



SAFARICOM TELECOMMUNICATIONS ETHIOPIA PLC (STE)

Q3 Update- as of 31 December 2024

INVESTOR RELATIONS
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Safaricom Plc, Chief Executive Officer, Peter Ndegwa



Overview

Scaling Operations in Ethiopia

We are pleased to share with you the Q3 update on our operations in Ethiopia. It's been 2 years and 3 months since we launched commercial operations in Ethiopia, and I am extremely proud of the strides we have made. We have made significant progress in expanding network roll-out, customer acquisition and brand immersion since we launched in August 2023.

Our goal of playing a central role in the digitisation of Ethiopia remains our priority, with both infrastructure and usage demonstrating that we are poised for solid growth. Our 4G population coverage stands at 48.5% and we recorded 7.1Mn 90-day active customers as at end of December 2024.

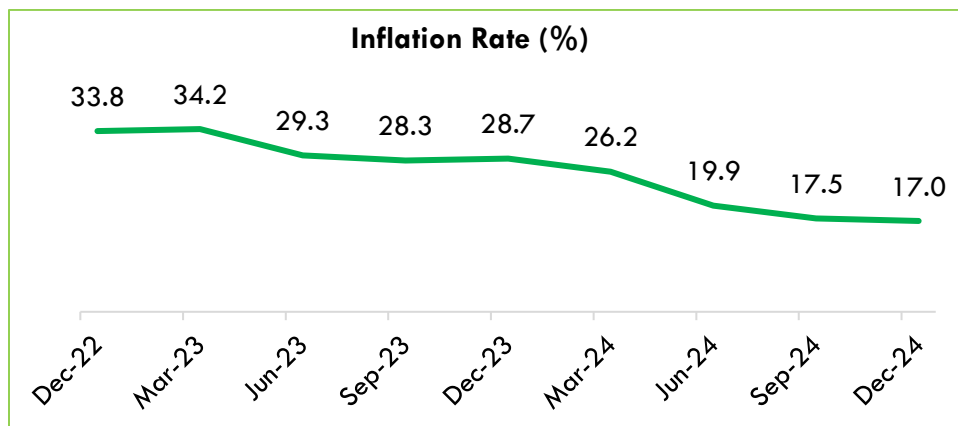
We closed December 2024 with 3,101 sites and anticipate that that we will have integrated 3,300 into our network by the end of FY2025. Average data usage per user has grown from 3.6GB per chargeable customer in Q3 FY24 to 6.6GB as at Q3 FY25. M-PESA has registered 10.8 million customers since inception.

For Safaricom Plc, we are on a journey to being Africa's leading purpose-led technology company by 2030. Our outlook for Ethiopia continues to be reaffirmed by the growth in customer numbers and usage. We will grow Ethiopia in a sustainable way, accelerating financial and digital services to build a digital first enterprise. We have rolled out an award-winning network, which is now just about half the size of Kenya's network.

Macro Environment Update

Inflation Rate

Ethiopia's year-on-year inflation declined marginally to 17.0% in December 2024, from 17.5% at the end of the previous quarter with stable inflation helped by the monetary policy tightening initiatives that began in August 2023. Continued tight monetary policies as well as strong agricultural output are anticipated to lead to gradually declining inflation over the course of 2025, despite a moderate and temporary spike that is likely over the coming months due to exchange rate pass-through effects. Following the foreign exchange rate reform, and taking into account anticipated pass-through effects, the IMF projects annual inflation will be around 24% in June 2025 and then fall to 12% in June 2026. Since December 2022, the Ethiopian economy has continued to operate in a hyperinflationary environment ([Financial Stability Report](#)).



