



**FY 2008/2009
Annual Results Presentation
& Investor Update
May 2009**

Safaricom

**Mr. Michael Joseph
CEO**



2009 Results Highlights

Fiscal Year Ended March 31, 2009

- Strong subscriber growth
 - 30.6% y-o-y growth from 10.23 million to 13.36 million subscribers
 - Market share of 79%
- Launch of several key initiatives to position Safaricom for future success
 - Launch of Data Services (3G & Wimax)
 - Jibambie Promotion
 - Launch of the Jambo Contact Centre
- M-PESA - a runaway success story
 - 6.18 million registered users as of March 2009 (2.08 million March 08)
 - Ksh 17.1bn transferred person to person in March 2009 (Ksh. 3.0 bn March 08)
 - Additional services continue to be launched



Financial Highlights

Turnover	↑	14.8% to Ksh. 70.48 bn
EBITDA	↓	0.3% to Ksh. 27.95 bn
Shareholders Funds	↑	19.9% to Ksh. 51.15 bn
Subscribers	↑	30.6% to Ksh. 13.36 mn
Revenue Market Share	↑	83.0%
Subscriber Market Share	↓	79.0%
Dividends	↑	100% to Ksh. 4 bn

Competitive Landscape



- Ongoing brand awareness campaign following rebranding.
- Launched flat tariff of Ksh 8 (on net/off net) in September 2008.



- GSM network launched under the Orange brand in September 2008
- Fixed Line services offered under a rebranded Telkom Kenya.
- Network coverage in Nairobi and Mombasa.



- Part owned by ESSAR Communications
- GSM license - Launched GSM network in November 2008, under a new brand (YU).
- Targeting bottom end - Low price, high usage.



- Launched residential broadband, Access@home in September 2008.
- Currently running a promotional campaign for the product.
- Recently announced plans to lay fibre optic in Nairobi



WANANCHI ONLINE LTD
People - Opportunity

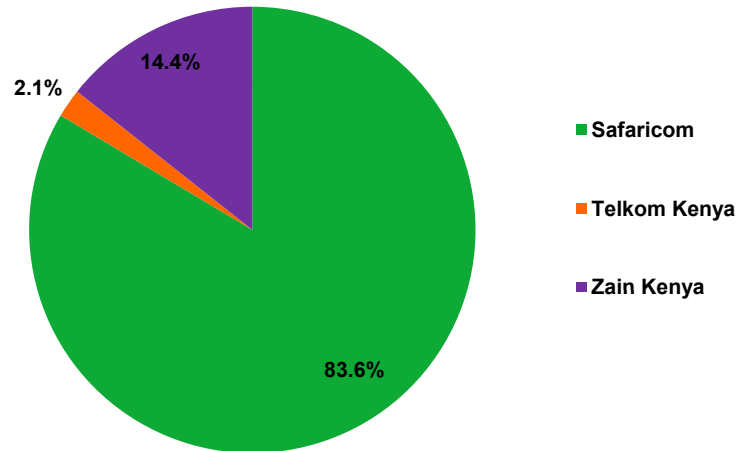
- Wananchi Online, has introduced a triple play proposition to the home user, under the brand name, Zuku.
- This product is a bundling of TV, Internet, and VOIP at competitive rates.
- Access is via cable to home.



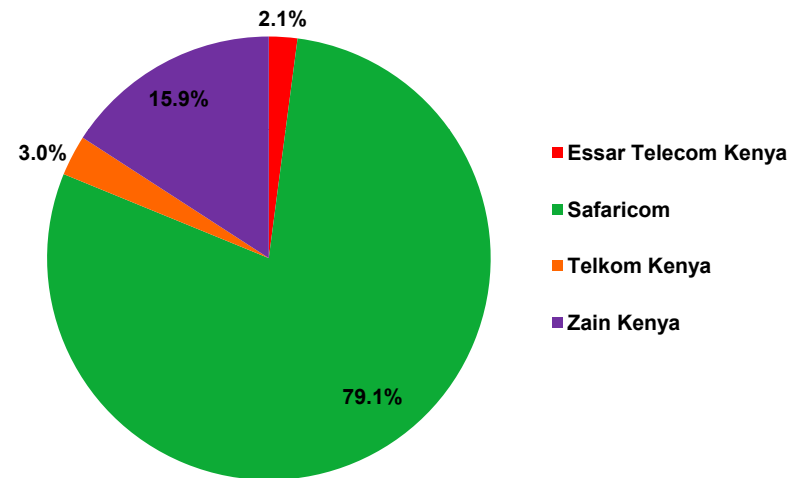
Subscribers

Continued Market Leadership

March 2008



March 2009

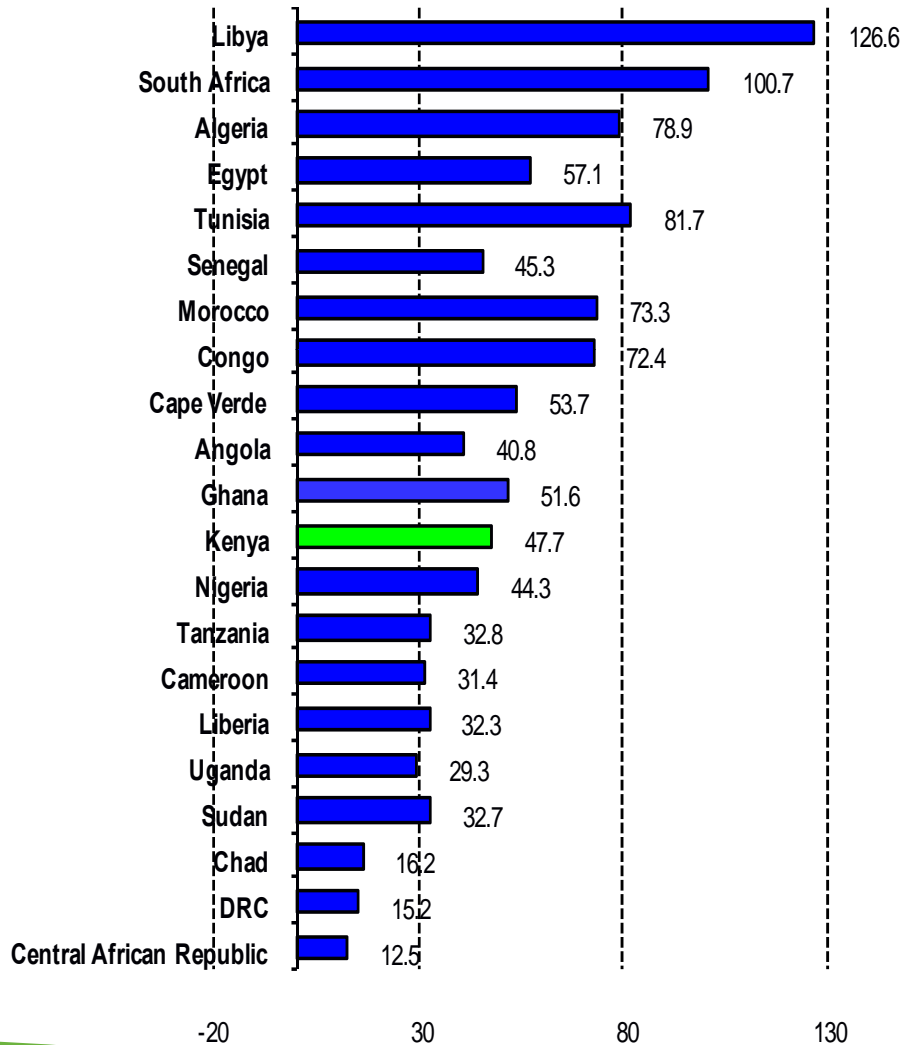


Source: Internal , company reports & WCIS estimates



Mobile Penetration

Still plenty of room to grow



- Sub-Saharan Africa fastest growing mobile market in the world with penetration rising from below 5% in 2002 to 27% in 2008
- Internet penetration lower than for mobile with less than 4% of population using the internet
- Mobile operators with data/internet broadband infrastructure to reap the most rewards

