



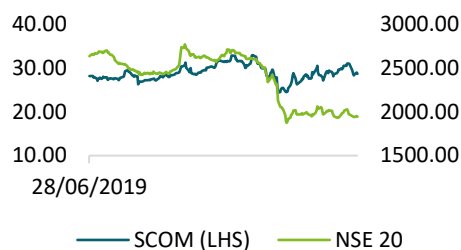
**NETWORK
IS STILL
STRONG**

**Safaricom
Report 2020**

**Key Metrics**

Recommendation	BUY
Target Price	33.90
Market Price	29.00
Potential Upside	16.9%
Expected return	22.4%
Bloomberg Code	SAFCOM.KN
Reuters Code	SCOM.NR
NSE Code	SCOM
Free Float	25.1%
Price change YTD	-7.9%
52 Week High - Low	33.50 - 20.10
Average Daily Turnover (USD Mn)	2.3
Market Cap (USD Bn)	10.7
P/E	15.5x
Dividend Yield	5.5%

Source; KCB Capital, Bloomberg, NSE

SCOM against NSE 20**Ratings Scale Ratings Scale**

Total Upside potential	Recommendation
>20.0%	BUY
5.0% - 20.0%	HOLD
<5%	SELL

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EXECUTIVE SUMMARY

We issue a **BUY** recommendation on Safaricom Plc, based on a fair value of KES 33.90, representing 16.9% upside on the current price of KES 29.00. We base our recommendation on the following views;

- M-PESA is proving to be the ultimate financial app, creating strong customer loyalty and a platform for a whole new business model. The business line has posted a 5-year CAGR of 20.9% and we project a 5-year CAGR of 11.7% in the coming years. The current year may experience a rather sluggish growth projected at 5.4%/y/y **on account of slower economic growth attributed to impact of Covid 19. Zero-rated transactions for amounts below KES 1,000 (extended till December 2020 from 16th March 2019) will impact negatively the M-Pesa revenues as the highest amount of transactions (80%) fall within this threshold.**
- Safaricom is the dominant telco player in Kenya and we believe there are no reasonable regulatory or other corporate actions that could derail the story. **We believe Safaricom is well placed to maintain its top position against the other players even after the merger between Telkom Kenya and Airtel which form an aggregate market share of 32.1%.**
- We see service revenue growth averaging c. 5.0% y/y over the next three years underpinned by M-Pesa, mobile and fixed data revenues. **Mobile data revenue is projected to rise 4.9% y/y to KES 42.7Bn in FY21F, largely on account of the promotional activities such as Neo bundles (contributes 40% of mobile data revenue) as well as growth in active 4G devices (currently at 6.1Mn devices).**
- **Stable capex levels at between KES 36.0 - 37.0Bn in the last two years has contributed in boosting the free cash flows, thus permitting a dividend increase of c.13.6% y/y in FY20A.** This still allows the company to achieve a net cash position during FY21F, leaving it ample scope to take advantage of the opportunities that its exceptional market position affords.
- Prospects of entry into the Ethiopian market and upgrade to 5G network further positions the company for future growth of their business. This is mainly on the voice, SMS and data segments. The regulator (Ethiopian Communication Authority) hasn't opened the market for mobile money services from foreign providers.

Investment summary	FY18A	FY19A	FY20A	FY21F
EBITDA margin	48.2%	49.7%	51.3%	51.7%
EBIT margin	33.8%	35.5%	38.5%	38.7%
Revenue Growth	10.0%	6.8%	4.8%	3.5%
Net income margin	23.6%	25.0%	28.5%	30.7%
ROE	47.8%	46.6%	51.8%	62.4%
ROA	33.6%	34.7%	38.2%	39.9%
EPS (KES)	1.38	1.56	1.87	2.09

Source; KCB Capital, Company filings

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INDUSTRY OVERVIEW:

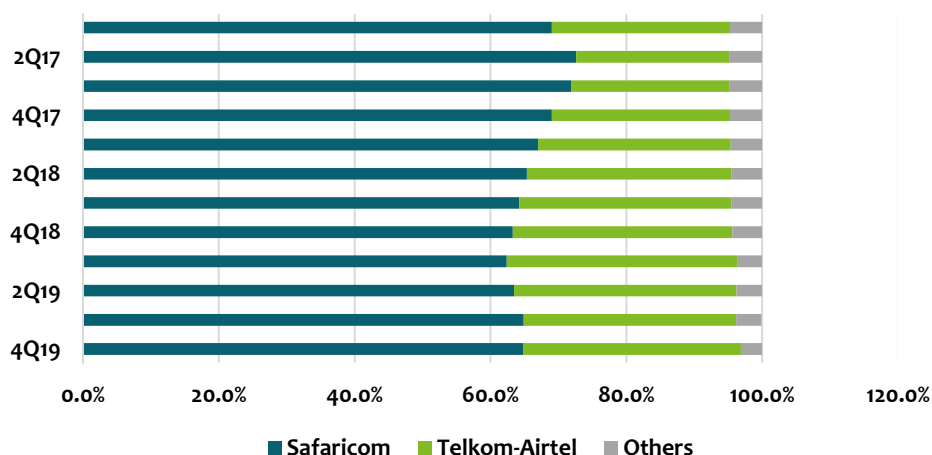
Competitive Positioning...A Strong Brand Enhances its Top Spot

