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OUR TRANSFORMING LIVES STORY
The Story Of A Base Station

Connectivity
Safety
Access
Health
Well-Being
Education
Dignity

Safaricom
OUR TRANSFORMING LIVES STORY
Solutions That Transform Lives

Financial Inclusion

Health

Agriculture

- Fertilizer subsidy with Government of Kenya
- Connected Farmers Alliance (CFA)

Education

- Chakula Chap Chap
  Safaricom, UNHCR and WFP partnership

Other
OUR TRANSFORMING LIVES STORY
Case Study: Chakula Chap Chap – Dignity Restored
OUR TRANSFORMING LIVES STORY
Building A Sustainable Future

- Decent Work and Economic Growth
- Industry, Innovation, and Infrastructure
- Reduced Inequalities
- Affordable and Clean Energy
- Quality Education
- Good Health and Well-being
- Responsible Consumption and Production
- Peace, Justice, and Strong Institutions
- Partnerships for the Goals
DELIVERING OUR STRATEGY
Focus. Fix. Fine Tune.
DELIVERING OUR STRATEGY
Enhancing Our Relationship With The Customer

Always in Control
“Simple, predictable, convenient solutions”
• Safaricom App
• Hakikisha

WE CARE

Connectivity
“Best Network for You”
• Call Drop Guarantee

Easy Access
“Always available for you”
• 600 new Customer Service Agents

Reward and Loyalty
“We value your Business and Patronage”
• Bonga Points
• Blaze Bonga

Safaricom
DELIVERING OUR STRATEGY
Leveraging Partnerships To Meet Customer Needs

Spark Fund Investments

Innovation

Co-creation and Partnerships

H1FY16
47% Non-voice
53% Voice

H1FY17
53% Non-voice
47% Voice
Over 16,000 homes passed with High Speed Fibre

Over 600 4G sites

M-PESA availability close to 100%

Over 4,000 2G sites.

80% 3G population coverage
DELIVERING OUR STRATEGY

Our Growth Strategy

- Customer First
- Relevant Products
- Operational Excellence

= Revenue
= EBITDA
= Net Income
= Free CashFlow
The Numbers
**Strong Financial Performance** | Delivered By Our Purpose And Strategy

<table>
<thead>
<tr>
<th>Key Financials</th>
<th>H1FY17</th>
<th>H1 FY16</th>
<th>YoY%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Revenue</td>
<td>98.0</td>
<td>84.9</td>
<td>+15.4%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>50.8</td>
<td>38.8</td>
<td>+30.8%</td>
</tr>
<tr>
<td>Underlying EBITDA*</td>
<td>47.4</td>
<td>38.8</td>
<td>+22.2%</td>
</tr>
<tr>
<td>Net Income</td>
<td>23.9</td>
<td>18.1</td>
<td>+32.4%</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>20.1</td>
<td>9.5</td>
<td>+111.6%</td>
</tr>
</tbody>
</table>

*Excludes one off adjustment of Shs 3.4Bn
**H1 Service Revenue** | Driven By M-PESA & Mobile Data

**+15.4% YoY**

- **M-PESA +7.7ppts**
  - +33.7% (YoY)
  - 26.4% of Service Revenue
- **Mobile Data +4.9ppts**
  - +46.3% (YoY)
  - Total data 16.0% of Service Revenue

**Service Revenue (Shs Bn)**

<table>
<thead>
<tr>
<th></th>
<th>H1FY13</th>
<th>H1FY14</th>
<th>H1FY15</th>
<th>H1FY16</th>
<th>H1FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voice</td>
<td>56.1</td>
<td>66.2</td>
<td>75.6</td>
<td>84.9</td>
<td>98.0</td>
</tr>
<tr>
<td>M-PESA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mobile Data</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Messaging</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Outgoing Voice
- +0.9ppts (+1.9% YoY)
- 43% of Service Revenue

Messaging
- +0.7ppts (+8.1% YoY)
- 8.8% of Service Revenue

Customer base now at 26.6m (+6% YoY)

**Service Revenue Waterfall (Shs Bn)**

<table>
<thead>
<tr>
<th>H1FY16</th>
<th>Voice</th>
<th>M-PESA</th>
<th>Mobile Data</th>
<th>Messaging</th>
<th>Other*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.5</td>
<td>6.5</td>
<td>4.2</td>
<td>0.6</td>
<td>1.2</td>
</tr>
</tbody>
</table>

*Includes Fixed data and other Service Revenue (Okoa Jahazi)
M-PESA Revenue | Delivers Growth Driven By Deeper Customer Engagement