Source: WCIS estimates

Data Services

Embracing New Technology

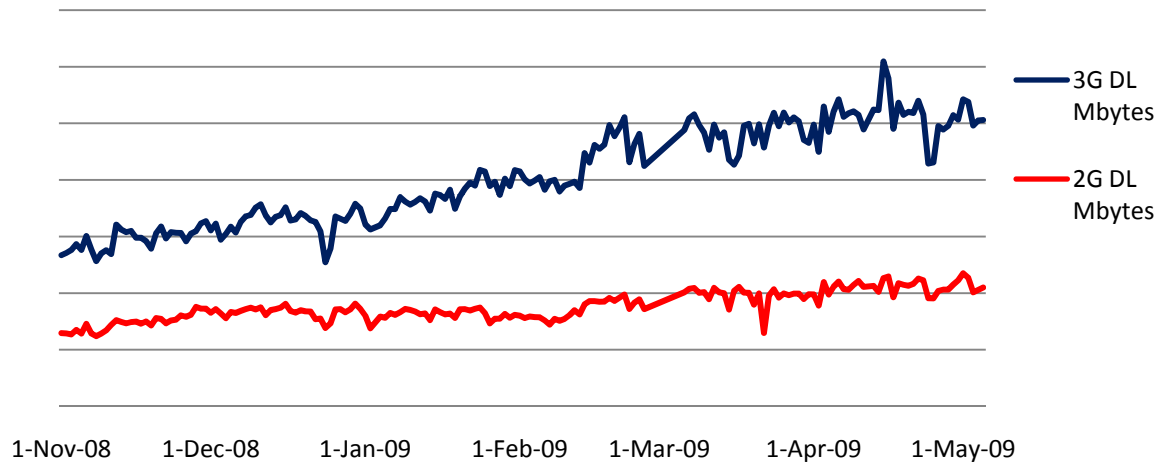
- 301 3G enabled base stations and growing - in Nairobi, Mombasa, Naivasha & Eldoret
- Wimax rollout ongoing with focus on corporates' branch networks, up-market residential areas and medium-sized companies
- TEAMS –20% Shareholding with a 1.2 Tb capacity
- SEACOM - Submarine fibre optic providing high capacity bandwidth expected to commence operations in June 2009.



Data Services

The Next Frontier

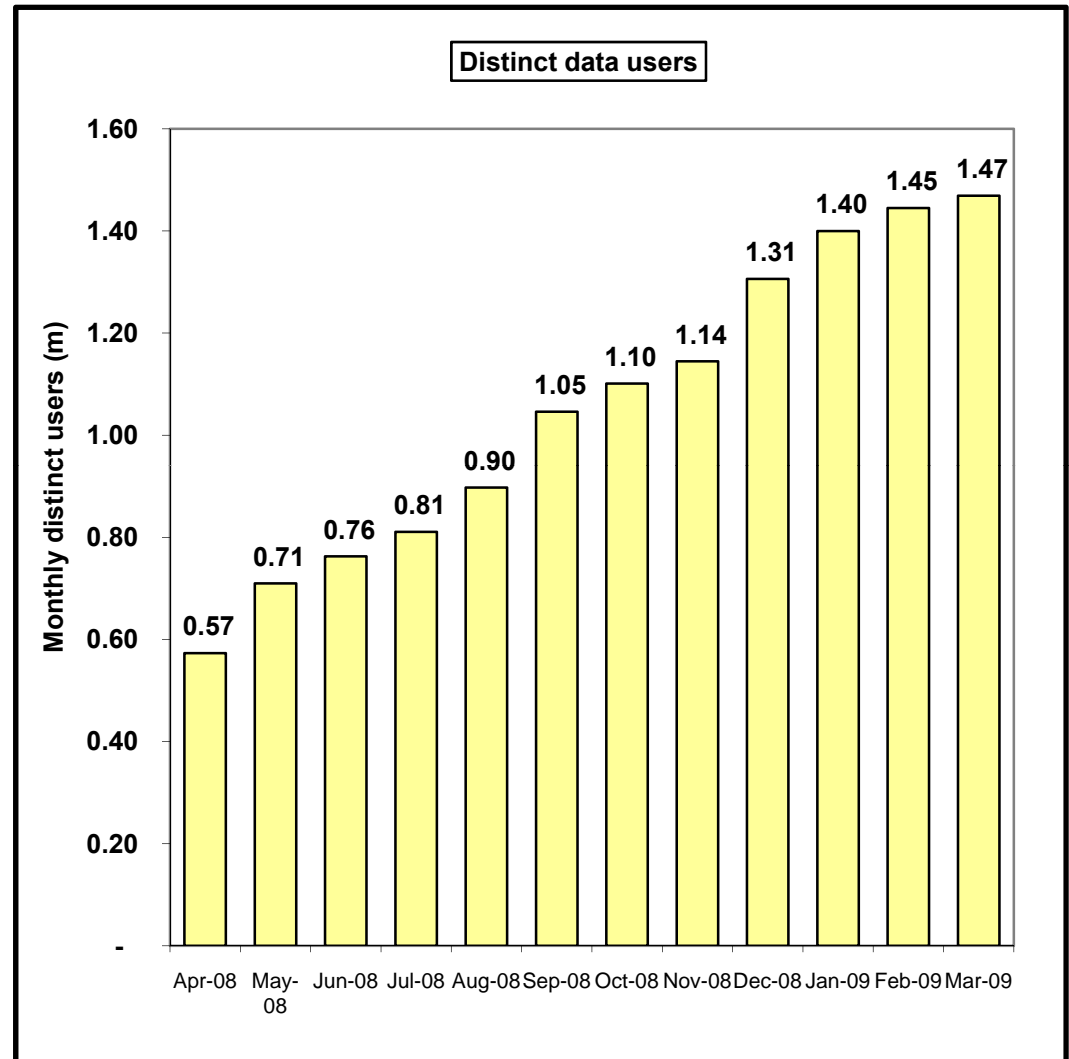
- 89.3% growth rate in 6 months



Data Services

Impressive Growth

- 158% growth in distinct data users to 1.47 million users in March 2009
- These distinct data users originated 80 million internet sessions with usage of 20.8 million MBs in March 2009
- 180 dealers with a national distribution footprint of 500 retail for mobile data services (Modems)



