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Over the last 20 years, Safaricom has grown to be more than just a mobile service provider. It has morphed into a digital lifestyle enabler leveraging on technology driven by our purpose: to transform lives. As we go into the next decade, we have a vision of being a purpose-led technology company by the year 2025.

I aim to create a technology business by going beyond in new borders and boundaries, developing new digital ecosystems in health, agriculture and education sectors as we aim to be the technology partner for our customers.

SMEs and MSMEs are the lifeblood of our economy, we aspire to be the partner of choice in enabling them to grow and thrive. We have already begun exploring ways in which we can partner with the government and other institutions in this regard.

COVID-19 has given us a unique opportunity to live out our Purpose.

There is no doubt that COVID-19 has dealt a huge blow to many people not just in Kenya, but across the globe. This has been a tough period for businesses and our customers and we committed ourselves to walk through this journey together. During this period, we took several initiatives to support our customers and the government to pull through this pandemic.

This included but was not limited to zero rating M-PESA transactions below KShs 1,000, double bandwidth for our Fibre to Home/Business customers, setting up the 24/7 COVID-19 Information Centre in partnership with Kenya's Ministry of Health amongst other activities.

We recognize the crucial role that network connectivity plays in building socio-economic resilience for the country and we remain committed to building a resilient network infrastructure to enable our customers work and school from home, observe social distancing etiquette and enable businesses remain operational.

Peter Ndegwa, Chief Executive Officer

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The Board has been updated regularly on business operations during the period under review. We are encouraged by the positive trajectory witnessed going into second quarter of our financial year.

In addition, we continue to support the country in its effort to navigate through this period of uncertainty, with zero rated M-PESA transactions, bonga for good, and other initiatives to support our customers, staff and partners.

The Board supports the measures management has put in place and believes they will sharpen the focus and create new opportunities for Safaricom.

We remain steadfast in ensuring management continues to build on the strong company position that has been established over the last 20 years, running a purpose-driven business, that continues to transform lives and drive future growth.

Michael Joseph, Chairman

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Condensed consolidated Statement of profit or loss and other comprehensive Income for the six months ended: KShs Millions	30-Sep-20	Group 30-Sep-19	% Change
Service revenue	118,406.8	124,324.5	(4.8%)
Handsets and other revenue	5,442.3	5,158.2	5.5%
Construction revenue	502.6	345.8	45.3%
Other income	183.5	97.1	89.0%
Total revenue	124,535.2	129,925.6	(4.1%)
Direct costs	(37,021.2)	(37,112.2)	(0.2%)
Provision for expected credit loss (ECL) on receivables	(2,404.5)	(366.3)	>100.0%
Construction costs	(502.6)	(345.8)	45.3%
Other expenses	(21,226.2)	(23,732.0)	(10.6%)
Earnings before interest, taxes, depreciation & amortisation (EBITDA)	63,380.7	68,369.3	(7.3%)
Depreciation and amortisation	(18,412.7)	(18,124.2)	1.6%
Earnings Before Interest and Taxes (EBIT)	44,968.0	50,245.1	(10.5%)
Net finance income	(236.3)	1,032.9	<100.0%
Share of profit of associates and joint venture (M-PESA Africa)	16.2	46.7	65.3%
Profit before income tax	44,747.9	51,324.7	(12.8%)
Income tax expense	(11,678.1)	(16,128.9)	(27.6%)
Profit after tax	33,069.8	35,195.8	(6.0%)
Other comprehensive income	0.0	0.0	0.0%
Profit and total comprehensive income for the year	33,069.8	35,195.8	(6.0%)
Attributed to:			
Equity holders of the company	33,069.8	35,195.8	(6.0%)
Basic and diluted earnings per share (EPS)*	0.83	0.88	(5.7%)

Condensed consolidated Statement of Cash Flows for the six months ended: KShs Millions	30-Sep-20	Group 30-Sep-19	% Change
Operating activities			
Cash generated from operations	65,195.1	71,014.9	(8.2%)
Movement in restricted cash	150.0	(77.0)	<100.0%
Interest received	1,121.3	1,904.5	(41.1%)
Income tax paid	(17,453.8)	(15,770.3)	10.7%
Net cash from operating activities	49,012.6	57,072.1	(14.1%)
Investing activities			
Dividends paid	(55,861.8)	(18,780.1)	>100.0%
Interest paid	(422.1)	(105.9)	>100.0%
Other financing activities	22,876.3	(5,640.9)	<100.0%
Net movement in cash and cash equivalents	(10,980.4)	3,250.7	<100.0%
Movement in cash and cash equivalents			
At start of year	26,759.7	20,030.1	33.6%
Increase	(10,980.4)	3,250.7	<100.0%
At end of the period	15,779.3	23,280.8	(32.2%)