M-PESA Revenue (Shs Bn)

<table>
<thead>
<tr>
<th></th>
<th>H1FY13</th>
<th>H1FY14</th>
<th>H1FY15</th>
<th>H1FY16</th>
<th>H1FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>10.4</td>
<td>12.5</td>
<td>15.6</td>
<td>19.4</td>
<td>25.9</td>
</tr>
</tbody>
</table>

Bread and Butter +3.9 ppts (P2P & Withdrawals)
- 76% of M-PESA Revenue

New Business +3.8 ppts (C2B, B2C, B2B, LNM, etc.)
- 24% of M-PESA Revenue

+7.7 ppts

Bread and Butter
- Person to Person transfers (P2P) +19% YoY
- Withdrawals +21% YoY

New Business
- Customer to Business (C2B)
- Business to Customer (B2C)
- Business to Business (B2B)
- Lipa Na M-PESA +73% YoY

+64% YoY

30-day Active M-PESA Customers (m)

<table>
<thead>
<tr>
<th></th>
<th>H1FY13</th>
<th>H1FY14</th>
<th>H1FY15</th>
<th>H1FY16</th>
<th>H1FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers</td>
<td>9.7</td>
<td>11.6</td>
<td>12.8</td>
<td>15.7</td>
<td>17.6</td>
</tr>
</tbody>
</table>
M-PESA Transaction Values | Growth Continues In Bread And Butter, Acceleration From New Business

<table>
<thead>
<tr>
<th>Year</th>
<th>Shs 'Bn'</th>
<th>Deposits</th>
<th>P2P Transfers</th>
<th>Withdrawals</th>
<th>Other*</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1FY13</td>
<td>1,237</td>
<td>398</td>
<td>401</td>
<td>82</td>
<td>82</td>
</tr>
<tr>
<td>H1FY14</td>
<td>1,555</td>
<td>544</td>
<td>557</td>
<td>242</td>
<td>557</td>
</tr>
<tr>
<td>H1FY15</td>
<td>1,972</td>
<td>630</td>
<td>644</td>
<td>222</td>
<td>630</td>
</tr>
<tr>
<td>H1FY16</td>
<td>2,475</td>
<td>746</td>
<td>768</td>
<td>242</td>
<td>746</td>
</tr>
<tr>
<td>H1FY17</td>
<td>3,226</td>
<td>1,237</td>
<td>1,237</td>
<td>1,237</td>
<td>1,237</td>
</tr>
</tbody>
</table>

* Other includes; B2C, C2B, B2B, Lipa Na M-PESA, IMT, Airtime, e.t.c
**Mobile Data ARPU based on distinct data customers**

**Mobile Data Revenue** | Customers And Usage Driving Growth

- **+4.9ppts**
- **Active customers +2.3ppts**
- **ARPU +2.6ppts**

**Mobile Data Revenue (Shs Bn)**

H1FY13 | H1FY14 | H1FY15 | H1FY16 | H1FY17
---|---|---|---|---
2.5 | 4.3 | 6.5 | 9.2 | 13.4

**30-day Active Mobile Data Customers (m)**

H1FY13 | H1FY14 | H1FY15 | H1FY16 | H1FY17
---|---|---|---|---
5.6 | 8.5 | 10.5 | 13.1 | 14.9

• Mobile Data ARPU* – Shs 144 **+21% (YoY)**
• Usage per customer per month at 231MBs **+44% (YoY)**
• Total mobile data volume (Bn) - 21.1MBs **+74% (YoY)**
• Rate/MB - Shs 0.63 reduced - **16% (YoY)**

*Mobile Data ARPU based on distinct data customers*
Traditional Telco Revenue Streams | Voice As Well As SMS Continues To Deliver Growth

Voice Revenue (Shs Bn)

<table>
<thead>
<tr>
<th></th>
<th>H1FY13</th>
<th>H1FY14</th>
<th>H1FY15</th>
<th>H1FY16</th>
<th>H1FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>37.4</td>
<td>41.0</td>
<td>43.7</td>
<td>45.2</td>
<td>45.7</td>
<td></td>
</tr>
</tbody>
</table>

- 30 day active voice customers, 21m +6.8% (YoY)
- M-PESA airtime top ups, 45.7% +4.7ppts
- Voice ARPU* - Shs 294 reduced 8% (YoY)

Messing Revenue (Shs Bn)