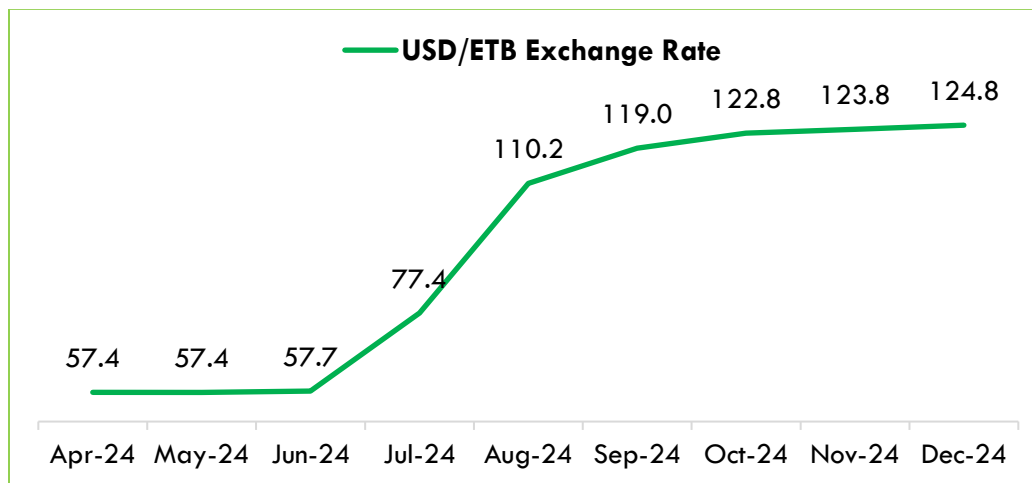
Source: Ethiopia Central Statistical Agency

Currency Performance

The Ethiopia Birr (ETB) has depreciated by 116.1% from June 2024 against the US dollar to 124.8 as at end of December 2024 following the implementation of the FX reforms in July 2024. The National Bank of Ethiopia's (NBE) decision to implement a floating exchange rate regime on 29th July 2024 led to the sharp devaluation of the Birr, with the value of the ETB plummeting from ETB 57.7 to ETB 124.8 per US dollar at the end of December 2024 ([Foreign Exchange Directive - FXD/01/2024](#)).

Following the forex reforms, NBE authorized the operation of independent foreign exchange bureaus in the country. On October 2, 2024, the NBE granted licenses to five non-bank forex bureaus ([NBE Press Release](#)).

The forex reforms in Ethiopia, though positive in the long term for the Ethiopian economy, impacted our earnings, leading to a downgrade of our full year EBIT guidance to absorb the financial impact in the short-term. Additionally, we extended the break-even target for our operations in Ethiopia by a year to FY27. The Birr depreciation also exerted financial pressure on our operations in Ethiopia, leading to increased operational costs, tariff adjustments, and strategic reassessments to mitigate currency-related risks. In response to rising operational expenses, we increased our tariffs across various services in October 2024.

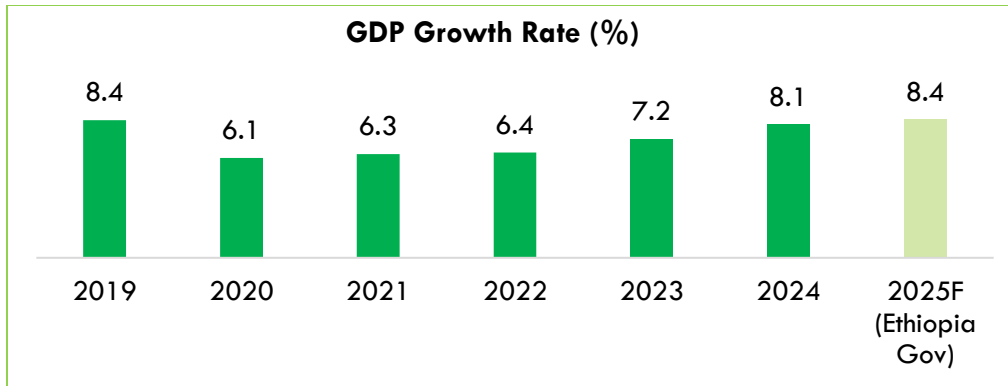


Source: Commercial Bank of Ethiopia (CBE)

GDP Growth

According to the Government, Ethiopia's economy has shown remarkable resilience, achieving an impressive 8.1% growth in the fiscal year ending June, 2024. Agriculture and manufacturing industry sectors significantly contributed to the overall national growth as the first phase of the Homegrown Economic Reform Agenda (HGER) has given a great deal of attention to these sectors. Agriculture which accounts for 31.8% of GDP and a cornerstone of Ethiopia's economy, saw significant improvement as it grew by 6.9%.

