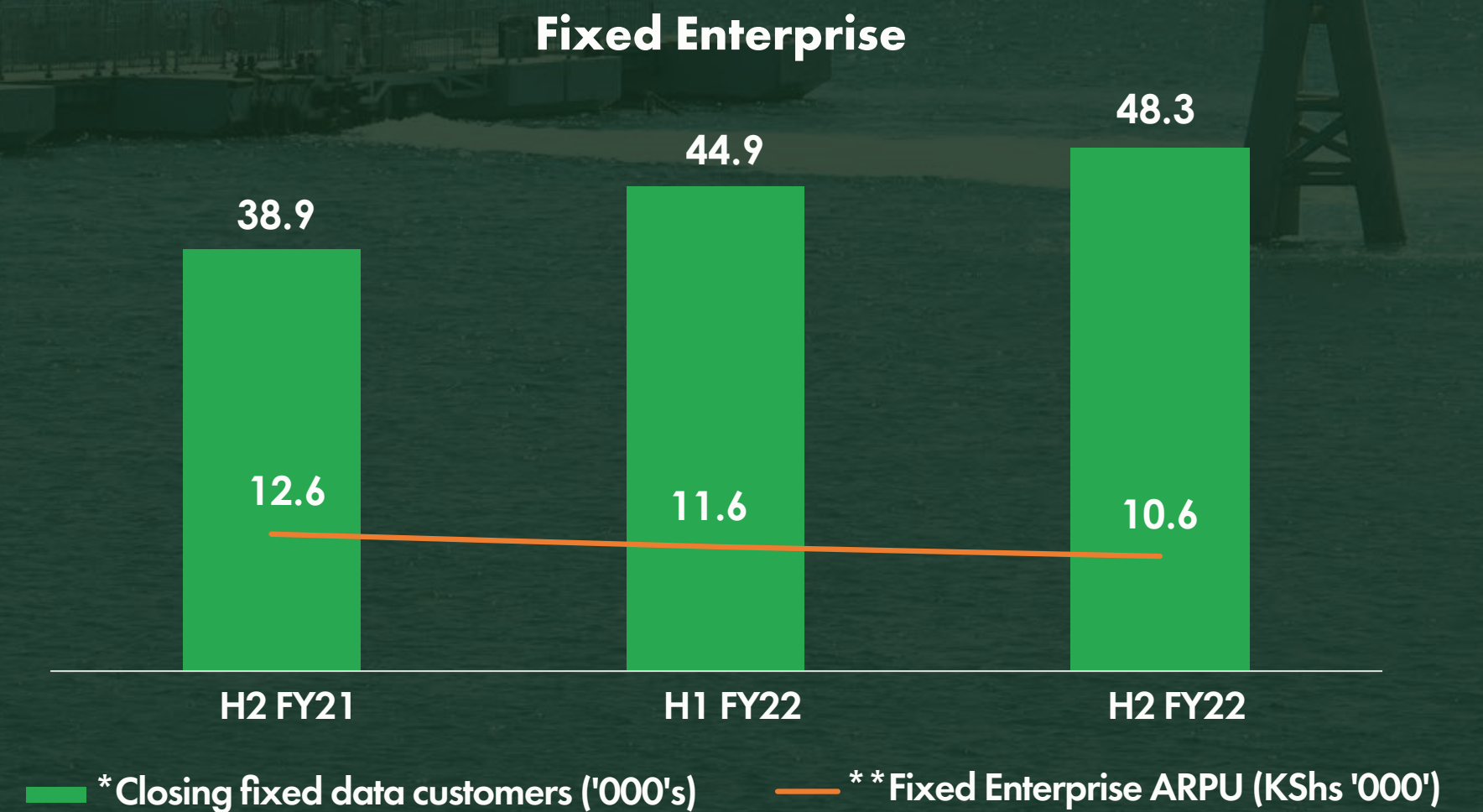