M-PESA

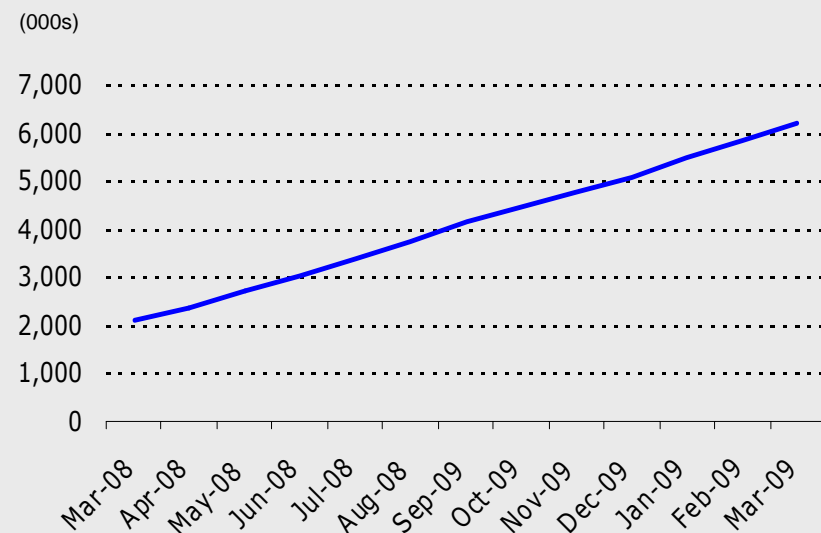
A runaway success story



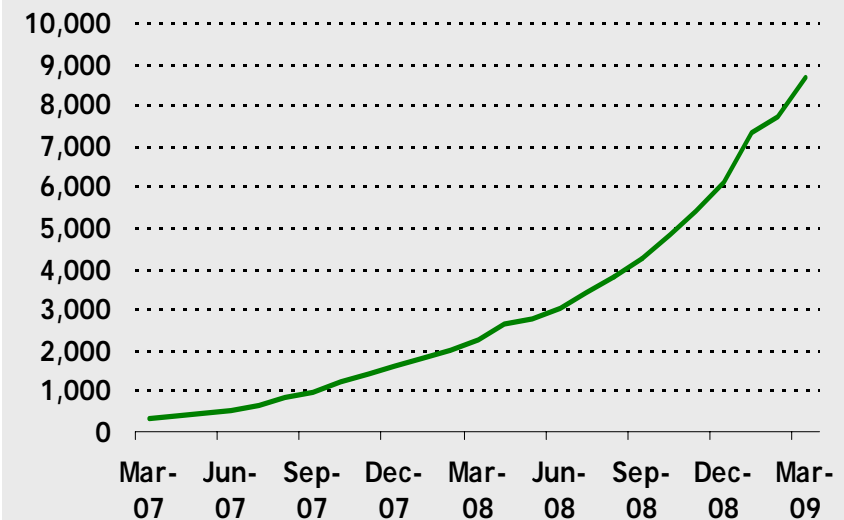
- 6.175 million registered users as at 31st March 2009 (2.075 million in March 08)
- 12-month growth rate of 198%
- Average of 11,580 registrations per day during March 2009 (9,965 in March 08)

- Distributed through 8,650 retail outlets countrywide (2,262 outlets in March. 08)
- 51 Paybill partners including KPLC, Old Mutual & Youth Enterprise Development Fund

Cumulative Number of Registered Users



Number of Agents





M-PESA

A runaway success story

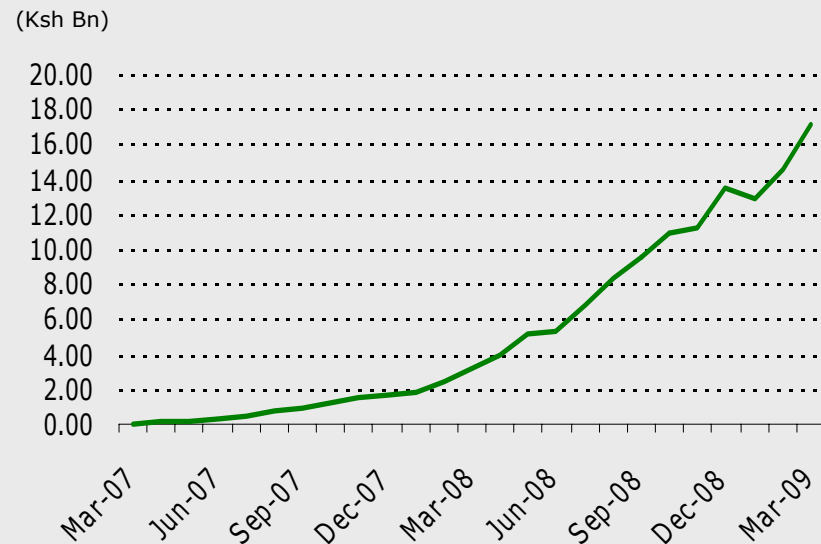
P2P Transactions

- Ksh. 120.61 bn transferred person to person in FY2008/2009 (Ksh 14.74bn in FY2007/2008)
- Ksh. 17.29bn transferred in March 2009 (Ksh 3.12 bn in March. 08)

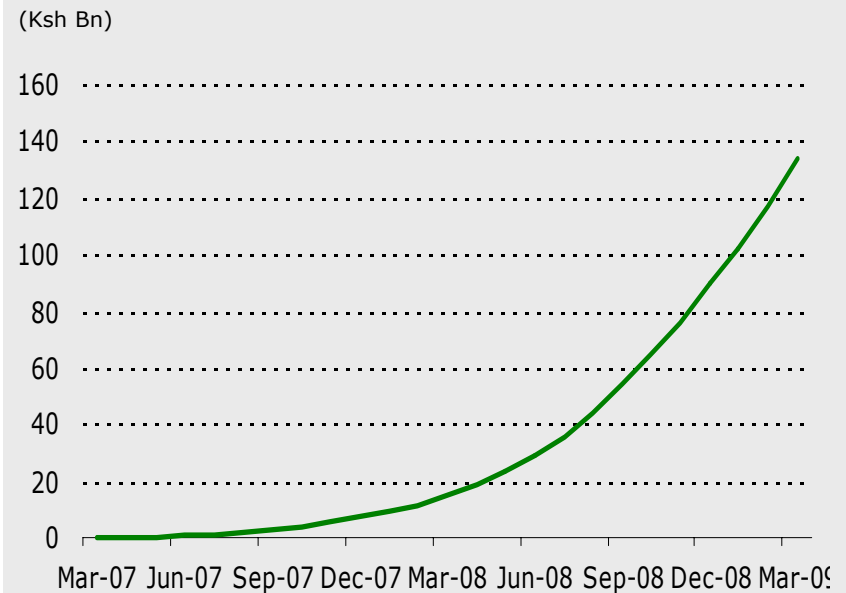
Value of Transactions

- Total cumulative P2P transactions of Ksh. 135.38 bn as of 31st March 2009

Monthly P2P transactions



Cumulative Value of P2P Transactions



M-PESA

A runaway success story

2009

GSMA Global Mobile World Awards

- **Best Mobile Money Service** - Winner: Safaricom and Vodafone - M-PESA.