The Ethiopia government is projecting a growth of 8.4% in the fiscal year 2024/25 with the agriculture, service and industrial sectors anticipated to grow by 6.1%, 7.1% and 12.8%, respectively. The continued implementation of various macroeconomic, structural, and supply-side reforms under the second Homegrown Economic Reform (HGER 2.0) is expected to support higher growth and ease inflation over the medium term. The World Bank projects strong growth of 7% to persist in Ethiopia in 2024/25, supported by increased investment and a recovery in government consumption ([Financial Stability Report](#)).



Source: Ethiopia Central Statistical Agency

Monetary Policy Committee Inaugural Meeting

The National Bank of Ethiopia (NBE) convened its inaugural Monetary Policy Committee (MPC) meeting on December 31, 2024, to assess the nation's macroeconomic landscape and determine appropriate monetary policy actions. The MPC maintained the National Bank Policy Rate at 15%, emphasizing the need to further reduce the still elevated inflation rate and anchor exchange rate expectations. The targeted credit growth rate was adjusted from 14% to 18%, allowing banks to extend more credit to the private sector, thereby supporting economic growth. The MPC emphasized that future monetary policy decisions will be heavily influenced by inflation trends in the coming months. The next MPC meeting is scheduled for March 25, 2025 ([MPC Press Release](#)). We continue to assess the impact of the MPC policy changes and implications on inflation rates, consumer wallets and our financing requirements from the local market.

Ethiopia Parliament Approved Entry of Foreign Banks

On December 17th, 2024, the Ethiopian Parliament approved a groundbreaking banking proclamation no. 1360/2017 that allows foreign banks to enter the country's financial sector. This reform permits foreign financial institutions to establish subsidiaries, open branches or representative offices, and acquire shares in existing local banks. This move is part of Ethiopia's broader economic reforms aimed at liberalizing its financial sector and attracting foreign investment. The legislation includes specific provisions to protect local interests including ownership rights and board composition. These reforms are expected to enhance the growth, credibility, accountability, and transparency of Ethiopia's banking sector, which has traditionally been dominated by the state-owned Commercial Bank of Ethiopia ([Proclamation No 1359/2017](#)).

Ethio Telecom's 10% Privatisation

In October 2024, Ethio Telecom took its first steps towards privatisation with the government selling a 10% stake in the state-owned telco. The telco offered 100 million ordinary shares to Ethiopian citizens residing in Ethiopia at a fixed price of 300 Ethiopian birr per share. Prospective investors could apply for a minimum of ETB 9,900 or 33 ordinary shares and a maximum of ETB 999,900 or 3,333 ordinary shares. The shares applications were being accessed through the Telebirr Superapp, Ethio Telecom's mobile application, with payments being made in full through the same platform within 48hrs of making the application. The offer period was initially from 00:00 (midnight) on 17th October 2024 to 17:00 on 3rd January 2025 and has now been extended to 14th February 2025. ([Ethio Telecom Prospectus](#)).

Launch of Ethiopia Securities Exchange (ESX)

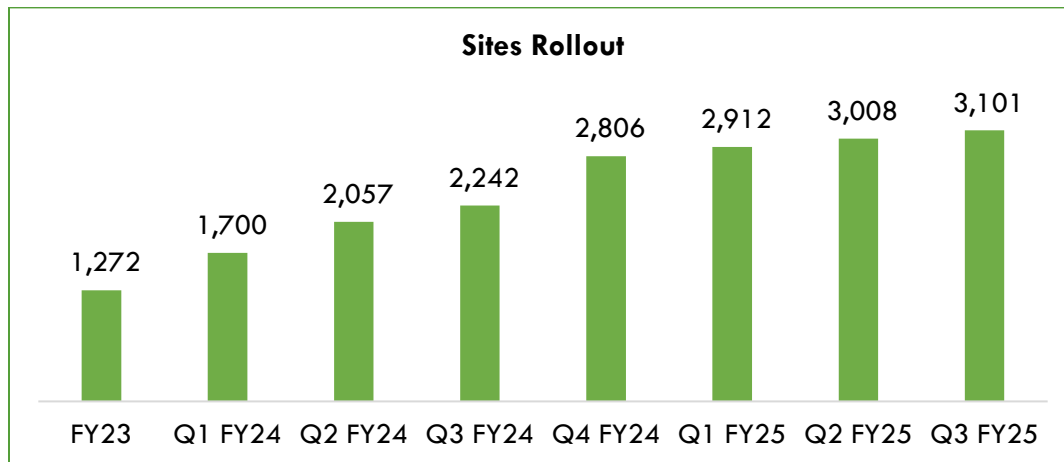
On 10th January 2025, Ethiopia officially launched its first stock exchange after the Ethiopian Securities Exchange (ESX) received official operational license from the Ethiopian Capital Market Authority (ECMA) to operate a Securities Exchange and an Over-the-Counter (OTC) Market. The exchange, established by the

