



Safaricom PLC
FY21 Investor Presentation
13th May 2021

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Operating Environment: Pandemic, Recession and Recovery

HEADWINDS

Shilling depreciation, Introduced turnover tax, Roll back of tax relief measures

Third wave of COVID-19, Re-instated restrictions

Sustained pressure on shrinking consumer wallet

TAILWINDS

Improving macro-economic performance

COVID-19 trends - infection rate below 1% of total population

Resilience in business performance - strong balance sheet, allowed for Interim dividend

Transforming Into A Technology Company: Powering Digital Lifestyles

Agriculture

Education

Healthcare

Connecting people
to people,
knowledge and
opportunities

Financial
Services

SMEs/MSMEs

Regional
Expansion

04

Commitment to Our Purpose: Transforming Lives



Community

- Education, health and empowerment programmes impacting +1.6Mn beneficiaries
- Ndotu Zetu initiatives +1.1Mn beneficiaries, +330 projects in 47 counties



Governance and People

- 34% Women in leadership
- 2.4% People With Disabilities (PWDs)
- 25% Women in technology



Environment

- 38.0% YoY reduction in travel emissions
- 8.0% YoY increase in carbon emissions
- 113 tonnes of e-waste collected, recycled/repurposed
- +500k trees planted



Our Performance: Strong Operational and Commercial Momentum in H2

Restrictions put in place

- Cessation of movement, Dusk to dawn curfews
- COVID-19 shutdown - Airports, schools, offices, hotels and restaurants

Response

Building resilience in a disruptive period

- *Free fees for M-PESA transactions, 1.7 Bn zero-rated transactions valued at KShs 4.38 Trn
- Double bandwidth offered on fibre connections for 90 days
- Strengthening the core - Voice, Mobile Data, Fixed
- Accelerated 4G investment
- Mobile data usage growth
- Supporting working from home for our People

Results

Reinvigorating Our Business

- Customers growth
- Service revenue recovery
- Permanent double bandwidth on fibre connections
- Interim dividend
- Enhanced financial services offerings
- Investing in our people - Agile ways of working
- Supporting our country through Foundations - Invested KShs 339 Mn

Delivering Our Strategy: Towards a Customer-Obsessed, Digital-First Organization



Strengthening the Core

Market share growth

- 69.2% Voice traffic share, +4.5ppts QoQ
- 35.6% Fixed data subscriptions, unchanged QoQ

Source: CA Q2 (Oct - Dec 2020) Report

Enhancing mobile data growth

- +39.8% YoY growth in 4G devices , +31.1% YoY growth in data customers using >1GB
- Scaling content aggregation

Technology partner of choice for businesses

- Offering relevant solutions
- 726k IoT customers, +5.7% YoY



Enhanced Financial Services

Enhancing customer experience

- M-PESA Super App, Business App, M-PESA on USSD

Empowering businesses by providing integrated solutions

- Merchants' App, Bill Manager, Pochi la Biashara, Merchant transacting till, Merchants self-onboarding

Platform Business

- Significant upgrades to the core platforms, credit platforms and API's to enhance stability, scalability and security



Winning in Digital Ecosystems

DigiFarm

- Scaling new business model to drive flexibility and enhancing sustainability. 1.4Mn farmers registered

Driving Healthcare Inclusion

- Building digital health business and platforms through partnerships



Achieve Cost Leadership

- Drive a cost optimization journey to fuel new growth areas - through smart procurement, digitization and operating model transformation

KShs 6.9 Bn savings in FY21



Deepening Customer Engagement & Experience





People

Customer Obsession Spirit

- Transforming into an agile organization
- Driving purpose, innovation and collaboration



M&A and Ecosystem Partnerships

- M-PESA Africa JV
- Facebook and Google for Device Financing
- Submission of bid for telco license in Ethiopia



Network and IT

- Enhance network coverage: 5G trial launched, 94% 4G coverage, densifying 3G cover at 95%
- IT Spend: M-PESA system, cybersecurity & digitization
- Digitizing customer journey: Digital channels for self service

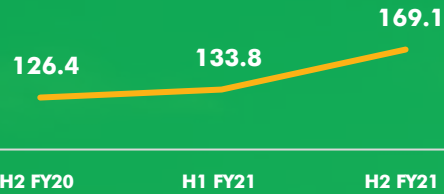


Data and Analytics

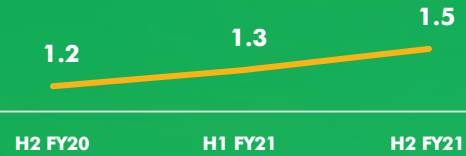
- Personalized data and voice offerings driving 1 - 2% monthly revenue uplift
- +16.0% increased customer engagement for selected base
- Personalized credit scoring driving device financing uptake, maintaining <10.0% NPL

Underlying Commercial KPIs: Continued Improvement

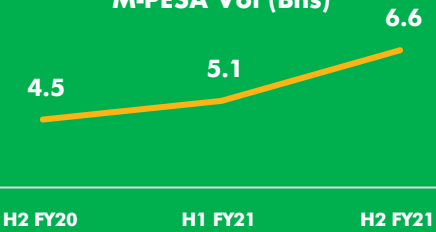
Minutes of Use per Subscriber



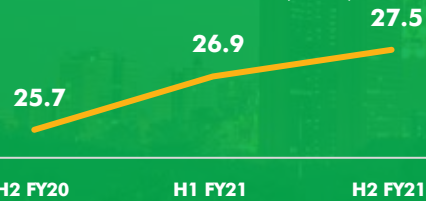
Average GBs per chargeable user



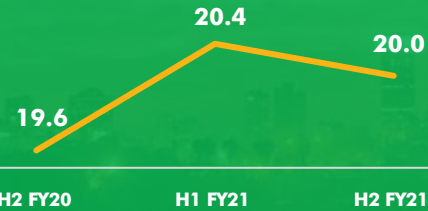
M-PESA Vol (Bns)



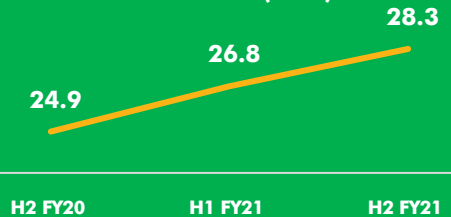
One month active Voice customers (Mns)



One month active chargeable data customers (Mns)