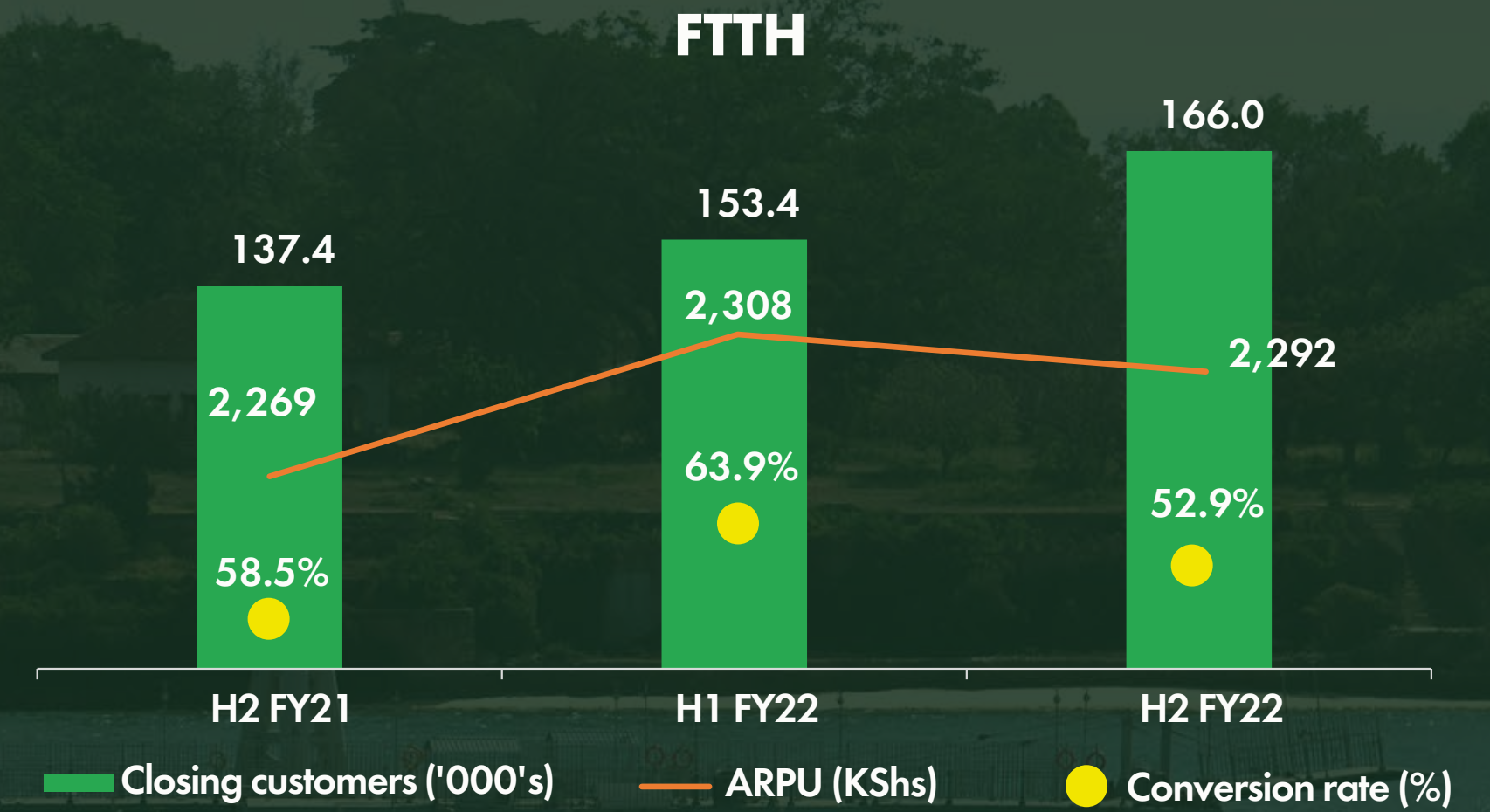
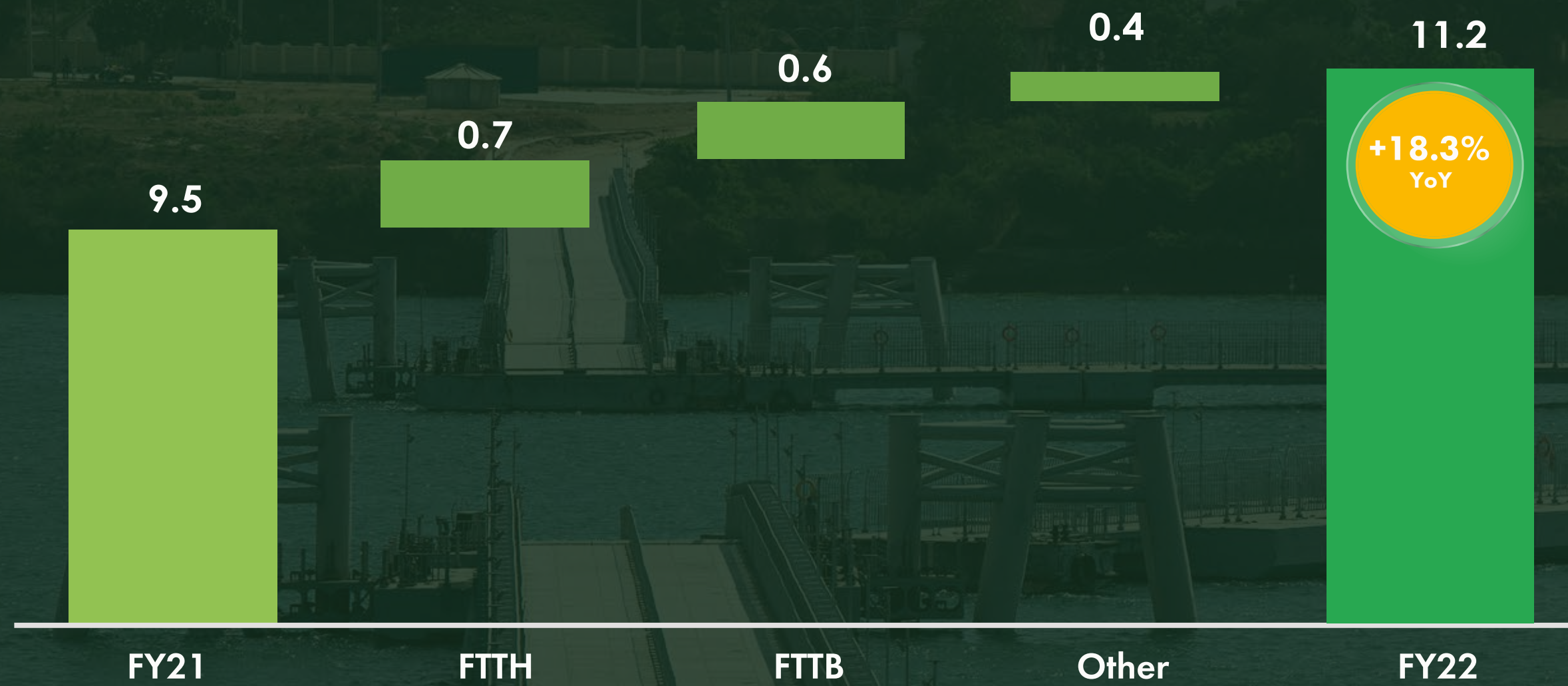
Opportunity to Drive Usage and Growth Remains



