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### Work Project

# Risk and Opportunity in Investing in African Emerging Markets: Case Study of Vodafone Investment in Kenya

by

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The ideas, interpretations and conclusions expressed in this work project do not necessarily reflect the views of the institutions, companies or persons mentioned. They are those of the author. Furthermore, any remaining errors and omissions are my own responsibility.

## Summary

This work project investigates the risks and opportunities of investing in African emerging markets by analyzing the case study of Vodafone (one of the world's leading multinational corporations in the mobile technology industry) investment in Kenya. The work project examines the strategic roadmap and risk management of Vodafone Group, analyzes Vodafone's key markets and its key objectives, risks, associated opportunities and value creation approach, for its investments on the continent in general, and more particularly in Kenya. We have carried out a valuation of Vodafone's investment in Kenya through the valuation of Safaricom (Vodafone's associate in Kenya) using various methods including valuation based on book values, valuation based on market values, valuation based on intrinsic values and valuation based on comparable firms. The results obtained highlighted a wide range of values obtained. The results also revealed that the consideration of some potential risks by investors had an impact on the valuation of Safaricom. The project therefore finds that Safaricom's well-defined strategy, good corporate governance and continuous technological innovations played an important role in explaining the company's results observed during the analyzed period.

### **Key words:**

Risk, Investment in African emerging markets, Vodafone, Kenya.

## Abbreviations and Acronyms

ARPU	Average revenue per user
CAPM	Capital Asset Pricing Model
CEO	Chief Executive Officer
CFO	Chief Financial Officer
D	Debt
DCF	Discounted Cash-Flow
E	Equity
EBIT	Earnings Before Interest and Taxes
EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortization
EVA	Economic Value Added
EPS	Earnings Per Share
ERM	Enterprise Risk Management
ERMF	Enterprise Risk Management Framework
EUR	The ISO code of the euro (symbol: €)
FCF	Free Cash Flow
FY	Financial Year
GBP	The ISO code of the United Kingdom currency (British pound sterling)
GPE	Global Partnership for Ethiopia BV
IC	Invested Capital
IT	Information Technology
JSE	Johannesburg Stock Exchange
KSE	The ISO code of the currency of Kenya (KSh)

KSh	Kenya Shilling (the Kenyan currency)
m	Million
MRP	Market Risk Premium
M&A	Mergers and acquisitions
NCI	Non-controlling interests
NOPAT	Net Operating Profit After Tax
NSE	Nairobi Stock Exchange
PER	Price-to-Earnings (P/E) Ratio
ROA	Return on Assets
ROE	Return on Equity
ROIC	Return on Invested Capital
RONIC	Return on New Invested Capital
STE	Safaricom Telecommunications Ethiopia P.L.C.
USD or \$	United States dollar
WACC	Weighted Average Cost of Capital
ZAR	The ISO code of the South Africa currency (Rand)

## Glossary of selected terms<sup>1</sup>

### Book value

Book value is the value of a company's assets after netting out its liabilities. It may also be referred to as net worth. It approximates the total value shareholders would receive if the company were liquidated and represents the sum of all of the line item amounts in the shareholders' equity section on a company's balance sheet. Another way to calculate book value is to subtract a business' total liabilities from its total assets.

### Comprehensive Income

The variation in a company's owners' equity, excluding investments by owners, during a specific period.

### Earnings per share (EPS)

*Basic:* EPS is calculated by dividing the profit for the period attributable to the owners of the company by the weighted average number of ordinary shares outstanding during the period.

*Diluted:* Diluted EPS is calculated by adjusting the profit for the year attributable to the shareholders and the weighted average number of shares considered for deriving basic EPS, for the effects of all the shares that could have been issued upon conversion of all dilutive potential shares.

### Enterprise value

Enterprise value (EV) measures a company's total value. Enterprise value is the sum of a company's market capitalization and total debt, minus cash or cash equivalents. It is often used as a more comprehensive alternative to market capitalization when valuing a company.

$EV = MC + \text{Total Debt} - C$ , where: MC=Market capitalization; equal to the current share price multiplied by the number of outstanding shares; Total debt= the sum of short-term and long-term debt; C= Cash and cash equivalents.

### Free operating cash flow

Total of cash flow from operating activities and cash flow from operational investing activities.

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<sup>1</sup> Sources: Cambridge Dictionary, < <https://dictionary.cambridge.org/dictionary/english/telco> >, Investopedia.

## Leverage ratio

A leverage ratio is a type of financial measurement used in finance, business, and economics to evaluate the level of debt relative to another financial metric. Several different ratios may be categorized as leverage ratios. Common leverage ratios include the debt-to-equity (D/E) ratio, debt-to-EBITDA, debt-to-enterprise value (NFD/EV) ratio (this latter will be considered in this report).

## NOPAT

Net operating profit after tax (NOPAT) is a financial measure that shows how well a company performed through its core operations, net of taxes. NOPAT is frequently used in economic value added (EVA) calculations and is a more accurate look at operating efficiency for leveraged companies.

## ROIC

Return on invested capital (ROIC) assesses a company's efficiency in allocating capital to profitable investments. It is calculated by dividing net operating profit after tax (NOPAT) by invested capital.

## RONIC

Return on new invested capital (RONIC) is a calculation used by firms or investors to determine the expected rate of return for deploying new capital. A high RONIC indicates a more efficient use of capital, whereas a lower figure may reflect the poor allocation of resources.

## TechCo

The term "techco" is a relatively new buzzword that has emerged to describe the transformation of traditional telecommunications companies (telcos) into more technology-focused and innovative businesses. This transformation is driven by the rapid pace of technological change and the increasing demand for digital services.

## Telco

Telco is an abbreviation for telecommunications company. It refers to a company that provides telecommunications services such as telephone, internet, and television to customers. Telcos are also known as telecoms or telecom companies, telecommunications or communication service provider (CSP) companies and have also become Internet service providers (ISPs).

## Introduction

This work project aims to address the issue of risk and opportunity with investment in African emerging markets. Indeed, investing in Africa involves various risks, including political uncertainty, economic volatility, regulatory challenges, infrastructure deficits, and social issues. Each of these risks can impact investment outcomes and requires careful consideration and strategic estimating.

In this work project, we analyze the case study of Vodafone Group investment in Kenya. Vodafone (the group based in United Kingdom) is one of the world's leading multinational corporations in the mobile technology industry. Over the past years, Vodafone has made significant investments in different emerging markets in Africa, including Kenya, based on the predicted growth of mobile phone use in Kenya and across the entire continent.

The current strategy of Vodafone is to focus on markets where it can grow and earn returns on its investments in excess of its cost of capital. Indeed, the company is reshaping its footprint as this is not possible organically in its European markets, mainly UK, Germany, Spain or Italy. Vodafone is now looking for strong positions with good local scale in each of its markets, and this will ensure it can deliver sustainable and predictable growth and a step-up in returns.

In Africa, Vodafone investments were channeled through its local companies – Vodacom based in South Africa and Safaricom – that are part of two transformative African innovations in the last 24 years in the mobile communications and financial services market.

The work project is divided in two main parts. The first Part analyzes Vodafone investments in Africa, Vodafone Group strategic roadmap and risk management, the company's key markets on the continent, its principal objectives, risks, associated opportunities and approach to value creation. The Part II details Vodafone investment in Safaricom (Vodafone's associate in Kenya) and carries out the valuation of the company. This second Part also analyzes the company's strategy and ESG alignment, the value-creating business model and risk-based approach, the approach to stakeholder management, the capital structure and corporate governance, and finally conducts a strategic and financial performance review, including the valuation of the company. We conclude the work project with the key findings of the study.

## Part 1. Vodafone investments in Africa

### I. Vodafone Group Strategic Roadmap and risk management

The current strategy of Vodafone is to focus on markets where it can grow and earn returns on its investments in excess of its cost of capital (see Appendix 1). The company is reshaped its footprint as this is not possible organically in its European markets, mainly UK, Germany, Spain or Italy. Vodafone is now looking for strong positions with good local scale in each of its markets, and this will ensure it can deliver sustainable and predictable growth and a step-up in returns. To implement its strategy, Vodafone is conducted a strong risk management. From Vodafone's analysis, risks are not static and as the environment changes, so do risks, some diminish or increase, while new risks appear. The company continuously reviews and improve its risk processes in order to ensure that the company has the appropriate level of support in meeting its strategic objectives (Vodafone, 2024).

### II. Long-term Trends Shaping the Digital Services and Next-Generation Connectivity

For Vodafone, connectivity drives competitiveness. Digital services and next-generation connectivity are increasingly central to everything Vodafone is doing – and the company strongly believes that it will be the driving forces that redefine relationships between sectors, employers, employees, customers, friends and family. Vodafone identifies four ‘mega trends’ that will continue to shape the industry in which it is operating and the key areas of focus in its strategy for the years ahead: connected devices, digital payments, adoption of cloud technology, and generative artificial intelligence (Vodafone, 2024).

As the economies and societies in its markets continue to evolve, the company's role in providing digital connectivity and solutions grows in importance, not only for its customers but also for policymakers too. The company strongly believes that its digital services help to improve lives, transform industrial productivity, drive growth and secure infrastructure.

### III. Key markets: principal objectives, risks and associated opportunities

Vodafone remains firmly committed to supporting Europe's and Africa's digital ambitions for the benefit of their citizens and businesses (See Appendix 7). In Europe, a ‘connectivity chasm’ is opening with regions like North America and Asia. For the company, there is a risk that in the future Europeans will have inferior access to the latest digital innovations simply because of outdated public policies. As a result, Europe will lack the advanced connectivity that is essential

to its global competitiveness. Though European policymakers have made some progress, the telecommunications market in Europe remains highly fragmented and more needs to be done to create the right environment for investing in next-generation connectivity (Vodafone, 2024).

In Africa, Vodafone and its local companies – Vodacom based in South Africa and Safaricom – are part of two transformative African innovations in the last 24 years – mobile communications and financial services. The company now has more than 170 million mobile customers across nine African countries. Connectivity that enables Vodafone’s customers to access the internet and make mobile money transfers is fundamental to the economic development of the nine countries in which the company operates (South Africa, DR Congo, Mozambique, Lesotho, Tanzania, Ghana, Tanzania, Egypt and its associate in Kenya) (See Appendix 1). As more customers wish to move to more advanced technologies, Vodafone is working with international partners and multilateral institutions to tackle the challenge of smartphone affordability (Vodafone, 2024).

#### IV. Approach to value creation

For Vodafone, further change is needed to drive sustainable value creation for our shareholders. The potential commercial value creation from capturing the growing market for green digital solutions is greatest in this objective, as industries seek to decarbonise in response to policy and market incentives. Thus, Vodafone’s Board aims to continue driving for sustainable value creation and monitor the company’s progress on the execution of Vodafone’s strategy (Vodafone, 2024).

## Part 2. Vodafone investments in Safaricom (Vodafone's associate in Kenya) and Valuation of the company

### I. Safaricom (Vodafone's associate in Kenya) Background

Safaricom was formed in 1997 as a fully owned subsidiary of Telkom Kenya. In May 2000, Vodafone Group PLC of the United Kingdom (UK) acquired a 40% stake and management responsibility for the company. In 2008, the government offered 25% of its shares to the public through the Nairobi Securities Exchange (NSE). Safaricom has harnessed its proprietary fiber infrastructure to build a dedicated enterprise business, which provides managed I.T. services to clients in the East African region.

Safaricom pioneered commercial mobile money transfer globally through M-PESA (*M for mobile, pesa is Swahili<sup>2</sup> for money*), the most successful service of its kind anywhere in the world. The M-Pesa rapidly became a lifestyle and business platform. Launched in March 2007, M-PESA has 32.41 million active customers as of 31 March 2024. At the same date, the number of transactions via M-PESA reached 28.33 billion, the value of transaction via M-PESA was KShs 40.24 trillion and the number of businesses accepting payments on M-PESA was 1.2 million (see Appendix 3).

### II. Vodafone investments in Safaricom (Vodafone's associate in Kenya): Strategic approach and Key objectives

Vodafone, one of the world's leading multinational corporations in the mobile technology industry, has made over the past years significant investments in different emerging markets in Africa, including Kenya, based on the predicted growth of mobile phone use in Kenya and across the entire continent. Furthermore, African emerging markets offer higher earn returns on its investments in excess of its cost of capital.

Vodafone Group holds interests in associate in Kenya, namely Safaricom, the Kenyan telecom company which was formed in 1997 as a fully owned subsidiary of Telkom Kenya. In May 2000, Vodafone Group PLC of the United Kingdom acquired a 40% stake and management responsibility for Safaricom.

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<sup>2</sup> Swahili, also known by its local name Kiswahili, is an African Bantu language originally spoken by the Swahili people, who are found primarily in Kenya, Mozambique and Tanzania (along the East African coast and adjacent littoral islands).

### III. Safaricom (Vodafone's associate) recent evolution

The key dates to summarize Safaricom (Vodafone's associate) recent evolution are as follows:

- In 2007, Vodafone launched for Safaricom and Vodacom, M-PESA, a mobile phone-based money transfer, financing and micro financing service, originally designed as a system to allow microfinance-loan repayments to be made by phone, reducing the costs associated with handling cash. After the pilot testing it was broadened to become a general money-transfer scheme. Since then, Safaricom M-PESA brand has reached 12 countries in Africa and three countries outside the continent (See Appendix 3).
- On 15 May 2017, Vodafone transfers a 35% interest in Safaricom to Vodacom in exchange for new ordinary shares in Vodacom.
- In 2008, the Kenyan government offered 25% of its shares to the public through the Nairobi Securities Exchange (NSE). Safaricom has harnessed its proprietary fiber infrastructure to build a dedicated enterprise business, which provides managed I.T. services to clients in the East African region.
- In 2021, Safaricom Kenya launched its Ethiopian subsidiary<sup>3</sup>, named Safaricom Telecommunications Ethiopia P.L.C. (STE), previously known as Global Partnership for Ethiopia BV (GPE), licensed with fee of US\$850 million on 9 July 2021<sup>4</sup>. This fee made it the single largest foreign direct investment into Ethiopia. The firm roll out telephony services from 2022.
- In October 2023, Safaricom launched its East Africa Device Assembly Kenya (EADAK) to produce smartphones. As of March 2024, the EADAK sold 360 000 smartphones, valued 21 billion KShs and is targeting to produce and sold 3 million smartphones per year.
- In January 2024, Safaricom launched the Government Cash Transfer Wallet to support the digitization of the Government services. As of March 2024, 253 000 beneficiaries were enrolled, KShs 1.2 billion were disbursed and the company was targeting 2 million beneficiaries by September 2024.

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<sup>3</sup> Safaricom investment in Ethiopia was mainly driven by the following opportunities offered by Ethiopia: (i) 2<sup>nd</sup> most populated country in Africa, (ii) very youthful population, (iii) low mobile and fixed penetration, (iv) rapid economic growth.

<sup>4</sup> In July 2021, Safaricom's top managers were awarded 16.4 million shares valued at KShs 700 million. In 2020, the employees had bought 17.8 million units worth KShs 763 million, Business Daily reported.

## IV. Strategy and ESG alignment

Safaricom Kenya strategy is based on four key pillars. For the FY2024, the company aims to scale technology solutions in order to be a purpose-led technology company by 2025, and its strategic focus for FY25–FY2030 is to become Africa’s leading purpose-led technology company. The company’s four strategic pillars are as follows:

- (i) *Strengthen the core foundation of the business*, namely the company’s platforms (networks, stations and digital ecosystems), facilitating inclusive, sustainable economic development and innovation to transform lives.
- (ii) *Environmental stewardship*, Safaricom is committed to managing its operations responsibly, decreasing its environment impact and promoting responsible behaviour among all its stakeholders. The company planet strategy has four key pillars: climate action, circular economy, conservation and restoration of biodiversity & ecosystems and environmental compliance.
- (iii) *Innovation and partnerships*, as a purpose-led technology company, Safaricom consider innovation to be central to achieving its strategic objectives, retaining its competitive edge and ensuring that it continues to grow. The company considers that innovation is not just about product innovation, but extends also to innovation related to financing, partnerships and engagement – solutions throughout the value chain that transform lives in many different ways. Constant innovation is an important aspect of ensuring its continued success and resilience.
- (iv) *Governance, business ethics and risk*, Safaricom strongly considers that good corporate governance enables a company to generate long term value and also helps in regulating risk. Robust governance and board effectiveness are key elements of corporate governance. While complying with ethical and responsible business practices, Safaricom strives to go beyond compliance to ensuring that its entire ecosystem operates in an ethical manner.

To smoothly implement its strategy, Safaricom endeavors to comply with its regulatory environment which plays a critical role in Safaricom’s ability to operate effectively, as the company reflects and responds to change in its socio-economic environment (Safaricom, 2024a).

## V. Value-creating business model and Risk-based Approach

Safaricom transition from a Telco to a TechCo is underpinned by its commitment to bridge digital and financial divides. As technology has become an integral part of our daily lives, driving innovation and progress across various sectors of the economy, Safaricom is now dedicated to strengthen its strategic to become a technology company. Its main objective is to utilise technology and provide relevant solutions that solve societal issues in Kenya and other African countries where the company is operating.

Safaricom value-creating business model, is founded on its four strategic pillars and is the foundation of the company's growth through sustainable business, leveraging technology and centered on the customers' needs. Safaricom is supporting value-creation activities through the company's vision (to be a purpose-led technology company), its transformational goal (to become a Techno company), its strategic enablers (data and analytics, network and IT, M&A and partnerships, people and organization), and its services to customers (GSM, financial services, fixed services, digital platforms and support functions).

To support its value-creating business model, Safaricom has defined its Enterprise Risk Management (ERM) process. The Enterprise Risk Management Framework (ERMF) provides our management with a clear line-of-sight over risk and enables informed decision-making.

The company's commitment to robust risk management practices is based on its top-down approach, with the Board assuming overall responsibility for the management of risk. From this level, appropriate support for risk management is disseminated throughout the Company, driving a positive risk culture across the organization. The company's risk management framework is aligned to the ISO 31000 ERM Standard, allowing it to identify, measure, manage and monitor strategic and operational risks across the business (Safaricom, 2024a).

## VI. Approach to stakeholder management, Capital Structure and Corporate Governance

Vodafone Group (based in UK) owns 100% of Vodacom Group Limited (based in South Africa), which owns 87.5% of Vodafone Kenya Ltd holding, which in turn holds 39.93% of Safaricom Plc, giving Vodacom an effective holding in Safaricom of 34.94%.

Safaricom approach to stakeholder management is very structured in considering a large spectrum of stakeholders including Government and regulators, customers, investors and shareholders, employees, suppliers, local communities, business partners and media. For each stakeholder group, Safaricom has defined the material relationships, means of engagement,

material interests and its actions to adapt itself to the macro-economic challenges.

Concerning the corporate governance, Safaricom is managed according to the monist or anglo-saxonic structure comprising the Board of Directors chaired by a chairperson, which is responsible for the transformational decisions, and the senior leadership team led by the CEO, assisted by senior managers, which is responsible of the day-to-day management.

The Chairperson and the CEO have distinct and clearly defined duties and responsibilities. The separation of the functions of the Chairman (a Non-Executive Director) and the CEO (Executive Director) supports and ensures the independence of the Board and Management. The balance of power, increased accountability, clear definition of responsibilities and improved decision-making are attained through a clear distinction between the non-executive and executive roles. The Safaricom Board of Directors acknowledges its overall responsibility for good corporate governance across the Group and ensures that the Group's governance policies and mechanisms are appropriate to its structure, business and risks. Furthermore, the Board ensures adherence to the standards and practices of good corporate governance, and to the principles, practices and recommendations set out under the Code of Corporate Governance for Issuers of Securities in Kenya as well as the Act (Safaricom, 2024a).

Safaricom is clearly aware of the benefits of having a good corporate governance. The company has raised the importance of ESG as a key reference of the non-financial performance. The company also set control functions, that help mitigate information asymmetry risk between shareholders, Board members non-executive directors and the senior leadership team led by the CEO assisted by senior managers.

The apparent effectiveness of the Board in its oversight and leadership role is enhanced by a full-bodied support system (see Appendix 3). This is enabled through:

- the *Board diversity*: the mix of nine non-executive directors (including three independent) and one executive director (the CEO) (with the CFO as the alternate director to the CEO), with relevant skills, knowledge and experience, aligned to the needs of the business;
- the *gender split of directors*: the Board is made of 50% male and 50% female;
- the *balance in terms of nationalities*: the Board comprises 7 Kenyans, 2 South Africans, 1 Italian and 1 French;
- the *delegation of authority to the following committees* to be able to undertake its mandate effectively and efficiently: Audit Committee, Risk and ESG Committee, Nominations Committee, Human Resources Committee, Investment and Innovations Committee.

## VII. Strategic and financial performance review

We will analyze the strategic and financial performance of Safaricom (Vodafone's associate in Kenya) over the last five years, from 2020 to 2024. We will first cover the performance from operations and the performance from investments. Then, we will proceed for the same period to the valuation of Safaricom by using different methods, including valuation based on book values, valuation based on market values, valuation based on intrinsic values and valuation based on comparable firms.

### 1. *Safaricom performance from operations*

Safaricom's performance for its operations was achieved in a post Covid-19 pandemic period characterized by an operating environment with several challenges for both the company and its customers. The Kenya operating environment experienced a sustained macroeconomic resilience despite the higher levels of interest rates, inflation and the depreciation of the Kenya Shilling against the US dollar. Some regulatory measures, such as the increase of rates for mobile money transfer services, also impacted the company's operations. For the company's customers, the constrained consumer purchasing power, the high cost of borrowing and energy tariffs also constrained the demand of services offered by the company (see Appendix 2).

Despite this challenging operating environment, the business displayed a substantial increase of its revenue of 9.4% and 12.4% in March 2024 respectively for Safaricom Kenya and Safaricom Group (Kenya and Ethiopia) compared to March 2023. Over the 2020-2024 period, the average increase of the total revenue was 12.4% and 8.3% respectively for Safaricom Kenya and Safaricom Group (Kenya and Ethiopia), mainly driven by M-Pesa services, voice revenue and mobile data (representing 40.1%, 23.0% and 19.3% of the total revenue respectively). This achievement also results from the Group investment in Ethiopia with the launching of Safaricom Ethiopia in July 2021.