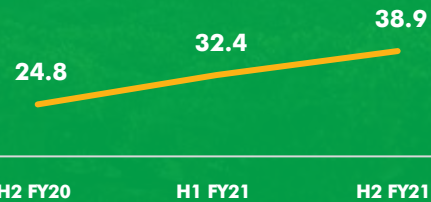
One month active M-PESA customers (Mns)



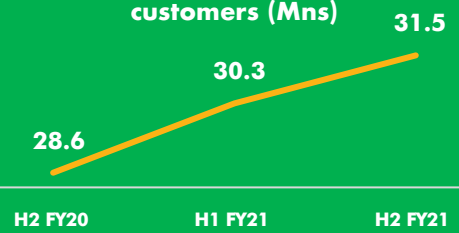
One month active FTTH customers



Fixed data closing customers ('000)



One month active customers (Mns)



EBIT FY21



Capex FY21





The Numbers

FY21 Key Highlights: Solid Performance in H2 Driving Recovery

Service Revenue

-0.3% YoY FY21

H1 FY21	H2 FY21
KShs 118.41 Bn	KShs 131.95 Bn
-4.8% YoY	+4.0% YoY



EBIT

-5.3% YoY FY21

H1 FY21	H2 FY21
KShs 44.97 Bn	KShs 51.20 Bn
-10.5% YoY	-0.1% YoY



Customers
One month active
+9.9% YoY
31.45 Mn FY21
28.63 Mn FY20

Capex

-3.2% YoY FY21

H1 FY21	H2 FY21
KShs 22.75 Bn	KShs 12.21 Bn
+25.5% YoY	-32.1% YoY



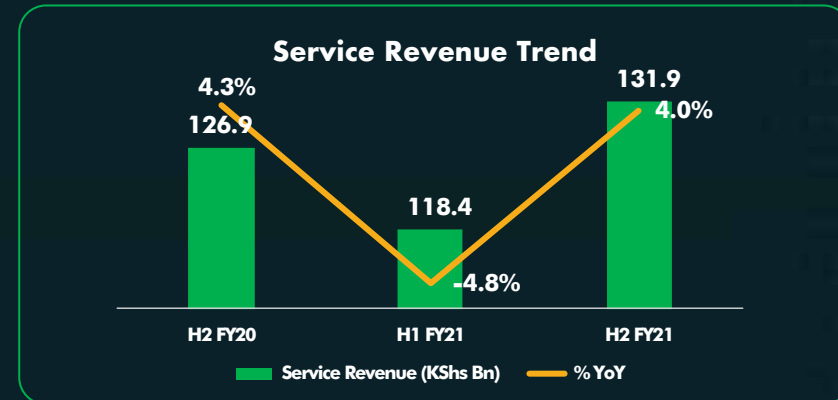
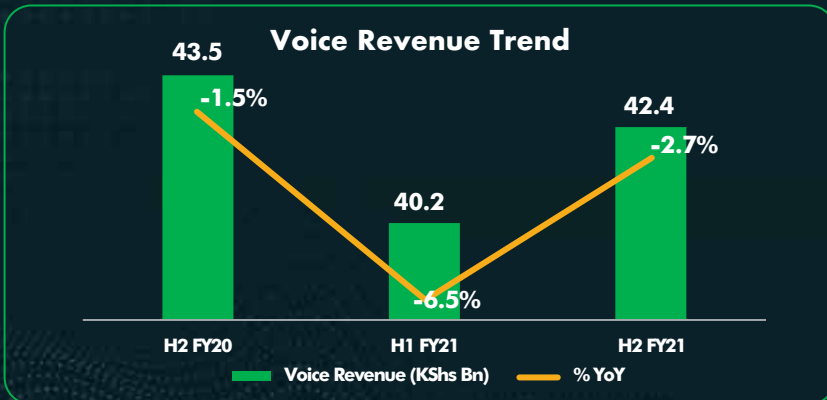
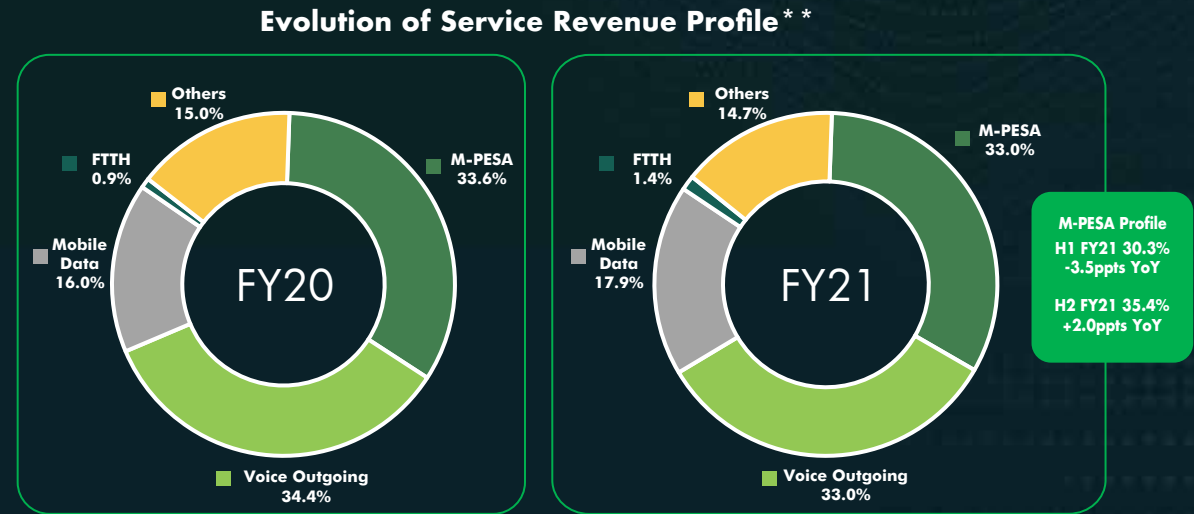
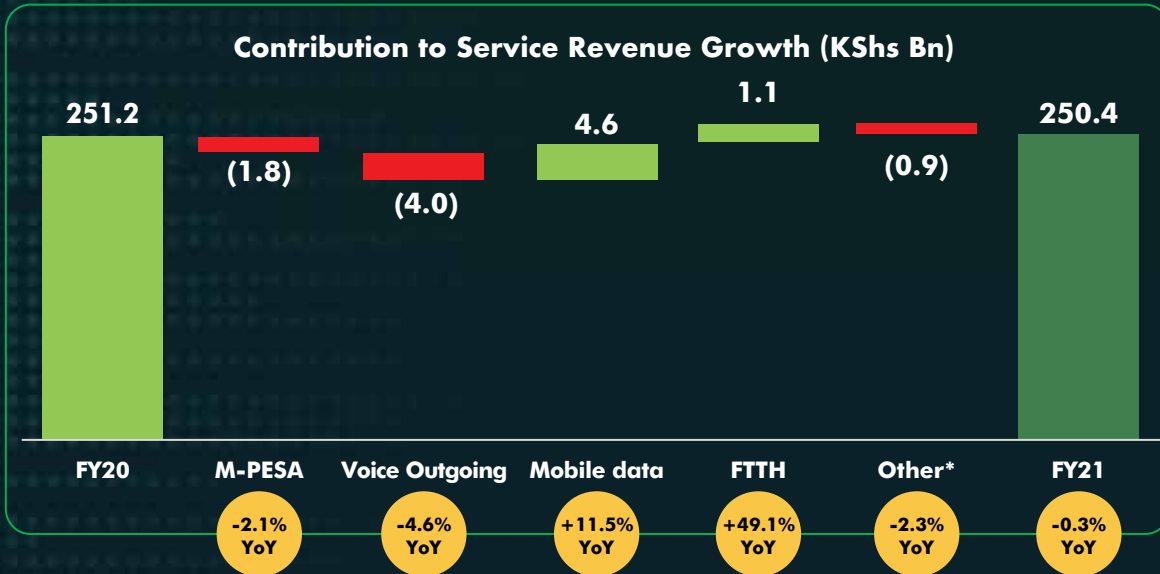
Opex

