

# SAFARICOM PLC

## CONDENSED UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021



“ In spite of the past year being one with far-reaching changes and extraordinary circumstances given the pandemic, the board is encouraged by the business resilience and recovery trajectory marked by a return to near normalcy. The Board supports management in the business plans to become a digital-first and insights-led organisation and ongoing efforts to leverage on Safaricom's long track record of technological innovation to promote financial inclusion and drive enhanced access to opportunities for our customers. I am pleased that the strategy has not only informed the business priorities but has also afforded the business key lessons to unlock our next phase of growth where the customer is at the center of all that we do, while delivering a sound return to our investors. ”

Condensed consolidated statement of profit or loss and other comprehensive income for the six months ended: KShs Millions	30-Sep-21	Group 30-Sep-20	% Change
Service revenue	138,433.6	118,406.8	16.9%
Handsets and other revenue	7,841.7	5,442.3	44.1%
Construction revenue	0.0	502.6	(100.0%)
Other income	93.1	183.5	(49.2%)
<b>Total revenue</b>	<b>146,368.4</b>	<b>124,535.2</b>	<b>17.5%</b>
Direct costs	(44,536.6)	(37,021.2)	20.3%
Provision for expected credit loss (ECL) on receivables	(1,012.9)	(2,404.5)	(57.9%)
Construction costs	0.0	(502.6)	(100.0%)
Other expenses	(23,414.0)	(21,226.2)	10.3%
<b>Earnings before interest, taxes, depreciation &amp; amortisation (EBITDA)</b>	<b>77,404.9</b>	<b>63,380.7</b>	<b>22.1%</b>
Depreciation and amortisation	(19,492.8)	(18,412.7)	5.9%
<b>Earnings Before Interest and Taxes (EBIT)</b>	<b>57,912.1</b>	<b>44,968.0</b>	<b>28.8%</b>
Net finance cost	(2,982.8)	(236.3)	>100.0%
Share of (loss)/profit of on Associates & Joint Venture	(244.9)	16.2	<(100.0%)
<b>Profit before income tax</b>	<b>54,684.4</b>	<b>44,747.9</b>	<b>22.2%</b>
Income tax expense	(17,628.8)	(11,678.1)	51.0%
<b>Profit for the period</b>	<b>37,055.6</b>	<b>33,069.8</b>	<b>12.1%</b>
<b>Attributable to:</b>			
Equity holders of the parent	37,172.1	33,069.8	12.4%
Non-controlling interests	(116.5)	0.0	100.0%
	<b>37,055.6</b>	<b>33,069.8</b>	<b>12.1%</b>
<b>Other comprehensive income:</b>			
Exchange differences on translation of foreign operations	(2,661.4)	0.0	100.0%
<b>Total comprehensive income for the period</b>	<b>34,394.2</b>	<b>33,069.8</b>	<b>4.0%</b>
<b>Attributable to:</b>			
Equity holders of the parent	35,689.7	33,069.8	7.9%
Non-controlling interests	(1,295.5)	0.0	100.0%
	<b>34,394.2</b>	<b>33,069.8</b>	<b>4.0%</b>
<b>Basic and diluted earnings per share (EPS KShs)*</b>	<b>0.92</b>	<b>0.83</b>	<b>12.1%</b>