2008

GSMA Global Mobile Awards - Winner in the Best Broadcast Commercial Category for our entry of The M-PESA 'Send Money Home' TVC

UN World Business and Development Award – among the 10 private companies recognized globally for their contribution to the achievement of millennium goals through M-PESA

Kenyan Banking Awards - Winner in the product innovation category (M-PESA)

Stockholm Challenge – Winner Economic development category (M-PESA)

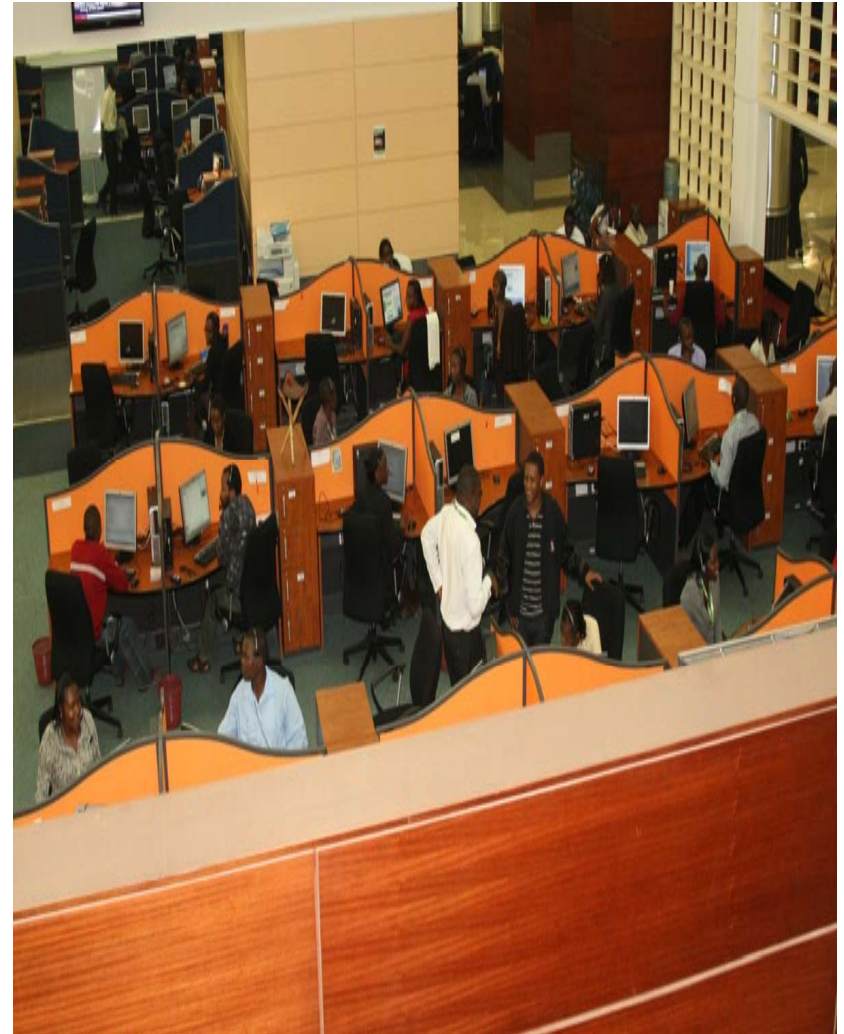


Safaricom

Jambo Contact Centre

Setting Trends

- State-of-the-art facility and one of a kind in Africa
- Round the clock access to customer service with improved accessibility to the call centre.
- Headcount has grown 129% in the 12-month period to 1,061 customer care agents from 462 agents as at March 08
- Number of answered calls has increased significantly since the launch of JCC
- Improvement in the level of service
- More satisfied customers
- In-house training environment and recreational facilities



Innovation

The lowest call rates countrywide
Call for 5/- or 4/- or 3/-.


JIBAMBIE




Safaricom

Call rates applicable for 011, 012, 013, 014, 015, 016, 017, 018, 019, 020, 021, 022, 023, 024, 025, 026, 027, 028, 029, 030, 031, 032, 033, 034, 035, 036, 037, 038, 039, 040, 041, 042, 043, 044, 045, 046, 047, 048, 049, 050, 051, 052, 053, 054, 055, 056, 057, 058, 059, 060, 061, 062, 063, 064, 065, 066, 067, 068, 069, 070, 071, 072, 073, 074, 075, 076, 077, 078, 079, 080, 081, 082, 083, 084, 085, 086, 087, 088, 089, 090, 091, 092, 093, 094, 095, 096, 097, 098, 099, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000

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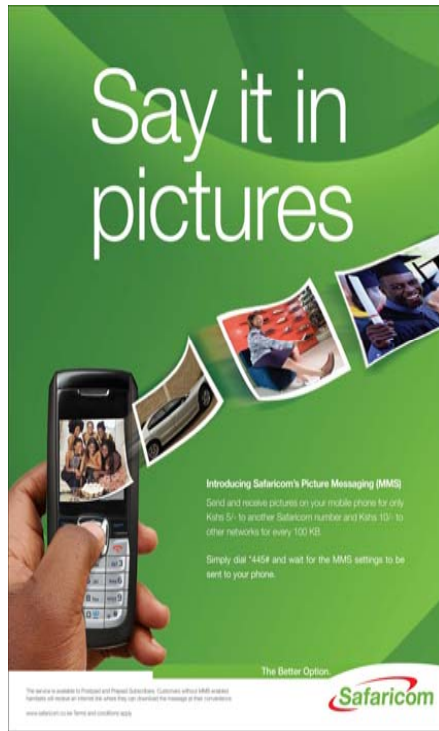
Safaricom

MCSK

Safaricom

Innovation


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Simply dial *445# and wait for the MMS settings to be sent to your phone.

The Better Option

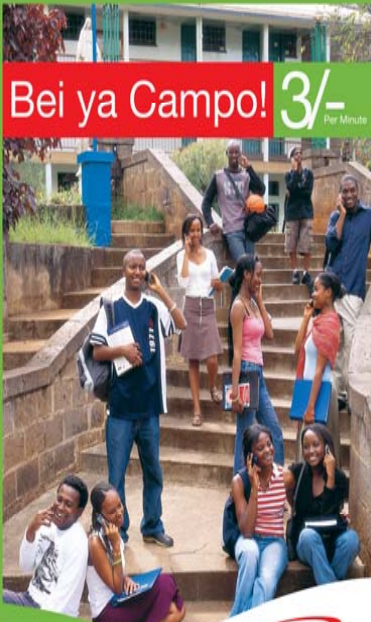



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What's in the box this Valentine's? 