Other key financial indicators evolved as follows:

- EBITDA increased by 13.6% and 16.8% in 2024 and by an average of 8.7% and 4.6% over the 2020-2024 period respectively for Safaricom Kenya and Safaricom Group (Kenya and Ethiopia);
- EBIT increased by 14.9% and 7.8% in 2024 and by an average of 6.2% and -0.8% over the 2020-2024 period respectively for Safaricom Kenya and Safaricom Group (Kenya and Ethiopia);

- Net income increased by 10.3% and -43.6% in 2024 and by an average of 3.2% and -3.0% over the 2020-2024 period respectively for Safaricom Kenya and Safaricom Group (Kenya and Ethiopia).

Overall, Safaricom group (Kenya & Ethiopia) performance from operations shows that Safaricom Kenya result offsets Safaricom Ethiopia losses.

## 2. *Safaricom performance from investments*

Safaricom performance from investments over the last five years 2020 to 2024 is mainly explained by the significant increase of invested capital to support the network expansion by Safaricom in both Kenya and Ethiopia. The key financial indicators evolved as follows:

- the Return on Assets (ROA), measured by the ratio Operating profit /Assets, reached on average 41.6% and 30.9% over the 2020-2024 period respectively for Safaricom Kenya and Safaricom Group (Kenya and Ethiopia);
- the Asset Turnover, measured by the ratio Total revenue /Invested Capital, decreased from 162.4% in 2020 to 113.4% in 2024 and from 163.5% in 2020 to 64.5% in 2024 respectively for Safaricom Kenya and Safaricom Group (Kenya and Ethiopia);
- the Asset Turnover, measured by the ratio Total revenue /Assets, decreased from 125.9% in 2020 to 95.9% in 2024 and from 125.6% in 2020 to 56.1% in 2024 respectively for Safaricom Kenya and Safaricom Group (Kenya and Ethiopia);
- the Return on Invested Capital (ROIC), measured by the ratio Operating profit / Invested Capital, reached on average 51.9% and 39.3% over the 2020-2024 period respectively for Safaricom Kenya and Safaricom Group (Kenya and Ethiopia);
- the ROIC (with lag), measured by the ratio Operating profit (t)/ Invested Capital (t-1), reached on average 30.6% and 38.4% over the 2021-2024 period respectively for Safaricom Kenya and Safaricom Group (Kenya and Ethiopia);
- the Core Business ROIC, measured by the ratio Core Result / Invested Capital Core Business, reached on average 32.7% and 24.9% over the 2020-2024 period respectively for Safaricom Kenya and Safaricom Group (Kenya and Ethiopia);

- the Core Operational Margin, measured by the ratio Core Result / Total revenue, decreased from 27.1% in 2020 to 23.0% in 2024 and from 27.3% in 2020 to 9.1% in 2024 respectively for Safaricom Kenya and Safaricom Group (Kenya and Ethiopia);
- the Core Assets Turnover, measured by the ratio Total revenue / Invested Capital Core Business, reached on average 135.4% and 114.2% over the 2020-2024 period respectively for Safaricom Kenya and Safaricom Group (Kenya and Ethiopia).

To sum up, Safaricom group (Kenya & Ethiopia) performance from investments was mainly explained by the sharp increase of invested capital to support the network expansion by Safaricom in both Kenya and Ethiopia and the Safaricom Ethiopia losses during the last two years, covered by the profit from operations by Safaricom Kenya.

### 3. *Comparative analysis between book values and enterprise value of Safaricom*

We conducted a comparative analysis between book values<sup>2</sup> and enterprise value<sup>3</sup>. This analysis helped us to respond to the following questions:

- a. What is the book value (BV) of Safaricom?
- b. What is the Enterprise value (EV) of Safaricom? Its Market capitalization (MC)? Its Net Financial Debt (NFD), and what is the Leverage ratio (e.g. NFD/EV)? Why the Enterprise value (EV) of Safaricom differs from its Book value (BV)?
- c. Would we recommend to invest in such company?

We summarize in the table 6.6a and 6.6b, and figures 6.1 and 6.3 below (from the appendix 6) the results obtained for the years 2020 to 2024 for Safaricom group (including Safaricom Kenya and Safaricom Ethiopia). The comprehensive and detailed results are provided in the appendix 5.

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<sup>2</sup> Book Value = Total Assets - Total Liabilities (please see the Glossary of Selected Terms).

<sup>3</sup> Enterprise Value = Market capitalization + Total Debt (please see the Glossary of Selected Terms).

Table 6.6a. Safaricom group: Book values and financial structure (2023-2024)

		SAFARICOM GROUP				
		Book value (BV)				
		2020	2021	2022	2023	2024
		(KShs'm)				
<b>Book value (BV)</b>	<b>Total Equity</b>	143,080.1	137,635.3	179,700.9	263,365.9	335,747.9
<b>Total assets</b>		213,224.9	230,629.3	346,798.6	509,207.0	641,164.3
Non-current liabilities		13,644.1	17,541.7	68,947.1	105,463.9	137,594.3
Current liabilities		56,500.7	75,452.3	98,150.6	140,377.2	167,822.1
Total liabilities		70,144.8	92,994.0	167,097.7	245,841.1	305,416.4
<b>Book value (BV)</b>	<b>Total Assets (-) Total liabilities</b>	143,080.1	137,635.3	179,700.9	263,365.9	335,747.9
		Financial structure (%)				
Book value / Total assets (3)		67.1%	59.7%	51.8%	51.7%	52.4%
Non-current liabilities / Total assets (4)		6.4%	7.6%	19.9%	20.7%	21.5%
Current liabilities / Total assets (5)		26.5%	32.7%	28.3%	27.6%	26.2%
Total liabilities / Total assets (6)		32.9%	40.3%	48.2%	48.3%	47.6%

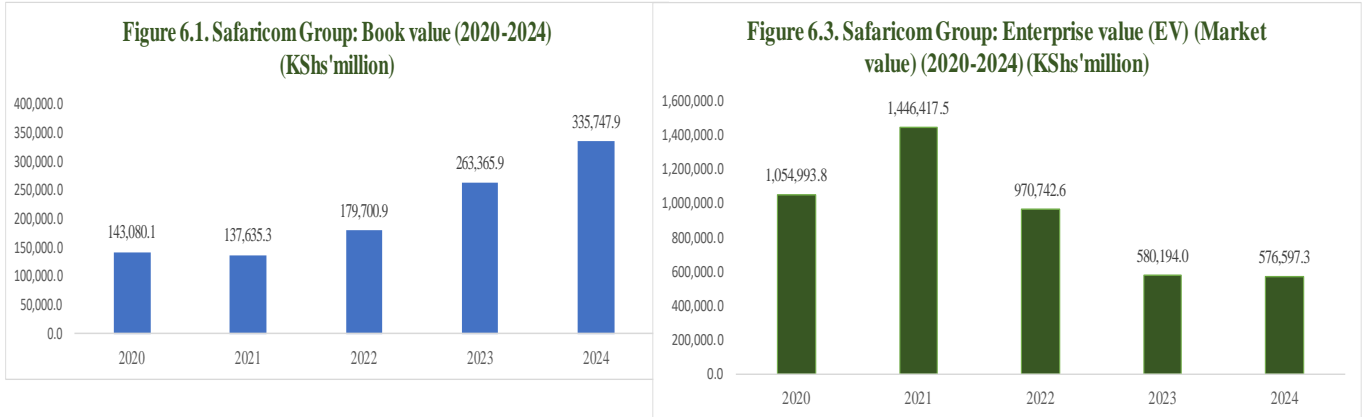
Sources: author's calculations based on Safaricom PLC Annual Report and Financial Statements 2024  
& <https://www.safaricom.co.ke/investor-relations>

Table 6.6b. Safaricom group: Enterprise value and financial structure (2023-2024)

		SAFARICOM GROUP				
		Enterprise value (EV)				
		2020	2021	2022	2023	2024
		(KShs'm)	(KShs'm)	(KShs'm)	(KShs'm)	(KShs'm)
<b>Enterprise value (EV)</b>	<b>Total Equity + NFD</b>	124,320.4	125,671.2	214,232.1	328,873.2	421,026.5
Net Financial Debt (NFD) (1)		(18,759.7)	(11,964.1)	34,531.2	65,507.3	85,278.6
<b>Total Equity (2)</b>	<b>Market capitalization</b>	143,080.1	137,635.3	179,700.9	263,365.9	335,747.9
Non-controlling interests (NCI) (Minority)		0.0	0.0	40,232.3	75,810.0	109,398.8
<b>Shareholders' Equity</b>	<b>Total Equity (-) NCI</b>	143,080.1	137,635.3	139,468.6	187,555.9	226,349.1
		Financial structure (%)				
Shareholders' Equity / EV (3)		115.1%	109.5%	65.1%	57.0%	53.8%
Non-controlling interests (NCI) (Minority) / EV (4)		0.0%	0.0%	18.8%	23.1%	26.0%
Total Equity / EV (5)		115.1%	109.5%	83.9%	80.1%	79.7%
Leverage ratio: Net Financial Debt (NFD) / EV (6)		-15.1%	-9.5%	16.1%	19.9%	20.3%

(1) Assumption: Net Financial Debt (NFD) (book values) = Net Financial Debt (NFD) (market value)  
(2) Market capitalization

Sources: author's calculations based on Safaricom PLC Annual Report and Financial Statements 2024  
& <https://www.safaricom.co.ke/investor-relations>



Sources: Safaricom Annual reports (2020 to 2024) & [www.safaricom.co.ke/investor-relations](http://www.safaricom.co.ke/investor-relations)

*a. What is the book value of Safaricom?*

In book values, Safaricom worths KShs 335,747.9 million in 2024 (equivalent of \$2,539.2 million) compared to KShs 263,365.9 million in 2023 (equivalent of \$1,987.7 million). The financial structure analysis shows that Safaricom total equity increased in book values from 51.7% of the book value in 2023 to 52.4% of the book value.

The total liabilities also increased in book values from KShs 245,841.1 million in 2023 (48.3% of the book value) to KShs 305,416.4 million in 2024 (48.3% of the book value).

<sup>6</sup> Due to the lack of data, we assumed that the Net Financial Debt (NFD) (in book values) is equal to the Net Financial Debt (NFD) (in market value).

*b. What is the Enterprise value (EV) of Safaricom? Its Market capitalization (MC)? Its Net Financial Debt (NFD), and what is the Leverage ratio (e.g. NFD/EV)? Why the Enterprise value (EV) of Safaricom differs from its Book value (BV)?*

We estimated the Enterprise (EV) value of Safaricom by considering its market capitalization (MC) and the market value of its net financial debt (NFD)<sup>4</sup>. In market values, Safaricom worths KShs 421,026.5 million in 2024 (equivalent of \$3,184.1 million) compared to KShs 328,873.2 million in 2023 (equivalent of \$2,482.1 million).

The capital structure analysis shows that Safaricom shareholders' equity increased in market values from KShs 187,555.9 million in 2023 (57.0% of the enterprise value) to KShs 226,349.1 million in 2024 (53.8% of the enterprise value). The non-controlling interests (NCI)<sup>5</sup> (or

<sup>4</sup> Due to the lack of data, we assumed that the Net Financial Debt (NFD) (in book values) is equal to the Net Financial Debt (NFD) (in market value).

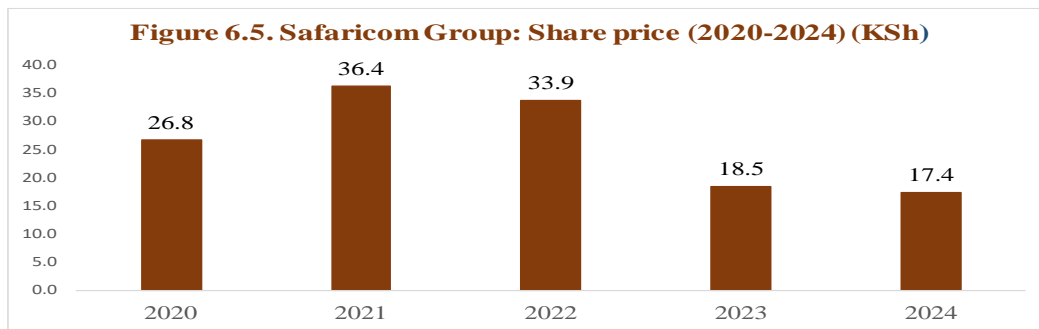
<sup>5</sup> We have estimated the market value of the NCI as a percentage of the market value of the Total Equity, that is very commonly done, though not totally accurate. The NCI would have been better estimated as a percentage (i.e.

minority)<sup>5</sup> also increased in market values from KShs 75,810 million in 2023 (23.1% of the enterprise value) to KShs 109,398.8 million in 2024 (26.0% of the enterprise value). As well, the leverage improved with the net financial debt (NFD) jumping in market value from KShs 65,507.3 million in 2023 (19.9% of the enterprise value) to KShs 85,278.6 million in 2024 (20.3% of the enterprise value).

In spite of the decline of the share price of Safaricom the last three years (please see below), the market value of Safaricom largely exceeds its book valuation. It seems that the stock market (i.e the Kenya Stock Exchange, KSE) assigns a higher value to Safaricom because it has more earnings power than its assets. This clearly indicates that investors believe that Safaricom has excellent future prospects for growth, expansion, and increased profits. They may also think the Safaricom's value is higher than what the current book valuation calculation shows.

*c. Would we recommend to invest in such company?*

Despite the increase of the book value of Safaricom, the share price of Safaricom on the Nairobi Stock Exchange (NSE) has decreased from 2021 and more specifically following the launching of Safaricom Ethiopia in 2021/2022. Other factors explained the decline of the share price, including the sale of shares by some of international shareholders after the appointment in 2020 of the first Kenyan CEO of Safaricom, the national socio- economic factors, and the decrease of the dividend payout following the massive investment of the company in Ethiopia in 2021/2022. From our estimates and assumptions, we believe the Safaricom Group stock is undervalued. Our target price is KShs 26, which implies an enterprise value of KShs 629,120.1 million and an upside of 49.4 % to the trading price of KShs 17.4 and to the enterprise value of KShs 421,026.5 million as of 31 March 2024 (see the Appendix 6 and the figure 6.5 below). We therefore recommend to invest in Safaricom.



Source: [www.safaricom.co.ke/investor-relations](http://www.safaricom.co.ke/investor-relations).

the percentage not owned by the company) of the market values of the subsidiaries that are fully consolidated but not fully owned. We took this option due to the lack of information needed to accurately estimate the NCI.

#### 4. *Valuation based on Intrinsic Value Approach: Discounted Cash Flow Method*

We used the CAPM to estimate the opportunity cost of equity ( $R_e = r_f + \beta * \text{Adjusted Kenya market risk premium}$ ). We have considered the Kenya 10-Year Government Bond as a proxy of the risk-free rate ( $r_f$ ) (please see Central Bank of Kenya, 2024), the unlevered beta for telecom services (please see Damodaran, 2024a) as a proxy of unlevered beta of Safaricom ( $\beta$ ), the Kenya market risk premium as calculated by Damodaran (please see Damodaran, 2024b). As the numbers are in Kenyan currency, we adjusted the Kenya market risk premium and therefore the cost of capital accordingly. We followed the methodology described by Damodaran: Adjusted Kenya market risk premium = Kenya market risk premium (Damodaran)  $\times$  (Std dev in Kenya equity market / Std dev in Kenya bond) = Kenya MRP  $\times$   $\sigma_{\text{equity}} / \sigma_{\text{bond}}$  (please see Damodaran, 2023). We also consider the expected inflation rate for the perpetuity period (4%), in order to estimate the nominal growth rate on the perpetuity growth (12.5%) and the implied real growth rate on the perpetuity growth (8.5%). The detailed calculations are provided in the appendix 7).

To analyze whether it is worth to invest in Safaricom in the future while considering the different risks (country risk, business risk, exchange rate and interest rate volatility, etc.), we have carried out a projection of the free cash flows (FCF) of Safaricom group, for five years (2025-2029) based on the strategy and investments planned by the group, our expectations of the evolution of the Kenyan and Ethiopian telecoms services markets, as well as our other assumptions. We have also considered a constant growth rate of the FCF from 2030 (12.5%) on the basis of the group's performance of the last years and our prospects for the future. The value of Safaricom group in 2024 based on the Intrinsic Value Approach and our assumptions is KShs 362,837.1 million (equivalent of \$2,744.1 million). The results detailed in Appendix 7 are summarized in the tables 8.6a and 8.6b below.

#### 5. *Valuation of Safaricom based on comparable firms (Multiples-based Approach) and synthesis of the different results*

We used the valuation of Safaricom Group based on comparable firms to validate the different valuations previously carried out. From our analysis of the various Vodacom Group (Vodafone's subsidiary) entities and of the Kenya and African markets of telecom services, we have considered as comparable firms of Safaricom Group, Vodacom South Africa and Airtel Africa. The detailed data on the mentioned companies are provided in the appendix 8. The tables below summarized the results obtained with the multiple-based valuation and the other methods.

Table 8.6a. Estimated Safaricom Enterprise value (Different Methods)

	Safaricom Group Enterprise Value (KShs million)	
	FY23	FY24
Valuation Based on Book Values	263,365.9	335,747.9
Valuation Based on Market Values	328,873.2	421,026.5
Valuation Based on Intrinsic Values (DCF Method)		362,837.1
Valuation Based on Comparable Firms (Multiples)		
. Comparable Firm: Vodacom South Africa	729,676.9	668,925.1
. Comparable Firm: Airtel Africa	242,986.9	359,131.7
<b>Average</b>	<b>391,225.7</b>	<b>429,533.7</b>

Source: author's calculations based on: Vodacom Group Limited, Consolidated and separate financial statements, for the year ended 31 March 2024, Airtel Africa PLC, Annual Report and Accounts 2024.

Table 8.6b. Estimated Safaricom Enterprise value (Different Methods)

	Safaricom Group Enterprise Value (USD million)	
	FY23	FY24
Valuation Based on Book Values	1,987.7	2,539.2
Valuation Based on Market Values	2,482.1	3,184.1
Valuation Based on Intrinsic Values (DCF Method)		2,744.1
Valuation Based on Comparable Firms (Multiples)		
. Comparable Firm: Vodacom South Africa	5,507.0	5,059.0
. Comparable Firm: Airtel Africa	1,833.9	2,716.0
<b>Average</b>	<b>2,952.6</b>	<b>3,248.5</b>

Source: author's calculations based on: Vodacom Group Limited, Consolidated and separate financial statements, for the year ended 31 March 2024, Airtel Africa PLC, Annual Report and Accounts 2024.

*Comparable firm: Vodacom South Africa*

In 2024, the average value of Safaricom when considering Vodacom South Africa as a

comparable company is KShs 668,925.1 million (equivalent to \$5,059.0 million).

*Comparable firm: Airtel Africa*

If we consider Airtel Africa as a comparable company to Safaricom, we have different perspectives. Indeed, the average value of Safaricom when considering Airtel Africa as a comparable company is lower, KShs 359,131.7 million (equivalent to \$2,716 million). Airtel's prospects from investors appear less favorable given its large presence in Africa, with some countries posing high risks for investors.

*Synthesis*

Safaricom valuation using different methods has shown that the valuations obtained can be very different depending on the method used (see the tables 8.6a and 8.6b above). These differences reflect in particular the various risks taken into consideration (country risk, business risk, exchange rate and interest rate volatility, etc.), despite the higher returns on the continent in the telecoms sector, and the group strategy. More specifically, the result of our own valuation (i.e., DCF) of \$2,744.1 million is different from the market valuation (i.e., market capitalization) of \$3,184.1 million. As mentioned earlier, and based on our analysis and assumptions, we suspect that the market is not fully considering the potential prospects of the group after the launch of the Ethiopian subsidiary in 2021/2022, which is still in the investment phase. Indeed, Safaricom Ethiopia's losses (mainly explained by the investments made) are offset by Safaricom's profits, which leads to a decline in the group's performance. Investors seem to be waiting and are watching the group's performance following the launch of the Ethiopian subsidiary.

## Conclusion

Using various valuation methods, including valuation based on book values, valuation based on market values, valuation based on intrinsic values and valuation based on comparable firms, this work project has investigated the risks and opportunities of investment in African emerging markets, by analyzing the case study of Vodafone (one of the world's leading multinational corporations in the mobile technology industry) investment in Kenya.

The project has examined the strategic roadmap and risk management of Vodafone Group, analyzed Vodafone's key markets and its key objectives, risks, associated opportunities and value creation approach, for its investment on the continent in general, and more particularly in Kenya.

For this specific investment of Vodafone in its associate in Kenya, namely Safaricom, we have carried out the analysis of the company's strategy and ESG alignment, the value-creating business model and risk-based approach, the approach to stakeholder management, the capital Structure and corporate governance, before conducting a strategic and financial performance review through the valuation of the company.

The results obtained emphasized the potential risks (country risk, business risk, etc.) explaining the wide range of values obtained. The results revealed that the consideration of certain potential risks by investors had an impact on the valuation of Safaricom. The project finds that Safaricom's well-defined strategy, good corporate governance and continuous technological innovations played an important role in explaining the company's results observed, despite the mentioned risks, during the analyzed period.

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## Appendices

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## Appendix 1: Vodafone and Vodacom (Vodafone's subsidiary): Selected information

### 1.1. About Vodafone Group Plc

Vodafone is a British multinational telecommunications company. Its registered office and global headquarters are in Newbury, Berkshire, England. It predominantly operates services in Asia, Africa, Europe, and Oceania. As of June 2024, Vodafone owns and operates networks in 16 countries, with partner networks in 44 further countries. Its Vodafone Global Enterprise division provides telecommunications and IT services to corporate clients in 150 countries.

Vodafone has a primary listing on the London Stock Exchange and is a constituent of the FTSE 100 Index. The company has a secondary listing on the NASDAQ as American depository receipts (ADRs). Etisalat by e& is Vodafone's largest single shareholder, and owns 15% of Vodafone's shares.