Condensed consolidated statement of financial position as at: KShs Millions	30-Sep-21	Group 31-Mar-21	% Change
Share capital (including share premium)	4,203.3	4,203.3	0.0%
Retained earnings	133,743.9	96,571.8	38.5%
Proposed dividends	0.0	36,860.2	(100.0%)
Translation reserve	(1,482.4)	0.0	100.0%
Equity attributable to equity holders of the parent	136,464.8	137,635.3	(0.9%)
Non controlling interests	42,331.8	0.0	100.0%
<b>Total equity</b>	<b>178,796.6</b>	<b>137,635.3</b>	<b>29.9%</b>
<b>Non current liabilities</b>	<b>17,528.8</b>	<b>17,541.7</b>	<b>(0.1%)</b>
<b>Total equity and non current liabilities</b>	<b>196,325.4</b>	<b>155,177.0</b>	<b>26.5%</b>
<b>Non current assets</b>	<b>275,160.8</b>	<b>174,719.9</b>	<b>57.5%</b>
<b>Current assets</b>			
Cash and cash equivalents	26,450.5	26,736.1	(1.1%)
Receivables and prepayments	23,397.0	22,347.9	4.7%
Inventories	4,066.8	2,487.0	63.5%
Loans receivable from related party	1,286.4	1,287.8	(0.1%)
Contract assets	3,180.7	3,043.4	4.5%
Current income tax	8.6	7.2	19.4%
	<b>58,390.0</b>	<b>55,909.4</b>	<b>4.4%</b>
<b>Current liabilities</b>			
Payables and accrued expenses	37,196.3	34,021.4	9.3%
Current income tax	3,872.7	260.3	>100.0%
Borrowings	76,998.0	14,772.0	>100.0%
Dividends payable	1,367.1	8,684.1	(84.3%)
Lease liability	4,693.8	4,119.5	13.9%
Provision for liabilities	2,670.2	2,561.5	4.2%
Contract liabilities	10,427.3	11,033.5	(5.5%)
	<b>137,225.4</b>	<b>75,452.3</b>	<b>81.9%</b>
<b>Net current liabilities</b>	<b>(78,835.4)</b>	<b>(19,542.9)</b>	<b>&gt;100.0%</b>
	<b>196,325.4</b>	<b>155,177.0</b>	<b>26.5%</b>

\*EPS is based on profit after tax for the period



“ We are one year into our new strategy which places customer firmly at the center of our business. Our transformation agenda is delivering early wins, fostering collaboration amongst staff leading to quicker decision making, increased efficiencies and faster resolutions bringing us closer to our customers. During this period, we officially set up Safaricom Ethiopia Telecommunications as a subsidiary of Safaricom PLC in readiness for commercial launch in Ethiopia in 2022. The execution of the five-year strategy, that reaffirms our commitment to be a sustainable business that positively impacts social, governance and environmental change, is on course to unlock our next phase of growth and support our transition from a telco to a purpose-led technology company by 2025. Our purpose of Transforming Lives and the Sustainable Development Goals (SDGs) sit at the heart of our business strategy and informs everything we do for our customers and stakeholders. ”

Peter Ndegwa, Chief Executive Officer

Condensed consolidated statement of cash flows for the six months ended: KShs Millions	30-Sep-21	Group 31-Sep-20	% Change
<b>Operating activities</b>			
Cash generated from operations	73,065.8	65,195.1	12.1%
Movement in restricted cash	199.1	150.0	32.7%
Interest received	572.3	1,121.3	(49.0%)
Income tax paid	(16,715.9)	(17,453.8)	(4.2%)
<b>Net cash from operating activities</b>	<b>57,121.3</b>	<b>49,012.6</b>	<b>16.5%</b>
Investing activities	(115,298.4)	(26,585.4)	>100.0%
Dividends paid	(44,177.2)	(55,861.8)	(20.9%)
Interest paid	(1,407.5)	(422.1)	>100.0%
Other financing activities	103,502.6	22,876.3	>100.0%
<b>Net movement in cash and cash equivalents</b>	<b>(259.2)</b>	<b>(10,980.4)</b>	<b>(97.6%)</b>
<b>Movement in cash and cash equivalents</b>			
At start of year	26,736.1	26,759.7	(0.1%)
Net foreign exchange difference	(26.4)	0.0	100.0%
Increase	(259.2)	(10,980.4)	(97.6%)
<b>Closing cash and cash equivalents</b>	<b>26,450.5</b>	<b>15,779.3</b>	<b>67.6%</b>

### Commentary on results

The Board of Directors is pleased to announce the unaudited results for the six months ended 30 September 2021. The same accounting policies and methods of computation have been used as were in the last financial statements.

### Operating review

We are pleased with our performance in H1 FY22 recovering from a suppressed H1 FY21. Service revenue grew 16.9% YoY in H1 FY22 supported by strong execution, recovery in M-PESA revenue following the return to charging on Person to Person and Lipa na M-PESA transactions below KShs 1,000 beginning January 2021, and improved consumer confidence and business activity in the economy. In the period, one month active customers grew 4.7% YoY to 31.75Mn adding 1.4Mn customers to the base.

Following the increase of excise duty on airtime and other telephony services from 15% to 20% effective 1 July 2021, we absorbed tax on mobile data and passed on tax on voice and fixed which slowed down industry momentum.

