

# SAFARICOM LIMITED

Condensed audited financial statements for the financial year ended 31 March 2017

Condensed Consolidated Statement of Comprehensive Income KShs '000	Group		%
	31-Mar-17	31-Mar-16	
Change			
Service revenue	204,109,166	177,784,089	14.8%
Handsets and other revenue	8,699,845	8,621,317	0.9%
Construction revenue	76,183	9,279,818	(99.2%)
<b>Total revenue</b>	<b>212,885,194</b>	<b>195,685,224</b>	<b>8.8%</b>
Other income	2,510,905	231,823	>100.0%
Direct costs	(66,749,520)	(62,310,003)	7.1%
Construction costs	(76,183)	(9,279,818)	(99.2%)
Other expenses	(44,960,599)	(41,260,953)	9.0%
<b>Earnings before interest, taxes, depreciation &amp; amortisation (EBITDA)</b>	<b>103,609,797</b>	<b>83,066,273</b>	<b>24.7%</b>
Depreciation, impairment and amortisation	(33,234,409)	(27,942,546)	18.9%
<b>Earnings before interest and taxes (EBIT)</b>	<b>70,375,388</b>	<b>55,123,727</b>	<b>27.7%</b>
Finance income	1,722,788	2,301,055	(25.1%)
Finance costs	(1,484,860)	(1,399,507)	6.1%
Share of profit of associate	18,757	104,089	(82.0%)
Fair value loss on investment property	-	(366,859)	(100.0%)
<b>Profit before taxation</b>	<b>70,632,073</b>	<b>55,762,505</b>	<b>26.7%</b>
Income tax expense	(22,187,655)	(17,658,215)	25.7%
<b>Total comprehensive income for the year</b>	<b>48,444,418</b>	<b>38,104,290</b>	<b>27.1%</b>
<b>Attributed to:</b>			
<b>Equity holders of the company</b>	<b>48,444,418</b>	<b>38,104,290</b>	<b>27.1%</b>
<b>Basic and diluted earnings per share (EPS)</b>	<b>1.21</b>	<b>0.95</b>	<b>27.1%</b>
<b>Normal dividend proposed/declared</b>	<b>38,863,465</b>	<b>30,483,432</b>	<b>27.5%</b>
<b>Normal dividend per share (DPS) proposed/paid</b>	<b>0.97</b>	<b>0.76</b>	<b>27.5%</b>

Condensed Consolidated Statement of Financial Position KShs '000	Group		%
	31-Mar-17	31-Mar-16	
Change			
<b>Capital employed</b>			
Share capital (including share premium)	4,203,311	4,203,311	-
Retained earnings	64,422,467	82,052,298	(21.5%)
Proposed dividends	38,863,465	30,483,432	27.5%
<b>Shareholders funds</b>	<b>107,489,243</b>	<b>116,739,041</b>	<b>(7.9%)</b>
Non current borrowings	-	-	-
	<b>107,489,243</b>	<b>116,739,041</b>	<b>(7.9%)</b>
<b>Represented by</b>			
Non current assets	136,527,173	131,523,189	3.8%
<b>Current assets</b>			
Inventories	1,370,771	816,393	67.9%
Receivables and prepayments	17,833,539	20,622,992	(13.5%)
Cash and cash equivalents	5,955,513	6,220,005	(4.3%)
	25,159,823	27,659,390	(9.0%)
<b>Current liabilities:</b>			
Payables and accrued expenses	36,567,298	40,068,982	(8.7%)
Current income tax	1,086,304	2,374,556	(54.3%)
Borrowings	16,544,151	-	(100.0%)
	54,197,753	42,443,538	27.7%
Net current liabilities	(29,037,930)	(14,784,148)	96.4%
	<b>107,489,243</b>	<b>116,739,041</b>	<b>(7.9%)</b>

## Commentary on results

The Board of Directors is pleased to announce the audited results for the financial year ended 31 March 2017.

The same accounting policies and methods of computation have been used as were in the last financial statements. During the period, there was an increase in the number of customers to 28.13m as at 31 March 2017. In order to support this growth, the Company continued to invest heavily in both the expansion and modernisation of its 2G, 3G and 4G networks and fibre roll out.

Capital expenditure in the network for the period ended 31 March 2017 stood at KShs. 35.33bn, to bring the total capital expenditure from inception to KShs. 344.08bn, excluding spectrum & acquisitions. To finance this expansion, the Company levered its balance sheet and continues to invest a significant portion of internally generated cash.

## Borrowings

As at 31 March 2017, bank borrowings were at KShs. 16.54bn with cash and cash equivalents at KShs. 5.96bn, leaving a net debt of KShs. 10.58bn.

## Taxation

The Group continues to be a major contributor to the revenues of the Government and remitted KShs. 84.25bn in duties, taxes and license fees for the period ended 31 March 2017. This increased the total duties, taxes and fees paid since inception to KShs. 492.74bn. This is in addition to dividends totalling to KShs. 63.80bn including proposed dividends for this financial year payable to the Government.

## Dividends

The Directors recommend for approval the payment of a dividend per share of KShs. 0.97 representing a total dividend of KShs. 38.86bn. The dividend will be paid on or before 1 December 2017, subject to the shareholders' approval at the Annual General Meeting.