<table>
<thead>
<tr>
<th></th>
<th>H1FY13</th>
<th>H1FY14</th>
<th>H1FY15</th>
<th>H1FY16</th>
<th>H1FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.3</td>
<td>6.4</td>
<td>7.2</td>
<td>8.0</td>
<td>8.6</td>
<td></td>
</tr>
</tbody>
</table>

- Active SMS users, 15.7m +6.5% (YoY)
- SMS bundle users, 4.9m +3.7% (YoY)
- PRS SMS users, 6.4m +30.8% (YoY)

*Voice ARPU based on total subscribers

*PRS - Premium Rate Services
**EBITDA | Supported By Revenue Growth And Cost Management**

+30.8%*

**EBITDA**

+22.0%

Contribution Margin

9.3%**

OpEx

*Underlying EBITDA growth +22.2%(YoY)

**Operating expenses (OpEx) growth excludes forex on trading activities

---

**EBITDA (Shs Bn)**

<table>
<thead>
<tr>
<th></th>
<th>H1FY13</th>
<th>H2FY13</th>
<th>H1FY14</th>
<th>H2FY14</th>
<th>H1FY15</th>
<th>H2FY15</th>
<th>H1FY16</th>
<th>H2FY16</th>
<th>H1FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>22.3</td>
<td>26.9</td>
<td>28.9</td>
<td>32.0</td>
<td>33.5</td>
<td>37.7</td>
<td>38.8</td>
<td>44.2</td>
<td>50.8</td>
</tr>
</tbody>
</table>
Operational Excellence | In Managing Costs

**Contribution Margin (Shs Bn)**

- Total revenue: 102.0
- Other income: 2.3
- M-PESA commissions: 8.5
- Airtime commissions: 5.5
- Licence fees: 5.0
- A&R and Handset costs: 6.6
- Interconnect costs: 3.6
- Other costs: 3.4
- Contribution Margin: 71.8

**OpEx (Shs Bn) and OpEx Intensity (%)**

- H1FY13: 13.9, 23.5%
- H1FY14: 15.6, 22.4%
- H1FY15: 17.4, 22.0%
- H1FY16: 20.0, 22.5%
- H1FY17: 21.0, 21.0%

- • Growth in contribution +22.0% (YoY)
- • Contribution margin at 70.4%, +4.14ppts
- • Underlying margin at 68.2%

- • Declining YoY OpEx as a % of revenue (down 1.5ppts)
- • OpEx costs growth +9.3% (YoY) vs Service Revenue growth of +15.4% (YoY)
Operational Excellence | Wide Network For Our Customers

Capex (Shs Bn)

<table>
<thead>
<tr>
<th>H1FY13</th>
<th>H1FY14</th>
<th>H1FY15</th>
<th>H1FY16</th>
<th>H1FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.6</td>
<td>10.5</td>
<td>12.4</td>
<td>20.0</td>
<td>18.9</td>
</tr>
</tbody>
</table>

Five Year FY Capex Intensity

- 20.0% - 19.2% - 20.6% - 17.2% - 16.4%

Base Stations

<table>
<thead>
<tr>
<th>H1FY14</th>
<th>H1FY15</th>
<th>H1FY16</th>
<th>H1FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,984</td>
<td>1,650</td>
<td>1,973</td>
<td>3,247</td>
</tr>
<tr>
<td>3,247</td>
<td>1,973</td>
<td>2,281</td>
<td>3,221</td>
</tr>
</tbody>
</table>

Sites

- 2G sites growth, +14% (YoY)
- 3G Population coverage at 80%
- 4G in 32 out of 47 counties

Own Fibre Roll out

- Connected 34% of our sites
- Over 16,000 homes passed with our Fibre To The Home (FTTH)

Better Internal Systems

- M-PESA availability close to 100%

*Forecast
Free Cash Flow | Growth Delivered By Rising Trading Performance

Free Cash Flow (Shs Bn)

<table>
<thead>
<tr>
<th>EBITDA</th>
<th>Capex ( \text{(19.0)} )</th>
<th>Tax ( \text{(12.3)} )</th>
<th>Working Capital ( \text{(0.1)} )</th>
<th>Net Interest</th>
<th>Free cash flow</th>
</tr>
</thead>
<tbody>
<tr>
<td>50.8</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>20.1</td>
</tr>
</tbody>
</table>

Net Cash Position (Shs Bn)

<table>
<thead>
<tr>
<th>Cash &amp; cash equivalents</th>
<th>Bank Borrowings</th>
<th>Net cash</th>
</tr>
</thead>
<tbody>
<tr>
<td>43.0</td>
<td>( \text{(16.5)} )</td>
<td>26.5</td>
</tr>
</tbody>
</table>

