

# SAFARICOM LIMITED

Condensed unaudited Group results for the six months ended 30 September 2016

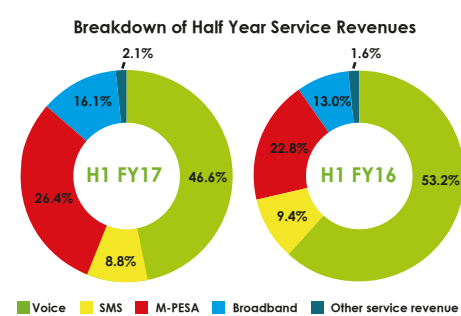
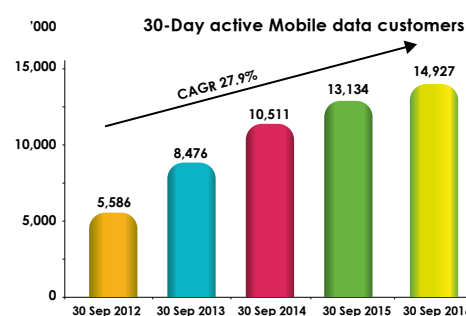
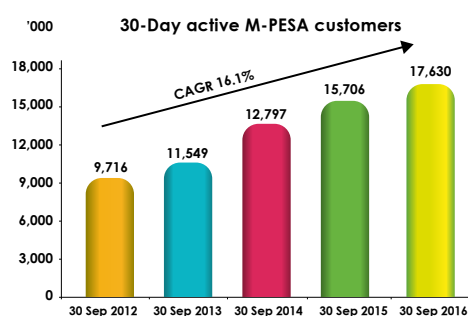
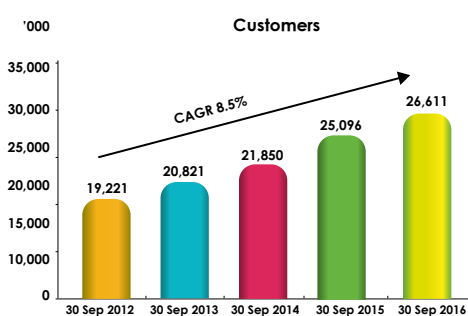
Condensed consolidated Interim Statement of Comprehensive Income (Kshs '000)	Group		% Change
	30-Sep-16	30-Sep-15	
Service revenue	98,006,590	84,913,683	15.4%
Handset and other revenue	4,011,333	3,868,820	3.7%
Construction revenue	76,183	8,441,772	-
<b>Total revenue</b>	<b>102,094,106</b>	<b>97,224,275</b>	<b>5.0%</b>
Other income	2,278,518	76,612	>100%
Direct costs	(32,499,462)	(30,022,259)	8.3%
Construction costs	(76,183)	(8,441,772)	-
Other expenses	(20,991,407)	(19,998,389)	5.0%
<b>Earnings before interest, taxes, depreciation &amp; amortisation (EBITDA)</b>	<b>50,805,572</b>	<b>38,838,467</b>	<b>30.8%</b>
Depreciation, impairment and amortisation	(16,344,004)	(13,545,616)	20.7%
Finance Income	826,173	1,675,168	(50.7%)
Finance costs	(808,259)	(654,453)	23.5%
Share of profit of associate	10,335	89,163	(88.4%)
<b>Profit before taxation</b>	<b>34,489,817</b>	<b>26,402,729</b>	<b>30.6%</b>
Income tax expense	(10,561,462)	(8,324,414)	26.9%
<b>Total comprehensive income for the period</b>	<b>23,928,355</b>	<b>18,078,315</b>	<b>32.4%</b>
<b>Attributed to:</b>			
<b>Equity holders of the company</b>	<b>23,928,355</b>	<b>18,078,315</b>	<b>32.4%</b>
<b>Basic and diluted earnings per share (EPS)</b>	<b>0.60</b>	<b>0.45</b>	<b>32.4%</b>
<b>Earnings per share for profit attributable to the equity holders of the Company</b>	<b>0.60</b>	<b>0.45</b>	<b>32.4%</b>