Mr. Chris Tiffin
CFO



Key Financials:

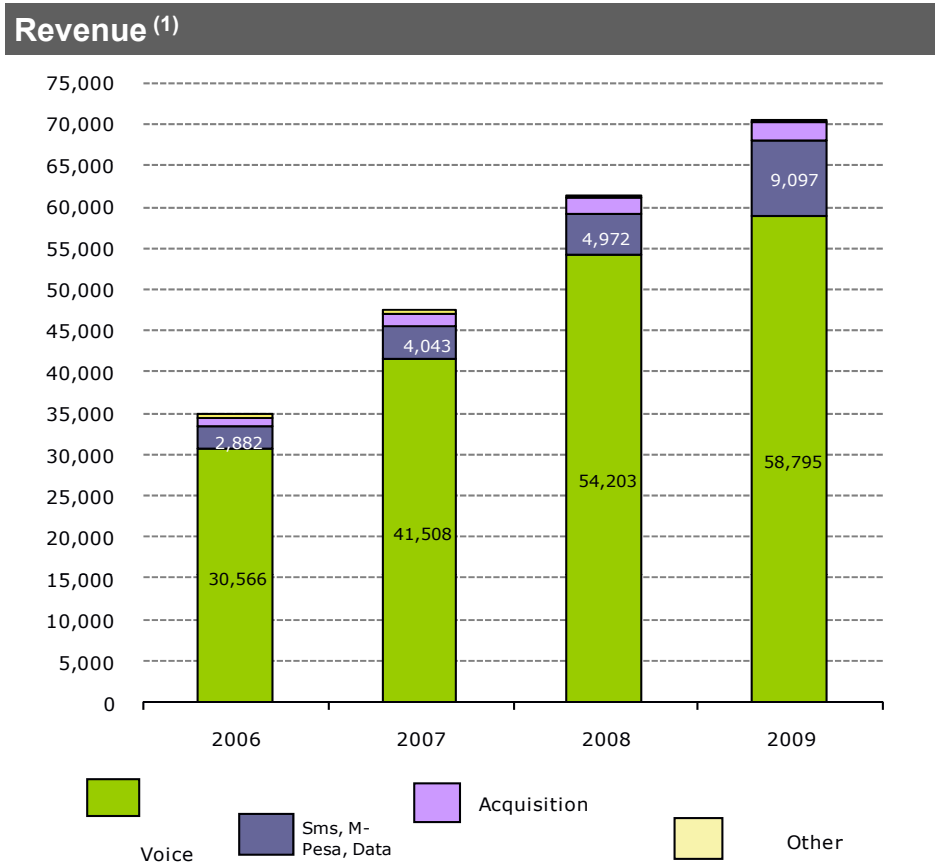
Strong Results Against Depressed Economic Conditions

INCOME STATEMENT			
Ksh. (Millions)	31-Mar-09	31-Mar-08	% change
Revenue	70,480	61,369	14.8%
EBITDA (incl Forex)	27,951	28,041	(0.3%)
% of Revenue	39.7%	45.7%	(6.0%)
Depreciation & Amortisation	(11,776)	(9,683)	21.6%
Operating Profit	16,175	18,358	(11.9%)
Financing Costs	(871)	1,587	(154.9%)
Profit Before Tax	15,304	19,945	(23.3%)
Taxation	(4,767)	(6,092)	(21.7%)
Net Income	10,537	13,853	(23.9%)
Basic EPS	0.26	0.35	(24.0%)

Key Financial Drivers:

Revenue – Upward trajectory

- SMS, MPESA & Data on an upward trend with 83% increase in revenues to 12.9% of total revenue mainly attributed to M-Pesa and 3G.
- Voice revenues continue on an upward trajectory with a 8.5% growth rate for the 2008/09 financial year
- Revenue market share estimated at 83% - a function of the breadth and quality of our products and services



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Key Financial Drivers: ARPU & Churn

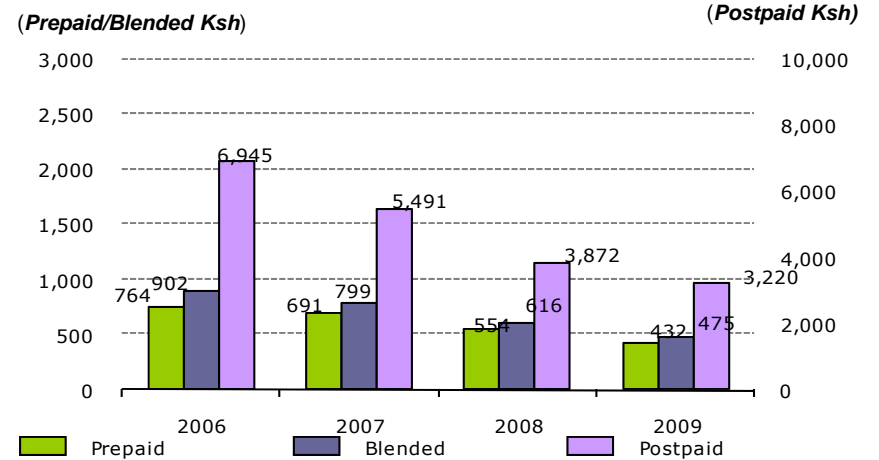
Average Revenue Per User (ARPU)

- Blended ARPU of Ksh. 475 comparatively one of the highest in the market

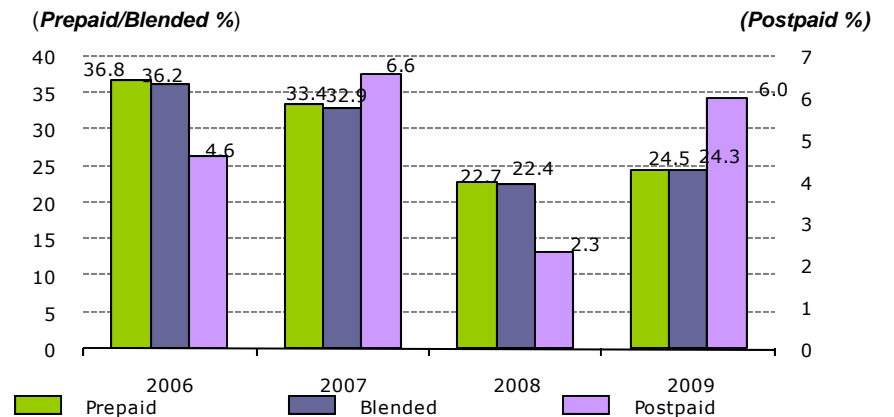
Churn

- Lower than industry average
- Continued positive impact of Bonga and M-Pesa

Monthly ARPU (1)