*EPS based on results to 30 September 2020

Condensed Consolidated Statement of Financial Position as at: KShs Millions	30-Sep-20	Group 31-Mar-20	% Change
Capital employed			
Share capital (including share premium)	4,203.3	4,203.3	0.0%
Retained earnings	115,855.0	82,785.2	39.9%
Proposed dividends	0.0	56,091.6	(100.0%)
Total equity	120,058.3	143,080.1	(16.1%)
Represented by:			
Non-current liabilities	14,613.5	13,644.1	7.1%
Total equity and non-current liabilities	134,671.8	156,724.2	(14.1%)
Non-current assets	178,037.3	164,402.7	8.3%
Current assets			
Cash and cash equivalents	15,779.3	26,759.7	(41.0%)
Other financial assets	19.8	188.6	(89.5%)
Receivables and prepayments	23,275.1	17,190.3	35.4%
Inventories	3,928.9	1,859.4	>100.0%
Contract assets	2,785.0	2,563.8	8.6%
Current income tax	3,756.2	260.4	>100.0%
	49,544.3	48,822.2	1.5%
Current liabilities			
Payables and accrued expenses	40,775.0	29,920.1	36.3%
Dividends payable	1,274.9	1,045.1	22.0%
Current income tax	12.0	112.9	(89.4%)
Lease liability	3,460.9	3,549.4	(2.5%)
Borrowings	32,738.0	8,000.0	>100.0%
Provision for other liabilities	5,279.2	4,462.3	18.3%
Contract liabilities	9,369.8	9,410.9	(0.4%)
	92,909.8	56,500.7	64.4%
Net current liabilities	(43,365.5)	(7,678.5)	>100.0%
	134,671.8	156,724.2	14.1%

Commentary on results

The Board of Directors is pleased to announce the unaudited results for the six months ended 30 September 2020. The same accounting policies and methods of computation have been used as were in the last financial statements.

COVID-19 response weighs on performance, recovery visible in Q2

Service Revenue slowed down in Q1, declining 8.4% YoY, however recovery was visible in Q2 recording a decline of 1.2% YoY driven by customer growth of 10.2% YoY to 30.31Mn and growth in usage across all revenue streams. The adverse service revenue performance is mainly attributed to the decline in M-PESA and Voice revenues. Relative to the prior year, voice declined 6.5% YoY as the growth in customers and usage is offset by continued downward movement on the effective rate per minute. Zero rating of M-PESA transactions impacted M-PESA revenue which declined 14.5% YoY.

Mobile data grew 14.1% YoY sustaining the double digit trend of recovery from prior year. This growth was largely driven by sustained momentum in customer growth and usage. 4G devices using more than 1GB in the network grew 60.6% YoY.

FTTH revenue recorded solid growth of 47.2% YoY as distinct FTTH charged customers grew 56.8% YoY. The growth is driven by the customer shift to work from home and the continued investment in our fibre network, and penetration of homes passed has increased 10.6ppts since FY20 to 53.5%.

In order to support this growth, capital expenditure for the six months ended 30 September 2020 stood at KShs 22.75Bn growing at 25.5% YoY. 4G coverage now stands at 91% from 77% as at 31 March 2020.

Borrowings

As at 30 September 2020 Cash and cash equivalents stood at KShs 15.78Bn with KShs 32.74Bn in borrowings for the same period.

Taxation

The Group continues to be a major contributor to the revenues of the Government and remitted KShs 59.60Bn in duties, taxes and license fees for the six months ended 30 September 2020. This increased the total duties, taxes and fees paid since inception to KShs 869.10Bn.

By order of the Board

Michael Joseph
Chairman
9 November 2020



Service Revenue

-4.8%YoY
KShs 118.41Bn HY21
 KShs 124.32Bn HY20



One month active customers

+10.2%YoY
30.31Mn HY21
 27.50Mn HY20



EBIT

-10.5%YoY
KShs 44.97Bn HY21
 KShs 50.25Bn HY20

Our Economy

Value of zero-rated M-PESA transactions KShs 1.76Trn.
Bonga for Good; 2 billion bonga points KShs 0.4Bn.
 KShs 130Mn COVID-19 support for **dealer operations**.
 Early **SME** supplier **payments**.

Our People

Over KShs 0.25Bn for **provision of PPE** and **protective measures**.
Virtual process of electronic airtime purchase to minimize human interaction at dealer and agent points.
 Monthly stipends and PPEs to 3,200 **supplier employees** working within our locations
77% staff enabled with **working tools** and skills; laptops, seats, online training courses.
22 Webinars held so far with 5K+ participants on various psychosocial topics.
 More than **600** expiring staff **contracts renewed**.



Our Customers

Zero-rated educational resources.
Double bandwidth to ensure connectivity for home customers.
KShs 150,000 daily M-PESA transactions limit to support SMEs; **KShs 300,000** daily M-PESA wallet capacity.
 Establishment of **24/7 COVID-19 information centre** leveraging on our customer contact centre.

Our Community

COVID-19 Fund donation; 'Bega kwa Bega' initiative KShs 0.2Bn.
Government support; Purchase of thermal cameras KShs 0.1Bn.
Community support; Funds set aside to help in education, health and empowerment KShs 0.1Bn.
Support to 2,500 vulnerable families from Safaricom staff.
KShs 60Mn+ 'Ndoto Zetu' support response to **COVID-19** in water, health, economic empowerment and education projects touching 1.18Mn+ lives.

HEALTHY UNDERLYING PERFORMANCE | GROWTH IN FUNDAMENTAL KPIs