*CVM- Customer Value Management

Fixed Service: Increased Connections Drive Revenue Growth

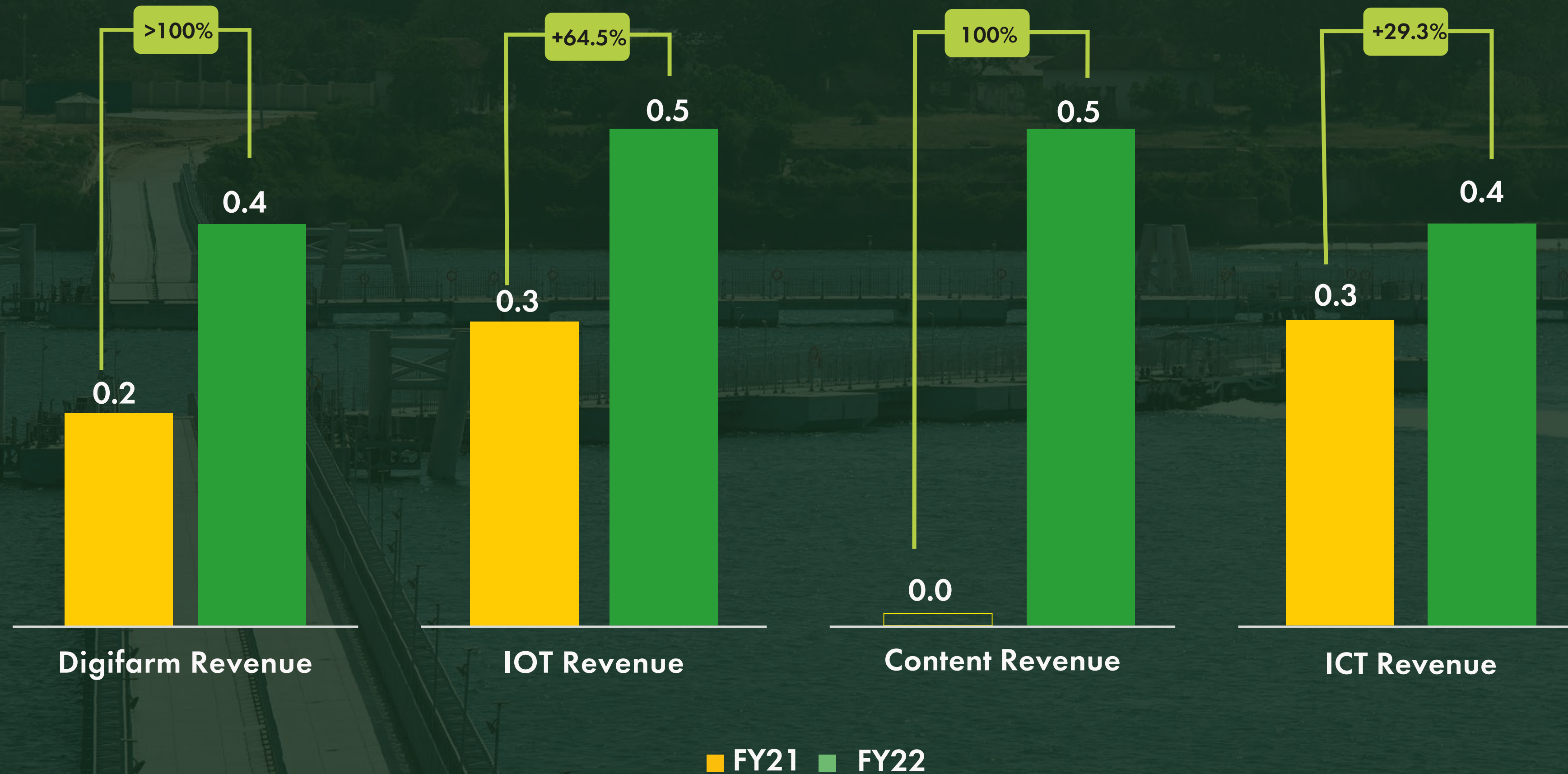
Contribution to Fixed Revenue growth (KShs Bn)



*Long Term Evolution (LTE) customers 28.5k, +33.2% YoY making up 59% of total fixed data closing customers at 48.3k, +24.1% YoY
 **Fixed Enterprise ARPU ex-LTE KShs 25.85k, LTE ARPU 3.5k, Fixed Enterprise ARPU KShs 11.2k in FY22
 FTTH and Fixed Enterprise ARPUs are restated to standardize ARPU calculations across all products.