**M-PESA revenue** recorded strong performance growing 45.8% YoY in H1 FY22 following the return to charging at the beginning of January 2021. Total transaction value grew 51.5% YoY to KShs 13.7Trn while volume of transactions grew 42.0% YoY to 7.3Bn. M-PESA wallet to bank and bank to M-PESA wallet transactions continue to be free and these account for 18.1% of the total value of M-PESA transactions. Chargeable transactions per one month active customers grew 91.9% YoY to 18.1 transactions. Innovation in digital financial services has been a key growth driver for M-PESA. We continue leveraging on technological innovation to enhance access to financial services for consumers and enterprise customers.

**Mobile data revenue** grew 6.3% YoY weighed down by price rationalization, absorbed tax from excise duty adjustment on data from August 2021 and a lapping effect of the accelerated growth recorded in H1 FY21 at the onset of the pandemic in Kenya. Distinct data bundle customers grew 8.1% YoY to 17.0Mn, data customers using more than 1GB increased 26.7% YoY to 6.8Mn while Active 4G devices grew 37.3% YoY to 9.7Mn. Effective rate per MB declined 27.0% YoY in H1 FY22.

**Fixed service and wholesale transit revenue** grew 21.1% YoY to KShs 5.5Bn supported by 20.1% YoY growth in enterprise revenue to KShs 3.5Bn and 22.9% growth in consumer revenue to KShs 2.0Bn. FITH customers grew 17.1% YoY to 153.4k while enterprise fixed customers grew 38.3% YoY to 44.9k.

**Capital expenditure** for the six months ended 30 September 2021 stood at KShs 22.81Bn growing at 0.3% YoY. 4G, 3G and 2G population coverage now stands at 95.9%, 96.3% and 96.9% respectively.

### Borrowings

As at 30 September 2021, borrowings were KShs 77.00Bn while cash and cash equivalents stood at KShs 26.45Bn leaving a net debt position of KShs 50.54Bn. To support the payment of license fees for the telecommunications license awarded to the Safaricom-led consortium by the Government of Ethiopia, we undertook a one-year bridge facility of USD 400Mn to finance this venture. We are currently seeking to term out the bridge facility through a long-term debt arrangement so as to manage our working capital requirements in the short term and minimize the currency risk for the dollar loan.

### Taxation

The Group continues to be a major contributor to the revenues of the Government of Kenya and remitted KShs 62.83Bn in duties, taxes and license fees for the six months to 30 September 2021. This increased the total duties, taxes and fees paid since inception to KShs 978.25Bn.

By Order of the Board

Michael Joseph  
Chairman  
9 November 2021

## HY22 Key Highlights

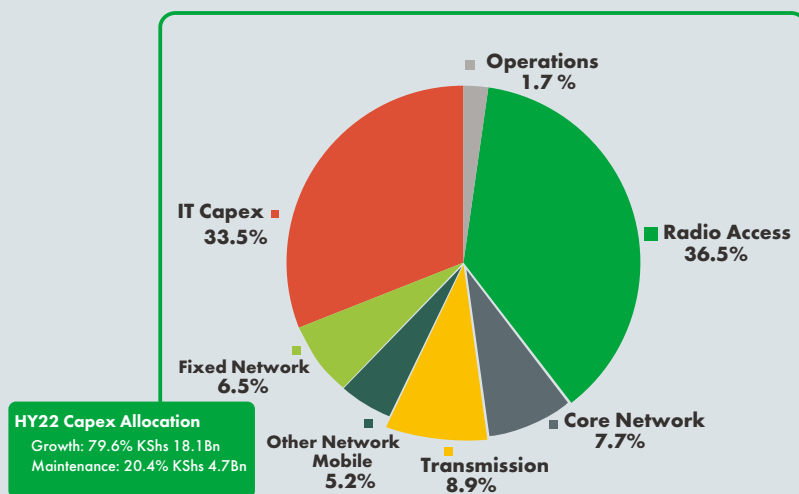
**Service Revenue +16.9% YoY**  
HY22 KShs 138.4Bn | HY21 KShs 118.4Bn