Source : [www.https://vodafone.com](https://vodafone.com)

### 2.2. About Vodafone Networks in Africa

Majority-owned: DR Congo, Kenya, Lesotho, Mozambique, South Africa and Tanzania

Minority-owned: Ethiopia and Kenya

Partner networks: Ghana

Source: [www.https://vodafone.com](https://vodafone.com)

### 3.3. About Vodacom Group Limited (Vodafone's subsidiary)

Vodacom is majority-owned by Vodafone (65.1%). It is registered in South Africa as a South African mobile communications company, originally owned in a 50/50 partnership by the British multinational operator Vodafone and South African telecommunications giant Telkom.

From its roots in South Africa, Vodacom has grown its operations to include networks in Tanzania, the Democratic Republic of the Congo, Mozambique, and Lesotho, and provides business services, including voice, messaging, data and converged services to over 130 million customers across Africa in over 32 African countries, including Nigeria, Zambia, Angola, Kenya, Ghana, Côte d'Ivoire, and Cameroon.

On 6 November 2008, Vodafone announced that it had agreed to increase its stake to 64.5%, and Telkom said that it would spin off its remaining holding by listing it on the Johannesburg Stock Exchange (JSE). On 1 April 2011, Vodacom officially unveiled its new change in branding from blue to red, using the same style as its parent company, Vodafone.

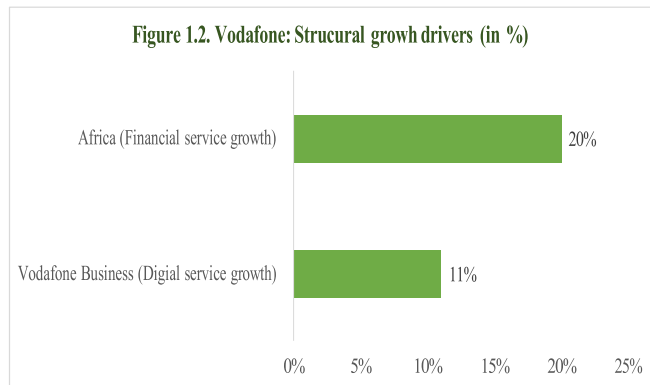
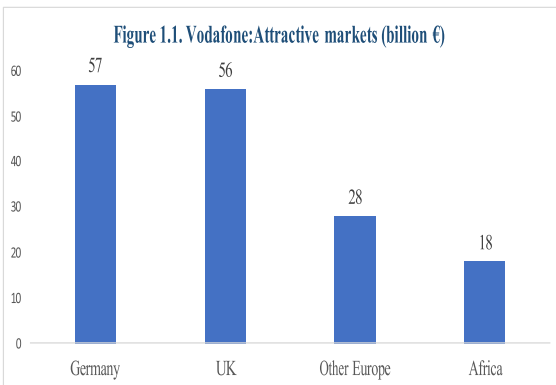
Source: [www.https://vodacom.com](https://vodacom.com)

**Map 1. Where Vodafone operates in (through its subsidiary Vodacom and its associate Safaricom)**

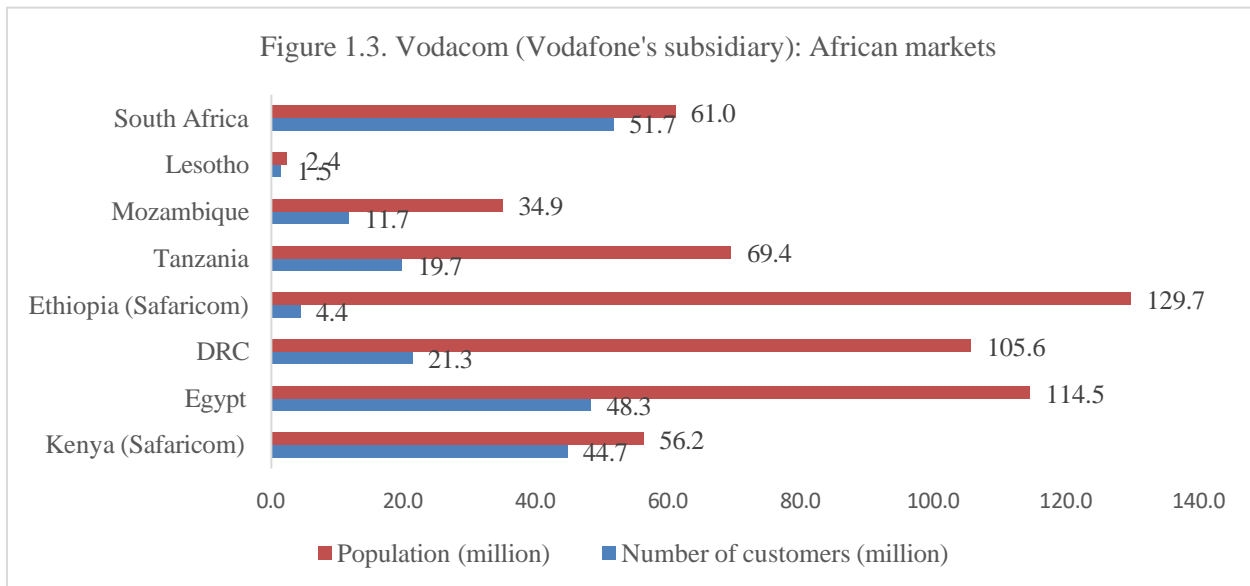
Africa



Source: Vodafone Group Plc Annual Report 2024, <<https://reports.investors.vodafone.com/view/197179846/>>.



Source: Vodafone Group Plc Annual Report 2024.



Source: Vodacom Group Limited, 2024, Integrated Report, for the year ended 31 March 2024.

## Appendix 2: Kenya Operating Environment & Kenya Telecom Services Market

Table 2.1. Kenya: Basic information

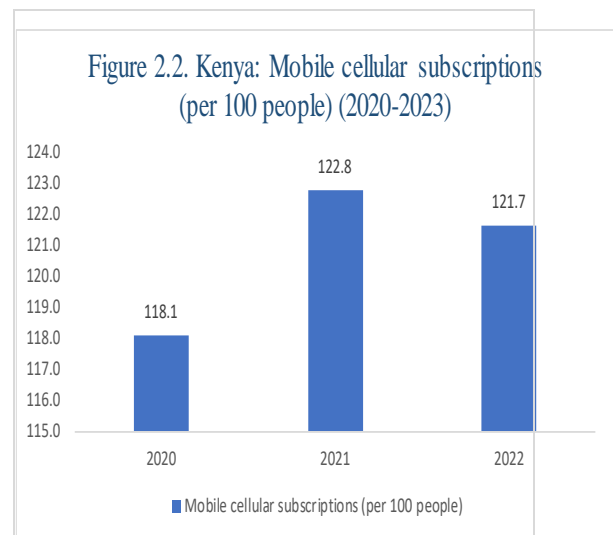
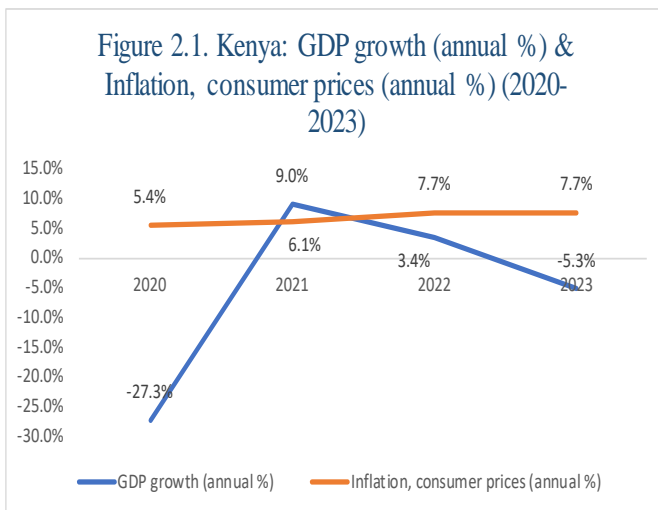
GDP	USD113.4bn (World ranking 67, World Bank 2022)
Population	54 milluion (World ranking 27, World Bank 2022)
Form of state	Presidential Republic
Head of government	William Ruto (President)
Next elections	2027 (presidential and legislative)

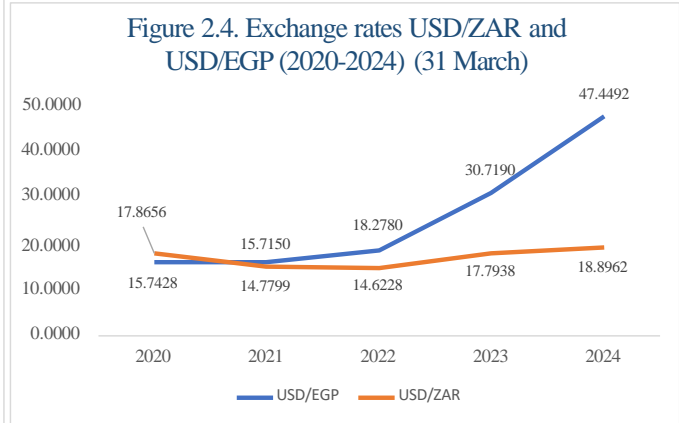
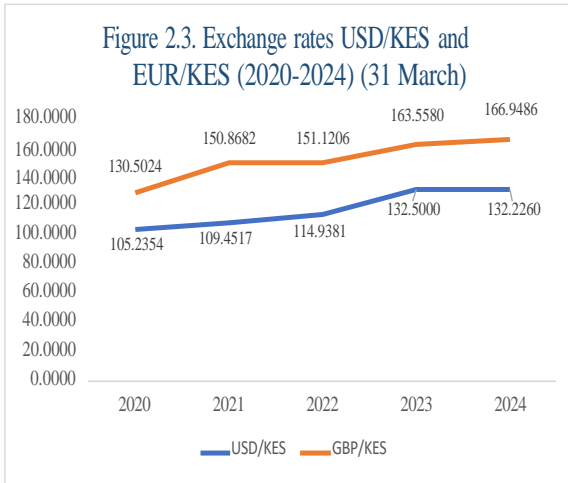
Sources: World bank (2024), World Development Indicators, Washington and Allianz, 2024, Country Risk Report Kenya, January 2024.

Table 2.2. Kenya: Strengths & Weaknesses

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>GDP growth is driven by a thriving services sector, especially in telecommunications and finance, a profoundly diversified economy and positive demographics</li> <li>Deep integration into regional trade, with around 47% of goods exported to African countries in 2023</li> <li>The recent trade agreement with the EU positions Kenya for economic benefits and increased attractiveness to foreign investors.</li> </ul>	<ul style="list-style-type: none"> <li>Public debt surged from 40% to 68% of GDP in ten years, with half in foreign currency, while prohibitive financing conditions pose liquidity risks</li> <li>Elevated political risk due to increased poverty, social tensions, radicalization and security issues</li> <li>Inflation spiked due to external and internal factors, leading to a continuous tightening cycle, which is depressing the economy.</li> </ul>

Source: Allianz, 2024, Country Risk Report Kenya, January 2024.





Source: Data from database: World Development Indicators 2024 (Last Updated: 09/19/2024)

Table 2.4. Kenya Telecom Services Market  
Market share in mobile services subscriptions

	Safaricom	Airtel	Telekom	Finserve	JTL
Mobile (SIM) subscriptions	65.90%	29.00%	2.00%	2.30%	0.70%
Mobile Broadband subscriptions	63.80%	31.60%	2.00%	1.30%	1.40%
Mobile money subscriptions	97.10%	2.90%	0%	0%	0%

Source: CA Sector Statistics Report Q2 2023/2024

Figure 2.5. Kenya: GDP growth (annual %) & Inflation, consumer prices (annual %) (2020-2023)

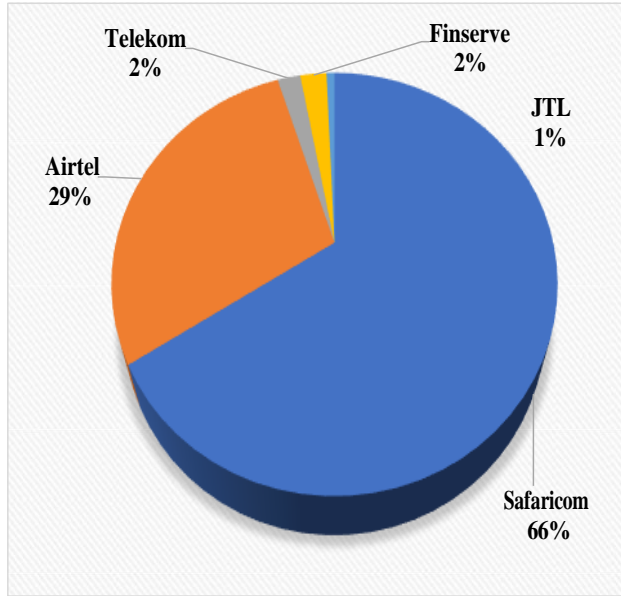
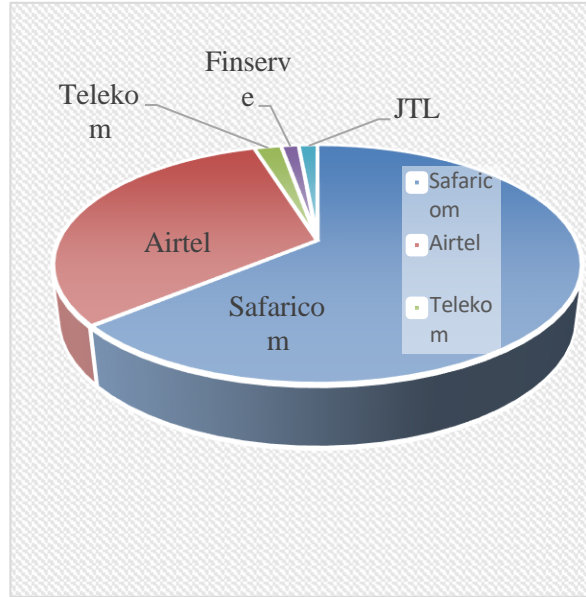
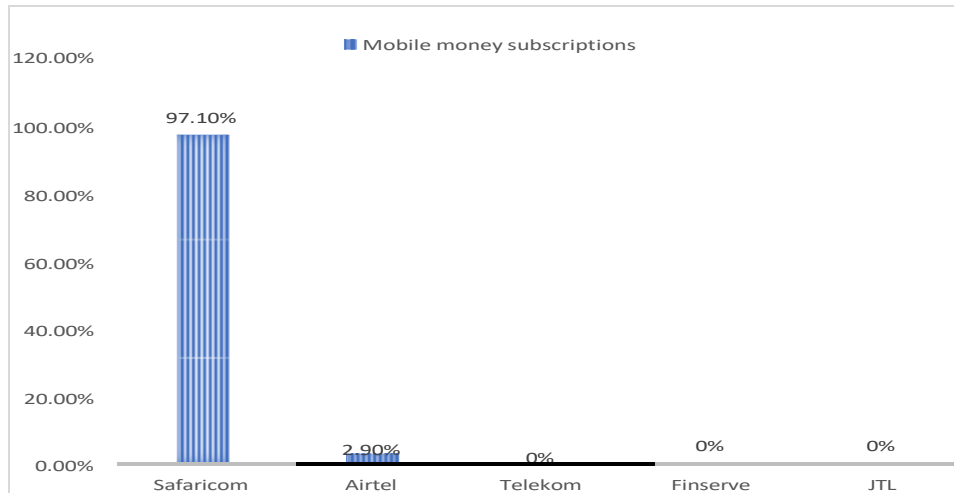


Figure 2.6. Kenya: Mobile Broadband subscriptions (2020-2023)



Source: CA Sector Statistics Report Q2 2023/2024

Figure 2.7. Kenya Telecom Services Market: Mobile money subscriptions (2020-2023)



Source: CA Sector Statistics Report Q2 2023/2024

## Appendix 3: Safaricom (Vodafone's associate in Kenya): Selected information<sup>6</sup>

### 3.1. About Safaricom Kenya

Please refer to the Part 2 of this report.

### 3.2. About M-PESA

M-PESA (*M* for mobile, *pesa* for money in Swahili ) is a mobile phone-based money transfer, financing and micro financing service, launched in March 2007 by Vodafone for Safaricom and Vodacom. Safaricom pioneered commercial mobile money transfer globally through M-PESA, the most successful service of its kind anywhere in the world. M-PESA was originally designed as a system to allow microfinance-loan repayments to be made by phone, reducing the costs associated with handling cash. After the pilot testing it was broadened to become a general money-transfer scheme, including transfers from the Government. Since then, Safaricom M-PESA brand has reached 12 countries in Africa and 3 countries outside the continent.

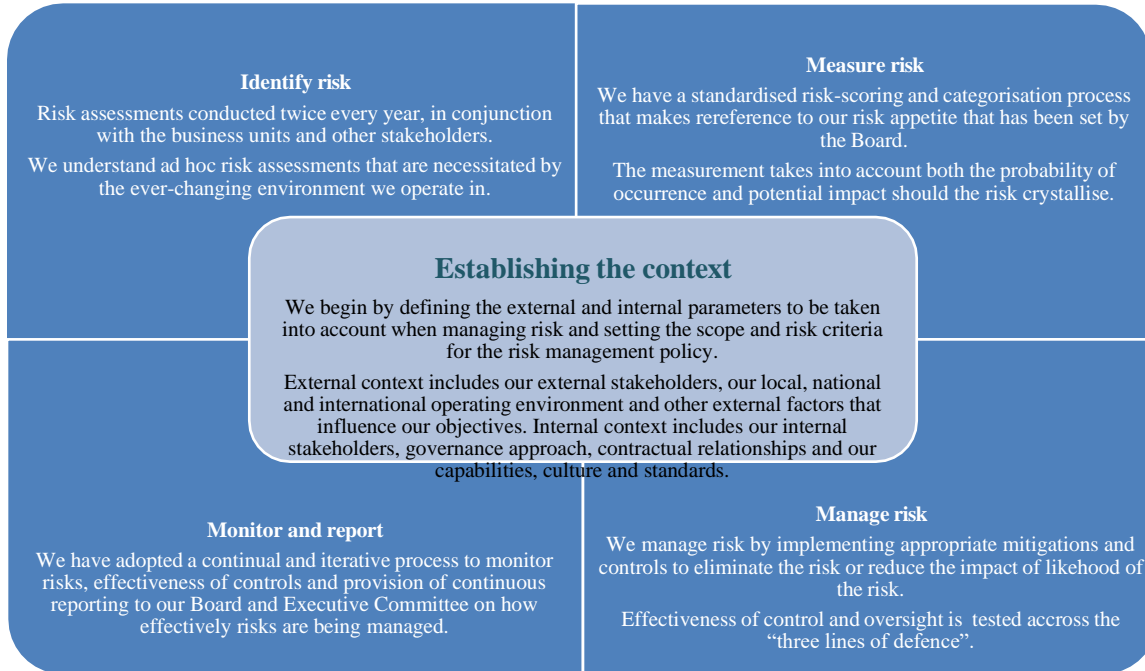
### 3.3. Challenges faced in FY2024 and How Safaricom responded

Challenge	How Safaricom responded
<p>Macro-economic issues as reflected in the consumer pricing index (CPI)</p>	<p>Introduction of value offerings through:</p> <ul style="list-style-type: none"> <li>• Cutting pricing by up to 50%</li> <li>• Review of data pricing</li> <li>• Device financing</li> <li>• Increased organisational productivity, ensuring agile adoption</li> </ul>
<p>Regulatory risk pertaining to requirements of:</p> <ul style="list-style-type: none"> <li>• Communication Authority (CA)</li> <li>• Central Bank of Kenya (CBK)</li> <li>• Data Protection</li> </ul>	<ul style="list-style-type: none"> <li>• Know customer (KYC) adherence</li> <li>• Leverage M-PESA agent network to assist with SIM swap</li> <li>• Monitoring security and fraud</li> </ul>
<p>Maintain the market share of 67%</p>	<ul style="list-style-type: none"> <li>• Promote attractive proposition, including SIM, network and product and service innovation</li> <li>• Provide increased app availability for a one-stop-shop experience</li> <li>• Integrated propositions</li> <li>• Introduce a value proposition for the youth market</li> <li>• Training in service culture</li> <li>• Governance and accountability that monitors delivery and addresses customer needs</li> <li>• Net Promotor Score (NPS) surveys</li> <li>• Leverage customer insight through data analysis and audits</li> <li>• Rollout of 155 additional sites</li> <li>• Roll out franchises through channel and distribution teams</li> </ul>

<sup>6</sup> Sources: Safaricom PLC Annual Report and Financial Statements 2024 and official website <https://www.safaricom.co.ke>

### 3.4. Safaricom Enterprise Risk Management Framework (ERMF)

Safaricom can be schematized as follows.



### 3.5. Safaricom: Board members and Executive Committee

#### Safaricom PLC: Composition of the Board of Directors as of 31 March 2024



**Adil Arshed Khawaja (MGH) (53 years)**  
**Chairman**  
**Nationality: Kenyan**  
**Appointed: December 2022 (Director)**  
**January 2023 (Chairman)**

Adil Arshed Khawaja is a highly distinguished Advocate of the High Court of Kenya. He currently serves as the Managing Partner at Dentons Hamilton Harrison & Mathews, the oldest law firm in Kenya, established in 1902 with a reputation as an innovative, experienced, responsive, and highly skilled firm.



**Peter Ndegwa (CBS) (55 years)**  
**Chief Executive Officer (CEO) and Executive Director**  
**Nationality: Kenyan**  
**Appointed: April 2020**

Peter Ndegwa is an experienced Board level leader with a wealth of experience in General Management, Commercial and Business Strategy, Sales and Finance Operations, having spent over 25 years in various roles within Financial Services and Fast-Moving Consumer Goods (FMCG) sectors in Africa and Europe.



**Dilip Pal (58 years)**  
**Chief Finance Officer (CFO) and Alternate Director to the CEO**  
**Nationality: Indian**  
**Appointed: November 2020**

Dilip Pal has more than 29 years of experience in Finance. His division is responsible for the overall financial planning, management, and oversight of the organization. He held various finance roles in Vodafone India in Mumbai, rising to the role of EVP Finance.