New Growth Areas: Performance is Gaining Momentum

New Growth Areas Revenue (KShs Bn)



Group Net Income: Strong Performance on an Underlying Basis



Overall Performance of the Group

	Safaricom Kenya KShs Mn	Safaricom Ethiopia KShs Mn	Safaricom Group KShs Mn	Safaricom Kenya %YoY	Safaricom Group %YoY
Service Revenue	281,107.3	-	281,107.3	12.3%	12.3%
Total revenue	298,077.9	-	298,077.9	12.9%	12.9%
Contribution margin	204,248.9	-	204,248.9	13.4%	13.4%
Operating costs	(50,077.8)	(5,109.2)	(55,187.0)	8.8%	19.9%
Depreciation	(39,919.0)	(14.3)	(39,933.3)	5.1%	5.2%
EBIT	114,252.1	(5,123.5)	109,128.6	18.8%	13.5%
Profit / (loss) before income tax	107,072.2	(4,858.8)	102,213.4	14.4%	9.2%
Profit / (loss) after tax	72,354.9	(4,858.8)	67,496.1	5.4%	(1.7%)
Profit / (loss) after tax excluding Minority Interest	72,354.9	(2,706.8)	69,648.1	5.4%	1.4%
Capex	39,336.2	10,442.4	49,778.5	12.5%	42.4%

Ethiopia: Our Financial Ambitions



**Y1 Funding including
license payment
(Safaricom PLC)
USD 540Mn**

Funding sources;
Equity, DFIs, Vendor
Financing, local short term
borrowing and internal
reserves