-3.2% YoY FY21

H1 FY21	H2 FY21
KShs 21.22 Bn	KShs 24.81 Bn
-10.6% YoY	+4.1% YoY

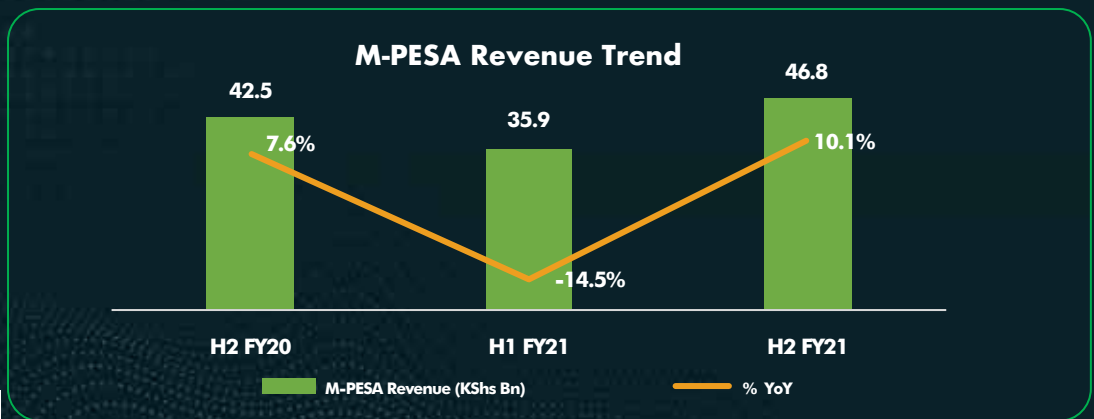
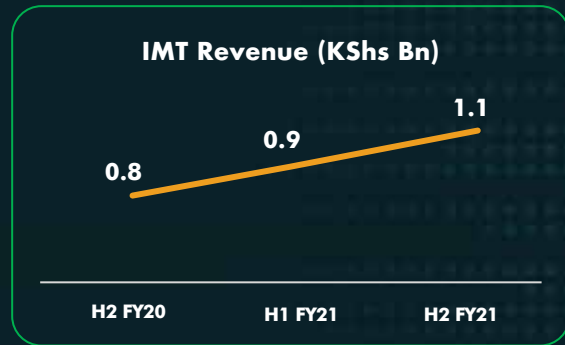
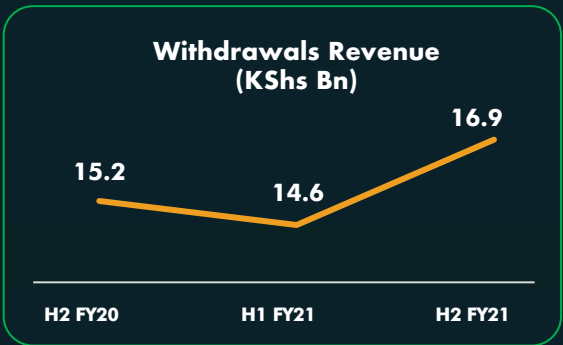
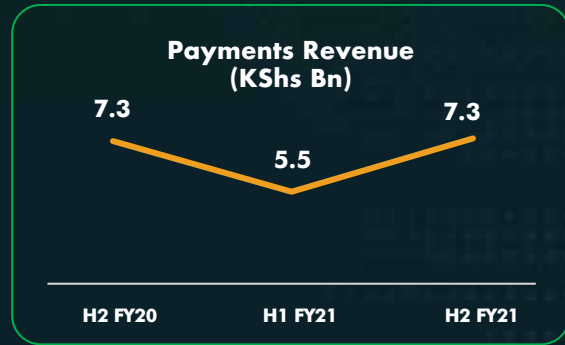
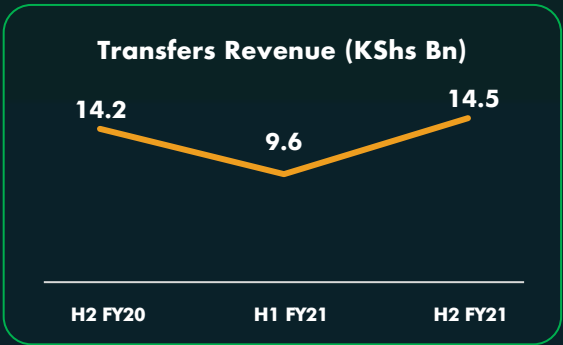
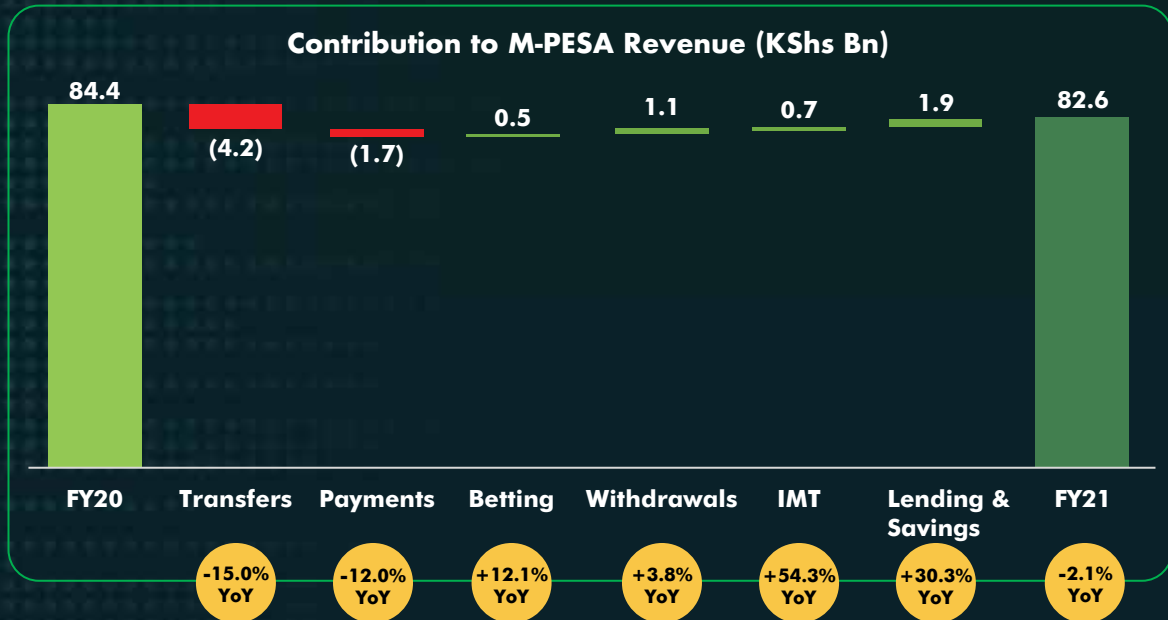