**Ory Okolloh (47 years)**  
**Independent Director**  
**Nationality: Kenyan**  
**Appointed: February 2023**

Ms. Okolloh is currently a Partner at Verod-Kepple Africa Ventures (VKAV), where she leads and implements all investment-related activities, drives expansion, and supports partner companies with strategic and operational issues. She holds a Juris Doctor (JD) degree from the Harvard Law School.



**Mohamed Shameed Aziz Josub (53 years)**  
**Non-Executive Director**  
**Nationality: South African**  
**Appointed: August 2017**

Mohamed Shameed Aziz Josub is the Chief Executive Officer of Vodacom Group since September 2012. He is a former CEO of Vodafone Spain. He was the Managing Director of Vodacom South Africa from March 2005 to March 2011 prior to taking up the position as CEO of Vodafone Spain.



**Rose Ogega (64 years)**  
**Independent Non-Executive Director**  
**Nationality: Kenyan**  
**Appointed: February 2019**

Ms. Ogega, is the Managing Director of Bloom Consultancy Limited. She is currently a member of the Aspen Global Leadership Network, the Institute of Directors of Kenya, the African Leadership Initiative and the Institute of Certified Public Accountants of Kenya.



**Francesco Bianco (52 years)**  
**Non-Executive Director**  
**Nationality: Italian**  
**Appointed: March 2020**

Francesco Bianco is the Global Talent, Capabilities and Organisational Development Director at Vodafone and an alternate Non- Executive Director in the Vodacom Group Board. Francesco has had a vast career in HR, spanning over 16 years.



**Raisbe Morathi (54 years)**  
**Non-Executive Director**  
**Nationality: South African**  
**Appointed: November 2020**

Ms. Raisibe serves as CFO of Vodacom Group with effect from 1 November 2020. She joined Vodacom from Nedbank Group Limited where she was the Group CFO since September 2009. She has spent over 27 years in the financial services industry in South Africa.



**Winnie Ouko (54 years)**  
**Independent Non-Executive Director**  
**Nationality: Kenyan**  
**Appointed: February 2021**

Ms. Winnie Ouko has over 26 years of professional finance, strategy and Board level experience, serving corporates and non-profits in Africa, Europe and the US. She is the founder and CEO of Lattice Consulting (member of Larive International, nl). She holds an MBA from Cornell University (NY).



**Dr. Karen Kandie (56 years)**  
**Alternate Director to CS, National Treasury and Planning**  
**Nationality: Kenyan**  
**Appointed: February 2023**

Dr. Kandie is a finance specialist with over 21 years of strategic leadership and management experience in senior leadership positions in the financial services industry. She is currently the Director, Parastatal Reforms (Financial) at the National Treasury and Planning.



**Murielle Lorilloux (51 years)**  
**Non-Executive Director**  
**Nationality: French**  
**Appointed: August 2023**

Murielle Lorilloux is currently the Chief Strategy and Commercial Officer of Vodacom Group and a member of the Executive Committee. Prior to this, she worked for Vodafone Group in the UK as an Executive Business Director for Europe Cluster markets and Vodafone Business International. She has previously also held the positions of CEO and President of the Board of Vodafone and Managing Director of Vodacom DRC.



**Dr. (Eng) John Kipngetich Mosonik (66 years)**  
**Non-Executive Director**  
**Nationality: Kenyan**  
**Appointed: August 2023**

Dr. (Eng) Mosonik is an astute technocrat with executive experience in both public and private sector administration spanning 35 years. He has a rich career profile stretching across industries from engineering practice in the telecom sector, to serving as a Principal Secretary in the State Department for Infrastructure and the Chief Administrative Secretary in the Ministry of Petroleum and Mining.



**Linda Mesa Wambani (43 years)**  
**Ag. Company secretary**  
**Nationality: Kenyan**  
**Appointed: October 2023**

Linda Mesa Wambani is a qualified advocate with over 20 years' experience, and is currently a Senior Legal Counsel at Safaricom PLC, where she provides legal and corporate governance support to Safaricom PLC, the M-PESA Foundation and Safaricom's investment vehicles into Ethiopia.

### Safaricom PLC: Committees and memberships as of 31 March 2024

Audit Committee	Risk and ESG Committee	Nominations Committee	Human Resources Committee	Innovations and Investment Committee
<p><b>Members:</b></p> <ul style="list-style-type: none"> <li>Rose Ogega, Chairperson</li> <li>Winnie Ouko</li> <li>Ory Okolloh</li> <li>Raisbe Morathi</li> <li>Dr. Karen Kandie</li> <li>Secretary of the Committee: Linda Wambani-Anene</li> </ul> <p><b>Permanent invitees</b></p> <ul style="list-style-type: none"> <li>Peter Ndegwa, CEO</li> <li>Dilip Pal, CFO</li> <li>Nicholas Mulila – Chief Corporate Security Officer</li> <li>Denish Osodo – Director, Internal Audit</li> <li>Ernst &amp; Young – External Auditor</li> </ul>	<p><b>Members</b></p> <ul style="list-style-type: none"> <li>Dr. Karen Kandie, Chairperson</li> <li>Rose Ogega</li> <li>Ory Okolloh Raisibe Morathi Francesco Bianco</li> <li>Secretary of the Committee: Linda Wambani-Anene</li> </ul> <p><b>Permanent invitees</b></p> <ul style="list-style-type: none"> <li>Peter Ndegwa, CEO</li> <li>Dilip Pal, CFO</li> <li>Nicholas Mulila, Chief Corporate Security Officer</li> <li>Karen Basiye, Director, Sustainable Business and Social Impact</li> </ul>	<p><b>Members:</b></p> <ul style="list-style-type: none"> <li>Ory Okolloh, Chairperson</li> <li>Winnie Ouko</li> <li>Mohamed Shameed Aziz Josub</li> <li>Dr. (Eng) John Kipngetch Mosonik</li> <li>Secretary of the Committee: Linda Wambani-Anene</li> </ul> <p><b>Permanent invitees</b></p> <ul style="list-style-type: none"> <li>Peter Ndegwa, CEO</li> <li>Paul Kasimu – Chief Human Resources Officer</li> </ul>	<p><b>Members:</b></p> <ul style="list-style-type: none"> <li>Winnie Ouko – Chairperson Rose Ogega</li> <li>Dr. (Eng) John Mosonik Shameel Joosub Francesco Bianco</li> <li>Secretary of the Committee: Linda Wambani-Anene</li> </ul> <p><b>Permanent invitees</b></p> <ul style="list-style-type: none"> <li>Peter Ndegwa, CEO</li> <li>Paul Kasimu – Chief Human Resources Officer</li> </ul>	<p><b>Members:</b></p> <ul style="list-style-type: none"> <li>Dr. (Eng) John Kipngetch Mosonik, Chairperson</li> <li>Ory Okolloh</li> <li>Mohamed Shameed Aziz Josub</li> <li>Raisbe Morathi</li> <li>Murielle Lorilloux</li> <li>Secretary of the Committee: Linda Wambani-Anene</li> </ul> <p><b>Permanent invitees</b></p> <ul style="list-style-type: none"> <li>Peter Ndegwa, CEO</li> <li>Dilip Pal, CFO</li> <li>Michael Mutiga – Chief Business Development and Strategy Officer</li> </ul>

### Safaricom PLC: Senior managers as of 31 March 2024

- Peter Ndegwa, CEO and Executive Director
- Dilip Pal, CFO
- Fawzia Ali-Kimanthi, Chief Consumer Business officer
- Florence Nyokabi, Chief Human Resources Officer
- Nicholas Mulila, Chief Corporate Security Officer
- Fred W. Waithaka, Acting Chief Corporate Affairs Officer
- George Njuguna, Acting Chief Technology Information Officer
- Cynthia Karuri-Kropac, Chief Enterprise Business Officer
- Nicholas Kamunyu, Chief Channels Officer
- Michael Mutiga, Chief Business Development & Strategy Officer
- Esther Masese Waititu, Chief Financial Services Officer

## Appendix 4: Safaricom (Vodafone's associate in Kenya): Financial Statements and other financial information<sup>7</sup>

### Statement of Profit and Loss and Other Comprehensive Income

(Unit: millions of Kenya Shilling - KShs'm)

(Year ended March)

		GRO UP	COMPANY	GRO UP	COMPANY	GRO UP	COMPANY	GRO UP	COMPANY	GRO UP	COMPANY
	Notes	2020 KShs'm	2020 KShs'm	2021 KShs'm	2021 KShs'm	2022 KShs'm	2022 KShs'm	2023 KShs'm	2023 KShs'm	2024 KShs'm	2024 KShs'm
Revenue from contracts with customers	5(a)	260,463.8	259,078.7	261,462.3	259,296.3	295,441.4	292,556.2	307,142.1	302,579.4	345,893.4	335,330.8
Revenue from other sources	5(b)	2,091.9	2,326.8	2,564.2	3,153.4	2,636.5	3,289.7	3,762.7	7,900.4	3,553.8	4,386.5
<b>Total revenue</b>	6(a)	<b>262,555.7</b>	<b>261,405.5</b>	<b>264,026.5</b>	<b>262,449.7</b>	<b>298,077.9</b>	<b>295,845.9</b>	<b>310,904.8</b>	<b>310,479.8</b>	<b>349,447.2</b>	<b>339,717.3</b>
Direct costs	6(b)	(75,284.9)	(75,468.7)	(80,852.8)	(80,334.1)	(91,467.8)	(90,613.6)	(92,232.1)	(89,363.4)	(97,046.9)	(89,261.9)
Expected credit losses on financial assets	7	(1,669.6)	(1,418.7)	(3,009.7)	(3,863.7)	(2,361.2)	(2,602.7)	(4,725.3)	(4,925.3)	(5,807.4)	(6,073.4)
Other operating expenses		(47,559.7)	(47,023.1)	(46,034.8)	(45,168.6)	(55,187.0)	(49,545.5)	(74,085.0)	(53,118.7)	(83,300.3)	(59,146.1)
<b>Earnings before interest, taxes, depreciation and amortisation (EBITDA)</b>		<b>138,041.5</b>	<b>137,495.0</b>	<b>134,129.2</b>	<b>133,083.3</b>	<b>149,061.9</b>	<b>153,084.1</b>	<b>139,862.4</b>	<b>163,072.4</b>	<b>163,292.6</b>	<b>185,235.9</b>
Depreciation - property and equipment	18	(31,964.8)	(31,925.3)	(32,624.5)	(32,570.4)	(34,145.2)	(33,922.2)	(39,754.5)	(36,971.8)	(55,162.3)	(39,324.3)
Depreciation - Intangible rights of use (IRUs)	19	(301.0)	(301.0)	(406.5)	(406.5)	(281.3)	(281.3)	(281.3)	(281.3)	(281.3)	(281.3)
Amortisation - Intangible assets	21	(1,359.1)	(1,358.0)	(1,628.5)	(1,628.1)	(1,850.0)	(1,850.0)	(8,417.9)	(2,329.6)	(17,804.5)	(2,836.4)
Depreciation - right of use (RoU) assets	22(a)	(2,922.8)	(2,922.8)	(3,304.8)	(3,304.8)	(3,656.8)	(3,644.2)	(6,411.3)	(4,419.0)	(9,699.7)	(4,503.2)
<b>Operating profit</b>	8	<b>101,493.8</b>	<b>100,987.9</b>	<b>96,164.9</b>	<b>95,173.5</b>	<b>109,128.6</b>	<b>113,386.4</b>	<b>84,997.4</b>	<b>119,070.7</b>	<b>80,344.8</b>	<b>138,290.7</b>
Finance income	8	3,518.8	3,494.5	2,198.4	2,177.0	2,413.4	2,050.1	6,686.7	2,403.7	5,459.6	3,288.5
Finance costs	9	(2,596.6)	(2,585.5)	(4,220.8)	(4,405.5)	(8,852.6)	(8,895.2)	(13,773.8)	(12,416.0)	(22,101.1)	(16,395.0)
Fair value adjustment to investment properties	20	–	–	–	–	–	–	90.0	90.0	–	–
Share of (loss)/profit of associates	23(b)	60.9	60.9	(192.9)	(192.9)	(279.8)	(279.8)	12.5	12.5	(2.9)	(2.9)
Share of loss of joint venture	23(b)	3,296.1	3,296.1	(314.1)	(314.1)	(196.2)	(196.2)	(50.7)	(50.7)	(1,376.2)	(1,376.2)
Hyperinflationary monetary gain	36	–	–	–	–	–	–	10,383.1	–	22,363.2	–
<b>Profit before income tax</b>		<b>105,773.0</b>	<b>105,253.9</b>	<b>93,635.5</b>	<b>92,438.0</b>	<b>102,213.4</b>	<b>106,065.3</b>	<b>88,345.7</b>	<b>109,110.2</b>	<b>84,687.4</b>	<b>123,805.1</b>
Income tax expense	12(a)	(32,115.1)	(31,969.7)	(24,959.3)	(24,481.4)	(34,717.3)	(34,276.0)	(35,862.4)	(34,170.6)	(42,029.0)	(41,151.3)
<b>Profit for the year</b>		<b>73,657.9</b>	<b>73,284.2</b>	<b>68,676.2</b>	<b>67,956.6</b>	<b>67,496.1</b>	<b>71,789.3</b>	<b>52,483.3</b>	<b>74,939.6</b>	<b>42,658.4</b>	<b>82,653.8</b>
Attributable to:											
Equity holders of the parent						69,648.1		62,268.5	74,939.6	62,991.7	82,653.8
Non-controlling interests						(2,152.0)		(9,785.2)		(20,333.3)	
<b>Other comprehensive loss:</b>											
Exchange differences on translation of foreign operations*						(9,536.3)					
<b>Other comprehensive income:</b>											
Exchange differences on translation of foreign operations*								10,260.0		(7,278.1)	
<b>Total comprehensive income for year</b>		<b>73,657.9</b>	<b>73,284.2</b>	<b>68,676.2</b>	<b>67,956.6</b>	<b>57,959.8</b>	<b>71,789.3</b>	<b>62,743.3</b>	<b>74,939.6</b>	<b>35,380.3</b>	<b>82,653.8</b>
Attributable to:											
Equity holders of the parent				68,676.2	67,956.6		71,789.3	67,984.7	74,939.6	59,230.9	82,653.8
Non-controlling interests								(5,241.9)		(23,850.6)	
<b>Total comprehensive income for year</b>		<b>73,657.9</b>	<b>73,284.2</b>	<b>68,676.2</b>	<b>67,956.6</b>	<b>57,959.8</b>	<b>71,789.3</b>	<b>62,742.8</b>	<b>74,939.6</b>	<b>35,380.3</b>	<b>82,653.8</b>
Basic earnings per share (KShs per share)	13	1.84	1.83	1.71	1.70	1.74	1.79	1.6	1.9	1.6	2.1
Diluted earnings per share (KShs per share)	13	1.84	1.83	1.71	1.70	1.74	1.79	1.6	1.9	1.6	2.1

\* These components of other comprehensive income do not attract any tax.

<sup>7</sup> Sources: Safaricom, Annual reports (years: 2020 to 2024).

#### 4.1. Statement of Financial Position

(Unit: millions of Kenya Shilling - KSh's'm)

		GRO UP	COMPANY	GRO UP	COMPANY	GRO UP	COMPANY	GRO UP	COMPANY	GRO UP	COMPANY
	Notes	2020	2020	2021	2021	2022	2022	2023	2023	2024	2024
<b>Non-current assets</b>											
Deferred income tax	17	1,104.7	937.4	5,467.2	5,465.8	9,908.8	9,908.7	15,337.0	15,338.0	15,644.5	15,605.0
Property, plant and equipment	18	129,337.2	128,968.7	133,833.7	133,519.3	148,993.0	138,502.6	221,987.6	141,803.5	277,041.3	149,598.2
Indefeasible rights-of-use	19	3,252.1	3,252.1	2,845.6	2,845.6	2,564.3	2,564.3	2,283.0	2,283.0	2,001.7	2,001.7
Investment properties	20	845.0	845.0	845.0	845.0	845.0	845.0	935.0	935.0	935.0	935.0
Intangible assets	21	6,026.2	6,021.8	8,475.5	8,471.5	93,647.2	11,349.6	150,198.8	14,163.0	194,280.7	21,841.4
Right-of-use assets	22(a)	15,242.9	15,242.9	14,762.8	14,762.8	18,301.7	17,177.4	36,885.5	17,691.3	59,455.7	18,968.1
Investment in subsidiaries	23(a)		431.3		431.3		59,057.8		78,012.5		98,779.6
Investment in associates and joint venture	23(b)	4,965.1	4,965.1	4,458.2	4,458.2	3,982.1	3,982.1	3,943.9	3,943.9	3,542.5	3,461.9
Restricted cash	26(b)	1,911.7	1,911.7	1,982.0	1,982.0	1,759.9	1,759.9	1,481.4	1,481.4	1,019.9	1,019.9
Deferred restricted cash asset	26(c)	836.1	836.1	558.7	558.7	407.9	407.9	278.2	278.2	431.9	431.9
Contract assets	29(a)	881.7	881.7	1,491.2	1,491.2	1,138.7	1,138.7	1,852.7	1,578.3	1,607.9	954.0
Loans receivable from joint venture	32(x)(a)							1,588.4	1,588.4	2,661.3	2,661.3
Loan receivable from subsidiary	32(x)(b)				236.2		666.1		639.4		485.4
		<b>164,402.7</b>	<b>164,293.8</b>	<b>174,719.9</b>	<b>175,067.6</b>	<b>281,548.6</b>	<b>247,360.1</b>	<b>436,771.5</b>	<b>279,735.9</b>	<b>558,622.4</b>	<b>316,743.4</b>
<b>Current assets</b>											
Current income tax	12(b)	260.4	251.8	7.2		7.9		851.6			7.9
Inventories	24	1,859.4	1,793.1	2,487.0	2,441.2	4,306.8	4,147.4	3,655.6	2,231.5	4,526.0	2,639.0
Trade and other receivables	25	17,190.3	16,801.9	22,347.9	20,225.5	25,919.2	22,003.7	40,791.5	23,788.1	48,119.0	28,079.9
Net cash and cash equivalents	26(a)	26,759.7	25,859.7	26,736.1	26,035.9	30,779.6	25,560.6	22,098.1	18,061.9	22,868.2	19,072.1
Restricted cash - letter of credit	27							615.1		1,563.4	
Other financial assets	28	188.6		1,287.8	1,287.8	1,285.0	1,285.0	28.6			
Contract assets	30(a)	2,563.8	2,563.8	3,043.4	3,043.4	2,951.5	2,951.5	4,395.0	4,236.3	5,202.0	4,748.8
Mobile financial deposit	33									263.3	
		<b>48,822.2</b>	<b>47,270.3</b>	<b>55,909.4</b>	<b>53,033.8</b>	<b>65,250.0</b>	<b>55,948.2</b>	<b>72,435.5</b>	<b>48,317.8</b>	<b>82,541.9</b>	<b>54,547.7</b>
<b>Total assets</b>		<b>213,224.9</b>	<b>211,564.1</b>	<b>230,629.3</b>	<b>228,101.4</b>	<b>346,798.6</b>	<b>303,308.3</b>	<b>509,207.0</b>	<b>328,053.7</b>	<b>641,164.3</b>	<b>371,291.1</b>

## 4.2. Statement of Financial Position (continued)

(Unit: millions of Kenya Shilling - KSh's'm)

		GRO UP	COMPANY	GRO UP	COMPANY	GRO UP	COMPANY	GRO UP	COMPANY	GRO UP	COMPANY
	Notes	2020	2020	2021	2021	2022	2022	2023	2023	2024	2024
<b>Equity</b>											
Share capital	14	2,003.3	2,003.3	2,003.3	2,003.3	2,003.3	2,003.3	2,003.3	2,003.3	2,003.3	2,003.3
Share premium	14	2,200.0	2,200.0	2,200.0	2,200.0	2,200.0	2,200.0	2,200.0	2,200.0	2,200.0	2,200.0
Retained earnings		82,785.2	81,038.6	96,571.8	94,105.6	110,528.9	110,204.0	121,823.6	137,065.2	134,314.0	171,640.5
Other reserves						-5,312.7		36,688.4		61,789.3	
Proposed dividend	15	56,091.6	56,091.6	36,860.2	36,860.2	30,049.1	30,049.1	24,840.6	24,840.6	26,042.5	26,042.5
Equity attributable to equity holders of the parent		143,080.1	141,333.5	137,635.3	135,169.1	139,468.6	144,456.4	187,555.9	166,109.1	226,349.1	201,886.3
Non-controlling interests	23(a)					40,232.3		75,810.0		109,398.8	
<b>Total equity</b>		<b>143,080.1</b>	<b>141,333.5</b>	<b>137,635.3</b>	<b>135,169.1</b>	<b>179,700.9</b>	<b>144,456.4</b>	<b>263,365.9</b>	<b>166,109.1</b>	<b>335,747.9</b>	<b>201,886.3</b>
<b>Non-current liabilities</b>											
Borrowings	16					44,910.8	44,910.8	42,050.0	38,533.6	63,093.2	36,110.8
Lease liabilities	22(b)	11,675.3	11,675.3	11,954.2	11,954.2	14,584.9	14,079.2	29,984.0	17,070.1	48,474.3	18,409.1
Payables and accrued expenses	29(a)	985.4	985.4			4,330.6		27,359.3		19,458.6	
Provisions	29(b)			3,151.4	3,151.4	3,183.3	3,183.3	4,462.8	3,410.7	5,087.0	3,629.7
Contract liabilities	30(b)	983.4	983.4	2,436.1	2,436.1	1,937.5	1,937.5	1,607.8	1,607.8	1,481.2	1,481.2
Financial guarantees liability	32(xi)						120.9		960.4		1,062.7
		13,644.1	13,644.1	17,541.7	17,541.7	68,947.1	64,231.7	105,463.9	61,582.6	137,594.3	60,693.5
<b>Current liabilities</b>											
Current income tax	12(b)	112.9		260.3	151.6	5,291.2	5,086.3	2,408.8	192.2	193.1	
Dividend payable	15	1,045.1	1,045.1	8,684.1	8,684.1	12,053.9	12,053.9	1,783.0	1,783.0	6,649.2	6,649.2
Borrowings	16	8,000.0	8,000.0	14,772.0	14,772.0	20,400.0	20,400.0	45,555.4	37,563.1	45,053.6	41,555.8
Lease liabilities	22(b)	3,549.4	3,549.4	4,119.5	4,119.5	5,508.5	5,437.4	5,354.9	4,376.6	6,411.0	5,163.1
Payables and accrued expenses	29(a)	29,920.1	30,153.8	34,021.4	34,068.4	41,312.6	38,058.2	70,625.1	42,235.5	94,919.5	41,822.5
Provisions	29(b)	4,462.3	4,462.3	2,561.5	2,561.5	3,373.8	3,373.8	4,524.1	4,524.1	2,938.9	2,938.9
Mobile financial payable	33									263.3	
Contract liabilities	30(b)	9,410.9	9,375.9	11,033.5	11,033.5	10,210.6	10,210.6	10,125.9	9,687.5	11,393.5	10,581.8
		56,500.7	56,586.5	75,452.3	75,390.6	98,150.6	94,620.2	140,377.2	100,362.0	167,822.1	108,711.3
<b>Total liabilities</b>		<b>70,144.8</b>	<b>70,230.6</b>	<b>92,994.0</b>	<b>92,932.3</b>	<b>167,097.7</b>	<b>158,851.9</b>	<b>245,841.1</b>	<b>161,944.6</b>	<b>305,416.4</b>	<b>169,404.8</b>
<b>Total equity and liabilities</b>		<b>213,224.9</b>	<b>211,564.1</b>	<b>230,629.3</b>	<b>228,101.4</b>	<b>346,798.6</b>	<b>303,308.3</b>	<b>509,207.0</b>	<b>328,053.7</b>	<b>641,164.3</b>	<b>371,291.1</b>