**Capex +0.3% YoY**  
HY22 KShs 22.8Bn | HY21 KShs 22.8Bn

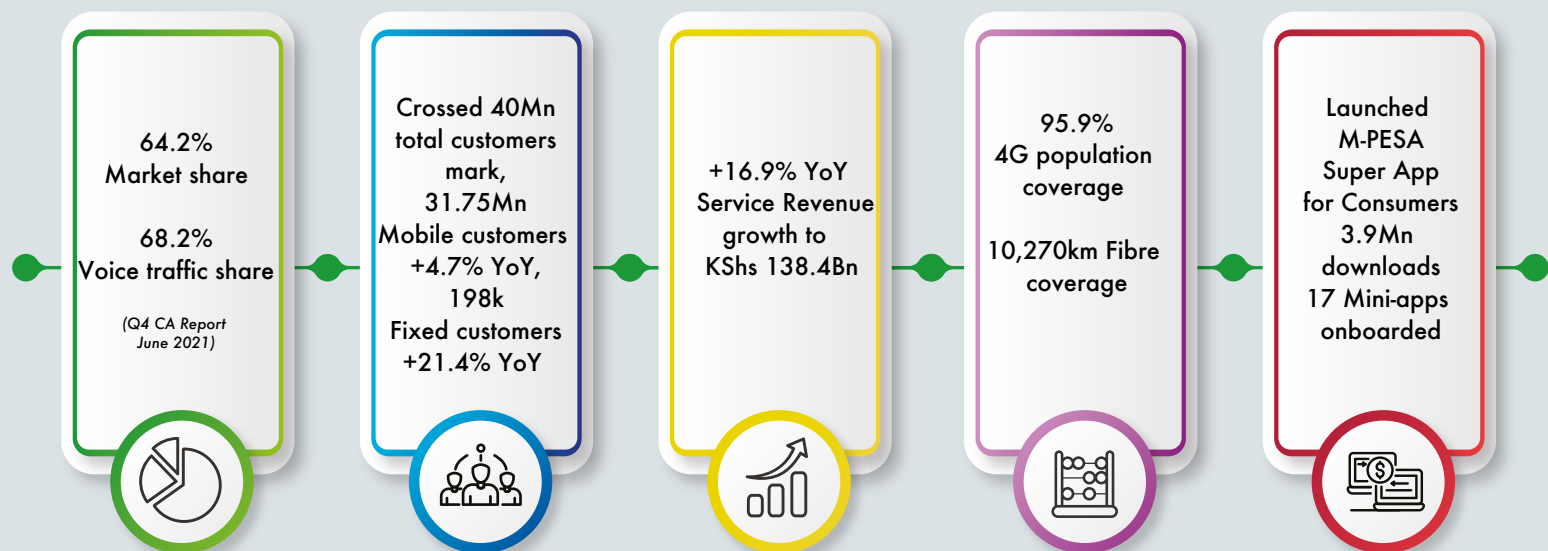
**Free Cash Flow +45.8% YoY**  
HY22 KShs 34.4Bn | HY21 KShs 23.6Bn

**EBIT +28.8% YoY**  
HY22 KShs 57.9 Bn | HY21 KShs 45.0Bn

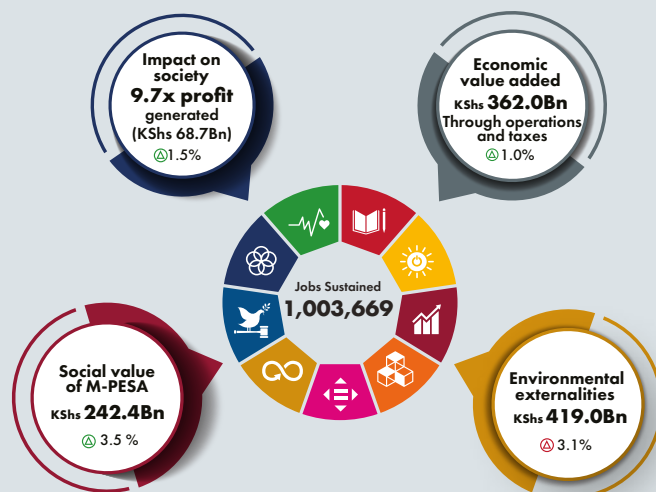
## Sustained Investment in Our Network



## Operational Review | Sustained Commercial Momentum



## Sustainable Business | Standing Together, Going Beyond



For more details on the True Value methodology refer to our Sustainable Business Report 2021 available on our website.