FY21 Service Revenue: Growth in Customers and Usage Driving Recovery



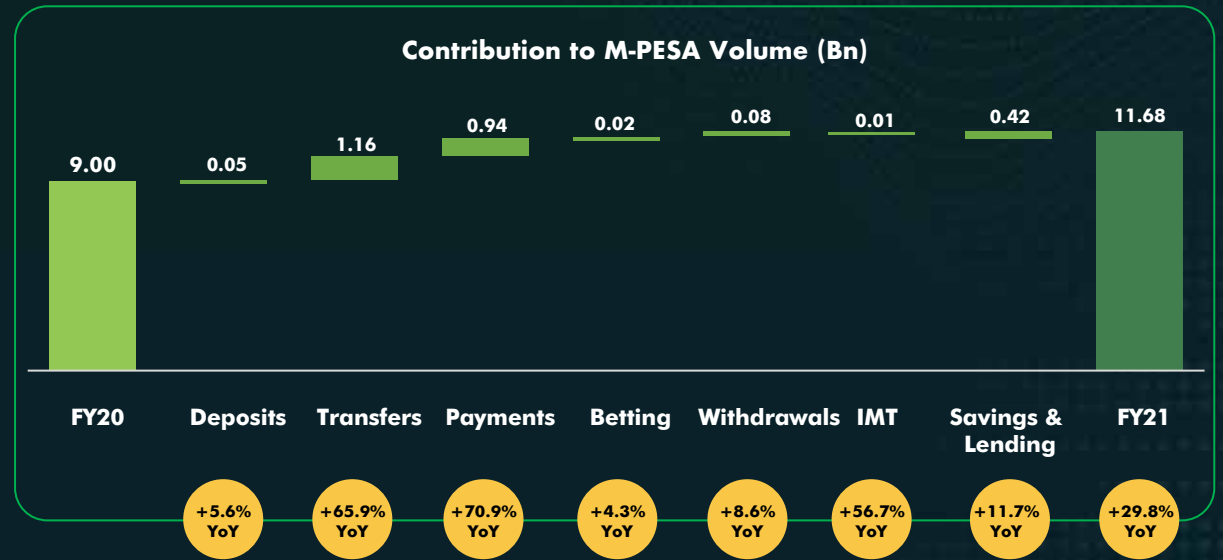
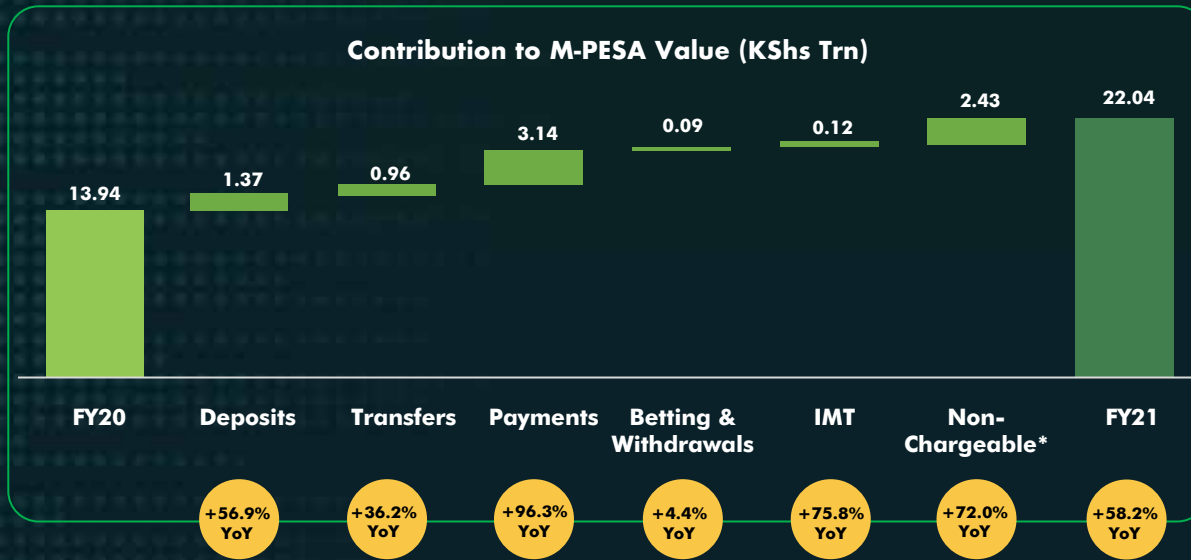
*Others - Voice Incoming, SMS Revenue and Other SR
 **Refer to FY21 Results Booklet for reclassification


M-PESA: Regaining Momentum with Return to Charging




Detailed M-PESA KPIs are available in our results booklet. [Link <FY21 Results Booklet>](#)

M-PESA: Sustained Velocity Driven by Changes in Behaviour







Total transaction **value +58.2% YoY** to KShs 22.04 Trn
Zero-rated transactions accounted for 19.9% of the total