country's sovereign wealth fund, Ethiopia Investment Holdings (EIH) in partnership with the Ministry of Finance and FSD Africa, marks a major step in the country's efforts to open the economy to private investment. ESX aims to support private sector growth in the country by providing a platform for companies to raise capital, trade shares, enhance liquidity and promote transparency in the market. Wegagen Bank is the first company listed, with expectations of 90 companies joining over the next decade, including state-owned Ethio Telecom ([Ethiopian Securities Exchange \(ESX\) Grand Launch](#)).

Commercial Progress Update

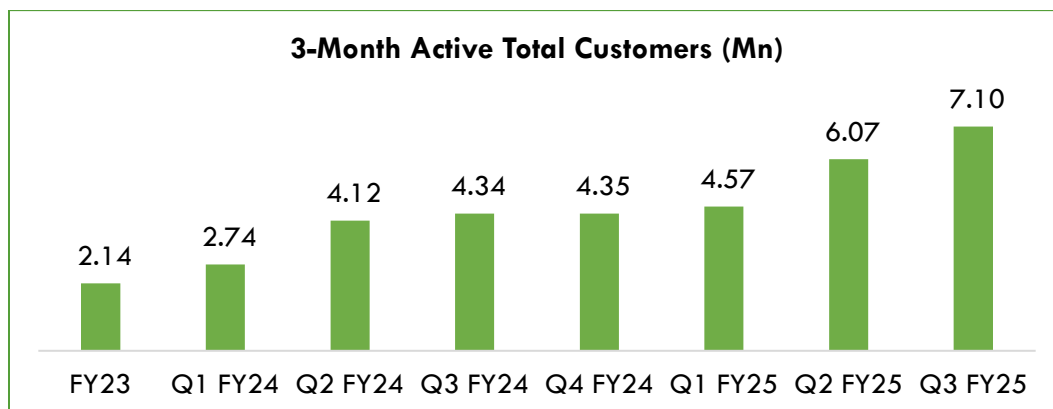
Network rollout

We continue to expand network roll out as we scale our operations. As of 31 December 2024, we had 3,101 base stations (1,695 own built & 1,406 collocated). We have now covered all the 26 large and medium cities listed in the license. The total population coverage stood at 48.5% as at December 2024. Our FY25 guidance of 3,300 sites remains. This is aligned to our population coverage obligation of 55% by June 2025.