## 4.2. Consolidated Statement of Changes in Equity<sup>8</sup>

(Unit: millions of Kenya Shilling - KSh's'm)

For the year ended 31 March 2020

GROUP					
Attributable to the equity holders of the parent					
Notes	Share capital KSh's'm	Share premium KSh's'm	Retained earnings KSh's'm	Proposed dividend KSh's'm	Total equity KSh's'm
<b>Year ended 31-Mar-20</b>					
At start of year	2,003.3	2,200.0	75,638.4	44,070.0	123,911.7
Initial application of IFRS 15			2,012.4		2,012.4
<b>Retained balance at 1 April 2018</b>	<b>2,003.3</b>	<b>2,200.0</b>	<b>77,650.8</b>	<b>44,070.0</b>	<b>125,924.1</b>
<b>Profit and total comprehensive income for the year</b>			<b>62,490.5</b>		<b>62,490.5</b>
<b>Transactions with owners:</b>					
Dividend:					
Final for 2018	15			(44,071.0)	(44,056.0)
Proposed final for 2019	15		(50,082.0)	50,082.0	15.0
Proposed special dividend for 2019	15		(24,840.4)	24,840.4	15.0
		<b>0.0</b>	<b>0.0</b>	<b>(74,922.4)</b>	<b>30,851.4</b>
<b>At end of year</b>	<b>2,003.3</b>	<b>2,200.0</b>	<b>65,218.5</b>	<b>74,921.4</b>	<b>144,388.6</b>

For the year ended 31 March 2021

GROUP								
Attributable to the equity holders of the parent								
Notes	Share capital KSh's'm	Share premium KSh's'm	Retained earnings KSh's'm	Other reserves** KSh's'm	Proposed dividend KSh's'm	Total KSh's'm	Non- controlling interests KSh's'm	Total equity KSh's'm
<b>Year ended 31-Mar-21</b>								
At start of year	2,003.3	2,200.0	82,785.2		56,091.6	143,080.1		143,080.1
Profit for the year			68,676.2			68,676.2		68,676.2
Other comprehensive income/ (loss)						0.0		0.0
<b>Total comprehensive income/(loss) for the year</b>	<b>0.0</b>	<b>0.0</b>	<b>68,676.2</b>	<b>0.0</b>	<b>0.0</b>	<b>68,676.2</b>	<b>0.0</b>	<b>68,676.2</b>
<b>Transactions with owners:</b>								
Dividend:								
2021 final dividends paid	15	0.0	0.0	0.0	(56,091.6)	(56,091.6)		(56,091.6)
2022 interim dividend paid	15		(18,029.4)			(18,029.4)		(18,029.4)
Capital contribution from NCI shareholders*						0.0		0.0
Proposed final dividend for 2022			(36,860.2)		36,860.2	0.0		0.0
		<b>0.0</b>	<b>0.0</b>	<b>(54,889.6)</b>	<b>0.0</b>	<b>(19,231.4)</b>	<b>0.0</b>	<b>(74,121.0)</b>
<b>At end of year</b>	<b>2,003.3</b>	<b>2,200.0</b>	<b>96,571.8</b>	<b>0.0</b>	<b>36,860.2</b>	<b>137,635.3</b>	<b>0.0</b>	<b>137,635.3</b>

\* Capital contribution from NCI shareholders relates to the contribution of non-controlling shareholders towards investment in the equity of Safaricom Ethiopia PLC.

\*\* Other reserves include foreign currency translation reserve representing the cumulative position of translation gains and losses arising from translation of net assets of foreign subsidiary companies to the presentation currency, adjustment on application of IAS 29 (Note 36) and redistribution of loss after shareholding change.

<sup>8</sup> Sources: Safaricom, Annual reports 2020 to 2024.

## For the year ended 31 March 2022

GROUP								
Attributable to the equity holders of the parent								
Notes	Share capital KShs'm	Share premium KShs'm	Retained earnings KShs'm	Other reserves** KShs'm	Proposed dividend KShs'm	Total KShs'm	Non- controlling interests KShs'm	Total equity KShs'm
<b>Year ended</b>								
<b>31-Mar-22</b>								
At start of year	2,003.3	2,200.0	96,571.8		36,860.2	137,635.3		137,635.3
Profit for the year			69,648.1			69,648.1	(2,152.0)	67,496.1
Other comprehensive income/ (loss)				(5,312.7)		(5,312.7)	(4,223.6)	(9,536.3)
<b>Total comprehensive income/(loss) for the year</b>	<b>0.0</b>	<b>0.0</b>	<b>69,648.1</b>	<b>(5,312.7)</b>	<b>0.0</b>	<b>64,335.4</b>	<b>(6,375.6)</b>	<b>57,959.8</b>
<b>Transactions with owners:</b>								
Dividend:								
2021 final dividends paid	15	0.0	0.0	0.0	(36,860.2)	(36,860.2)		(36,860.2)
2022 interim dividend paid	15		(25,641.9)			(25,641.9)		(25,641.9)
Capital contribution from NCI shareholders*						0.0	46,607.9	46,607.9
Proposed final dividend for 2022			(30,049.1)		30,049.1	0.0		0.0
		<b>0.0</b>	<b>(55,691.0)</b>	<b>0.0</b>	<b>(6,811.1)</b>	<b>(62,502.1)</b>	<b>46,607.9</b>	<b>(15,894.2)</b>
<b>At end of year</b>	<b>2,003.3</b>	<b>2,200.0</b>	<b>110,528.9</b>	<b>(5,312.7)</b>	<b>30,049.1</b>	<b>139,468.6</b>	<b>40,232.3</b>	<b>179,700.9</b>

\* Capital contribution from NCI shareholders relates to the contribution of non-controlling shareholders towards investment in the equity of Safaricom Ethiopia PLC.

\*\* Other reserves include foreign currency translation reserve representing the cumulative position of translation gains and losses arising from translation of net assets of foreign subsidiary companies to the presentation currency, adjustment on application of IAS 29 (Note 36) and redistribution of loss after shareholding change.

## For the year ended 31 March 2023

GROUP								
Attributable to the equity holders of the parent								
Notes	Share capital	Share premium	Retained	Other	Proposed	Total KShs'm	Non-	Total equity
<b>Year ended</b>								
<b>31-Mar-23</b>								
At start of year	2,003.3	2,200.0	110,528.9	(5,312.7)	30,049.1	139,468.6	40,232.3	179,700.9
-Adjustment on application of IAS 29			(2,895.8)	36,285.3		33,389.5	26,545.0	59,934.5
<b>As restated</b>	<b>2,003.3</b>	<b>2,200.0</b>	<b>107,633.1</b>	<b>30,972.6</b>	<b>30,049.1</b>	<b>172,858.1</b>	<b>66,777.3</b>	<b>239,635.4</b>
Redistribution of loss after shareholding change						0.0		0.0
<b>Total</b>	<b>2,003.3</b>	<b>2,200.0</b>	<b>107,633.1</b>	<b>30,972.6</b>	<b>30,049.1</b>	<b>172,858.1</b>	<b>66,777.3</b>	<b>239,635.4</b>
Profit or (loss) for the year			62,268.5			62,268.9	(9,786.1)	52,482.8
<b>Other comprehensive income</b>						0.0		0.0
Exchange differences on translation of foreign operations				5,715.8		5,715.8	4,544.2	10,260.0
<b>Total comprehensive income for the year</b>	<b>0.0</b>	<b>0.0</b>	<b>62,268.9</b>	<b>5,715.8</b>	<b>0.0</b>	<b>67,984.7</b>	<b>(5,241.9)</b>	<b>62,742.8</b>
<b>Transactions with owners:</b>								
Dividend:								
2022 final dividends paid	15				(30,049.1)	(30,049.1)		(30,049.1)
2023 interim dividend paid	15		(23,237.8)			(23,237.8)		(23,237.8)
Proposed final dividend for 2023			(24,840.6)		24,840.6	0.0		0.0
Capital contribution from NCI shareholders*						0.0	14,274.6	14,274.6
		<b>0.0</b>	<b>(48,078.4)</b>	<b>0.0</b>	<b>(5,208.5)</b>	<b>(53,286.9)</b>	<b>14,274.6</b>	<b>(39,012.3)</b>
<b>At end of year</b>	<b>2,003.3</b>	<b>2,200.0</b>	<b>121,823.6</b>	<b>36,688.4</b>	<b>24,840.6</b>	<b>187,555.9</b>	<b>75,810.0</b>	<b>263,365.9</b>

\* Capital contribution from NCI shareholders relates to the contribution of non-controlling shareholders towards investment in the equity of Safaricom Ethiopia PLC.

\*\* Other reserves include foreign currency translation reserve representing the cumulative position of translation gains and losses arising from translation of net assets of foreign subsidiary companies to the presentation currency, adjustment on application of IAS 29 (Note 36) and redistribution of loss after shareholding change.

For the year ended 31 March 2024

GROUP								
Attributable to the equity holders of the parent								
Notes	Share capital KShs'm	Share premium KShs'm	Retained earnings KShs'm	Other reserves** KShs'm	Proposed dividend KShs'm	Total KShs'm	Non- controlling interests KShs'm	Total equity KShs'm
<b>Year ended</b>								
<b>31-Mar-24</b>								
At start of year	2,003.3	2,200.0	121,823.6	36,688.4	24,840.6	187,555.9	75,810.0	263,365.9
-Adjustment on application of IAS 29	-	-	(3,467.8)	31,311.1	-	27,843.3	26,041.2	53,884.5
<b>As restated</b>	<b>2,003.3</b>	<b>2,200.0</b>	<b>118,355.8</b>	<b>67,999.5</b>	<b>24,840.6</b>	<b>215,399.2</b>	<b>101,851.2</b>	<b>317,250.4</b>
Redistribution of loss after shareholding change	-	-	1,045.0	(2,449.4)	-	(1,404.4)	1,404.4	0.0
<b>Total</b>	<b>2,003.3</b>	<b>2,200.0</b>	<b>119,400.8</b>	<b>65,550.1</b>	<b>24,840.6</b>	<b>213,994.8</b>	<b>103,255.6</b>	<b>317,250.4</b>
Profit or (loss) for the year	-	-	62,991.7	-	-	62,991.7	(20,333.3)	42,658.4
<b>Other comprehensive income</b>						<b>0.0</b>		<b>0.0</b>
Exchange differences on translation of foreign operations	-	-	-	(3,760.8)	-	(3,760.8)	(3,517.3)	(7,278.1)
<b>Total comprehensive income for the year</b>	<b>0.0</b>	<b>0.0</b>	<b>62,991.7</b>	<b>(3,760.8)</b>	<b>0.0</b>	<b>59,230.9</b>	<b>(23,850.6)</b>	<b>35,380.3</b>
<b>Transactions with owners:</b>								
Dividend:								
2023 final dividends paid	15	-	-	-	(24,840.6)	(24,840.6)	-	(24,840.6)
2024 interim dividend paid	15	-	(22,036.0)	-	-	(22,036.0)	-	(22,036.0)
Proposed final dividend for 2024	-	-	(26,042.5)	-	26,042.5	0.0	-	0.0
Capital contribution from NCI shareholders*	-	-	-	-	-	0.0	29,993.8	29,993.8
	<b>0.0</b>	<b>0.0</b>	<b>(48,078.5)</b>	<b>0.0</b>	<b>1,201.9</b>	<b>(46,876.6)</b>	<b>29,993.8</b>	<b>(16,882.8)</b>
<b>At end of year</b>	<b>2,003.3</b>	<b>2,200.0</b>	<b>134,314.0</b>	<b>61,789.3</b>	<b>26,042.5</b>	<b>226,349.1</b>	<b>109,398.8</b>	<b>335,747.9</b>

\* Capital contribution from NCI shareholders relates to the contribution of non-controlling shareholders towards investment in the equity of Safaricom Ethiopia PLC.

\*\* Other reserves include foreign currency translation reserve representing the cumulative position of translation gains and losses arising from translation of net assets of foreign subsidiary companies to the presentation currency, adjustment on application of IAS 29 (Note 36) and redistribution of loss after shareholding change.

### 4.3. Company Statement of Changes in Equity<sup>9</sup>

(Unit: millions of Kenya Shilling - KShs'm)

For the year ended 31 March 2020

COMPANY						
Notes	Share capital KShs'm	Share premium KShs'm	Retained earnings KShs'm	Proposed dividend KShs'm	Total equity KShs'm	
<b>Year ended 31-Mar-20</b>						
At start of year	2,003.3	2,200.0	63,846.0	74,922.4	142,971.7	
Profit and total comprehensive income for the year			73,284.2		73,284.2	
<b>Transactions with owners:</b>						
Dividend:						
Total final and special dividend for 2019	15			(74,922.4)	(74,922.4)	
Proposed final dividend for 2020	15		(56,091.6)	56,091.6	0.0	
		<b>0.0</b>	<b>0.0</b>	<b>(56,091.6)</b>	<b>(18,830.8)</b>	<b>(74,922.4)</b>

For the year ended 31 March 2021

Notes	Share capital KShs'm	Share premium KShs'm	Retained earnings KShs'm	Proposed dividend KShs'm	Total equity KShs'm	
<b>Year ended 31-Mar-21</b>						
At start of year	2,003.3	2,200.0	81,038.6	56,091.6	141,333.5	
Profit for the year			67,956.6		67,956.6	
<b>Transactions with owners:</b>						
Dividend:						
2020 final dividends paid	15			(56,091.6)	(56,091.6)	
2021 interim dividend paid	15		(18,029.4)		(18,029.4)	
Proposed final dividend for 2021			(36,860.2)	36,860.2	0.0	
		<b>0.0</b>	<b>0.0</b>	<b>(54,889.6)</b>	<b>(19,231.4)</b>	<b>(74,121.0)</b>

<sup>9</sup> Sources: Safaricom, Annual reports 2020 to 2024.

For the year ended 31 March 2022

Notes	Share capital KShs'm	Share premium KShs'm	Retained earnings KShs'm	Proposed dividend KShs'm	Total equity KShs'm
<b>Year ended 31-Mar-22</b>					
At start of year	2,003.3	2,200.0	94,105.6	36,860.2	135,169.1
Profit for the year			71,789.4		71,789.4
<b>Transactions with owners:</b>					
Dividend:					
2021 final dividends paid				(36,860.2)	(36,860.2)
2022 interim dividend paid			(25,641.9)		(25,641.9)
Proposed final dividend for 2022			(30,049.1)	30,049.1	0.0
	0.0	0.0	(55,691.0)	(6,811.1)	(62,502.1)

For the year ended 31 March 2023

Notes	Share capital KShs'm	Share premium KShs'm	Retained earnings KShs'm	Proposed dividend KShs'm	Total equity KShs'm
<b>Year ended 31-Mar-23</b>					
At start of year	2,003.3	2,200.0	110,204.0	30,049.1	144,456.4
Profit for the year			74,939.6		74,939.6
<b>Transactions with owners:</b>					
Dividend:					
2022 final dividends paid				(30,049.1)	(30,049.1)
2023 interim dividend paid			(23,237.8)		(23,237.8)
Proposed final dividend for 2023			(24,840.6)	24,840.6	0.0
	0.0	0.0	(48,078.4)	(5,208.5)	(53,286.9)

For the year ended 31 March 2024

	Notes	Share capital KShs'm	Share premium KShs'm	Retained earnings KShs'm	Proposed dividend KShs'm	Total equity KShs'm
<b>Year ended 31-Mar-24</b>						
At start of year		2,003.3	2,200.0	137,065.2	24,840.6	<b>166,109.1</b>
Profit for the year				82,653.8		<b>82,653.8</b>
<b>Transactions with owners:</b>						
Dividend:						
2023 final dividends paid	15				(24,840.6)	<b>(24,840.6)</b>
2024 interim dividend paid	15			(22,036.0)		<b>(22,036.0)</b>
Proposed final dividend for 2024				(26,042.5)	26,042.5	<b>0.0</b>
		<b>0.0</b>	<b>0.0</b>	<b>(48,078.5)</b>	<b>1,201.9</b>	<b>(46,876.6)</b>

#### 4.4. Statement of Cash Flows<sup>10</sup>

(Unit: millions of Kenya Shilling - KShs'm)

(Unit: millions of Kenya Shilling - KShs'm)

		GROUP		COMPANY		GROUP		COMPANY		GROUP		COMPANY	
	Notes	2020 KShs'm	2020 KShs'm	2021 KShs'm	2021 KShs'm	2022 KShs'm	2022 KShs'm	2023 KShs'm	2023 KShs'm	2024 KShs'm	2024 KShs'm	2024 KShs'm	2024 KShs'm
<b>Cash flows from operating activities</b>													
Cash generated from operations	31(a)	139,604.2	138,635.6	132,551.8	132,866.4	143,574.7	145,801.0	159,596.8	160,263.4	149,469.2	178,939.7		
Interest received		2,940.9	2,917.1	1,566.7	1,547.0	1,254.5	1,207.9	1,571.0	1,302.3	2,155.0	1,940.2		
Income tax paid	12(b)	(32,114.6)	(31,845.9)	(28,921.2)	(28,606.4)	(34,128.7)	(33,784.2)	(45,016.7)	(44,493.9)	(43,700.6)	(41,618.4)		
Net cash generated from operating activities		110,430.5	109,706.8	105,197.3	105,807.0	110,700.5	113,224.7	116,151.1	117,071.8	107,923.6	139,261.5		
<b>Cash flows from investing activities</b>													
Purchase of property and equipment		(36,098.5)	(36,087.5)	(35,568.4)	(35,568.4)	(41,058.0)	(34,667.6)	(66,331.2)	(38,564.0)	(66,636.1)	(48,839.8)		
Proceeds from disposal of property and equipment		69.8	70.6	84.6	84.6	49.2	49.2	43.8	43.6	290.0	261.0		
Acquisition of intangible assets	21			(4,077.8)	(4,077.8)	(96,288.3)	(4,728.1)	(5,143.0)	(5,143.0)	(30,992.5)	(10,514.8)		
Assets retirement obligations payments										(59.6)	(59.6)		
Proceeds / investment in other financial assets	28	7,854.4	7,866.8	188.6				(28.6)		28.6			
Movement in restricted cash		(67.9)	(67.9)	180.1	180.1	352.3	352.3	(116.6)	416.0	(796.0)	336.9		
Dividends from subsidiaries									4,200.0				
Loans to joint ventures	32(x)(a)			(0.1)	(0.1)			(300.0)	(300.0)	(1,075.0)	(1,075.0)		
Loans to M-PESA Africa (Joint venture)				(1,288.7)	(1,288.7)								
Loans to subsidiaries	32(x)(b)				(240.0)		(500.0)		(120.0)		(9.2)		
Investment in subsidiaries	23(a)						(58,626.6)		(18,116.1)		(20,663.9)		
Investment in associates and joint ventures	23(b)	(1,457.8)	(1,457.8)							(977.6)	(897.0)		
Net cash used in investing activities		(29,700.0)	(29,675.8)	(40,481.7)	(40,910.3)	(136,944.8)	(98,120.8)	(71,875.6)	(57,583.5)	(100,218.2)	(81,461.4)		
<b>Cash flows from financing activities</b>													
Dividends paid	15	(73,877.3)	(73,877.3)	(66,482.0)	(66,482.0)	(59,132.3)	(59,132.3)	(63,557.8)	(63,557.8)	(42,010.4)	(42,010.4)		
Repayment of lease liabilities- principal	22(b)	(3,742.8)	(3,742.8)	(2,550.6)	(2,550.6)	(3,806.4)	(3,220.5)	(8,349.1)	(4,001.3)	(7,727.1)	(3,898.1)		
Repayment of lease liabilities- interest	22(b)	(348.8)	(347.6)	(1,324.0)	(1,324.0)	(1,347.9)	(1,345.4)	(1,768.5)	(1,735.3)	(1,913.7)	(1,811.0)		
Interest paid on borrowings				(1,154.6)	(1,135.9)	(2,477.9)	(2,419.8)	(6,924.4)	(6,415.4)	(12,776.5)	(10,907.6)		
Proceeds from borrowings	16	20,132.0	20,132.0	44,970.0	44,970.0	120,564.8	120,564.8	62,238.1	51,500.0	65,841.3	36,892.5		
Repayment of borrowings	16	(16,164.0)	(16,164.0)	(38,198.0)	(38,198.0)	(70,026.0)	(70,026.0)	(42,777.2)	(42,777.2)	(41,103.9)	(35,055.3)		
Capital contribution from NCI shareholders						46,607.9		14,274.5		29,993.8			
Net cash used in financing activities		(74,000.9)	(73,999.7)	(64,739.2)	(64,720.5)	30,382.2	(15,579.2)	(46,864.4)	(66,987.0)	(9,696.5)	(56,789.9)		
(Decrease) / increase in cash and cash equivalents		6,729.6	6,031.3	(23.6)	176.2	4,137.9	(475.3)	(2,588.9)	(7,498.7)	(1,991.1)	1,010.2		
<b>Movement in cash and cash equivalents:</b>													
At start of year		20,030.1	19,828.4	26,759.7	25,859.7	26,736.1	26,035.9	30,779.6	25,560.6	22,098.1	18,061.9		
Net foreign exchange differences						(94.4)		537.7		1,923.5			
Net monetary gain/(loss) on cash and cash equivalents								(6,630.3)		837.7			
(Decrease) / increase in cash and cash equivalents		6,729.6	6,031.3	(23.6)	176.2	4,137.9	(475.3)	(2,588.9)	(7,498.7)	(1,991.1)	1,010.2		
At end of year	26(a)	26,759.7	25,859.7	26,736.1	26,035.9	30,779.6	25,560.6	22,098.1	18,061.9	22,868.2	19,072.1		

<sup>10</sup> Sources: Safaricom, Annual reports 2020 to 2024.