Total transaction **volume +29.8% YoY** to KShs 11.68 Bn
Zero-rated transactions accounted for 14.8% of the total



One month active **LNM tills +74.8% YoY** to 302k

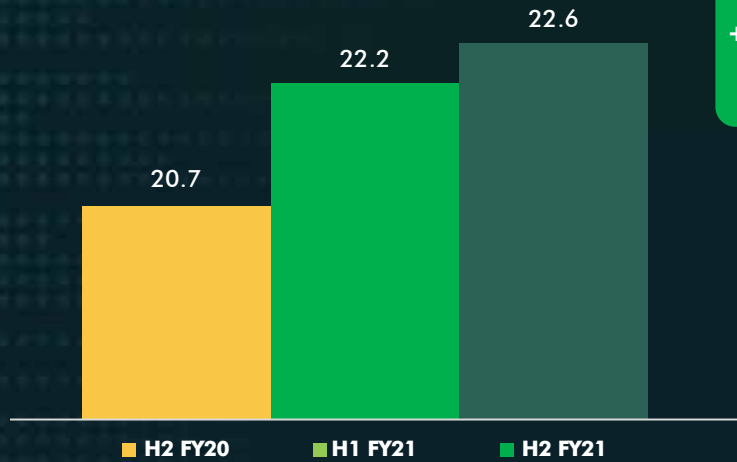


One month active M-PESA customers **+13.6% YoY** to 28.31 Mn

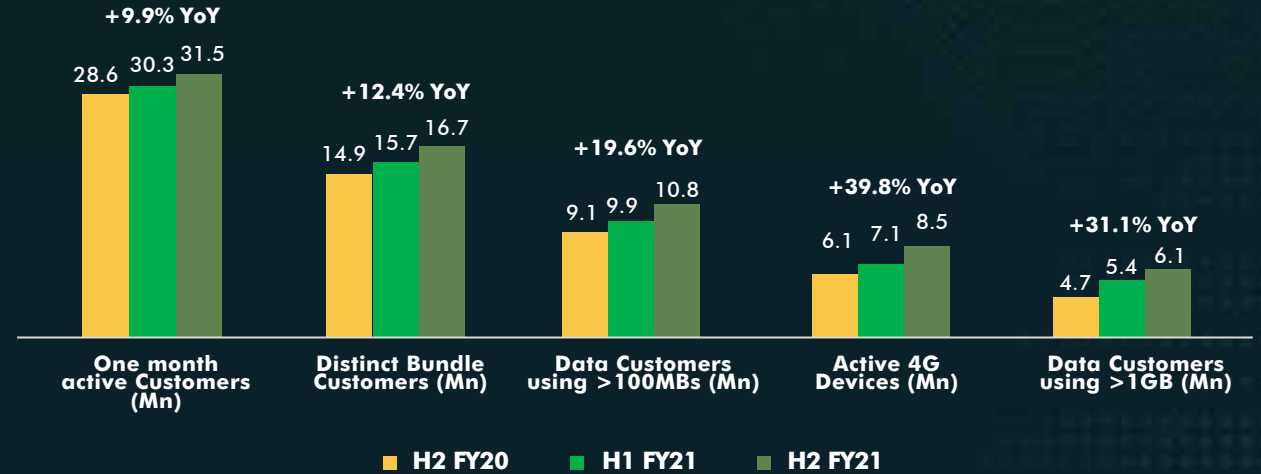
*Non-chargeable transactions include B2B non-chargeable and airtime
Detailed M-PESA KPIs are available in our results booklet. Link <FY21 Results Booklet>

Mobile Data: Propositions that Unlock Value Driving Customer Usage

Mobile Data Revenue (KShs Bn)