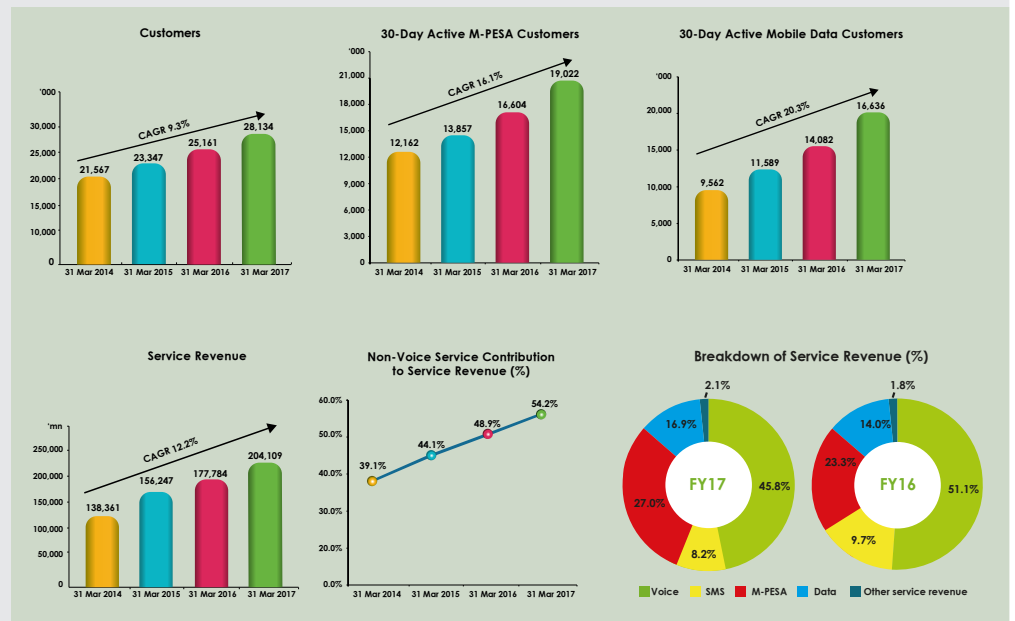
## Closure of Register

The register of members will be closed at the closure of business on 1 September 2017 for the purpose of determining shareholders' entitlement of dividend.

Condensed Consolidated Statement of Cash Flows KShs '000	Group		%
	31-Mar-17	31-Mar-16	
Change			
<b>Operating activities</b>			
Cash generated from operations	101,997,737	79,203,275	28.8%
Movement in restricted cash	108,356	(286,760)	137.8%
Net interest received	1,423,076	1,341,725	6.1%
Income tax paid	(24,002,031)	(15,654,767)	53.3%
<b>Net cash from operating activities</b>	<b>79,527,138</b>	<b>64,603,473</b>	<b>23.1%</b>
Investing activities	(37,726,573)	(33,299,475)	13.3%
Dividends paid	(57,694,216)	(25,641,874)	125.0%
Other financing activities	15,629,159	(11,478,137)	236.2%
<b>Net movement in cash and cash equivalents</b>	<b>(264,492)</b>	<b>(5,816,013)</b>	<b>(95.5%)</b>
<b>Movement in cash and cash equivalents</b>			
At start of year	6,220,005	12,036,018	(48.3%)
Decrease	(264,492)	(5,816,013)	(95.5%)
<b>At end of the period</b>	<b>5,955,513</b>	<b>6,220,005</b>	<b>(4.3%)</b>

## Key highlights for the year ended 31 March 2017

- Customer numbers have increased by 11.8% to 28.13m as at 31 March 2017 from 25.16m as at 31 March 2016.
- Mobile data customers who were active in the last 30 days increased by 18.1% to 16.64m as at 31 March 2017, from 14.08m as at 31 March 2016.
- M-PESA customers who were active in the last 30 days grew by 14.6% from 16.60m to 19.02m as at 31 March 2017.
- Service revenue increased by 14.8% from KShs. 177.78bn to KShs. 204.11bn in the period ended 31 March 2017.
- Voice service revenue increased by 2.9% from KShs. 90.80bn to KShs. 93.46bn in the period ended 31 March 2017.
- Messaging (SMS) revenue declined by 3.7% from KShs. 17.33bn to KShs. 16.68bn in the period ended 31 March 2017.
- Mobile data revenue increased by 38.5% from KShs. 21.15bn to KShs. 29.29bn in the period ended 31 March 2017.
- Fixed service revenue increased by 37.4% from KShs. 3.82bn to KShs. 5.24bn in the period ended 31 March 2017.
- M-PESA revenue grew by 32.7% from KShs. 41.50bn to KShs. 55.08bn for the period ended 31 March 2017.
- Non-voice service revenue (M-PESA/SMS/Broadband/other service revenue) increased from 48.9% to 54.2% of total service revenues, for the period ended 31 March 2017.
- EBITDA increased by 24.7% from KShs. 83.07bn to KShs. 103.61bn for the year ended 31 March 2017. Excluding a one-off adjustment of KShs. 3.4bn, growth was 20.7%.
- EBIT increased by 27.7% from KShs. 55.12bn to KShs. 70.38bn for the year ended 31 March 2017. Excluding the one-off adjustment, growth was 21.6%.
- Net income increased by 27.1% from KShs. 38.10bn to KShs. 48.44bn for the year ended 31 March 2017. Excluding the one-off adjustment, growth was 18.3%.
- Normal dividend payout recommended of KShs. 38.86bn, an increase of 27.5% from KShs. 30.48bn for the period ended 31 March 2017.
- Special dividend of KShs. 27.24bn (KShs 0.68 per share) was declared and paid by 1 December 2016 (2016: Nil).



## Annual General Meeting

The Annual General Meeting will be held on 1 September 2017.

## By order of the board

Nicholas Ng'ang'a

Chairman  
Date: 9 May 2017