Free cash flow up, +111.6% (YoY)

- On improved trading results
### Key Financials | Statement Of Income

<table>
<thead>
<tr>
<th>Shs Bn</th>
<th>H1 FY17 Reported</th>
<th>H1 FY17 Normalized**</th>
<th>H1 FY16</th>
<th>YoY% Reported</th>
<th>YoY% Normalized</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voice revenue (Outgoing &amp; Incoming)</td>
<td>45.70</td>
<td>45.70</td>
<td>45.19</td>
<td>1.1%</td>
<td>1.1%</td>
</tr>
<tr>
<td>Messaging revenue</td>
<td>8.63</td>
<td>8.63</td>
<td>7.98</td>
<td>8.1%</td>
<td>8.1%</td>
</tr>
<tr>
<td>Mobile data revenue</td>
<td>13.40</td>
<td>13.40</td>
<td>9.16</td>
<td>46.3%</td>
<td>46.3%</td>
</tr>
<tr>
<td>Fixed service revenue</td>
<td>2.40</td>
<td>2.40</td>
<td>1.86</td>
<td>29.0%</td>
<td>29.0%</td>
</tr>
<tr>
<td>M-PESA revenue</td>
<td>25.87</td>
<td>25.87</td>
<td>19.35</td>
<td>33.7%</td>
<td>33.7%</td>
</tr>
<tr>
<td>Other service revenue</td>
<td>2.01</td>
<td>2.01</td>
<td>1.37</td>
<td>46.7%</td>
<td>46.7%</td>
</tr>
<tr>
<td><strong>Service Revenue</strong></td>
<td><strong>98.01</strong></td>
<td><strong>98.01</strong></td>
<td><strong>84.91</strong></td>
<td><strong>15.4%</strong></td>
<td><strong>15.4%</strong></td>
</tr>
<tr>
<td>Handset and other revenue</td>
<td>4.01</td>
<td>4.01</td>
<td>3.87</td>
<td>3.6%</td>
<td>3.6%</td>
</tr>
<tr>
<td>Construction revenue</td>
<td>0.08</td>
<td>0.08</td>
<td>8.44</td>
<td>-99.1%</td>
<td>-99.1%</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>102.10</strong></td>
<td><strong>102.10</strong></td>
<td><strong>97.22</strong></td>
<td><strong>5.0%</strong></td>
<td><strong>5.0%</strong></td>
</tr>
<tr>
<td>Other income</td>
<td>2.28</td>
<td>0.05</td>
<td>0.08</td>
<td>&gt;100.0%</td>
<td>-37.5%</td>
</tr>
<tr>
<td>Direct costs</td>
<td>(32.50)</td>
<td>(32.50)</td>
<td>(30.02)</td>
<td>8.3%</td>
<td>8.3%</td>
</tr>
<tr>
<td>Construction costs</td>
<td>(0.08)</td>
<td>(0.08)</td>
<td>(8.44)</td>
<td>-99.1%</td>
<td>-99.1%</td>
</tr>
<tr>
<td><strong>Contribution Margin</strong></td>
<td><strong>71.80</strong></td>
<td><strong>69.57</strong></td>
<td><strong>58.84</strong></td>
<td><strong>22.0%</strong></td>
<td><strong>18.2%</strong></td>
</tr>
<tr>
<td>Contribution margin %*</td>
<td>70.38%</td>
<td>68.19%</td>
<td>66.23%</td>
<td>4.15ppts</td>
<td>1.96ppts</td>
</tr>
<tr>
<td>Operating costs</td>
<td>(21.00)</td>
<td>(22.12)</td>
<td>(19.22)</td>
<td>9.3%</td>
<td>15.1%</td>
</tr>
<tr>
<td>Forex loss on trading activities</td>
<td>0.01</td>
<td>0.01</td>
<td>0.78</td>
<td>&lt;100.0%</td>
<td>&lt;100.0%</td>
</tr>
<tr>
<td>Operating cost &amp; Fx loss % total revenue*</td>
<td>20.57%</td>
<td>21.68%</td>
<td>22.53%</td>
<td>1.96ppts</td>
<td>0.85ppts</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td><strong>50.81</strong></td>
<td><strong>47.46</strong></td>
<td><strong>38.84</strong></td>
<td><strong>30.8%</strong></td>
<td><strong>22.2%</strong></td>
</tr>
<tr>
<td>EBITDA margin %*</td>
<td>49.80%</td>
<td>46.52%</td>
<td>43.75%</td>
<td>6.05ppts</td>
<td>2.77ppts</td>
</tr>
<tr>
<td>Depreciation, impairment &amp; amortisation</td>
<td>(16.35)</td>
<td>(16.35)</td>
<td>(13.55)</td>
<td>20.7%</td>
<td>20.7%</td>
</tr>
<tr>
<td>Net financing income</td>
<td>0.03</td>
<td>0.03</td>
<td>0.33</td>
<td>-90.9%</td>
<td>-90.9%</td>
</tr>
<tr>
<td>Forex gain on cash and cash equivalents</td>
<td>(0.01)</td>
<td>(0.01)</td>
<td>0.69</td>
<td>&lt;100.0%</td>
<td>&lt;100.0%</td>
</tr>
<tr>
<td>Share of associate profit/(loss)</td>
<td>0.01</td>
<td>0.01</td>
<td>0.09</td>
<td>-88.9%</td>
<td>-88.9%</td>
</tr>
<tr>
<td>Taxation</td>
<td>(10.56)</td>
<td>(10.56)</td>
<td>(8.32)</td>
<td>26.9%</td>
<td>26.9%</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td><strong>23.93</strong></td>
<td><strong>20.57</strong></td>
<td><strong>18.08</strong></td>
<td><strong>32.4%</strong></td>
<td><strong>13.8%</strong></td>
</tr>
<tr>
<td>Earnings Per Share (EPS***))</td>
<td>0.60</td>
<td>0.51</td>
<td>0.45</td>
<td>32.4%</td>
<td>13.8%</td>
</tr>
</tbody>
</table>