Condensed consolidated Interim Statement of Financial Position (Kshs '000)	Group		% Change
	30-Sep-16	31-Mar-16	
<b>Capital Employed</b>			
Share capital (including share premium)	4,203,311	4,203,311	-
Retained earnings	78,736,162	82,052,298	(4.0%)
Proposed dividends	-	30,483,432	-
<b>Shareholders Funds</b>	<b>82,939,473</b>	<b>116,739,041</b>	<b>(29.0%)</b>
Non current borrowings	-	-	-
	<b>82,939,473</b>	<b>116,739,041</b>	<b>(29.0%)</b>
<b>Represented by</b>			
Non Current Assets	135,053,187	131,523,189	2.7%
Current Assets:			
Inventories	1,536,799	816,393	88.2%
Receivables and prepayments	24,250,344	20,622,992	17.6%
Cash and cash equivalents	43,028,951	6,220,005	>100%
	68,816,094	27,659,390	>100%
<b>Current Liabilities:</b>			
Payables and accrued expenses	44,931,270	40,068,982	12.1%
Current income tax	1,703,414	2,374,556	(28.3%)
Borrowings	16,567,201	-	-
Dividends payable	57,727,923	-	-
	120,929,808	42,443,538	>100%
Net current liabilities	(52,113,714)	(14,784,148)	>100%
	<b>82,939,473</b>	<b>116,739,041</b>	<b>(29.0%)</b>

Condensed consolidated Interim Statement of Cash Flows (Kshs '000')	Group		% Change
	30-Sep-16	30-Sep-15	
<b>Operating activities</b>			
Cash generated from operations	50,663,676	37,647,624	34.6%
Movement in restricted cash	116,543	(79,008)	<100%
Movement in fair valuation of restricted cash	(15,896)	-	-
Net interest received	671,934	332,396	>100%
Income tax paid	(12,274,091)	(8,241,156)	48.9%
<b>Net cash from operating activities</b>	<b>39,162,166</b>	<b>29,659,856</b>	<b>32.0%</b>
Investing activities	(18,920,421)	(19,973,192)	(5.3%)
Financing activities	16,567,201	(2,560,164)	<100%
<b>Net movement in cash and cash equivalents</b>	<b>36,808,946</b>	<b>7,126,500</b>	<b>&gt;100%</b>
<b>Movement in cash and cash equivalents</b>			
At start of period	6,220,005	11,916,371	(47.8%)
Increase	36,808,946	7,126,500	>100%
<b>At end of the period</b>	<b>43,028,951</b>	<b>19,042,871</b>	<b>126.0%</b>

## Key highlights for the six month period ended 30 September 2016

- Customer numbers have increased by 6.0% to 26.61m as at September 2016 from 25.10m as at September 2015
- Mobile data customers who were active in the last 30 days increased by 13.7% to 14.93m as at September 2016 from 13.13m as at September 2015
- M-PESA customers who were active in the last 30 days grew by 12.2% to 17.6m as at September 2016 compared to 15.71m as at September 2015
- Service revenue increased by 15.4% to Kshs 98.01bn compared to Kshs 84.91bn in a similar six month period ended September 2015
- Voice revenue increased by 1.1% to Kshs 45.70bn compared to Kshs 45.19bn in a similar six month period ended September 2015
- SMS revenue grew by 8.1% to Kshs 8.60bn compared to Kshs 7.98bn in a similar six month period ended September 2015
- Mobile Data revenue increased by 46.3% to Kshs 13.40bn compared to Kshs 9.16bn in a similar six month period ended September 2015
- Fixed service revenue increased by 29.1% to Kshs 2.40bn compared to Kshs 1.86bn in a similar period ended September 2015
- Strong growth in M-PESA revenue of 33.7% to Kshs 25.90bn compared to Kshs 19.35bn in a similar six month period ended September 2015
- Non-voice service revenues increased to 53.4% of service revenues from 46.8% in a similar six month period ended September 2015
- EBITDA increased by 30.8% to Kshs 50.81bn compared to Kshs 38.84bn in a similar six month period ended September 2015
- Net income increased by 32.4% to Kshs 23.93bn compared to Kshs 18.08bn in a similar six month period ended September 2015



## Commentary on results

The Board of Directors is pleased to announce the un-audited results for the six months ended 30 September 2016. There were no significant changes in accounting policies from the last condensed un-audited financial statements. During the period there was an increase in the number of customers to 26.61m as at 30 September 2016 up from 25.10m as at 30 September 2015. In order to support this growth, the Company continued to invest in both the expansion and modernization of its 2G, 3G, and 4G networks and internal systems upgrades. Capital expenditure during the six month period stood at Kshs 18.95bn. The company will continue to invest in capital expenditure. Total borrowings as at 30 September 2016 stood at Kshs 16.57bn. Cash and cash equivalents stood at Kshs 43.03bn, leaving net cash of Kshs 26.46bn, up from net cash of Kshs 6.22bn for the period ended 31 March 2016.

## Taxation

The Group continues to be a major contributor to government revenues and remitted Kshs 42.93bn in duties, taxes and license fees for the six month period ended 30 September 2016 up from Kshs 31.14bn for the same period to 30 September 2015.

## Dividends

As in previous years, the directors do not propose the payment of an interim dividend.

By order of the board

Nicholas Nganga

Chairman Date: 3 November 2016