Safaricom's headline market share of customers has been steadily eroding from a high of 70% in FY17 to an estimated 65% in FY19 but its overall value share has been far more resilient with voice revenue share of 67.1%, mobile data at 64.8% and SMS market share of 94.1% as of December 2019. Safaricom accounts for virtually all mobile money transactions commanding a market share of 98.8% according to Communication Authority (CA) data. Based on the current market structure it is hard to see how a competitor can unseat it from this position.

We believe Safaricom is well placed to maintain its top position against the other players even after the merger between Telkom Kenya and Airtel which form an aggregate market share of 32.1%.

Safaricom has managed to maintain a strong brand and loyalty from its customers mainly because of Safaricom's dominance in the mobile money space, continued growth of M-Pesa customers and its network versatility. This is despite the pricing wars with competitors encountered on its other services such as voice, SMS and data which have not pushed subscribers away from this operator.

Market share (mobile subscriptions)



Source; KCB Capital, CA

Safaricom's Entry into Ethiopia...Any Opportunity Here?

Safaricom is soon expected to venture into Ethiopia as discussions with the government continue. Ethio Telecom seeks to partner with two telecommunication companies, with a target of maintaining a controlling stake of 51%. This however is on the conventional telco services as their regulators indicated there are no plans for any entrant in the market to be allowed to provide mobile money services. Consequently, this squeezes the projected earnings that Safaricom could reap from this deal if awarded the license. However, Safaricom is still keen on penetrating the Ethiopian market with the hope that they could continue pushing for a change in regulations to allow them to provide mobile money services. In the most recent presser, Ethiopian Communications Authority indicated they had received 12 expressions of interest for the two telecommunication licenses on issue. Among them was a consortium formed by Vodafone, Vodacom and Safaricom (Global Partnership for Ethiopia), Etisalat, MTN, Orange, Telkom SA and Liquid Telcom.

We view the above envisioned entry as an opportunity for Safaricom to grow regionally and in tandem grow their different revenue streams; voice, SMS and data even as they continue lobbying for a change in regulation on mobile money which could also be in favor of their business. The country currently has less than 1.0% of adults (total mobile subscribers are over 41.9Mn) in Ethiopia having mobile money accounts (70%) thus a huge untapped market exists for Safaricom to accelerate their growth. Despite the regulatory challenges, Safaricom is keen to seek partnerships with Ethio-Telecom and regional banks. Following the appointment of a Chief Business Development Officer (CBDO) to drive the initiative, the company will be seeking a revenue sharing model and we anticipate increased partnerships with the Kenyan banks who are also assessing the Ethiopian market.

Network Upgrade...Is 5G the Edge of Acceleration?

In a bid to grow its data revenue stream, Safaricom is targeting to launch Kenya's first fifth generation (5G) mobile internet services in major urban centers. This will assist in decongesting the network and providing higher upload speeds. Currently; 2G, 3G and 4G is at 96%, 94% and 77% respectively. According to earlier statement by the management, the company is considering contracting China's Huawei as it rolls out the 5G network. We are of the view the upgrade will support mainly the (fixed service) Fibre to the Home (FTTH) data revenue especially in the wake of coronavirus, which has pushed a great population to work from home. Concurrently, as soon as the Covid-19 effects subside Fibre to the Business (FTTB) is expected to pick up steam, thus supporting the fixed data revenue stream. **We forecast fixed service revenue to grow 18% to KES 10.6Bn in FY21F.**

Safaricom Targets M-Pesa Expansion through a Joint Venture

Vodacom and Safaricom completed the acquisition of the M-Pesa brand, product development and Support services from Vodafone through a newly created joint venture. The deal is estimated to have cost the two approx. KES 1.42Bn. Projected income will be 2% on M-Pesa gross revenue from Safaricom and 5% from the gross revenue of the Vodacom companies operating M-Pesa i.e. Mozambique, Tanzania, Lesotho, Ghana and DRC. Significant savings in royalties paid to Vodafone are also expected. **We anticipate this partnership to accelerate growth in Africa and provide an opportunity to expand the mobile money services into new African Markets. Currently, M-Pesa Global serves 744k+ customers in 167 countries through 25 Global partners.**

WhatsApp Pay – A Wake -Up Call for M-Pesa

Facebook Inc., owner of WhatsApp, announced a payments service dubbed WhatsApp Pay that will work through its suite of mobile apps. WhatsApp is very common, especially in emerging markets such as India and Brazil where it has the largest number of users. Facebook has targeted to do its first launch for WhatsApp Pay in Brazil and consequently penetrate other markets such as Mexico, India and Indonesia. Recent statistics estimate the usage of instant messaging platforms at 73% in 2019 and WhatsApp at the top with daily usage (compared to other apps) at above 87% across the 16 – 45 years age bracket.