## 4.5. Capital structure and principal shareholders

### a. Investor distribution as at 31 March 2024

Figure 4.1. Safaricom: Capital structure

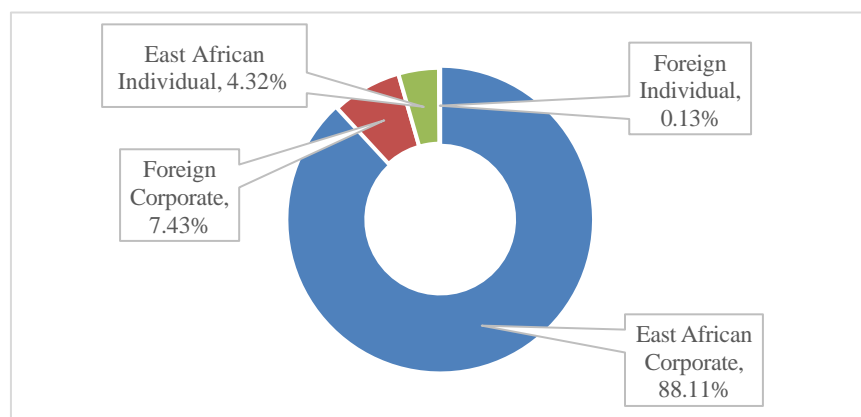


Table 4.1. The 10 largest shareholders in the Company (ordinary shares only) and the respective number of shares held as at 31 March 2024

Name of shareholder	Number of shares	% Shareholding
1. Vodafone Kenya limited	16,000,000,000	39.93%
2. Cabinet secretary to the national treasury	14,022,572,580	35.00%
3. Kenya commercial bank nominees limited a/c 9158 Kenya	345,582,886	0.86%
4. Kenya commercial bank nominees limited a/c 1019d	330,463,100	0.82%
5. Standard chartered Kenya nominees ltd a/c ke004667	303,523,306	0.76%
6. Stanbic nominees limited a/c nr1031458	191,930,759	0.48%
7. Standard chartered nominees resd a/c ke11401	189,350,800	0.47%
8. Stanbic nominees limited a/c nr1030824	188,160,853	0.47%
9. Stanbic nominees limited a/c r6631578	140,208,207	0.35%
10. Co-op bank custody a/c 23000	139,201,200	0.35%
11. Others	8,214,434,309	20.50%
<b>Total</b>	<b>40,065,428,000</b>	<b>100.00%</b>

## 4.6. Key financial ratios<sup>11</sup>

Table 4.3. Safaricom. Profitability from Operations (in Percentage)

		GROUP	COMPANY	GROUP	COMPANY	GROUP	COMPANY	GROUP	COMPANY	GROUP	COMPANY	GROUP	COMPANY
		2020	2020	2021	2021	2022	2022	2023	2023	2024	2024	Average (2020-2024)	
<b>Key ratios</b>	<b>Formulas</b>												
EBITDA Margin	EBITDA/ Total Revenue	52.6%	70.4%	50.8%	67.6%	50.0%	68.5%	45.0%	69.6%	46.7%	71.9%	49.0%	69.6%
EBIT Margin	EBIT/ Total Revenue	38.7%	56.4%	36.4%	53.2%	36.6%	55.1%	27.3%	55.5%	23.0%	58.1%	32.4%	55.6%
Net Margin [1]	Profit of the year or Total comprehensive income for THE year/ Total Revenue	28.1%	45.8%	26.0%	42.8%	19.4%	41.0%	20.2%	41.2%	10.1%	41.7%	20.8%	42.5%

[1] Profit of the year for the company (Safaricom Kenya) and Total comprehensive income for year for the group (Safaricom Group).

(\*) Safaricom Group: Safaricom Kenya & safaricom Ethiopia - Company: Safaricom Kenya.

Source: Safaricom PLC Annual Report and Financial Statements 2024

<sup>11</sup> Source: Safaricom, Annual report 2020 to 2024.

Table 4.4. Safaricom: Profitability from Investments

	Formulas	GROUP	COMPANY	GROUP	COMPANY	GROUP	COMPANY	GROUP	COMPANY	GROUP	COMPANY	GROUP	COMPANY
		2020	2020	2021	2021	2022	2022	2023	2023	2024	2024	Average (2020-2024)	
<b>Key ratios</b>													
Return on Assets (ROA) [1]	Operating profit / Assets	47.6%	69.7%	41.7%	61.2%	31.5%	53.7%	16.7%	52.5%	12.5%	53.2%	30.0%	58.0%
Asset Turnover [2]	Total revenue / Invested Capital	211.2%	211.7%	210.1%	211.8%	139.1%	160.5%	94.5%	137.9%	83.0%	129.9%	147.6%	170.4%
	Total revenue / Assets	123.1%	123.6%	114.5%	115.1%	86.0%	97.5%	61.1%	94.6%	54.5%	91.5%	87.8%	104.5%
ROIC	Operating profit / Invested Capital	81.6%	119.4%	76.5%	112.6%	50.9%	88.4%	25.8%	76.5%	19.1%	75.5%	50.8%	94.5%
ROIC (with lag)	Operating profit (t) / Invested Capital (t - 1)											0.0%	0.0%
Core Business ROIC [3]	Core Result / Invested Capital Core Business	57.6%	95.1%	52.6%	88.1%	25.8%	64.0%	17.9%	53.4%	7.6%	52.5%	32.3%	70.6%
Core Operational Margin [3]	Core Result / Total revenue	27.3%	44.9%	25.0%	41.6%	18.6%	39.9%	19.0%	38.7%	9.1%	40.4%	19.8%	41.1%
Core Assets Turnover	Total revenue / Invested Capital Core Business	211.2%	211.7%	210.1%	211.8%	139.1%	160.5%	94.5%	137.9%	83.0%	129.9%	147.6%	170.4%

[1] Assets = Total Assets (please see the table below)

[2] Invested Capital (please see the table below)

[3] Core Result = Result (-) Revenue from other sources

[4] Invested Capital Core Business estimated equivalent to the Total Invested Capital

Total revenue	262,555.7	261,405.5	264,026.5	262,449.7	298,077.9	295,845.9	310,904.8	310,479.8	349,447.2	339,717.3	297,002.4	293,979.6
Operating profit (EBIT)	101,493.8	147,427.1	96,164.9	139,504.4	109,128.6	162,931.9	84,997.4	172,189.4	80,344.8	197,436.8	94,425.9	163,897.9
Result (Net profit)	73,657.9	119,723.4	68,676.2	112,287.5	57,959.8	121,334.8	62,742.8	128,058.3	35,380.3	141,799.9	59,683.4	124,640.8
(Revenue from other sources)	(2,091.9)	(2,326.8)	(2,564.2)	(3,153.4)	(2,636.5)	(3,289.7)	(3,762.7)	(7,900.4)	(3,553.8)	(4,386.5)	-2,921.8	-4,211.4
Core result	71,566.0	117,396.6	66,112.0	109,134.1	55,323.3	118,045.1	58,980.1	120,157.9	31,826.5	137,413.4	56,761.6	120,429.4
Assets	213,224.9	211,564.1	230,629.3	228,101.4	346,798.6	303,308.3	509,207.0	328,053.7	641,164.3	371,291.1	388,204.8	288,463.7
Invested Capital (IC)	124,320.4	123,473.8	125,671.2	123,905.2	214,232.1	184,327.5	328,873.2	225,104.3	421,026.5	261,543.5	242,824.7	183,670.9
Invested Capital (IC) Core Business	124,320.4	123,473.8	125,671.2	123,905.2	214,232.1	184,327.5	328,873.2	225,104.3	421,026.5	261,543.5	242,824.7	183,670.9
<b>Invested Capital</b>												
Equity	143,080.1	141,333.5	137,635.3	135,169.1	179,700.9	144,456.4	263,365.9	166,109.1	335,747.9	201,886.3	211,906.0	157,790.9
Net Financial Debt	(18,759.7)	(17,859.7)	(11,964.1)	(11,263.9)	34,531.2	39,871.1	65,507.3	58,995.2	85,278.6	59,657.2	30,918.7	25,880.0
<b>Invested Capital (IC)</b>	124,320.4	123,473.8	125,671.2	123,905.2	214,232.1	184,327.5	328,873.2	225,104.3	421,026.5	261,543.5	242,824.7	183,670.9

Source: Safaricom PLC Annual Report and Financial Statements 2024

Table 4.5. Safaricom: Return on Equity (ROE)

	Formulas	GROUP	COMPANY	GROUP	COMPANY	GROUP	COMPANY	GROUP	COMPANY	GROUP	COMPANY
		2020	2020	2021	2021	2022	2022	2023	2023	2024	2024
Key ratios											
Net income		73,657.9	119,723.4	68,676.2	112,287.5	57,959.8	121,334.8	62,742.8	128,058.3	35,380.3	141,799.9
Total Equity		143,080.1	141,333.5	137,635.3	135,169.1	179,700.9	144,456.4	263,365.9	166,109.1	335,747.9	201,886.3
Return on Equity (ROE)	Net Income / Total Equity [1]	<b>51.5%</b>	84.7%	<b>49.9%</b>	83.1%	<b>32.3%</b>	84.0%	<b>23.8%</b>	77.1%	<b>10.5%</b>	70.2%

[1] Indicates the return obtained by shareholders for each unit of investment made in the company

Source: Safaricom PLC Annual Report and Financial Statements 2024

Table 4.6. Safaricom: RONIC - A Variation

	Formulas	GROUP	COMPANY	GROUP	COMPANY	GROUP	COMPANY	GROUP	COMPANY	GROUP	COMPANY
		2020	2020	2021	2021	2022	2022	2023	2023	2024	2024
Key ratios											
ROIC (t)	Result (t) / IC (t-1)		96.3%	55.6%	89.4%	46.8%	56.6%	34.0%	38.9%	15.7%	33.7%
RONIC (t)	(Result (t) - Result (t-1)) / (IC (t) - IC(t-1))		-5441.2%	-2323.1%	-2469.5%	-60.1%	-211.9%	-40.5%	-62.9%	-47.3%	-66.7%

[1] ROIC on existing capital

[2] ROIC on new capital (RONIC)

Comprehensive Result	73,657.9	119,723.4	68,676.2	112,287.5	57,959.8	121,334.8	62,742.8	128,058.3	35,380.3	141,799.9
Invested Capital (IC)	124,320.4	123,473.8	125,671.2	123,905.2	214,232.1	184,327.5	328,873.2	225,104.3	421,026.5	261,543.5

Source: Safaricom PLC Annual Report and Financial Statements 2024

## Appendix 5: Safaricom Telecommunications Ethiopia P.L.C. (STE): selected information

### Capital structure

As of 25 May 2021, the shareholding of Safaricom Telecommunications Ethiopia was reported to be as follows:

#### GPE proposed ownership

Rank	Name of Owner	Country	Percentage Ownership
1	Safaricom	Kenya	55.70
2	Sumitomo Corporation	Japan	27.20
3	British International Investment	United Kingdom	10.90
4	Vodacom	South Africa	6.20
	<b>Total</b>		<b>100.00</b>

#### Ethiopia Performance: Key Milestones achieved in FY24

Customers	<a href="https://en.wikipedia.org/wiki/Safaricom">https://en.wikipedia.org/wiki/Safaricom</a> 4.4 million (90-day Active Customers)	2.8 million (90-day Active Data Customers)	4.3 GB per Mobile Data User
M-Pesa	<a href="https://en.wikipedia.org/wiki/Safaricom">https://en.wikipedia.org/wiki/Safaricom</a> 4.5 million Total Registered M-Pesa Customers	62 700 Active Merchants & 25 800 Agents	Value: KShs 24.5 billion & Volume: 31.5 million of M-Pesa transactions:
Network	<a href="https://en.wikipedia.org/wiki/Safaricom">https://en.wikipedia.org/wiki/Safaricom</a> 2,806 2G/3G/4G Sites	Sites split: Own-built (1,466) and Collocated (1,340)	38% & Population Coverage
Staff	<a href="https://en.wikipedia.org/wiki/Safaricom">https://en.wikipedia.org/wiki/Safaricom</a> 887 Permanent Employees	90% Ethiopians & 10% Expats	63% Male & 37% Female

## Appendix 6: Valuation of Safaricom based on book and market values and analysis of the capital structure

Table 6.1. Safaricom: Book value and financial structure

(Unit: millions of Kenya Shilling - KSh's'm)

		GROUP	COMPANY	GROUP	COMPANY	GROUP	COMPANY	GROUP	COMPANY	GROUP	COMPANY
	Formulas	2020	2020	2021	2021	2022	2022	2023	2023	2024	2024
<b>Total assets [1]</b>		<b>213,224.9</b>	211,564.1	<b>230,629.3</b>	228,101.4	<b>346,798.6</b>	303,308.3	<b>509,207.0</b>	328,053.7	<b>641,164.3</b>	371,291.1
Net cash and cash equivalents		(26,759.7)	(25,859.7)	<b>(26,736.1)</b>	(26,035.9)	<b>(30,779.6)</b>	(25,560.6)	<b>(22,098.1)</b>	(18,061.9)	<b>(22,868.2)</b>	(19,072.1)
<b>Operating assets</b>	<b>Total assets (-) Net cash and cash equivalents</b>	<b>186,465.2</b>	<b>185,704.4</b>	<b>203,893.2</b>	<b>202,065.5</b>	<b>316,019.0</b>	<b>277,747.7</b>	<b>487,108.9</b>	<b>309,991.8</b>	<b>618,296.1</b>	<b>352,219.0</b>
Operating liabilities		(62,144.8)	(62,230.6)	(78,222.0)	(78,160.3)	(101,786.9)	(93,420.2)	(158,235.7)	(84,887.5)	(197,269.6)	(90,675.5)
<b>Enterprise value (EV)</b>	<b>Operating assets (-) Operating liabilities</b>	<b>124,320.4</b>	<b>123,473.8</b>	<b>125,671.2</b>	<b>123,905.2</b>	<b>214,232.1</b>	<b>184,327.5</b>	<b>328,873.2</b>	<b>225,104.3</b>	<b>421,026.5</b>	<b>261,543.5</b>
Net Financial Debt (NFD)		(18,759.7)	(17,859.7)	<b>(11,964.1)</b>	(11,263.9)	<b>34,531.2</b>	39,871.1	<b>65,507.3</b>	58,995.2	<b>85,278.6</b>	59,657.2
<b>Total Equity</b>	<b>Enterprise value (-) Net Financial Debt</b>	<b>143,080.1</b>	<b>141,333.5</b>	<b>137,635.3</b>	<b>135,169.1</b>	<b>179,700.9</b>	<b>144,456.4</b>	<b>263,365.9</b>	<b>166,109.1</b>	<b>335,747.9</b>	<b>201,886.3</b>
Non-controlling interests (NCI) (Minority)		<b>0.0</b>	0.0	<b>0.0</b>	0.0	<b>40,232.3</b>	0.0	<b>75,810.0</b>	0.0	<b>109,398.8</b>	0.0
<b>Shareholders' Equity</b>	<b>Total Equity (-) NCI</b>	<b>143,080.1</b>	<b>141,333.5</b>	<b>137,635.3</b>	<b>135,169.1</b>	<b>139,468.6</b>	<b>144,456.4</b>	<b>187,555.9</b>	<b>166,109.1</b>	<b>226,349.1</b>	<b>201,886.3</b>

[1] Total assets = Total Equity and liabilities.

Source: author's calculations based on Safaricom PLC Annual Report and Financial Statements 2024

Table 6.1. Safaricom: Book value and financial structure (continued)

(Unit: millions of Kenya Shilling - KSh's'm)

	GROUP	COMPANY	GROUP	COMPANY	GROUP	COMPANY	GROUP	COMPANY	GROUP	COMPANY
Formulas	2020	2020	2021	2021	2022	2022	2023	2023	2024	2024
Non-current financial provisions	0.0	0.0	3,151.4	3,151.4	3,183.3	3,183.3	4,462.8	3,410.7	5,087.0	3,629.7
Other non-current operating liabilities	13,644.1	13,644.1	14,390.3	14,390.3	20,853.0	16,016.7	58,951.1	18,677.9	69,414.1	19,890.3
. Lease liabilities	11,675.3	11,675.3	11,954.2	11,954.2	14,584.9	14,079.2	29,984.0	17,070.1	48,474.3	18,409.1
. Payables and accrued expenses	985.4	985.4	0.0	0.0	4,330.6	0.0	27,359.3	0.0	19,458.6	0.0
. Contract liabilities	983.4	983.4	2,436.1	2,436.1	1,937.5	1,937.5	1,607.8	1,607.8	1,481.2	1,481.2
Other current operating liabilities	48,500.7	48,586.5	60,680.3	60,618.6	77,750.6	74,220.2	94,821.8	62,798.9	122,768.5	67,155.5
. Current income tax	112.9	0.0	260.3	151.6	5,291.2	5,086.3	2,408.8	192.2	193.1	0.0
. Dividend payable	1,045.1	1,045.1	8,684.1	8,684.1	12,053.9	12,053.9	1,783.0	1,783.0	6,649.2	6,649.2
. Lease liabilities	3,549.4	3,549.4	4,119.5	4,119.5	5,508.5	5,437.4	5,354.9	4,376.6	6,411.0	5,163.1
. Payables and accrued expenses	29,920.1	30,153.8	34,021.4	34,068.4	41,312.6	38,058.2	70,625.1	42,235.5	94,919.5	41,822.5
. Provisions	4,462.3	4,462.3	2,561.5	2,561.5	3,373.8	3,373.8	4,524.1	4,524.1	2,938.9	2,938.9
. Mobile financial payable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	263.3	0.0
. Contract liabilities	9,410.9	9,375.9	11,033.5	11,033.5	10,210.6	10,210.6	10,125.9	9,687.5	11,393.5	10,581.8
<b>Operating Liabilities</b>	<b>62,144.8</b>	<b>62,230.6</b>	<b>78,222.0</b>	<b>78,160.3</b>	<b>101,786.9</b>	<b>93,420.2</b>	<b>158,235.7</b>	<b>84,887.5</b>	<b>197,269.6</b>	<b>90,675.5</b>
Non-current loans	0.0	0.0	0.0	0.0	44,910.8	44,910.8	42,050.0	38,533.6	63,093.2	36,110.8
Other non-current financial liabilities	0.0	0.0	0.0	0.0	0.0	120.9	0.0	960.4	0.0	1,062.7
Current loans	8,000.0	8,000.0	14,772.0	14,772.0	20,400.0	20,400.0	45,555.4	37,563.1	45,053.6	41,555.8
Other current financial liabilities										
(Cash and cash equivalents)	(26,759.7)	(25,859.7)	(26,736.1)	(26,035.9)	(30,779.6)	(25,560.6)	(22,098.1)	(18,061.9)	(22,868.2)	(19,072.1)
<b>Net Financial Debt (NFD)</b>	<b>(18,759.7)</b>	<b>(17,859.7)</b>	<b>(11,964.1)</b>	<b>(11,263.9)</b>	<b>34,531.2</b>	<b>39,871.1</b>	<b>65,507.3</b>	<b>58,995.2</b>	<b>85,278.6</b>	<b>59,657.2</b>

Source: author's calculations based on Safaricom PLC Annual Report and Financial Statements 2024

Table 6.2. Safaricom Group Capital structure (book values)

	GROUP	COMPANY	GROUP	COMPANY	GROUP	COMPANY	GROUP	COMPANY	GROUP	COMPANY
Formulas	2020	2020	2021	2021	2022	2022	2023	2023	2024	2024
<b>Ratios</b>										
Shareholders' Equity / EV [2]	115.1%	114.5%	109.5%	109.1%	65.1%	78.4%	57.0%	73.8%	53.8%	77.2%
Non-controlling interests (NCI) (Minority) /EV [3]	0.0%	0.0%	0.0%	0.0%	18.8%	0.0%	23.1%	0.0%	26.0%	0.0%
Leverage ratio [4]	NFD/EV	-15.1%	-14.5%	-9.5%	-9.1%	16.1%	21.6%	19.9%	26.2%	20.3%

Source: author's calculations based on Safaricom PLC Annual Report and Financial Statements 2024

Table 6.3. Safaricom : Market value

(Unit: millions of Kenya Shilling - KSh's'm)

		GROUP				
Formulas		2020	2021	2022	2023	2024
<b>Enterprise value (EV)</b>	<b>Market capitalization + NCI + NFD</b>	1,054,993.8	1,446,417.5	970,742.6	580,194.0	576,597.3
Net Financial Debt (NFD) [1]		(18,759.7)	(11,964.1)	34,531.2	65,507.3	85,278.6
<b>Total Equity</b>		1,073,753.5	1,458,381.6	936,211.4	514,686.7	491,318.7
Non-controlling interests (NCI) (Minority)		0.0	0.0	40,232.3	75,810.0	109,398.8
<b>Shareholders' Equity</b>	<b>Market capitalization (Total Equity (-) NCI)</b>	1,073,753.5	1,458,381.6	895,979.1	438,876.7	381,919.9
	(% of Total Equity)	100.0%	100.0%	95.7%	85.3%	77.7%

[1] Assumption: due to the lack of data, the Net Financial Debt (NFD) (in book values) is considering equal to the Net Financial Debt (NFD) (in fair value)

Source: author's calculations based on Safaricom PLC Annual Report and Financial Statements 2024 and <https://www.safaricom.co.ke/investor-relations>.