Opportunity to drive usage and growth



Drivers of growth



Enhanced 4G coverage at 94%
4G sites up +24.1% YoY to 5,387



Scaling content aggregation

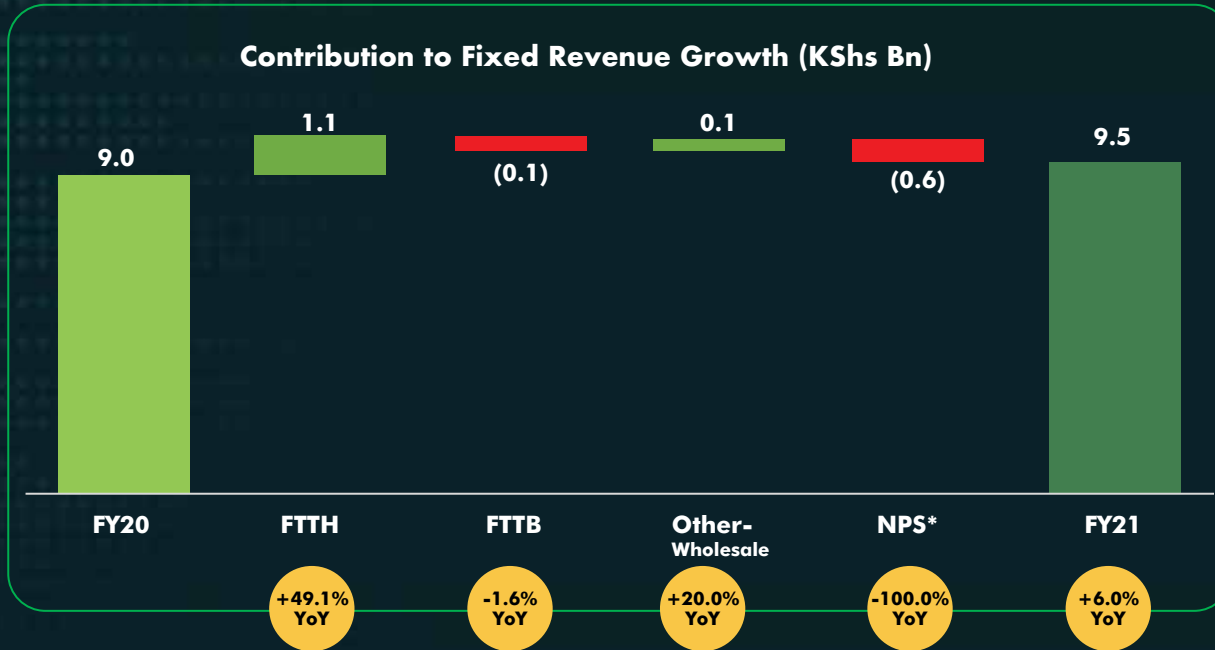


Device financing
Re-evaluating go to market approach to grow sales

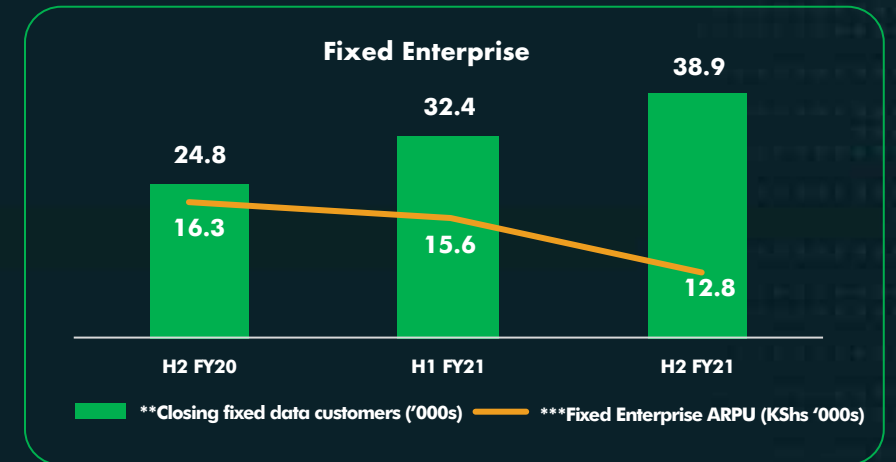
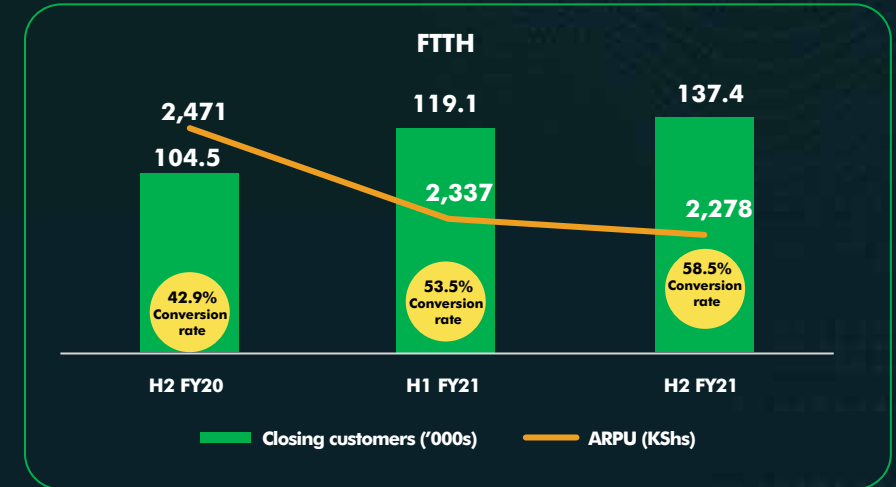
H2 FY20 H1 FY21 H2 FY21 FY21/FY20 %

Rate per MB (cents)	15.6	13.7	12.2	-21.9%
Data ARPU (KShs) (One month active chargeable)	181.3	183.8	188.8	+3.7%
Average GB per chargeable user	1.2	1.3	1.5	+32.7%

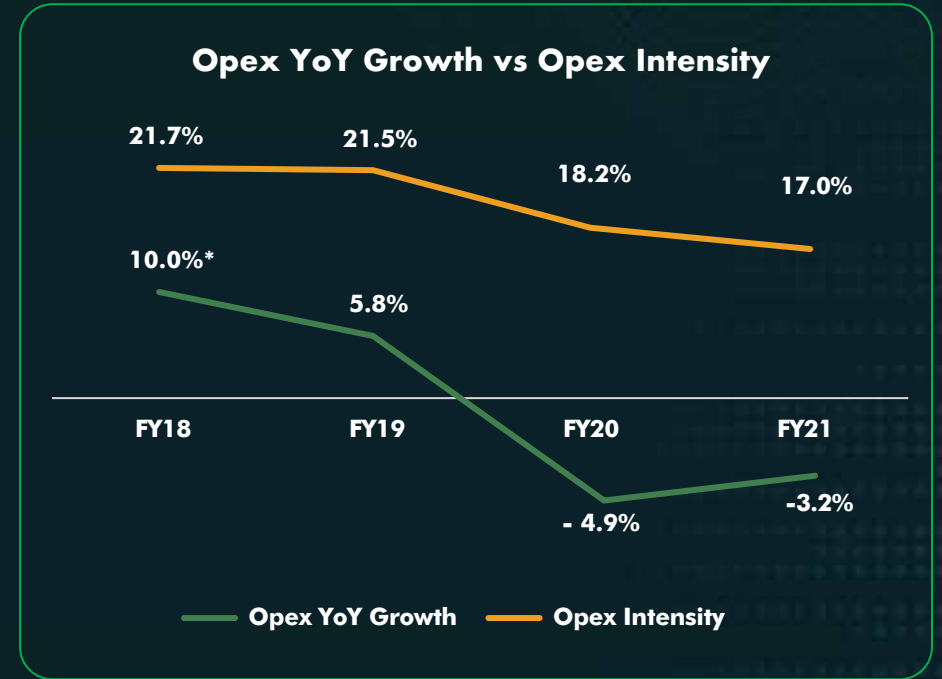
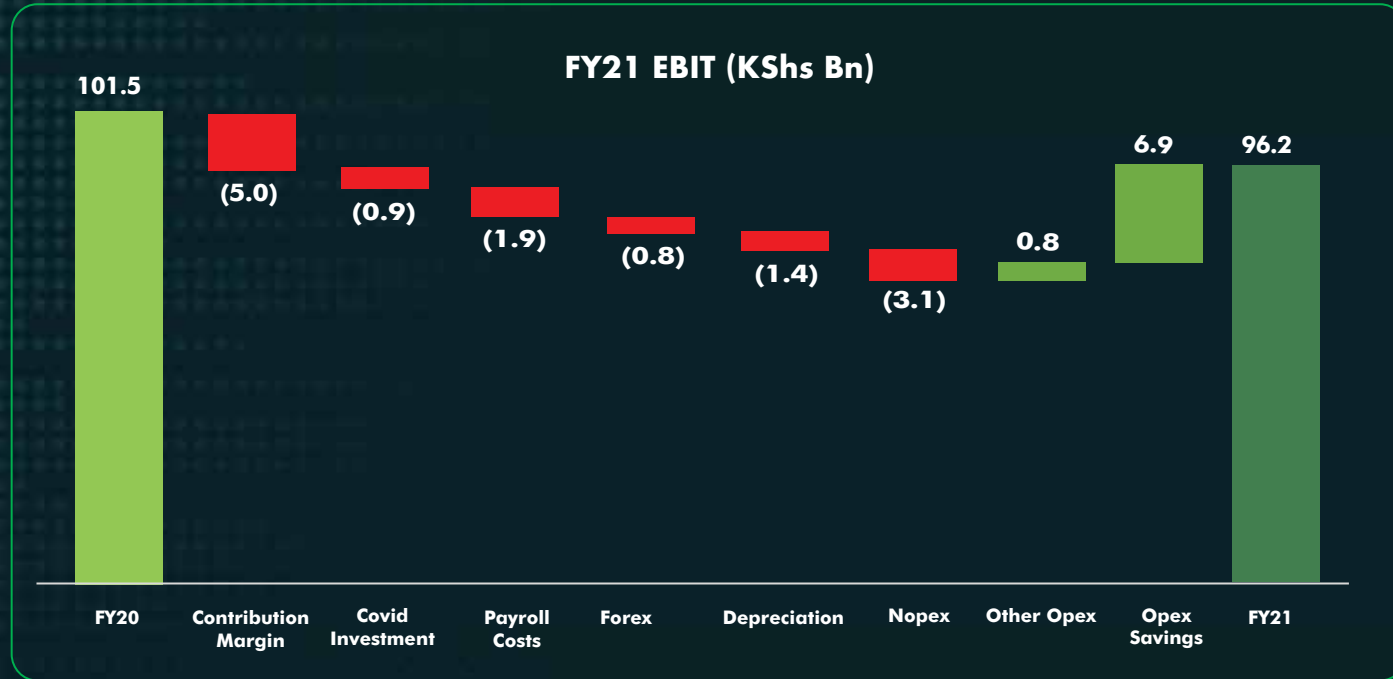
Fixed Service: Solid FTTH Performance with Working and Schooling from Home