This entrenches Facebook's ecosystem as a probable competitor in the Kenyan mobile money scene through its collection of highly popular apps. In terms of mobile money usage patterns, payments are still under-utilized at 26% compared to funds transfer which is the most popular usage of mobile money at 79%. **We view WhatsApp Pay as a potential disruptor of payment solutions in the world, thus a wake-up call for M-Pesa to reinvent itself to new ways of doing business.** This will expand its reach geographically in addition to giving it more adaptability.

Change of Guard...Peter Ndegwa (CEO) Assumes Office and Sateesh Kamath (CFO) exits

Peter Ndegwa joined the firm on 01st April 2020 from Diageo Plc, at a time when the country is ravaging with Coronavirus. He succeeded Michael Joseph who was in acting capacity. On the other hand, Sateesh seems to have landed himself a bigger job in Vodafone after completing a 4-year term in Safaricom. Interestingly, this has been the standard term for the last two CFOs in the firm. **We believe the current leadership will steer Safaricom to greater heights even as they target to have countrywide 4G coverage by end of FY21 and drive the targeted Ethiopian expansion.**



INVESTMENT THESIS

M-Pesa – Is it the ultimate “financial app” yet?

Safaricom has been embedded into the fabric of Kenya through its high M-Pesa subscriber base thus making the customer base so sticky. Robust growth has been experienced from using the product more widely as a true mobile wallet i.e. to buy goods and services as well as a borrowing and savings platform through KCB M-Pesa and M- Shwari. This makes Safaricom more than just a conventional telco.

Fuliza Revenue	FY19	1H20	FY20	FY21F	FY22F	FY23F	FY24F	FY25F
MPESA active customers	22.6	23.6	24.9	26.9	29.1	31.4	33.9	36.6
Fuliza customers (Mn)	9.0	9.4	9.9	12.1	13.1	13.2	13.6	14.6
Fuliza/MPESA active customers	39.8%	39.8%	39.8%	45.0%	45.0%	42.0%	40.0%	40.0%
Amount disbursed (KES Bn)	29.0	108.0	162.0	194.4	233.3	268.3	308.5	354.8
Fuliza Revenue (KES Bn)	-	1.2	1.8	2.2	2.6	3.0	3.5	4.0
Contribution to MPESA	-	2.9%	2.1%	2.4%	2.7%	2.7%	2.7%	2.7%
Data based assumptions		Average fees per transaction					1.0%	
		Average repayment (days)					2.8	

Source; KCB Capital, Company filings

Safaricom has ample fire power to substantially out-invest its competitors and the strength of the M-PESA franchise means that wresting customers from Safaricom is very difficult even should a competing operator be prepared to invest heavily in network capability. M-Pesa commands the highest market share of 98.8% according to the latest statistics from Communication Authority. This indicates M-Pesa penetration is almost full with room left to drive active users and number of transactions to at least one transaction daily per user.

Recently, M-Pesa revenues have been weighed down by the contraction in the betting industry. There has been a reduction in gaming revenue of KES 1.9Bn cumulatively since mid-2019 (Loss of KES 175Mn every month) and we anticipate this could take another year for the losses to bottom out.

Betting Revenue	FY19	1H20	FY20	FY21F	FY22F	FY23F	FY24F	FY25F
Betting Revenue (KES Bn)	5.2	1.7	2.5	1.8	2.0	1.1	1.3	1.5
Contribution to MPESA	7.0%	4.0%	3.0%	2.0%	2.0%	1.0%	1.0%	1.0%
Betting Revenue (Y/Y)	-	-35.3%	-51.7%	-29.7%	10.2%	-43.8%	14.5%	16.6%