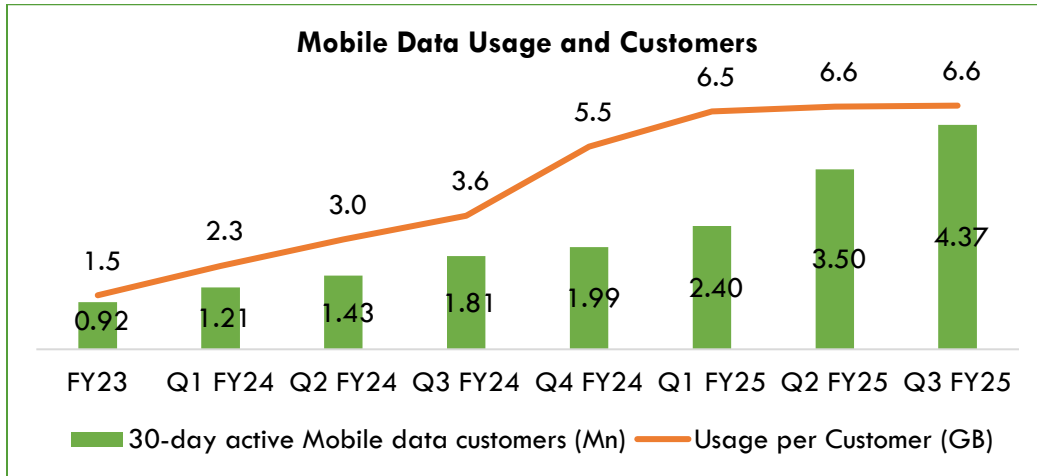
Customer Acquisition & Usage

As of end of December 2024, we had 7.1Mn three-month active customers on our network and one-month active customers closed at 5.7Mn customers. Overall Service Revenue ARPU as at end of Q3 FY25 was KES 129.97 (+14.1% YoY).

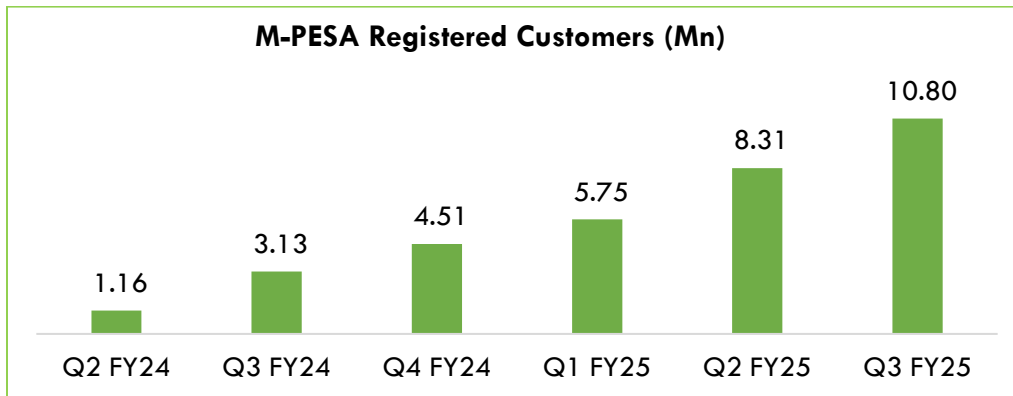


We now have 4.4Mn (+141.0% YoY) one-month active Mobile data customers, recording usage of 6.6GB (+82.6% YoY) per customer at the end of Q3 FY25.

Our business in Ethiopia achieved Service Revenue of KES 6.3 billion as at end of Q3 FY25 with Mobile data contributing 76.4% of the growth (KES 4.8 billion). Data ARPU YTD now stands at KES 172.07.



Since its launch in August 2023, M-PESA has made significant strides in the country's mobile money sector. We have so far registered 10.8Mn M-PESA customers as of end of December 2024, cumulative since inception. We are continuously assessing suitable use cases to drive higher usage. Currently, we have 20% of airtime top up being done through M-PESA. In October 2024, Safaricom Kenya extended its M-PESA Global service to Ethiopia, enabling seamless cross-border money transfers from Kenya to Ethiopia. This expansion aims to boost mobile money usage and economic integration in the region.



Funding of Safaricom Ethiopia

Safaricom Ethiopia is funded through shareholder equity, deferred vendor payments and third-party borrowings. Shareholders of GPE had contributed USD 2,047Mn by December 2024, in proportion to their shareholding. This funding includes the license fee of USD 850Mn and the USD 150Mn M-PESA license fee. Safaricom PLC's contribution amounts to USD 1,058Mn.

Below is a summary of the contributions made by all shareholders to date in the indicated periods excluding the total license fees of USD 1Bn which was paid directly to the Government of Ethiopia.

USD Mn	FY22	FY23	FY24	Q1 FY25	Q2 FY25	Q3 FY25	Total
GPE shareholders funding excluding the USD 1Bn license fees	119	269	238	164	69	188	1,047

The operating entity has also borrowed from the local market and is leveraged as in the table. Also included in the table are the closing outstanding amounts for the periods under the deferred vendor payments agreements.