Table 6.4. Safaricom Capital structure (Market values)

	Formulas	GROUP				
		2020	2021	2022	2023	2024
<b>Ratios</b>						
Shareholders' Equity / EV [2]		101.8%	100.8%	92.3%	75.6%	66.2%
NCI / EV [2]		0.0%	0.0%	4.1%	13.1%	19.0%
<b>Leverage ratio [4]</b>						
NFD/EV		-1.8%	-0.8%	3.6%	11.3%	14.8%

Source: author's calculations based on Safaricom PLC Annual Report and Financial Statements 2024 and <https://www.safaricom.co.ke/investor-relations>.

Table 6.5. Safaricom Group: Market data

	Safaricom Group (Market data)				
	2020	2021	2022	2023	2024
Share price (Ksh)	26.80	36.40	33.90	18.50	17.40
Volume traded (units)	16,084,600	14,718,400	6,621,600	1,704,000	13,614,000
Value traded (millions of Kenya Shilling - KShs'm)	431.1	535.7	224.5	31.5	236.9
Number of shares (millions of units)	40,065	40,065	40,065	40,065	40,065
. Shareholders' equity	40,065	40,065	26,430	23,723	21,949
. Minority	0	0	13,635	16,342	18,116
Market capitalization (millions of Kenya Shilling - KShs'm)	1,073,753.5	1,458,381.6	895,979.1	438,876.7	381,919.9

Source: <https://www.safaricom.co.ke/investor-relations>

(<https://www.safaricom.co.ke/investor-relations-landing/stocks/shares#:~:text=Safaricom%20Ethiopia%20Quarterly%20Updates;%20Stocks.%20Share%20Price%20Performance;>)

Table 6.6a. Safaricom group: Book value and financial structure (2023-2024)

		SAFARICOM GROUP				
		Book value (BV)				
		2020	2021	2022	2023	2024
		(KSh's'm)				
<b>Book value (BV)</b>	<b>Total Equity</b>	143,080.1	137,635.3	179,700.9	263,365.9	335,747.9
<b>Total assets</b>		213,224.9	230,629.3	346,798.6	509,207.0	641,164.3
Non-current liabilities		13,644.1	17,541.7	68,947.1	105,463.9	137,594.3
Current liabilities		56,500.7	75,452.3	98,150.6	140,377.2	167,822.1
Total liabilities		70,144.8	92,994.0	167,097.7	245,841.1	305,416.4
<b>Book value (BV)</b>	<b>Total Assets (-) Total liabilities</b>	143,080.1	137,635.3	179,700.9	263,365.9	335,747.9
		Financial structure (%)				
Book value / Total assets (3)		67.1%	59.7%	51.8%	51.7%	52.4%
Non-current liabilities / Total assets (4)		6.4%	7.6%	19.9%	20.7%	21.5%
Current liabilities / Total assets (5)		26.5%	32.7%	28.3%	27.6%	26.2%
Total liabilities / Total assets (6)		32.9%	40.3%	48.2%	48.3%	47.6%

Sources: author's calculations based on Safaricom PLC Annual Report and Financial Statements 2024  
& <https://www.safaricom.co.ke/investor-relations>

Table 6.6b. Safaricom group: Enterprise value and financial structure (2023-2024)

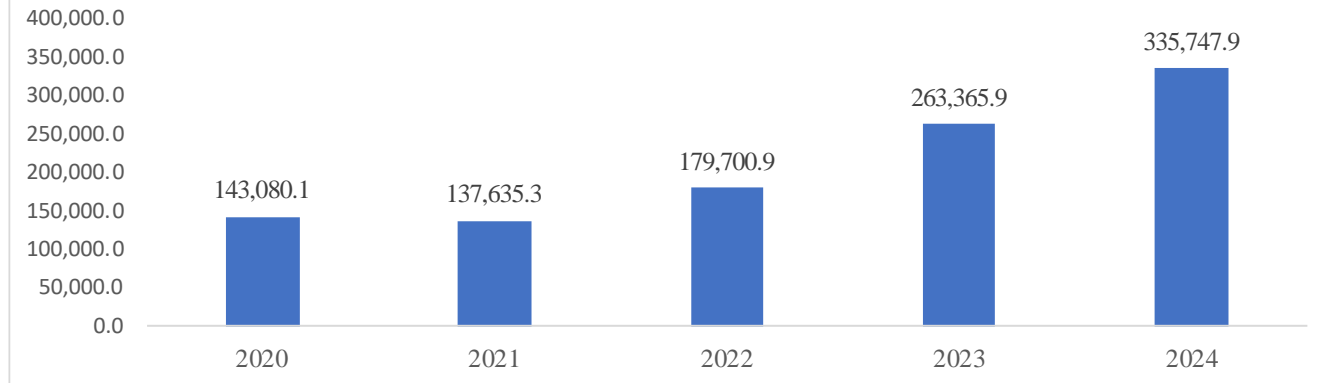
		SAFARICOM GROUP				
		Enterprise value (EV)				
		2020	2021	2022	2023	2024
		(KShs'm)	(KShs'm)	(KShs'm)	(KShs'm)	(KShs'm)
<b>Enterprise value (EV)</b>	<b>Total Equity + NFD</b>	124,320.4	125,671.2	214,232.1	328,873.2	421,026.5
Net Financial Debt (NFD) (1)		(18,759.7)	(11,964.1)	34,531.2	65,507.3	85,278.6
<b>Total Equity (2)</b>	<b>Market capitalization</b>	143,080.1	137,635.3	179,700.9	263,365.9	335,747.9
Non-controlling interests (NCI) (Minority)		0.0	0.0	40,232.3	75,810.0	109,398.8
<b>Shareholders' Equity</b>	<b>Total Equity (-) NCI</b>	143,080.1	137,635.3	139,468.6	187,555.9	226,349.1
		Financial structure (%)				
Shareholders' Equity / EV (3)		115.1%	109.5%	65.1%	57.0%	53.8%
Non-controlling interests (NCI) (Minority) / EV (4)		0.0%	0.0%	18.8%	23.1%	26.0%
Total Equity / EV (5)		115.1%	109.5%	83.9%	80.1%	79.7%
Leverage ratio: Net Financial Debt (NFD) / EV (6)		-15.1%	-9.5%	16.1%	19.9%	20.3%

(1) Assumption: Net Financial Debt (NFD) (book values) = Net Financial Debt (NFD) (market value)

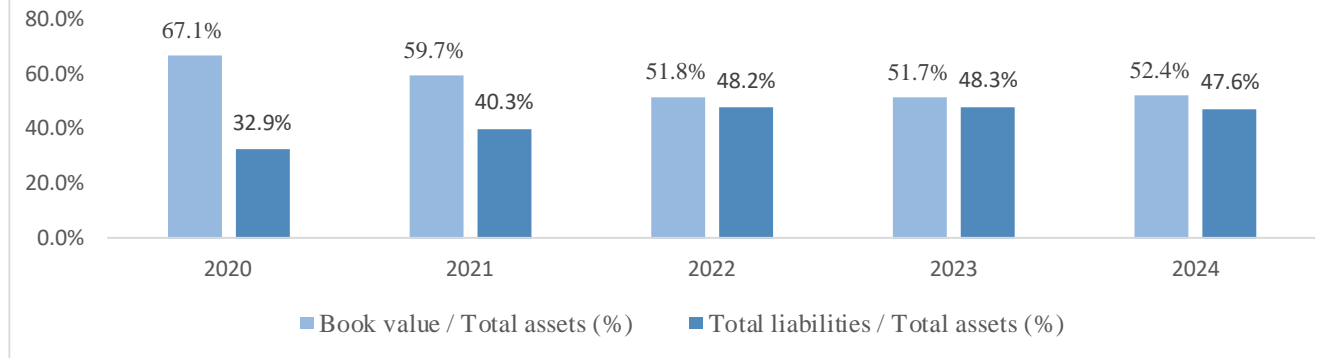
(2) Market capitalization

Sources: author's calculations based on Safaricom PLC Annual Report and Financial Statements 2024  
& <https://www.safaricom.co.ke/investor-relations>

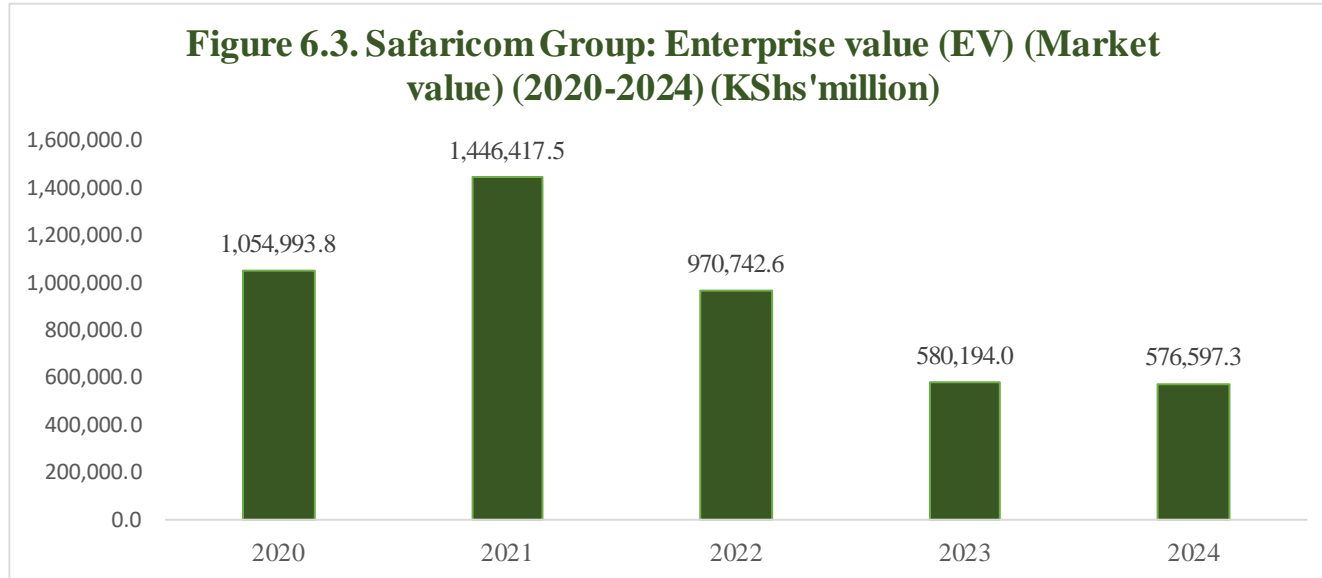
**Figure 6.1. Safaricom Group: Book value (2020-2024)  
(KShs'million)**



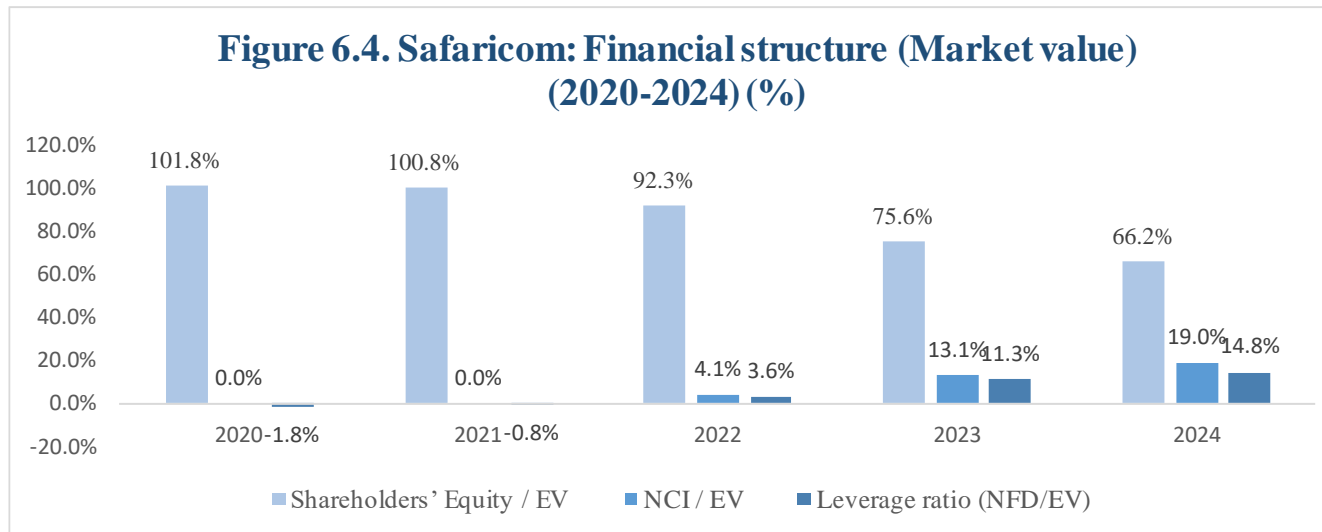
**Figure 6.2. Safaricom: Financial structure (Book value)  
(2020-2024) (%)**

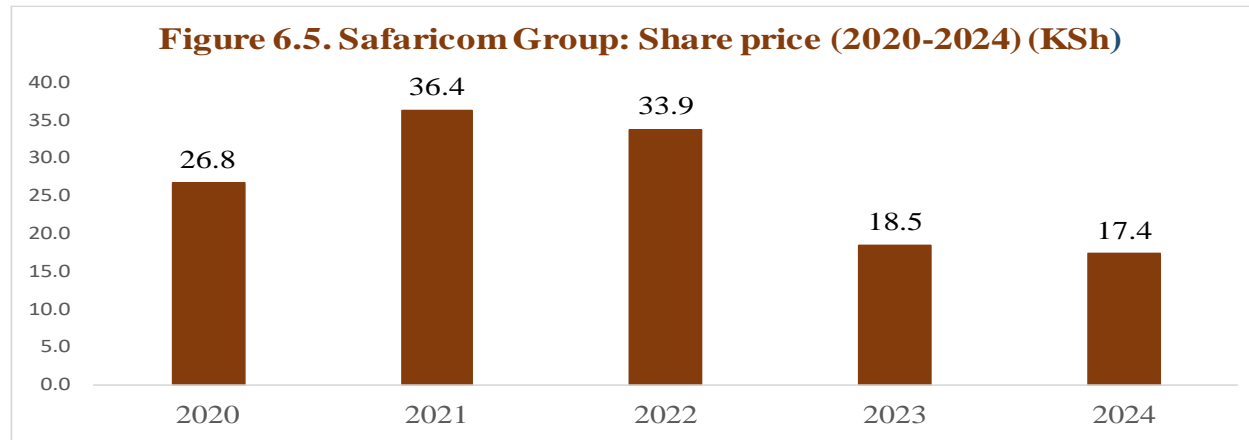


**Figure 6.3. Safaricom Group: Enterprise value (EV) (Market value) (2020-2024) (KSh's'million)**



**Figure 6.4. Safaricom: Financial structure (Market value) (2020-2024) (%)**





Source: <https://www.safaricom.co.ke/investor-relations>

## Appendix 7: Valuation based on Intrinsic Value Approach: Discounted Cash Flow Method

### Adjusted Present Value (APV) - Cash Flows calculations

**Table 7.1a. Statement of Profit or Loss and Other Comprehensive Income (2020-2024) (Summary)**  
(Audited financial statements)

	2020	2021	2022	2023	2024	Average 2022-2024 KShs'm
	(Unit: millions of Kenya Shilling - KShs'm)					
Revenues	262,555.7	264,026.5	298,077.9	310,904.8	349,447.2	319,476.6
Operating Costs	(124,514.1)	(129,897.3)	(149,016.0)	(171,042.4)	(186,154.6)	(168,737.7)
EBITDA	138,041.6	134,129.2	149,061.9	139,862.4	163,292.6	150,739.0
Depreciation & amortization	(36,547.7)	(37,964.3)	(39,933.3)	(54,865.0)	(82,947.8)	(59,248.7)
EBIT	101,493.9	96,164.9	109,128.6	84,997.4	80,344.8	91,490.3
Interest (1)	4,279.2	(2,529.4)	(6,915.2)	3,347.8	4,342.6	258.4
EBT (Profit before income tax)	105,773.1	93,635.5	102,213.4	88,345.2	84,687.4	91,748.7
Income tax expense (Corporate Taxes)	(32,115.1)	(24,959.3)	(34,717.3)	(35,862.4)	(42,029.0)	(37,536.2)
<b>Net profit</b>	<b>73,658.0</b>	<b>68,676.2</b>	<b>67,496.1</b>	<b>52,482.8</b>	<b>42,658.4</b>	<b>54,212.4</b>

(1) Adjusted: Interest + Non-recurring financial loss/gain

Source: author's calculations based on Safaricom PLC Annual Report and Financial Statements 2024

**Table 7.2a. Statement of Financial position (Balance of Sheet) (2020-2024) (Summary)**  
(Audited financial statements)

	2020	2021	2022	2023	2024	Average 2022-2024 KShs'm
	(Unit: millions of Kenya Shilling - KShs'm)					
Tangible assets	129,337.2	133,833.7	148,993.0	221,987.6	277,041.3	216,007.3
Net Working Capital (2)	(5,016.8)	(8,162.5)	65,239.1	106,885.6	143,985.2	105,370.0
Total Invested Capital	124,320.4	125,671.2	214,232.1	328,873.2	421,026.5	321,377.3
Financial Debt	(18,759.7)	(11,964.1)	34,531.2	65,507.3	85,278.6	61,772.4
Equity	143,080.1	137,635.3	179,700.9	263,365.9	335,747.9	259,604.9
<b>Total Liabilities &amp; Equity</b>	<b>124,320.4</b>	<b>125,671.2</b>	<b>214,232.1</b>	<b>328,873.2</b>	<b>421,026.5</b>	<b>321,377.3</b>

(2) Total Liabilities & Equity (-) Tangible assets

Source: author's calculations based on Safaricom PLC Annual Report and Financial Statements 2024

**Table 7.3a. Cash Flows (2020-2024)**  
**(Audited financial statements)**

	2020	2021	2022	2023	2024	Average 2022-2024 KShs'm
	(Unit: millions of Kenya Shilling - KShs'm)					
EBIT		96,164.9	109,128.6	84,997.4	80,344.8	91,490.3
Notional Taxes		(28,849.5)	(32,738.6)	(25,499.2)	(24,103.4)	(27,447.1)
Tax Adjustment		3,890.2	(1,978.7)	(10,363.2)	(17,925.6)	
NOPLAT		71,205.6	74,411.3	49,135.0	38,315.8	<b>53,954.0</b>
Depreciation & amortization		37,964.3	39,933.3	54,865.0	82,947.8	<b>59,248.7</b>
Gross Cash Flows		109,169.9	114,344.6	104,000.0	121,263.6	<b>113,202.7</b>
Capex (1)		(42,460.8)	(55,092.6)	(127,859.6)	(138,001.5)	<b>(106,984.6)</b>
Change in Working Capital		3,145.7	(73,401.6)	(41,646.5)	(37,099.6)	<b>(50,715.9)</b>
Unlevered Free Cash Flows (FCF)		69,854.8	(14,149.6)	(65,506.1)	(53,837.5)	<b>(44,497.7)</b>
Tax Shields						
Levered Free Cash Flows (FCF)		69,854.8	(14,149.6)	(65,506.1)	(53,837.5)	<b>(44,497.7)</b>
Interest		(2,529.4)	(6,915.2)	3,347.8	4,342.6	<b>258.4</b>
Change in Financial Debt		6,795.6	46,495.3	30,976.1	19,771.3	<b>32,414.2</b>
Cash Flows (CF) Financial Debt		4,266.2	39,580.1	34,323.9	24,113.9	<b>32,672.6</b>
Net Change in Equity (in Cash) (CF)		(74,121.0)	(25,430.5)	31,182.2	29,723.6	<b>11,825.1</b>
<b>Total</b>		<b>0.0</b>	<b>(0.0)</b>	<b>0.0</b>	<b>0.0</b>	<b>(0.0)</b>

(1)  $CaPeX = \Delta PP\&E + \text{Current Depreciation}$  (data used from Safaricom)

(2)  $\text{Annual Tax Shields} = \text{Net Financial Debt} \times \text{Interest Rate} \times \text{Corporate Tax Rate}$

Source: author's calculations based on Safaricom PLC Annual Report and Financial Statements 2024

**Historical data & ratios**

	(Historical data and ratios)					Average 2022-2024
Revenue growth (%)		0.6%	12.9%	4.3%	12.4%	9.9%
Operating costs (OPEX)/Revenue (%)	47.4%	49.2%	50.0%	55.0%	53.3%	52.8%
EBITDA Margin	52.6%	50.8%	50.0%	45.0%	46.7%	47.2%
EBIT Margin	38.7%	36.4%	36.6%	27.3%	23.0%	29.0%
Official Tax Rate	30%	30%	30%	30%	30%	30.0%
Effective Tax rate	30.4%	26.7%	34.0%	40.6%	49.6%	41.4%
Tangible assets (growth rate)		3.5%	11.3%	49.0%	24.8%	28.4%
Net Working Capital (% Revenues)	-1.9%	-3.1%	21.9%	34.4%	41.2%	32.5%
Depreciation & amortization/tangible assets ratio	28.3%	28.4%	26.8%	24.7%	29.9%	27.2%
Net Debt to EBITDA	-13.6%	-8.9%	23.2%	46.8%	52.2%	40.7%
Net Debt to EBIT	-18.5%	-12.4%	31.6%	77.1%	106.1%	71.6%

Source: author's calculations based on Safaricom PLC Annual Report and Financial Statements 2024

Tax rate	<i>Official (legal) tax rate (Corporate - Taxes on corporat</i>	30%
Effective Tax rate (t) (Average 2022-2024)	<i>Corporate Tax / EBT (Profit before income tax)</i>	40.9%
Interest Rate (Rd)	<i>Average interest rate (2022-2024)</i>	5.1%
Opportunity Cost of equity (Re)	<i>Re = rf + beta * Adjusted Kenya market risk premium</i>	25.6%
Risk free rate (Rf) (1)	<i>The Kenya 10-Year Government Bond</i>	17.2%
Kenya Annual Average inflation in 2024 (%) (2)		5.50%
US Annual Average inflation in 2024 (%) (3)		2.40%
Inflation gap Kenya/US		3.10%
Unlevered beta of Safaricom (4)	<i>Proxy: unlevered beta for Telecom Services (4)</i>	0.41
Kenya market risk premium (MRP) (4)		14.1%
Std dev in Kenya equity market ( $\sigma_{equity}$ )	Non available (Proxy: South Africa) (5)	22.37%
Std dev in Kenya bond ( $\sigma_{bond}$ )	Non available (Proxy: South Africa) (5)	15.29%
Adjusted Kenya market risk premium (5)	<i>Kenya (MRP) (Damodaran) x (Std dev in Kenya equity market / Std dev in Kenya bond) = Kenya MRP x <math>\sigma_{equity} / \sigma_{bond}</math></i>	20.6%
Net Financial Debt / (Liabilities + Equity) (NFD)/(E+NFD)	<i>Average (2022-2024)</i>	18.8%
Equity / (Liabilities + Equity) (E)/(E+NFD)	<i>Average (2022-2024)</i>	81.2%
Weighted Average Cost of Capital (WACC)	<i>Re * E / (E + NFD) + Rd * (1 - t) * NFD / (E + NFD)</i>	21.5%
Annual Tax Shields	<i>NFD * Interest rate * Corporate Tax Rate</i>	

(1) Source: Central Bank of Kenya (2024), Treasury Bonds

(2) Source: Central Bank of Kenya (2024), Inflation Rates

(3) Bureau of labor Statistics, Consumer Price Index, Sptember 2024, US Department of Labor, <

(4) Sources: Damodaran, A. (2024a), Betas by Sector (US) & Damodaran, A. (2024b), Country Default Spreads and Risk Premiums.