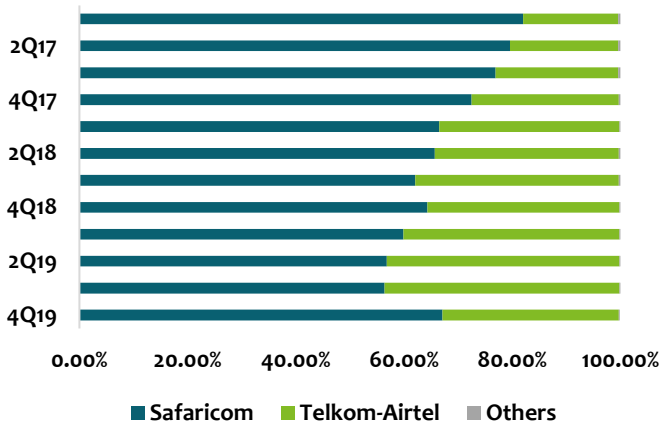
Source; KCB Capital, Company filings

M-Pesa revenue growth has outpaced the other incomes growth posting 12.6% y/y growth in FY20 to KES 84.4Bn, largely driven by growth of the 30-day active M-Pesa customers. Contribution to total service revenue similarly rose to 33.6% (FY20) against 31.3% (FY19). The business line has posted a 5-year CAGR of 20.9% and we project a 5-year CAGR of 11.7% in the coming years. The current year may experience a rather sluggish growth projected at 5.4%/y/y on account of slower economic growth attributed to impact of Covid 19. **Zero-rated transactions for amounts below KES 1,000 (extended till December 2020 from 16th March 2019) will impact negatively the M-Pesa revenues as the highest amount of transactions (80%) fall within this threshold. The company reported a loss in revenue of KES 650Mn which had materialized by end of FY20. It is estimated that the telco will relinquish revenues of approx. KES 17Bn due to these emergency measures.**

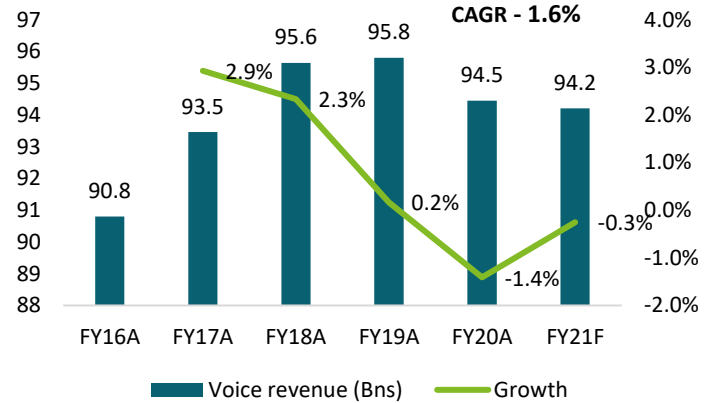
Voice – Shifting Consumer Preferences Slow Down Growth in Revenues

We expect voice revenue to post subdued growth of 0.3% y/y to KES 94.2Bn (FY21F), on the back of competitive pricing in the market. A reduction of 5% y/y on implied ARPU is anticipated as consumers preferences change to social media platforms where they can make calls. Consequently, we expect voice revenue contribution to maintain at sub 38.0 levels (36.5%) from 37.6%. The merger between Airtel and Telkom has led to a decline in market share for Safaricom from 64.7% in FY18 to 60.1% in FY19 while for Airtel-Telkom surged to 39.7% in FY19 from 35.1% in FY18. The low-cost pricing strategy by their competitors is expected to persist, hence will continue to constrain voice revenue. Additionally, we expect the joint entity to concentrate on enhancing and strengthening its network as this will lay the foundation to compete with Safaricom in the long term, given price wars are not sustainable.

Market Share (Voice)