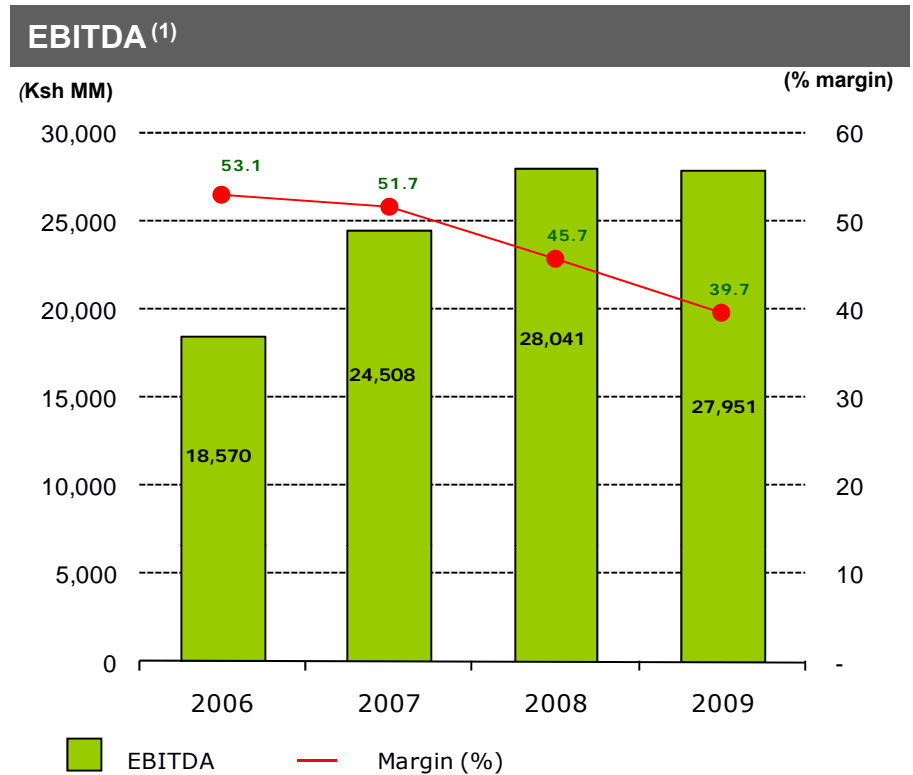
Churn (1)



Key Financial Drivers:

EBITDA – Resilient

- EBITDA growth relatively flat in the 12-month period at Ksh. 27.951 reflecting a 0.3% decline from previous year
- EBITDA margin declined to 39.7% in 2009 compared to the 2008 margin of 45.9%
- Excluding forex loss of Kshs.679m (2008: Kshs.118m), EBITDA increased to Kshs.28.630bn, an increase of 1.7% and a margin of 40.6%



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Key Financial Drivers:

Opex and SG&A – In line with targets

Operating Expenses

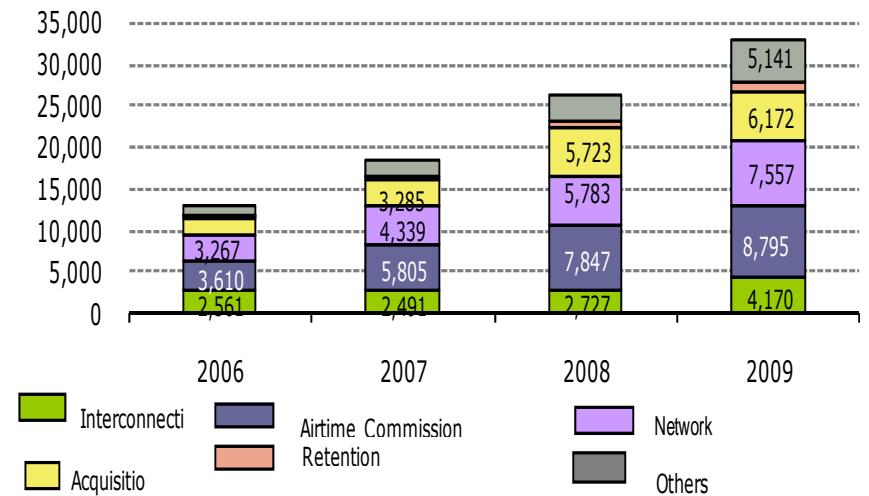
- Network costs increased as a result of the increased site roll out and the cost of fuel and electricity.
- Aggressive customer acquisition strategy
- Interconnection cost due to increased traffic volumes and outbound roaming costs related to Kama Kawaida

Selling, General & Administrative Expenses

- Headcount increase of 59.7% to 2,387 (cost increase 31.7%)
- Retail shop expansion to 22 shops
- Forex loss of Kshs679m from Kshs118m in 2008

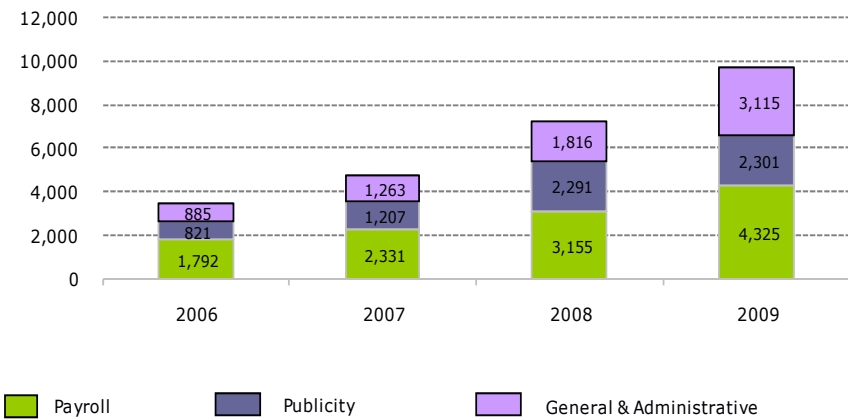
Operating Expenses ⁽¹⁾

(Ksh MM)



SG&A ⁽¹⁾

(Ksh MM)



Key Financials

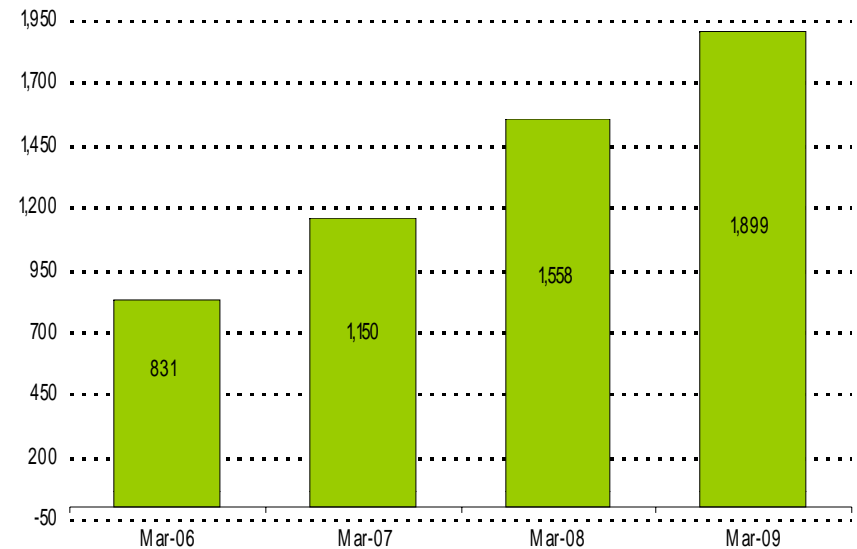
Strong Results Against Depressed Economic Conditions

BALANCE SHEET			
KSH. (Millions)	31-Mar-09	31-Mar-08	% change
Non-current Assets	74,180	61,478	20.7%
Current Assets	17,502	12,887	35.8%
Total Assets	91,682	74,365	23.3%
Share Capital	2,000	2,000	0.0%
Share Premium	1,850	1,850	0.0%
Retained Earnings	47,403	36,793	28.8%
Shareholder Funds	51,147	42,643	19.9%
Current & non-current Liabilities	29,224	22,524	29.7%
Borrowings	11,311	9,199	23.0%
Total Shareholders Funds & Liabilities	91,682	74,365	23.3%
Gearing	12.0%	8.0%	4.0%