*NPS - National Police Service, a contract for managed services which expired in November 2019
 **LTE customers 21.36k >100.0% YoY making up 54.9% of total fixed data closing customers at 38.92k +56.9% YoY
 ***Fixed Enterprise ARPU ex-LTE KShs 31.50k, LTE ARPU 3.5k, Fixed Enterprise ARPU KShs 13.81k in FY21



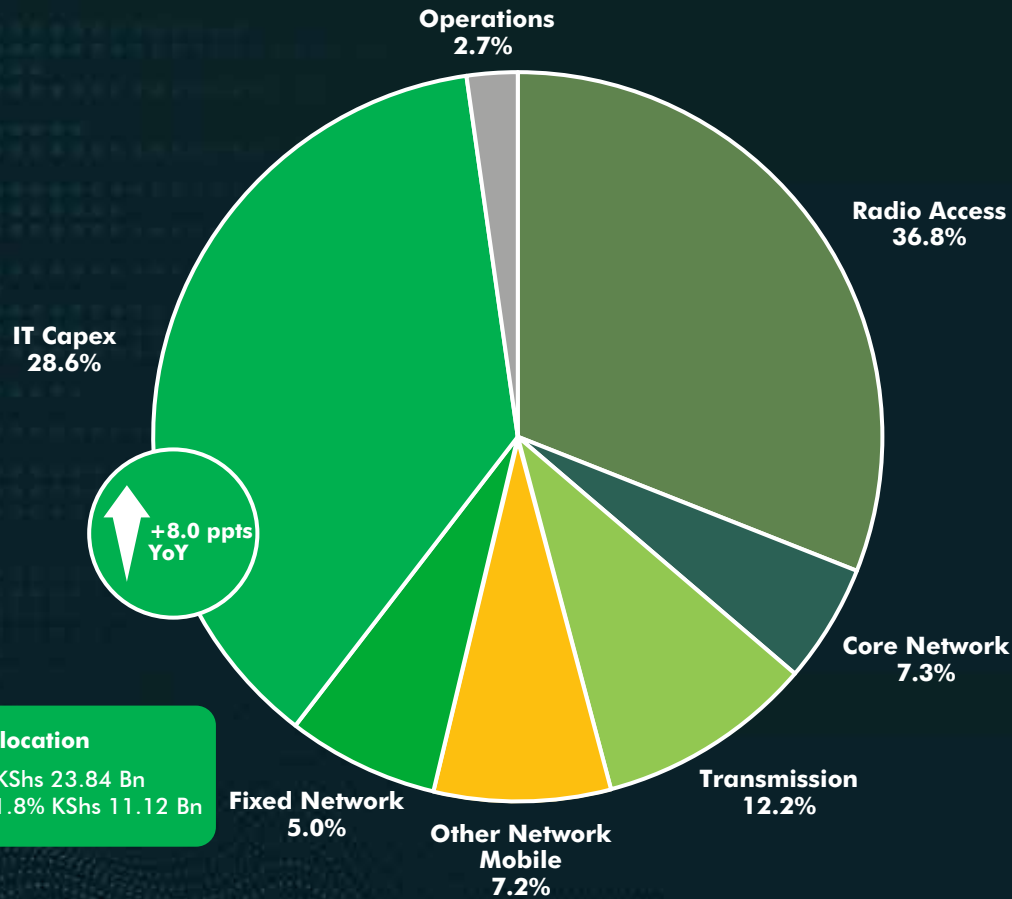
EBIT: Focus on Achieving Cost Leadership