Voice revenue vs Growth

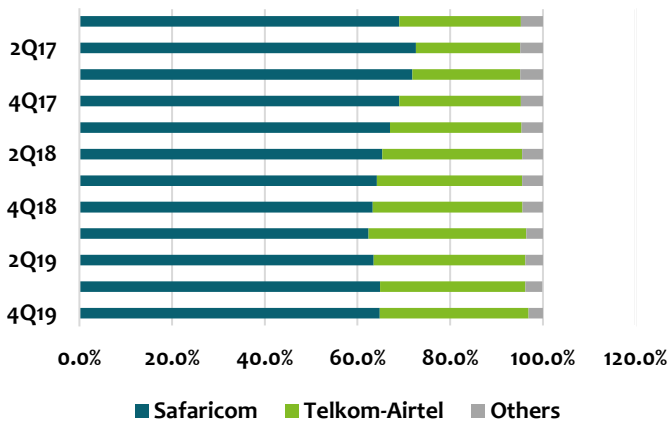


Source: KCB Capital, CA

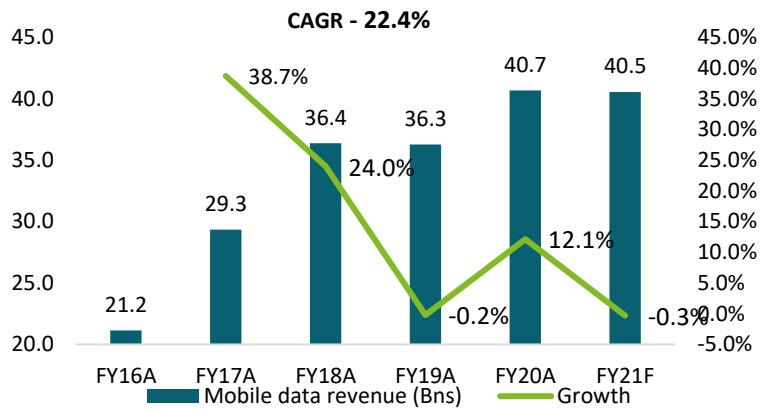
Mobile data –Steady Growth Anticipated

Mobile data revenue is estimated to rise 4.9% y/y to KES 42.7Bn in FY21F, largely on account of the promotional activities such as Neo bundles (contributes 40% of mobile data revenue) as well as growth in active 4G devices (currently at 6.1Mn devices). The revenue line grew 12.1% y/y to KES 40.7Bn in FY20, driven by a 16.8% y/y rise in 30-day active customers to 22.0Mn. Mobile data revenue now accounts for 16.2% of service revenue compared to 15.1% in FY19. Additionally, monthly average data MBs per user rose 46.5% y/y to 1,204MBs. The business is keen on growing the 4G active devices number with the launch of Lipa Mdogo Mdogo campaign, an instalment financing program that will allow customers acquire 4G devices for as little as KES 20 per day. Management also indicated that the recent simplification of the tariffs with no expiry has been positively received by customers and it will be difficult for competitors to match.

Market share (mobile subscriptions)



Mobile data vs Growth

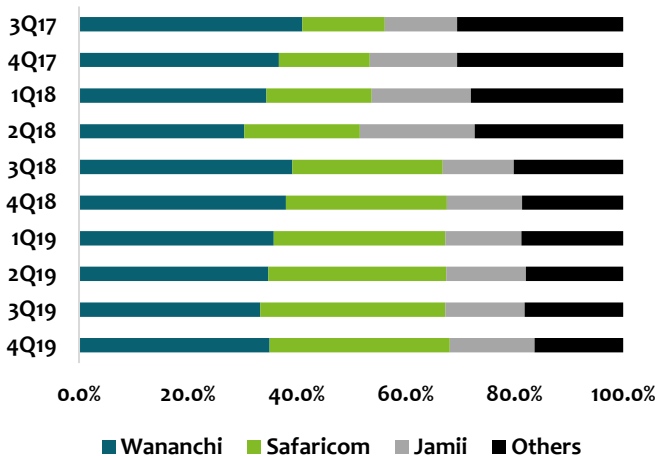


Source: KCB Capital, CA

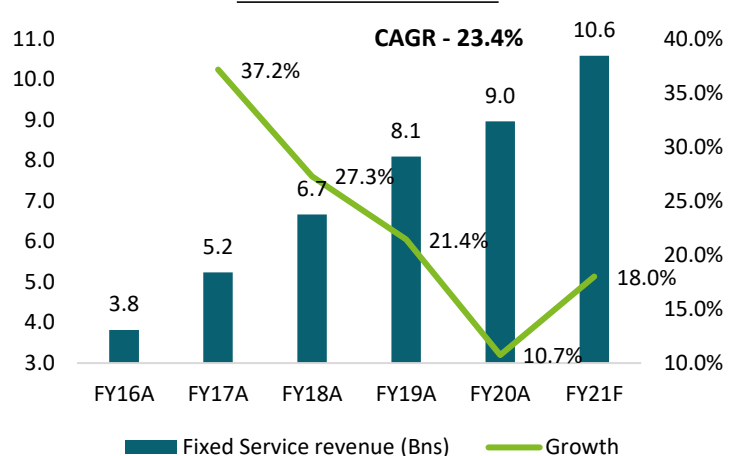
Fixed data – Next Growth Frontier

Fixed service revenue is projected to sustain its robust growth trajectory (18.0% y/y) with the accelerated roll-out of the Fiber network which is targeting to connect 243.3k homes by FY21F compared to 107.8k homes connected as at FY19. FTTH saw a growth of 42.7% y/y while FTTB posted a growth of 8.9% y/y in FY20. This year, we expect a slow down on FTTB due to “working from home” arrangement which may cause significant reduction of users for fixed service in buildings. This is as a result of Covid 19 situation. Safaricom has gained considerable market share in the fixed data space over the past few years, controlling 32.8% of the market as at end of 2019 compared to 24.5% in 2018, giving Wananchi (34.7% market share in 2019) a close run.