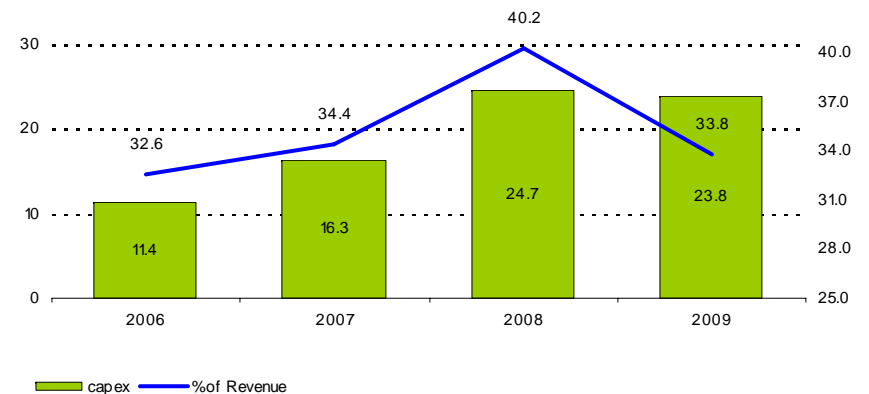
Key Financial Driver: Capex – Positioned for Growth

- 301 3G enabled base stations – covering Nairobi, Mombasa, Magadi, Eldoret and Naivasha
- Increased site rollout to 1,899 2G base stations up from 1,558 in the previous year
- Total capital investment since inception is Ksh. 119.8bn

Base Stations



Capital Expenditure (Ksh Bn) ⁽¹⁾



Key Financials

Strong Results Against Depressed Economic Conditions

CASH FLOW STATEMENT			
KSH. (Millions)	31-Mar-09	31-Mar-08	% change
Cash from Operating Activities	22,931	29,554	(22.4%)
Investing Activities	(23,982)	(24,670)	(2.8%)
Financing Activities & Dividend	(171)	(5,235)	(96.7%)
Decrease in cash	(1,223)	(353)	246.5%
Movement in cash:			
At start of year	5,534	5,887	(6.0%)
Decrease	(1,223)	(353)	246.5%
At end of the period	4,311	5,534	(22.1%)

Financing Update:

- **Safaricom Ltd has appointed Mandated Lead Arrangers for a benchmark KES denominated public bond offering.**
- **Safaricom is expected to access the debt capital markets in the second half of 2009.**
- **Successful completion of this offering will bring total funding from the Kenyan debt market to Kshs 20 billion.**
- **Safaricom's second public bond issuance since 2001, and its third capital markets offering.**