(5) Sources: Damodaran, A. (2023), Equity Risk Premiums (ERP): Determinants, Estimation and Implications – The 2023 Edition.

**Table 7.1b. Statement of Profit or Loss and Other Comprehensive Income (2025-2029) (Summary)**  
 (Forecasted data - Fiscal Year Ending March 31)

	2025	2026	2027	2028	2029	Perpetuity	Average 2025-2029 KShs'm
	(Unit: millions of Kenya Shilling - KShs'm)						
Revenues	383,922.5	425,638.3	476,568.8	539,788.8	618,952.5	718,391.3	588,425.3
Operating Costs	(202,554.8)	(228,820.1)	(261,918.8)	(304,221.1)	(358,740.4)	(427,868.8)	(338,187.3)
EBITDA	181,367.7	196,818.2	214,650.0	235,567.7	260,212.0	290,522.6	250,238.1
Depreciation & amortization	(82,746.6)	(91,848.7)	(102,411.3)	(113,164.5)	(124,820.4)	(137,427.3)	(119,455.9)
EBIT	98,621.2	104,969.5	112,238.7	122,403.2	135,391.6	153,095.3	130,782.2
Interest (1)	(4,785.5)	(5,414.6)	(5,983.1)	(6,581.4)	(7,378.8)	(8,116.7)	(7,015.0)
EBT (Profit before income tax)	93,835.6	99,554.9	106,255.5	115,821.8	128,012.8	144,978.6	123,767.2
Income tax expense (Corporate Taxes)	(28,150.7)	(29,866.5)	(31,876.7)	(34,746.5)	(38,403.8)	(43,493.6)	(37,130.2)
<b>Net profit</b>	<b>65,684.9</b>	<b>69,688.4</b>	<b>74,378.9</b>	<b>81,075.2</b>	<b>89,609.0</b>	<b>101,485.0</b>	<b>86,637.0</b>

(1) Assumption: Non-recurring financial loss/gain = 0.

Source: author's calculations based on Safaricom PLC Annual Report and Financial Statements 2024

**Table 7.2b. Statement of Financial position (Balance of Sheet) (2025-2029) (Summary)**  
**(Forecasted data - Fiscal Year Ending March 31)**

	2025	2026	2027	2028	2029	Perpetuity	Average 2025-2029 KShs'm
	(Unit: millions of Kenya Shilling - KShs'm)						
Tangible assets	304,745.4	338,267.4	377,168.2	416,770.8	459,698.2	506,127.8	439,941.3
Net Working Capital (2)	124,735.4	138,288.7	154,835.9	175,375.9	201,096.0	233,403.4	191,177.8
Total Invested Capital	429,480.8	476,556.1	532,004.1	592,146.8	660,794.2	739,531.2	<b>631,119.0</b>
Financial Debt	93,807.7	104,126.5	115,059.8	126,565.8	139,222.4	153,144.6	<b>133,498.1</b>
Equity	335,673.1	372,429.6	416,944.3	465,581.0	521,571.9	586,386.6	<b>497,620.9</b>
<b>Total Liabilities &amp; Equity</b>	<b>429,480.8</b>	<b>476,556.1</b>	<b>532,004.1</b>	<b>592,146.8</b>	<b>660,794.2</b>	<b>739,531.2</b>	<b>631,119.0</b>

(2) Total Liabilities & Equity (-) Tangible assets

Source: author's calculations based on Safaricom PLC Annual Report and Financial Statements 2024

**Table 7.3b. Cash Flows (2025-2029)**  
**(Forecasted data - Fiscal Year Ending March 31)**

	2025	2026	2027	2028	2029	Perpetuity	Average 2025-2029 KShs 'm
	(Unit: millions of Kenya Shilling - KShs'm)						
EBIT	98,621.2	104,969.5	112,238.7	122,403.2	135,391.6	153,095.3	130,782.2
Notional Taxes	(29,586.3)	(31,490.8)	(33,671.6)	(36,721.0)	(40,617.5)	(45,928.6)	(39,234.7)
Tax Adjustment	0.0	0.0	0.0	0.0	0.0	0.0	
NOPLAT	69,034.8	73,478.6	78,567.1	85,682.2	94,774.1	107,166.7	91,547.5
Depreciation & amortization	82,746.6	91,848.7	102,411.3	113,164.5	124,820.4	137,427.3	119,455.9
Gross Cash Flows	151,781.4	165,327.3	180,978.4	198,846.7	219,594.5	244,594.0	211,003.4
Capex (1)	(110,450.7)	(125,370.7)	(141,312.1)	(152,767.1)	(167,747.8)	(183,856.8)	(161,421.0)
Change in Working Capital	19,249.8	(13,553.3)	(16,547.2)	(20,540.0)	(25,720.1)	(32,307.4)	(23,778.7)
Unlevered Free Cash Flows (FCF)	60,580.5	26,403.3	23,119.1	25,539.6	26,126.7	28,429.8	25,803.8
Tax Shields	1,435.7	1,624.4	1,794.9	1,974.4	2,213.6	2,435.0	2,104.5
Levered Free Cash Flows (FCF)	62,016.1	28,027.7	24,914.1	27,514.0	28,340.3	30,864.8	27,908.3
Interest	(4,785.5)	(5,414.6)	(5,983.1)	(6,581.4)	(7,378.8)	(8,116.7)	(7,015.0)
Change in Financial Debt	8,529.1	10,318.8	10,933.3	11,506.0	12,656.6	13,922.2	12,254.5
Cash Flows (CF) Financial Debt	3,743.6	4,904.3	4,950.2	4,924.6	5,277.8	5,805.6	5,239.5
Net Change in Equity (in Cash) (CF)	(65,759.7)	(32,931.9)	(29,864.2)	(32,438.5)	(33,618.1)	(36,670.3)	(33,147.8)
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>(0.0)</b>	<b>0.0</b>	<b>0.0</b>	<b>(0.0)</b>	<b>(0.0)</b>

(1)  $CaPeX = \Delta PP\&E + \text{Current Depreciation}$  (data used from Safaricom)

(2)  $\text{Annual Tax Shields} = \text{Net Financial Debt} \times \text{Interest Rate} \times \text{Corporate Tax Rate}$  ♦

Source: author's calculations based on Safaricom PLC Annual Report and Financial Statements 2024

Key Assumptions	(Projected data and ratios)						Average 2025-2029	
	2025	2026	2027	2028	2029	Perpetuity		
Revenue growth (%)	9.9%	10.9%	12.0%	13.3%	14.7%	16.1%	12.1%	(Including the expected growth of the new Ethiopian market)
Operating costs (OPEX)/Revenue (%)	52.8%	53.8%	55.0%	56.4%	58.0%	59.6%	55.2%	(Assumption: increase of the ratio due to increased costs with the new market)
EBITDA Margin	47.2%	46.2%	45.0%	43.6%	42.0%	40.4%	44.8%	
EBIT Margin	25.7%	24.7%	23.6%	22.7%	21.9%	21.3%	23.7%	
Official Tax Rate	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	(Assumption: stability of the official/legal tax rate)
Tangibles assets (1)	304,745.4	338,267.4	377,168.2	416,770.8	459,698.2	506,127.8	379,330.0	(Assumption: increase of the growth rate of the Capex due to planned expansion)
Net Working Capital (2)	158,383.7	174,222.1	191,644.3	210,808.7	231,889.6	255,078.6	193,389.7	(Assumption: average growth of 10%)
Depreciation & amortization/tangible assets ratio	27.2%	27.2%	27.2%	27.2%	27.2%	27.2%	27.2%	(Assumption: stability of the ratio)
Interest rate	5.1%	5.2%	5.2%	5.2%	5.3%	5.3%	5.2%	(Assumption: increase of the interest rate)
Inflation rate (3)	4%	4%	4%	4%	4%	4%	4.0%	
Unlevered Free Cash Flows (FCF) (nominal growth rate)		-56.4%	-12.4%	10.5%	2.3%	8.8%	12.5%	(Proxy of “g”, the perpetual constant growth rate of the Unlevered FCF)
Unlevered Free Cash Flows (FCF) (real growth rate)		-60.4%	-16.4%	6.5%	-1.7%	4.8%	8.5%	
Financial Debt	85,279.7	93,807.7	103,188.4	113,507.3	124,858.0	137,343.8	104,128.2	(Assumption: average growth of 10% to fund the investment program)
Net Debt to EBITDA	51.7%	52.9%	53.6%	53.7%	53.5%	52.7%	53.1%	
Net Debt to EBIT	95.1%	99.2%	102.5%	103.4%	102.8%	100.0%	100.6%	

(1) Assumptions considered: Investment plans (Kenya & Ethiopia), Depreciation & replacement, PPE as & Revenues for the longer term.

(2) NWC considered as % of Revenues for the longer term.

(3) Source: Trading Economics, <<https://tradingeconomics.com/kenya/forecast>> (accessed on 29/10/2024).

Key Drivers	(Projected data and ratios)						
	2024	2025	2026	2027	2028	2029	
<b>Revenues:</b>							
Market Growth Rate							
. M-Pesa	12.10%	12.60%	12.90%	13.20%	13.40%	13.60%	(Assumption: increase of M-Pesa revenue growth to its expansion with the the new Ethiopian market)
. Voice revenue	8.30%	6.7%	5.3%	3.9%	2.7%	1.5%	(Assumption: decrease of Voice revenue growth)
. Mobile data	10%	11%	11.50%	12%	12.30%	10%	(Assumption: increase of Mobile data revenue growth to the wide spread of smartphone use in both markets, Kenya & Ethiopia)
Revenues Growth (%)	9.9%	10.9%	12.0%	13.3%	14.7%	16.1%	
Company's Market Share (*)							
. Mobile (SIM) subscriptions	65.9%	66.1%	66.5%	67.1%	67.9%	68.8%	
. Mobile Broadband subscriptions	63.8%	64.1%	64.4%	64.9%	65.3%	65.6%	
. Mobile Money subscriptions	97.1%	97.2%	97.5%	97.9%	98.3%	98.6%	
Mobile cellular subscriptions (per 100 people) (Kenya)	133.8	140.5	145.5	149.1	152.1	154.4	

(\*) Unchanged in 2025 and slight increase in the next years.

Table 7.4. Safaricom Group Valuation (DCF Method)

(Forecasted data - Fiscal Year Ending March 31)

	2024	2025	2026	2027	2028	2029	Perpetuity
(Unit: millions of Kenya Shilling - KSh's m)							
Unlevered Free Cash Flows (FCF)	(53,837.5)	60,580.5	26,403.3	23,119.1	25,539.6	26,126.7	28,429.8
Discounted coefficient		0.8232	0.6776	0.5578	0.4592	0.3780	9.1657
Unlevered Free Cash Flows (FCF) discounted (5)		49,868.3	17,891.3	12,895.8	11,726.8	9,875.1	260,579.9
(5) Unlevered Free Cash Flows (FCF) * Discounted coefficient							

Enterprise Value	
<b>362,837.1</b>	

Source: author's calculations based on Safaricom PLC Annual Report and Financial Statements 2024

$$EV(2024) = FCF(2025)/(1+WACC)^1 + FCF(2026)/(1+WACC)^2 + FCF(2027)/(1+WACC)^3 + FCF(2028)/(1+WACC)^4 + FCF(2029)/(1+WACC)^5 + FCF(2030)/(1+WACC) [Perpetuity with FCF growing at a constant 10.5% nominal growth rate or 6.5% real growth rate]$$

Exchange rate USD/KSh

132.226

Enterprise value in USD

## Appendix 8: Financial information on selected comparable companies (Vodacom South Africa and Airtel Kenya), Multiple- based valuation & Synthesis of the different results

Table 8.1. Key indicators on comparable firms (Safaricom Group, Vodacom South Africa and Airtel Africa)

	Safaricom Group		Vodacom South Africa		Airtel Africa	
	FY23	FY24	FY23	FY24	FY23	FY24
	(KShs)		(ZAR)		(USD)	
Earnings per share	1.60	1.60	9.8	7.9	(4.4)	17.7
Share price	18.50	17.40	122.4	98.55	131.5	133.6
Price-Earnings ratio (P/E ratio)	11.6	10.9	12.5	12.5	-29.9	7.5
	(USD million)					
Enterprise value (EV)	3,806.7	3,533.3	14,911.5	11,526.9	5,972.9	6,763.4
Market capitalization	3,312.3	2,888.4	14,293.1	10,836.6	4,930.9	5,010.4
Debt	494.4	644.9	618.5	690.3	1,042.0	1,753.0
Total Revenue	2,346.5	2,642.8	4,760.9	4,673.1	5,268.0	5,000.0
EBITDA	1,055.6	1,235.0	1,830.4	1,735.9	2,575.0	2,428.0
EBIT	641.5	607.6	1,830.1	1,736.2	1,757.0	1,640.0
Earnings (*)					(165.0)	663.0
Number of shares (million)	40,065.4	40,065.4	2,077.8	2,077.8	3,750.8	3,750.8
	(Unit)					
EV/EBITDA	3.6	2.9	8.1	6.6	2.3	2.8
EV/EBIT	5.9	5.8	8.1	6.6	3.4	4.1
EV/Revenue	1.6	1.3	3.1	2.5	1.1	1.4

(\*) (Loss)/profit for the year attributable to: Owners of the company.

Sources:

Vodacom Group Limited, Consolidated and separate financial statements, for the year ended 31 March 2024.

Airtel Africa PLC, Annual Report and Accounts 2024.

& author's calculations

**Table 8.2. Airtel Africa PLC 1/: Revenue contribution by regions and segments**

	Year ended March 2023	Year ended March 2024	Reported currency	Constant currency
	<b>\$m</b>		<b>Change %</b>	
Nigeria – mobile services	2,128	1,503	-29.37%	25.80%
East Africa (*) – mobile services	1,508	1,622	7.56%	21.50%
Francophone Africa (**) – mobile services	1,090	1,213	11.28%	9.20%
Mobile money services	692	837	20.95%	32.80%
<b>Total***</b>	5255	4,979	-5.3%	20.90%

Source: Airtel Africa PLC Annual-Report-and-Accounts-2024.

1/ Airtel Africa is a leading provider of telecommunications and mobile money services, with operations in 14 countries in sub-Saharan Africa.

(\*) Kenya, Malawi, Rwanda, Tanzania, Uganda and Zambia.

(\*\*) Chad, DR Congo, Gabon, Madagascar, Niger, Rwanda, and Republic of Congo.

(\*\*\*) Breakdown of revenue as stated in above table will not add up to total revenue, since it also includes inter-segment revenue which eliminates on consolidation of \$196m (2023: \$163m). All segmental revenue information presented throughout the Annual Report is as per note 6.1 of our financial statements and includes the inter-segment revenue noted above.

All financial numbers are in reported currency.

**Table 8.3. Bharti Airtel Kenya Holdings B.V. (\*): Key financial indicators**

<b>Balance Sheet (before appropriation of result)</b>		
Total Financial fixed assets	943,192	919,729
Total assets	943,192	919,795
Shareholder's equity	(307,909)	(403,925)
Total liabilities (Payable to group company)	1,251,101	1,323,720
Total equity and liabilities	943,192	919,795
<b>Income Statement</b>		
Total operating income	2,352	1,029
Total operating expenses	(63,773)	(96,901)
Result before taxation	(61,421)	(95,872)
Taxation	(353)	(144)
Net result for the year	(61,774)	(96,016)

(\*) The Company forms part of the Airtel Africa Group of companies.

Immediate parent Company is Bharti Airtel Africa B.V. and the step up parent Companies are:

- Bharti Airtel Africa B.V. (till 28 March 2024)
- Bharti Airtel International (Netherlands) B.V., The Netherlands
- Airtel Africa plc, United Kingdom
- Bharti Airtel Limited, India

The Company has the following capital interests:

Name, statutory registered office	Share in issued capital	
	31-Mar-23	31-Mar-24
	%	%
Airtel Networks Kenya Limited Nairobi, Kenya	99.99975	99.99975

Source: Bharti Airtel Kenya Holdings B.V., Annual Report and Financial Statements for the year ended 31 March 2024  
([https://assets.airtel.in/static-assets/cms/investor/docs/annual\\_results\\_2023\\_24/Bharti\\_Airtel\\_Kenya\\_B.V.pdf](https://assets.airtel.in/static-assets/cms/investor/docs/annual_results_2023_24/Bharti_Airtel_Kenya_B.V.pdf))

Table 8.4. Estimated Safaricom Enterprise value (based on comparable firm: Vodacom South Africa)

	Vodacom South Africa Key indicators		Safaricom Group Estimated value (USD million)		Safaricom Group Estimated value (KShs million)	
	FY23	FY24	FY23	FY24	FY23	FY24
Price-Earnings ratio (P/E ratio)	12.5	12.5	6,046.4	6,052.7	801,148.8	800,330.6
EV/EBITDA	8.1	6.6	6,490.2	6,202.0	859,946.7	820,069.8
EV/EBIT	8.1	6.6	3,944.8	3,050.9	522,688.4	403,412.6
EV/Revenue	3.1	2.5	5,546.6	4,930.1	734,923.5	651,887.4
Average			5,507.0	5,059.0	729,676.9	668,925.1

Source: author's calculations based on:

Vodacom Group Limited, Consolidated and separate financial statements, for the year ended 31 March 2024.  
& author's calculations

Table 8.5. Estimated Safaricom Enterprise value (based on comparable firm: Airtel Africa)

	Airtel Africa Key indicators		Safaricom Group Estimated value (USD million)		Safaricom Group Estimated value (KShs million)	
	FY23	FY24	FY23	FY24	FY23	FY24
Price-Earnings ratio (P/E ratio)		7.5		3,663.8		484,447.4
EV/EBITDA	2.3	2.8	1,847.9	2,601.6	244,845.5	344,005.2
EV/EBIT	3.4	4.1	1,645.8	1,895.2	218,073.2	250,588.5
EV/Revenue	1.1	1.4	2,007.9	2,703.6	266,041.9	357,485.8
Average			1,833.9	2,716.0	242,986.9	359,131.7

Source: author's calculations based on: Vodacom Group Limited, Consolidated and separate financial statements, for the year ended 31 March 2024.  
Airtel Africa PLC, Annual Report and Accounts 2024 & author's calculations

Table 8.6a. Estimated Safaricom Enterprise value (Different Methods)

	Safaricom Group Enterprise Value (KShs million)	
	FY23	FY24
Valuation Based on Book Values	263,365.9	335,747.9
Valuation Based on Market Values	328,873.2	421,026.5
Valuation Based on Intrinsic Values (DCF Method)		362,837.1
Valuation Based on Comparable Firms (Multiples)		
. Comparable Firm: Vodacom South Africa	729,676.9	668,925.1
. Comparable Firm: Airtel Africa	242,986.9	359,131.7
<b>Average</b>	<b>391,225.7</b>	<b>429,533.7</b>

Source: author's calculations based on: Vodacom Group Limited, Consolidated and separate financial statements, for the year ended 31 March 2024, Airtel Africa PLC, Annual Report and Accounts 2024.

Table 8.6b. Estimated Safaricom Enterprise value (Different Methods)

	Safaricom Group Enterprise Value (USD million)	
	FY23	FY24
Valuation Based on Book Values	1,987.7	2,539.2
Valuation Based on Market Values	2,482.1	3,184.1
Valuation Based on Intrinsic Values (DCF Method)		2,744.1
Valuation Based on Comparable Firms (Multiples)		
. Comparable Firm: Vodacom South Africa	5,507.0	5,059.0
. Comparable Firm: Airtel Africa	1,833.9	2,716.0
<b>Average</b>	<b>2,952.6</b>	<b>3,248.5</b>

Source: author's calculations based on: Vodacom Group Limited, Consolidated and separate financial statements, for the year ended 31 March 2024, Airtel Africa PLC, Annual Report and Accounts 2024.