*All margins are calculated on total revenue less Construction revenue  
**Normalised for one off adjustment  
***EPS in Shs
WAY FORWARD
SUSTAINABLE GROWTH FOR KENYA
WAY FORWARD
TRUE VALUE HIGHLIGHTS FY 2015/16

SAFARICOM’S TRUE EARNINGS FOR 2015/16

413.86
SHS BILLION

IMPACT ON KENYAN HOUSEHOLDS
305.2
SHS BILLION
An increase from Kes 245bn in 2014/15

SOCIAL IMPACT OF M-PESA
184.6
SHS BILLION
4.45 times the total amount of transaction fees earned

The 2014/15 value bridge estimates that the total value Safaricom created for Kenyan Society in FY15 was around 10 times greater than the financial profit the company made during the same period.

For the FY16, this has increased to 10.9 times.
WAY FORWARD

INTRODUCING M-PESA KADOGO
WAY FORWARD
UPGRADED EBITDA* & CAPEX GUIDANCE FOR FY17

EBITDA

From
Shs 89 - 92 Bn

To
Shs 94 - 97 Bn

CAPEX

From
Shs 32 - 33 Bn

To
Shs 34 - 35 Bn

*EBITDA Guidance includes one off adjustment
Q & A
### APPENDIX

**SUMMARY INDUSTRY PERFORMANCE | APRIL - JUNE 2016**

<table>
<thead>
<tr>
<th>Mobile Operator</th>
<th>Safaricom</th>
<th>Airtel</th>
<th>Orange</th>
<th>Equitel</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ending Quarter</td>
<td>Jun ‘16</td>
<td>Mar’16</td>
<td>Jun ‘16</td>
<td>Mar’16</td>
</tr>
<tr>
<td>Market Share by Subscribers (%)</td>
<td>65.2 ↓</td>
<td>65.6</td>
<td>16.60 ↓</td>
<td>17.5</td>
</tr>
<tr>
<td>Mobile Subscribers in Millions</td>
<td>25.9 ↑</td>
<td>25.2</td>
<td>6.5 ↓</td>
<td>6.7</td>
</tr>
<tr>
<td>Market Share by Voice Minutes (%)</td>
<td>77.8 ↑</td>
<td>76.8</td>
<td>13.90 ↓</td>
<td>14.5</td>
</tr>
<tr>
<td>SMS Market Share (%)</td>
<td>93.9 ↑</td>
<td>89.9</td>
<td>5.4 ↓</td>
<td>8.8</td>
</tr>
<tr>
<td>Mobile Data market share (%)</td>
<td>63.8 ↑</td>
<td>60.8</td>
<td>18.7 ↓</td>
<td>21.1</td>
</tr>
</tbody>
</table>

Source: Communications Authority of Kenya June 2016 Sector Statistics Report

Key:
- Increase
- Decrease
- No Change