Capex Investment
5Yr plan:
USD 1.5 - 2.0Bn

Network Rollout
Y1: c1k sites at launch
Y10: 10k - 12k sites



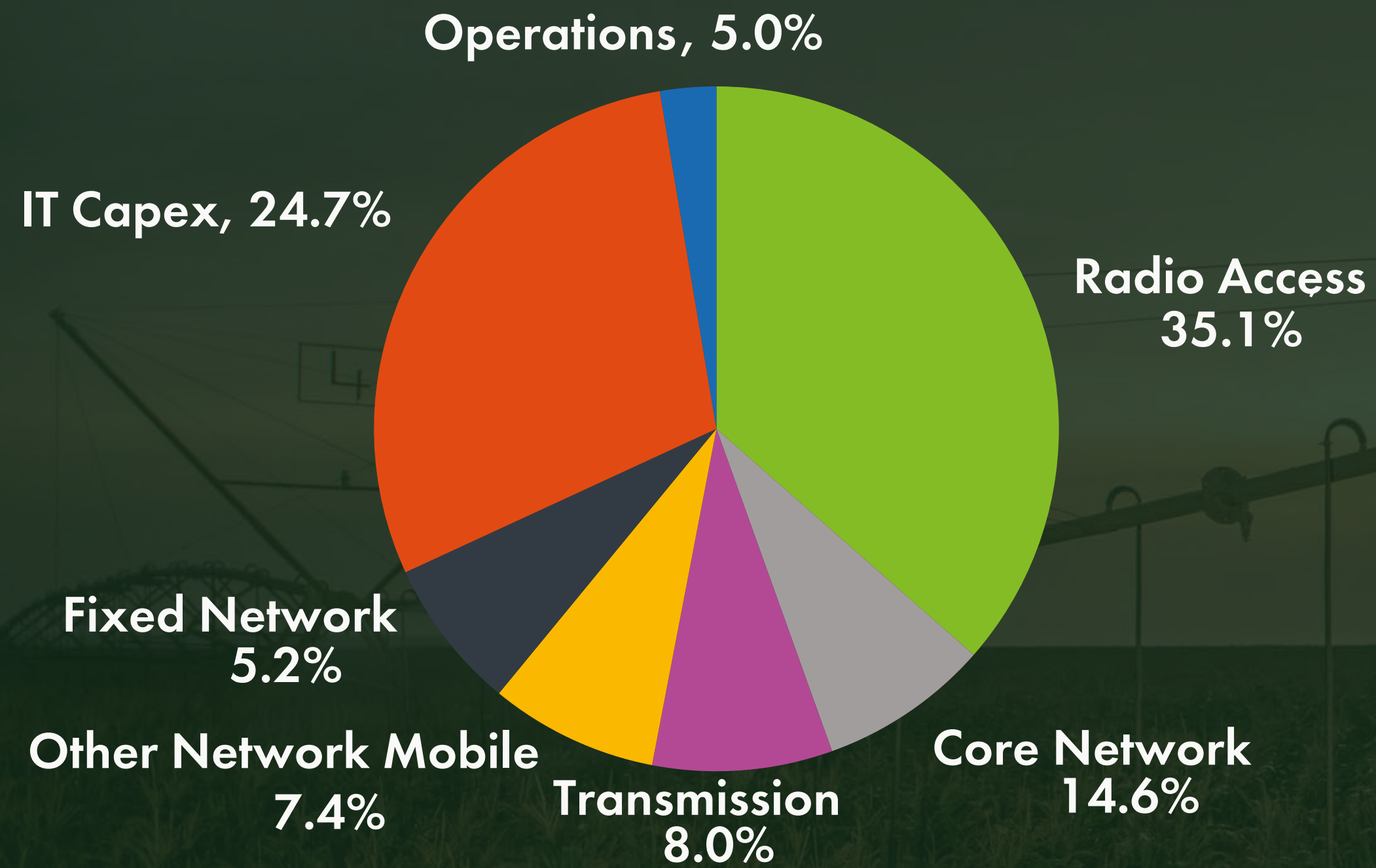
**EBITDA break-even
in Y4**