Market Share (Fixed Data)



Fixed service vs Growth

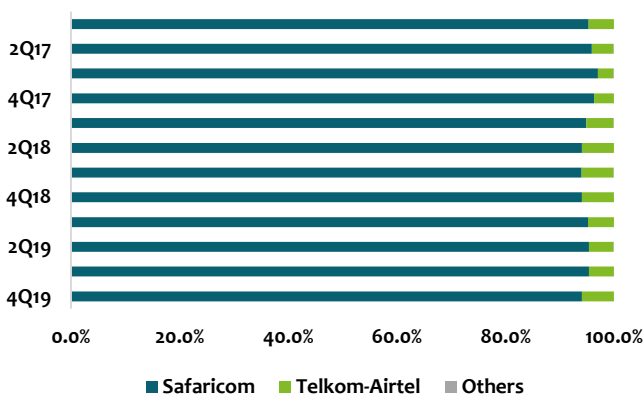


Source; KCB Capital, CA

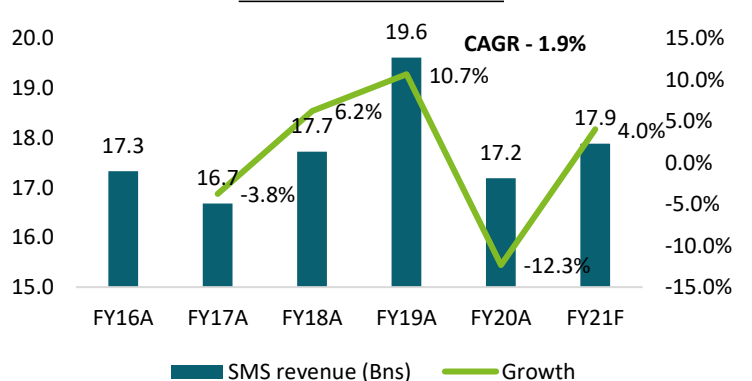
SMS – Social Media Platforms Take the Wheel on Texting

We expect growth of 4.0% y/y to KES 17.9Bn in FY21F, largely driven by growth in 30-day active SMS customers. Increased usage of social media platforms such as WhatsApp has led to continued decline in revenue contribution from SMS. The only segment that seems to be recording significant contribution to the revenue line is Business to Persons (B2P) platforms. Based on the evolving technology, we do not expect anything much in the coming years from SMS revenue. Consequently, we anticipate contribution to service revenue of 6.9% in FY21F and generally flat growth in revenue.

Market Share (SMS)



SMS revenue vs Growth



Source; KCB Capital, CA



VALUATION SUMMARY

To arrive at our price target, we based our valuation on three methods: Free Cash Flow (FCF), Dividend Discount Model (DDM) and PE Multiple. To arrive at our weighted fair valuation, we have assigned 70% weighting to FCF (intrinsic value), 20% weighting to DDM (intrinsic value) and 10% weighting to the PE Multiple (relative value). Our key assumptions are a risk-free rate of 12.3%, market risk premium of 6.4% (Damodaran), a beta of 0.8, cost of equity at 17.4% and cost of debt at 7.0%. We build a 5-year forecast and use the historical PE Multiple of 17.4x to estimate the terminal value (FCFF KES 2,095.6Bn and DDM KES 2,090.8Bn in FY25E). We then carried out a relative valuation (P/E multiple) with peer companies in frontier and emerging markets to ultimately arrive at an implied price.

Valuation Summary:	Implied Price	Weighting	Weighted Value
DDM	32.31	20.0%	6.46
FCF	33.54	70.0%	23.48
PE Multiple	39.58	10.0%	3.96
Fair Value			33.90
Current Price			29.00
Upside/(Downside)			16.9%
Dividend Yield			5.5%
P/E Multiple			
Average P/E		16.9	
EPS		1.9	
Implied Share Price			31.6

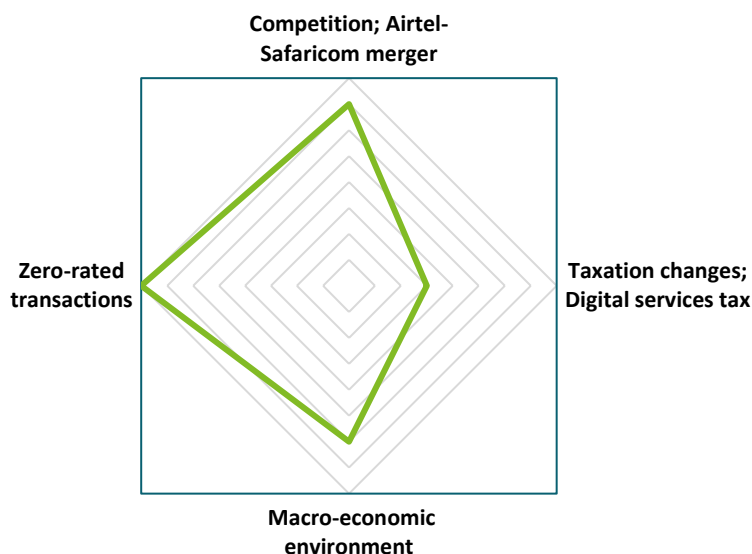
Dividend Discount Model	31-Mar-21	31-Mar-22	31-Mar-23	30-Mar-24	30-Mar-25
Dividends	64.3	72.7	102.1	92.8	104.9
Terminal Value					2,178.0
Time	0.7	1.7	2.7	3.7	4.7
Discount Factor	0.9	0.8	0.6	0.5	0.5
Present value	57.1	54.9	65.8	50.9	1,065.9