*Opex YoY growth; FY18 normalised for one-offs as reported

CAPEX: Sustained Investment to Enhance Customer Digital Experience

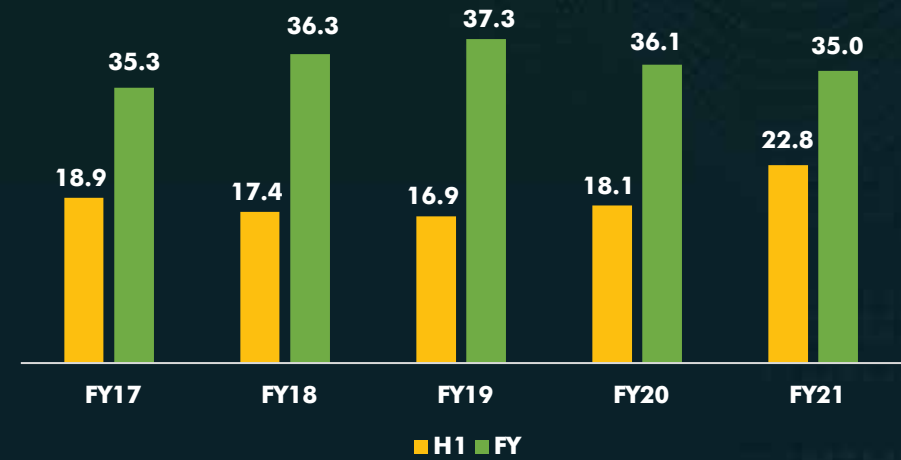
FY21 Capex Split



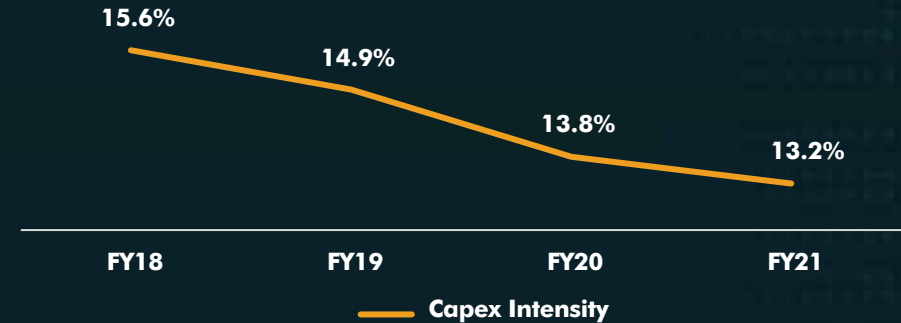
FY21 Capex allocation

- Growth 68.2% KShs 23.84 Bn
- Maintenance 31.8% KShs 11.12 Bn

Capex (KShs Bn)



Capex Intensity



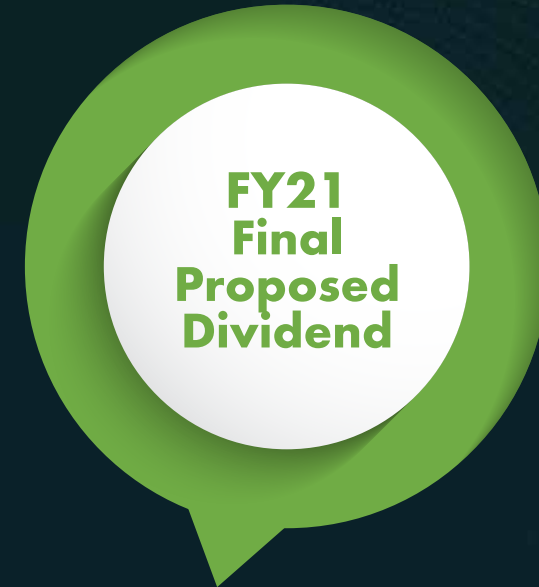
FY21: Proposed Dividends



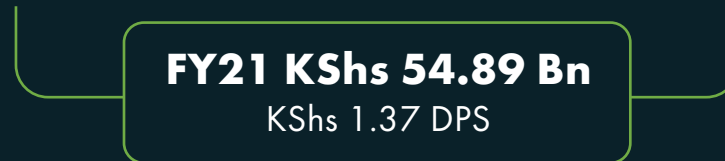
KShs 56.09 Bn
KShs 1.40 DPS



KShs 18.03 Bn
KShs 0.45 DPS



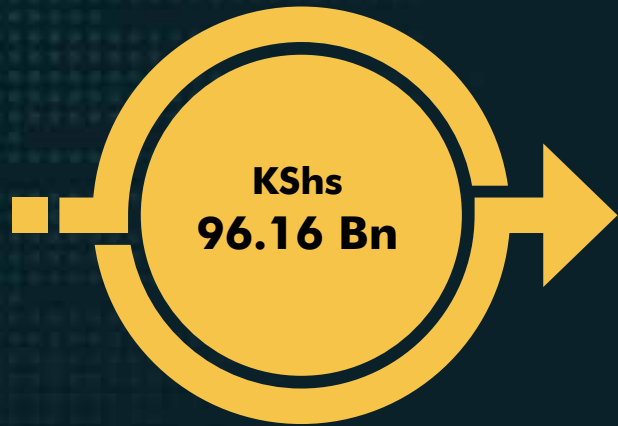
KShs 36.86 Bn
KShs 0.92 DPS



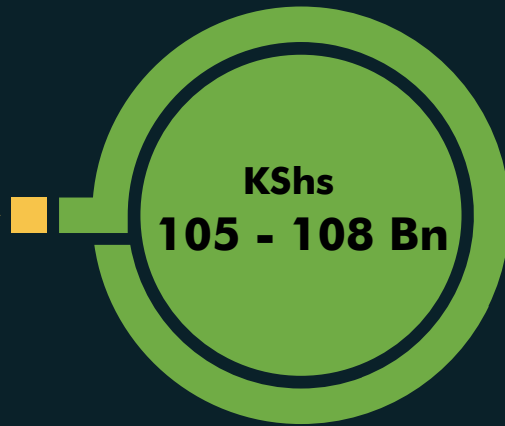
FY22 Guidance: Gaining Momentum for Growth

EBIT

FY21

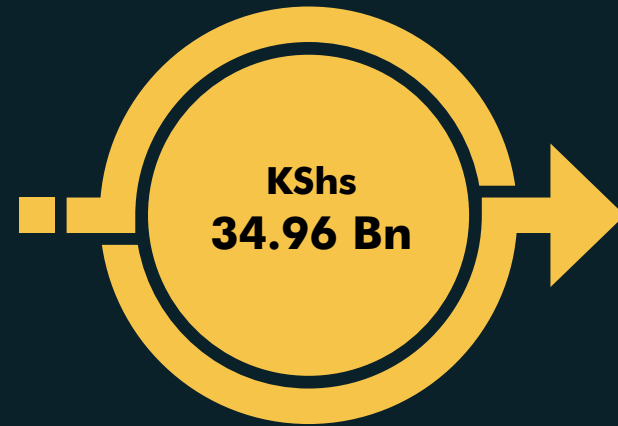


FY22



Capex*

FY21



FY22



A woman wearing a pink long-sleeved shirt, a yellow apron, and a yellow headscarf with a geometric pattern is smiling as she decorates several cupcakes on a grey rotating stand. She is using a piping bag to add white frosting to the tops of the cupcakes, which already have blue and orange frosting. The kitchen counter is cluttered with various baking supplies, including a red stand mixer, a tray of pink frosting, a plate of yellow frosting, and several small containers of frosting. The scene is set in a home kitchen with wooden cabinets in the background.

Thank You

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