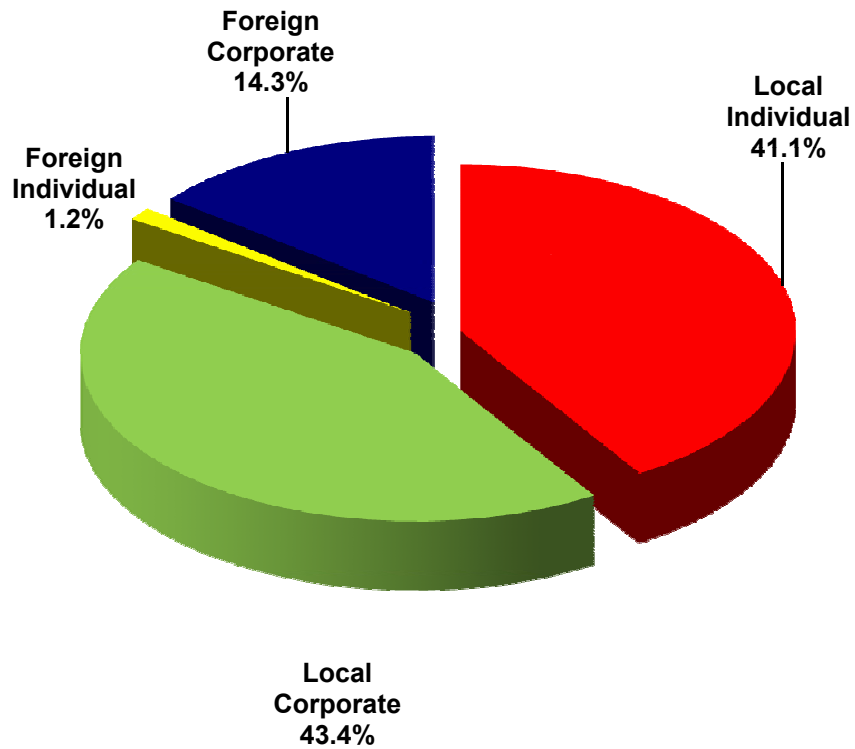
Mr. Les Baillie
CIRO



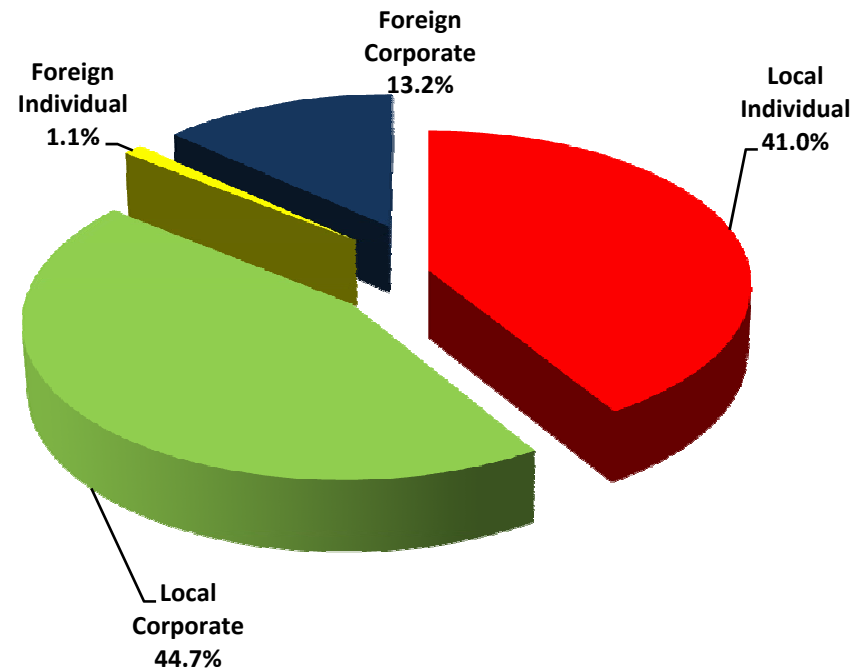
Shareholder Structure

Free Float

Investor Summary - June 2008



Investor Summary - March 2009



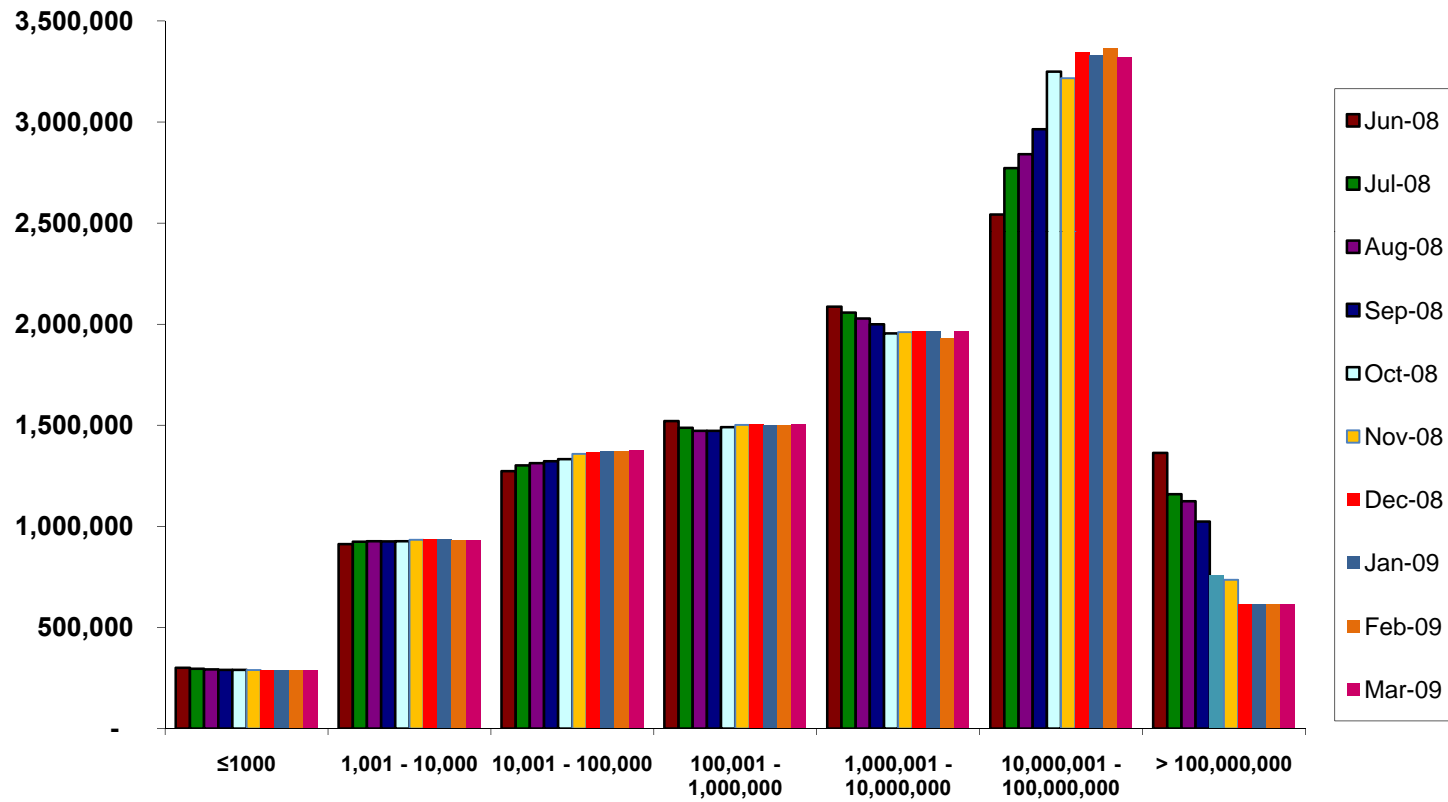
Shareholder Structure

Shareholder Profile

	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Movement
Local Individual	810,316	806,358	802,187	798,180	798,193	799,805	799,251	798,524	796,945	796,567	(13,749)
Local Corporate	30,286	30,545	30,364	30,420	30,271	30,351	30,268	30,276	30,254	30,257	(29)
Foreign Individual	1,940	1,961	1,968	1,968	1,983	1,980	1,990	1,985	1,993	1,994	54
Foreign Corporate	71	75	82	86	85	88	90	92	88	92	21
	842,613	838,939	834,601	830,654	830,532	832,224	831,599	830,877	829,280	828,910	

Shareholder Structure

Investor Distribution



**Mr. Michael Joseph
CEO**



Regulatory Environment

Kenya Communications (Amendment) Act 2008:

- Establishment of a Universal Service Fund
- Electronic Transactions Section provides for electronic means to disseminate statutory shareholder information.

Migration to the unified licensing regime & licensing of new players

- Safaricom expects to migrate to the new licensing regime by the start of Q2 of 2009.
- The unified license is technology neutral thus allowing for delivery of converged services
- The new licensing regime may lead to consolidation of existing players to fewer but stronger players especially at the data carrier, ISP and content provider level

Taxation on Mobile Airtime

- VAT (16%), Excise levy (10%), annual CCK operating fees and the soon to be introduced Universal Service Fund Levy (0.5% - 1%) continue to make the Kenyan telecommunications market one of the most heavily taxed markets.



Economic Conditions

GDP forecasted growth of 2 - 3%, expected reduction due to:

- Disappointing agricultural sector performance (24% of GDP),
- Negative balance of trade that is likely to result in reduced Govt. spending
- The effects of the global slowdown.

Overall Inflation at 25.8% in March 09 on the back of:

- Drought conditions leading to a poor harvest
- Runaway food prices

Tightening liquidity in the market has led to increase in margin expectations with;

- Increased government deficit pushing it to source for funds in the domestic market
- Corporates also seeking for financing from the local capital markets

Weakening shilling following reduced inflows of hard currencies due to the global crisis has led to:

- Declining remittances from the Diaspora
- Continuing weakness in Tourism
- Reduction in exports
- Balance of payments deficit

Economic Conditions affecting Safaricom

- Increased competition and resultant price war
- High inflation leading to low disposable incomes
- Slowing economy
- Significantly weaker shilling
- Global financial crisis
- High oil prices



Political Environment

Political Fall outs have led to:

- Depressed investor confidence leading to a weaker shilling as various investors prefer to hold dollars than shillings
- Weakening tourism sector
- Bear run at the Nairobi Stock Exchange
- Delayed capital investment programme
- Increasing budget deficit

Challenges across the Sector:

- Competition – 4 players in the mobile telephone market & numerous others in the data market
- Regulatory Environment
- Inflation;
 - customers' disposable incomes
 - Network running costs
- Weakening Shilling
- Declining Voice ARPUs

Peer Comparison

Continued Market Leadership

	April 08- March 09	April 07- March 08	April 08- March 09	April 07- March 08
	SAFARICOM	SAFARICOM	ZAIN	ZAIN
Revenues (Kes Millions)	70,480	57,780	11,544	11,692
EBITDA (Kes Millions)	27,951	27,994	(2,348)	1,363
% of Revenue	39.70%	48.40%	-20.30%	11.70%
Net Income (Kes Millions)	10,537	13,853	(6,779)	(1,612)
Market share (revenue)	83%	82%	14.80%	16.80%
Subscribers (Millions)	13.363	10.231	2.678	1.855

Source: Internal , company reports & WCIS estimates



Our Future – Building on our Strengths

- Maintain #1 Market Position
- Significant potential for data growth
- Mobile and Fixed Data with increased Wimax coverage
- Increase Penetration of New Products
- Provide Best Quality and Products
- Capex to remain high



THANK YOU