Value of equity	1,294.6
Number of shares	40.1
Value per share	32.3

Free Cash Flow Model (KES Bn)	31-Mar-21	31-Mar-22	31-Mar-23	30-Mar-24	31-Mar-25
FCFF	92.1	93.1	100.7	111.0	109.7
Terminal Value					2,183.0
Time	0.7	1.7	2.7	3.7	4.7
Discount Factor	0.9	0.8	0.6	0.5	0.5
Present value (PV)	81.8	70.4	65.0	61.0	1,073.6
Value of the firm (Sum of PV)					1,351.8
Value of debt					8.0
Value of equity					1,343.83
Number of shares (Bn)					40.1
Value per share (Bn)					33.5



Potential Investment Risks on Valuation



PEER ANALYSIS

Company	EBITDA Margin (%)	Operating Margin (%)	Net Margin (%)	ROE (%)	ROA (%)	P/E	EV/TTM EBITDA	Div Yield	Price/Sales	Price/FCF
SAFARICOM PLC	53.3	39.3	28.1	51.3	36.3	15.6	8.1	4.9	4.9	10.4
MTN GROUP LTD	41.7	20.3	5.6	10.0	3.0	11.7	3.5	10.2	10.2	7.5
EMIRATES INTEGRATED TELECOMM	28.6	13.2	13.2	19.4	9.2	14.3	6.2	6.7	6.7	14.4
ORANGE EGYPT FOR TELECOMMUNI MOBILE TELECOMMUNICATIONS CO	30.2	7.9	-1.7	0.0	-0.9	48.4	8.6	0.0	0.0	0.0
MOBILE TELECOMMUNICATIONS CO	45.7	17.8	5.5	11.6	1.6	14.4	4.5	0.0	0.0	8.2
MOBILE TELECOMMUNICATIONS CO	43.8	21.2	13.1	16.9	4.7	10.9	5.6	5.9	5.9	9.1
ASIACELL COMMUNICATIONS PJSC KUWAIT TELECOMMUNICATIONS CO	53.3	24.5	11.6	12.1	5.9	12.5	1.5	0.0	0.0	0.0
CO	28.3	15.4	15.0	21.7	12.7	9.8	4.4	5.9	5.9	12.0
NATIONAL MOBILE TELECOMMUNI	34.1	10.8	4.8	5.3	2.5	11.1	2.7	7.6	7.6	3.5
EMIRATES TELECOM GROUP CO	42.5	28.0	21.2	24.9	8.5	16.6	6.7	4.5	4.5	12.3
MAROC TELECOM	51.9	31.6	16.5	43.5	9.5	44.8	7.6	4.0	4.0	17.8
Sector Average	41.2	20.9	12.1	19.7	8.5	19.1	5.4	4.5	4.5	8.7