EBITDA Margin Y10
est. at around 40%

Enablers

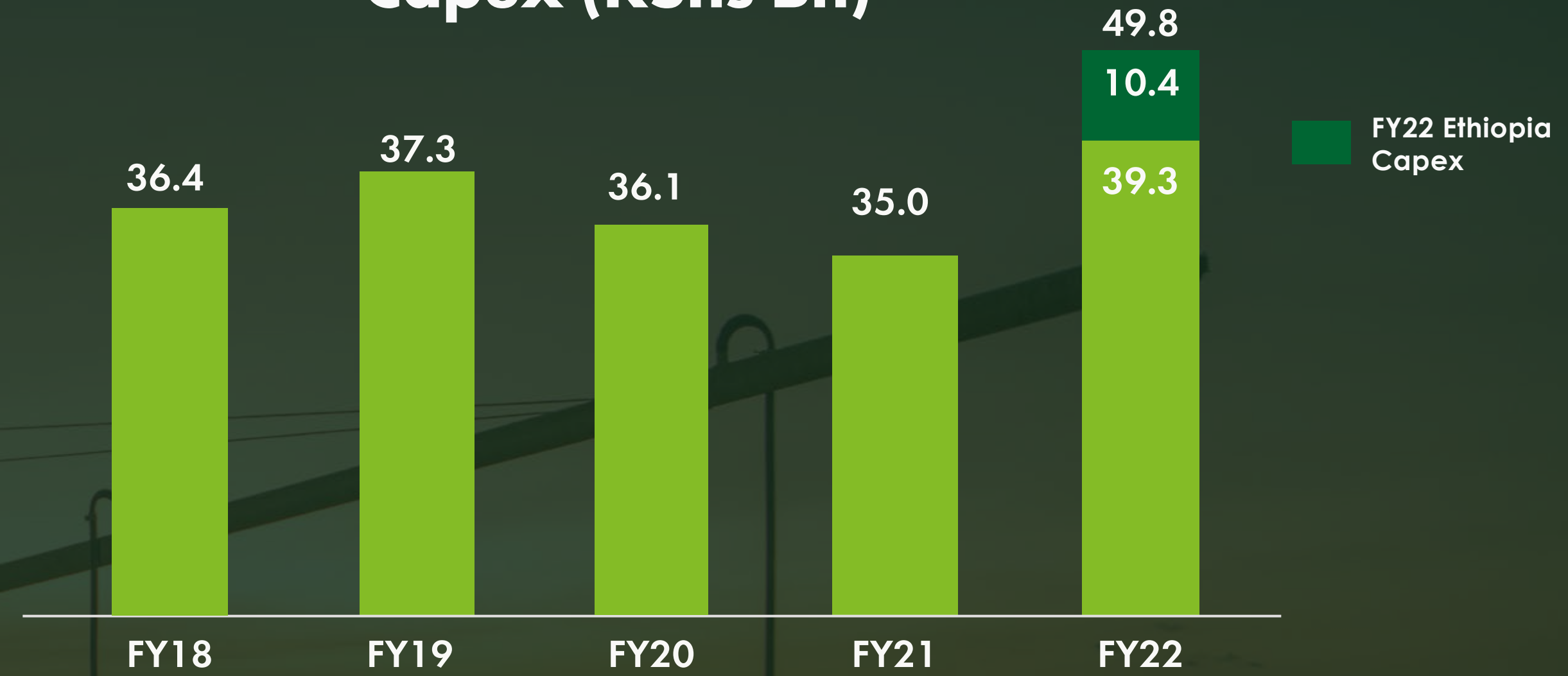
- Aggressive network expansion
- Sim card penetration
- Mobile money products launch