KES Bn	FY22	FY23	FY24	Q1 FY25	Q2 FY25	Q3 FY25
Local debt	-	12.81	29.97	19.29	14.57	12.89
Deferred Vendor Payments	0.52	26.16	39.7	32.4	28.7	21.4
IFC Loan	-	-	13.2	12.9	12.9	12.9

*Conversion of ETB to KShs is done at a closing exchange rate of 1ETB to KShs at 1.0449 for Q3 FY25, 1.3065 for Q2 FY25, 2.2896 for Q1 FY25, 2.5625 for FY24, 2.4459 for FY23 and 2.2443 for FY22.

Financial/non-financial update for Safaricom Ethiopia

1. Key Performance Indicators (KPIs)

Key Performance Indicators	9M (FY25)	HY25	FY24	9M (FY24)	YoY%
90-day active customers	7.10	6.07	4.35	4.34	64%
90-day active total customer ARPU	129.06	140.97	122.85	113.89	13%
One-month active customers (Mn)	5.66	4.48	3.06	2.78	104%
One-month active customer ARPU	168.15	186.99	183.12	170.13	-1%
Voice					
90-day active total customers (Mn)	6.36	5.17	3.53	3.47	83%
One-month active voice customers (Mn)	4.90	3.57	2.28	2.08	136%
One-month active voice customer ARPU*	28.69	30.10	41.04	40.06	-28%
M-PESA**					
M-PESA registered customers (m)	10.80	8.31	4.51	3.13	245%
Number of M-PESA Agents (000's)	29.2	29.2	25.8	24.9	17%
Number of Merchants (k)	119.5	87.8	62.7	43.1	177%
Total Transaction Value (Mns')	14,738.0	10,944.2	24,520.7	20,923.1	-30%
Total Transaction Volume (000's)	124,848.3	86,500.7	31,476.9	11,115.4	1023%
Mobile Data					
90-day active total customers (Mn)	5.78	4.90	2.79	2.66	117%
One-month active mobile data customers (Mn)	4.37	3.50	1.99	1.81	141%
MB per chargeable Mobile data subscriber	6,800.18	6,718.85	4,321.08	3,723.86	83%
One-month active chargeable data ARPU*	172.07	196.76	215.20	199.92	-14%
Messaging					
90-day active SMS total customers (Mn)	4.00	3.15	1.83	1.67	140%
One-month active Messaging customers (Mn)	2.47	1.87	1.10	0.98	152%
One-month active Messaging customer ARPU*	3.86	7.13	4.0	4.22	-9%
Base Stations					
2G/3G/4G base stations	3,101	3,008	2,806	2,242	38%

*Average revenue per user (ARPU) is in KShs excluding hyperinflationary impact.

** FY23 and M-PESA numbers for FY24 represent 7 months of operations.

2. Total Revenue

The financial summary of the unaudited total revenues for the periods ended as shown below and are not prepared on IAS 29 basis- which caters for hyperinflationary economies. This is for information purposes only.

KShs Mns	9M (FY25)	HY25	FY24	9M (FY24)	% YoY
Voice Revenue	870.1	516.4	954.0	678.0	28%
Messaging Revenue	60.6	36.7	39.2	28.2	115%
Mobile Data Revenue	4,832.6	3,224.3	3,906.8	2,506.7	93%
M-PESA Revenue**	9.8	8.6	78.1	38.4	-74%
Mobile Incoming Revenue	311.3	214.0	333.2	236.6	32%
Other Mobile Service Revenue	149.6	98.9	48.1	14.5	932%
Mobile Service Revenue	6,234.0	4,098.9	5,359.4	3,502.4	78%
Fixed Line and Wholesale Transit Revenue	47.6	27.6	11.7	3.9	1121%
Service Revenue	6,281.6	4,126.5	5,371.1	3,506.3	79%
Handset revenue and other revenue	463.0	391.6	1,614.8	1,286.6	-64%
Other Income	-4.6	-	25.5	25.2	-118%
Total Revenue	6,740.0	4,518.1	7,011.4	4,818.1	40%

*Conversion of ETB to KShs is at an average exchange rate of KShs to ETB of 1.621 for Q3 FY25, 1.903 for HY25, 2.291 for Q1 FY25, 2.623 for FY24 and 2.616 for Q3 FY24.

**M-PESA numbers for FY24 represent 7 months of operations. Prior year numbers have been adjusted for intercompany adjustments.