Source; KCB Capital, Bloomberg



FINANCIAL SUMMARY

Income Statement	1H19	FY19	1H20	FY20	FY21F	FY22F	FY23F	FY24F	FY25F	Y/Y
Voice Revenue	47.5	95.8	46.9	94.5	94.2	94.0	96.7	99.5	102.4	-0.3%
M-Pesa Revenue	35.5	75.0	42.0	84.4	89.0	98.1	112.2	133.2	164.0	5.4%
SMS Revenue	9.7	19.6	8.6	17.2	17.9	16.4	15.1	13.8	12.7	4.0%
Mobile Data Revenue	19.0	36.3	19.8	40.7	42.7	47.4	52.7	58.5	65.0	4.9%
Fixed Service Revenue	3.8	8.1	4.6	9.0	10.6	12.3	14.0	15.7	17.6	18.0%
Other Service Revenue	2.5	5.0	2.6	5.5	5.7	5.9	6.2	6.4	6.7	4.0%
Total Service Revenue	118.1	239.8	124.3	251.2	260.1	274.1	296.8	327.1	368.3	3.5%
Other Revenue	4.8	10.5	5.6	11.3	12.4	13.5	14.8	16.2	17.7	9.2%
Total Revenue	122.8	250.3	129.9	262.6	272.5	287.6	311.6	343.3	386.0	3.8%
Direct & Construction costs	35.3	72.4	37.8	75.3	76.0	80.1	83.7	92.2	103.7	1.0%
Contribution Margin	87.6	177.9	92.1	187.3	196.5	207.5	227.9	251.2	282.3	4.9%
Operating & Other costs	25.8	53.6	25.6	51.0	55.6	56.9	61.7	68.0	76.4	9.1%
EBITDA	61.8	124.3	66.5	136.3	140.9	150.6	166.2	183.2	205.9	3.3%
Depreciation & Amortization	17.6	35.3	16.7	33.6	35.4	35.2	35.8	36.9	41.5	5.4%
EBIT	44.2	89.0	49.8	102.7	105.5	115.4	130.4	146.3	164.4	2.7%
PBT	45.6	91.2	51.7	108.6	111.7	123.5	140.8	157.5	176.7	2.8%
Tax	14.5	28.7	16.1	32.2	27.9	32.1	38.0	44.1	51.2	-13.4%
PAT	31.2	62.5	35.7	76.4	83.8	91.4	102.8	113.4	125.5	9.6%
Balance Sheet	1H19	FY19	1H20	FY20	FY21F	FY22F	FY23F	FY24F	FY25F	Y/Y
Non-current assets	139.7	142.5	144.0	149.2	141.7	140.9	143.3	147.6	166.0	-5.0%
Inventory	2.1	1.8	2.0	1.9	2.1	2.2	2.3	2.5	2.8	11.1%
Receivables	20.6	18.1	20.3	18.4	19.4	20.5	22.2	24.5	27.5	5.7%
Cash and cash equivalents	36.7	20.0	23.3	26.8	54.6	75.0	73.6	91.8	96.6	104.0%
Other assets	2.7	10.0	21.6	2.9	3.1	3.2	3.4	3.8	4.2	5.7%
Total Assets	201.7	192.5	211.2	199.0	220.8	241.8	244.8	270.1	297.1	10.9%
Contract liabilities	10.0	9.3	9.9	9.4	10.6	11.2	12.2	13.4	15.1	12.9%
Payables	38.0	28.7	33.8	29.9	31.0	32.7	34.2	37.6	42.4	3.6%
Other liabilities & equity	153.7	154.5	167.5	159.7	179.2	197.9	198.5	219.1	239.7	12.2%
Total Liabilities & Equity	201.7	192.5	211.2	199.0	220.8	241.8	244.8	270.1	297.1	10.9%
Key Ratios & Metrics	1H19	FY19	1H20	FY20	FY21F	FY22F	FY23F	FY24F	FY25F	Y/Y
EPS	0.78	1.56	0.89	1.87	2.09	2.28	2.56	2.83	3.13	12.1%
EPS Growth	19.0%	13.0%	14.4%	19.6%	134.9%	22.3%	22.7%	24.0%	22.1%	588.1%
Core DPS	-	1.25	-	1.42	1.61	1.81	2.05	2.32	2.62	13.0%
Core DPR	-	80.2%	-	76.2%	76.8%	79.5%	79.9%	81.8%	83.6%	0.8%
Special DPS	-	0.62	-	0.00	0.00	0.00	0.50	0.00	0.00	
Total DPS	-	1.87	-	1.42	1.61	1.81	2.55	2.32	2.62	13.0%
M-PESA contribution to Service Revenue	30.1%	31.3%	33.8%	33.6%	34.2%	35.8%	37.8%	40.7%	44.5%	0.6%
Voice contribution to Service Revenue	40.3%	40.0%	37.7%	37.6%	36.2%	34.3%	32.6%	30.4%	27.8%	-1.4%
Contribution margin (%)	71.3%	71.1%	70.9%	70.7%	72.1%	72.2%	73.1%	73.2%	73.1%	1.4%
EBITDA Margin	50.3%	49.7%	51.2%	51.3%	51.7%	52.4%	53.4%	53.4%	53.3%	0.4%
EBIT Margin	36.0%	35.5%	38.4%	38.5%	38.7%	40.1%	41.9%	42.6%	42.6%	0.2%
ROE	60.0%	46.6%	65.4%	51.8%	62.4%	56.0%	59.3%	58.8%	61.6%	10.6%
ROA	32.1%	34.7%	34.5%	38.2%	39.9%	39.5%	42.2%	44.0%	44.2%	1.7%
Capex (KES Bn)	17.2	38.2	18.2	38.8	27.9	34.5	38.2	41.2	59.9	-28.0%

Source: KCB Capital & Company accounts



DISCLOSURES

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