CAPEX: Diversifying Spend to Fund New Growth Areas

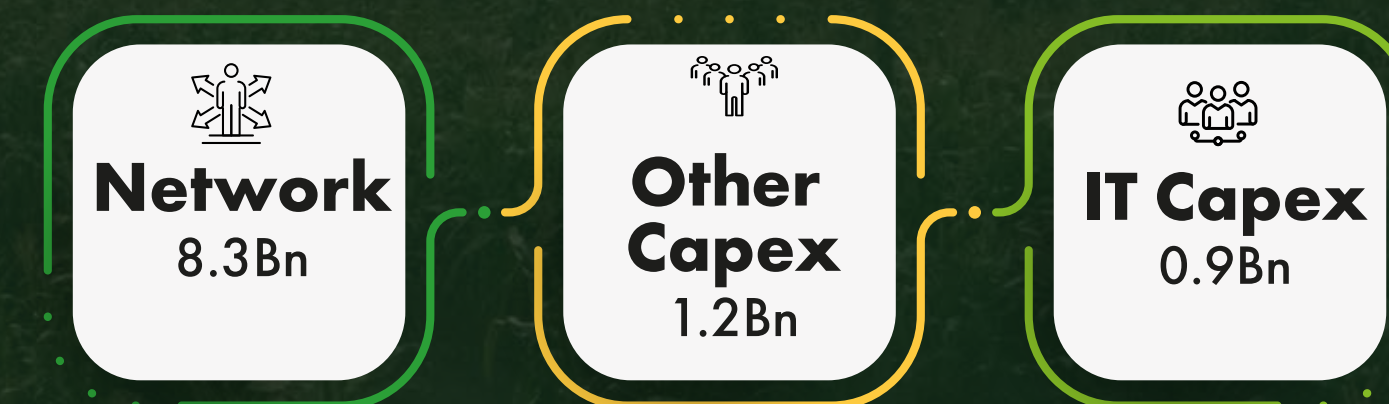
FY22 Capex Split



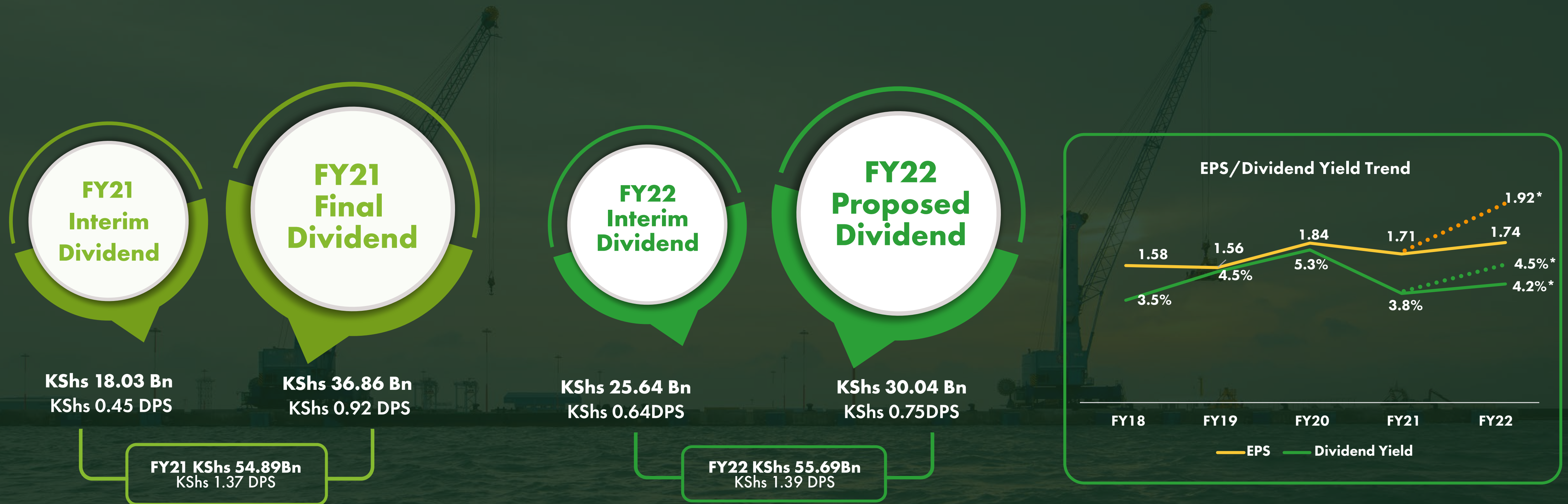
Capex (KShs Bn)



Ethiopia Capex Split FY22 (KShs Bn)



FY22 Proposed Dividends: Consistently Delivering Value to Our Investors



*EPS & Dividend yield calculations exclude KShs 4.7Bn Ethiopia Financing costs in FY22



Outlook

FY23 Focus: Accelerate New Growth Areas



Leverage M&A, Licenses and Partnerships to unlock growth and shape our investment profile

Scale fixed solutions (FTTH and FTTB services) for consumers and businesses



Establish the right operating model and partnerships to scale IoT and ICT

Pro-actively allocate investment and resources to scale new growth opportunities



Accelerate new financial services (Insurance, Wealth, eCommerce) and Services for Consumer and SMEs



Support our cross border investment to launch and scale to achieve regional relevance

Scale selected digital platforms - AgriTech and Digital Health



Continue to build a great place to work and a thriving workforce



FY23 Guidance: Focus on Accelerating New Growth Areas

Safaricom Plc Kenya (excluding Ethiopia)

Safaricom Plc Group (including Ethiopia)

EBIT ▲

KShs
120-123Bn

CAPEX ▲

KShs
40-43Bn

EBIT ▲

KShs
87-93Bn

CAPEX ▲

KShs
100-108Bn

This guidance is based on prevailing macro-economic and regulatory conditions.

A nighttime photograph of a city skyline with a complex multi-level highway interchange in the foreground. Light trails from cars are visible on the roads. The text is overlaid in the center.

Simple • Transparent • Honest
FOR YOU