

Safaricom

Earnings Update

FY2025

9th May 2025

Safaricom Profits Jump 10.1% on Strong Safaricom Kenya Performance

Safaricom plc announced KES 93.21Bn profits before tax (PBT) for the year ended 31st March 2025 (FY2025), representing a 10.1% rise from that of KES 84.69Bn reported in 2024. The performance was strongly supported by revenue growth in nearly all the telco's revenues lines. As a result total revenue hit KES 388.68Bn in FY2025 from that of KES 349.45 in FY2024. The performance was supported by a strengthening customer base which recorded a 7.1% year on year (y-y) growths from 34.6Mn to 37.1Mn subscribers. Overall profits after tax (PAT) rose 7.3% impacted by a higher effective tax rate of 50.9% compared to that of 49.6% of FY2024. The effective tax rate for Kenya however stood at 33.2% compared to 32.8% of FY2024.

Safaricom Kenya posted an exemplary performance to hit a PBT of KES 142.95Bn in FY2025, an 11.6% expansion from KES 128.15Bn reported in FY2024. This saw Safaricom Kenya's PAT up 10.9% from KES 86.11Bn to KES 95.50Bn. Safaricom Ethiopia contributed KE 7.91Bn or 2.0% of the total revenue from that of KES 7.39Bn reported in FY2024. Safaricom Ethiopia remained impacted by the Ethiopia currency revaluation.

Safaricom's Board of Directors recommended a KES 0.65 per share final dividend to total of KES 1.20 per share for FY2025, a constant level for the third consecutive year. This representing a dividend payout ratio of 69.0% from an earnings per share (EPS) of KES 1.74 and against a Group dividend policy of 80% payout.

We issue a LONG-TERM BUY recommendation on the telco's share price with a fair value price of KES 24.72 per share, a 35.1% upside even as we expect an upward review on the counter's future dividends to match its payout policy of 80% of earnings.

Service Revenue grew at 15.2% year on year from KES 335.35Bn in FY2024 to KES 371.42Bn rallied by strong revenues from M-pesa, voice and mobile data services. The three lines continue to contribute over 82% of total revenues.

M-Pesa Revenue climbed 15.1% y-y to KES 161.13Bn to account for 41.1% of the total revenue from that of KES 140.01Bn or 40.1% contribution in FY2024. This was supported by increased M-pesa transactions and adoption of cashless payments in the Kenyan market. The M-pesa contribution to total income has remained steady in the last three years to hit 41.1% in FY2025 compared to that of a 40.1% in FY2024 and 37.7% in FY2023.

Adoption of M-pesa business payments (C2B, B2C, B2B & Lipa Na M-pesa) gained traction to record the fastest growth of 27.4% from KES 38.18Bn in 2024 to KES 48.62Bn in FY2025 while contributing the second most at 30.2%. Chargeable M-pesa transactions per user multiplied 20.3% while the revenue per user (RPU) rose to KES 395.22 per month. M-pesa transfers and business payments continue to command the total M-pesa returns.

We expect the M-pesa to expand further especially after its launch in Ethiopia and the expected sub-sequent rollout of lending services in Ethiopia. Increased

Bloomberg Ticker	SAFCOM KN
Recommendation	BUY
Share Statistics	
Fair Value	24.72
Upside/Downside	35.1%
Current Price	18.30
3-Month Average	17.94
6-Month Average	17.4143443
12-Month Average	16.8277108
52 Week High/Low	14.40 - 19.00
No of Shares (Mn)	40,065.43
Market Cap (KES Bn)	733.20
Market Cap (USD Mn)	5671.99133
Free Float	25.0%
EPS	1.74
P/E	10.52
BVPS	5.59
P/B	3.27
Dividend	1.20
Dividend Yield	6.6%
Dividend Payout	69.0%

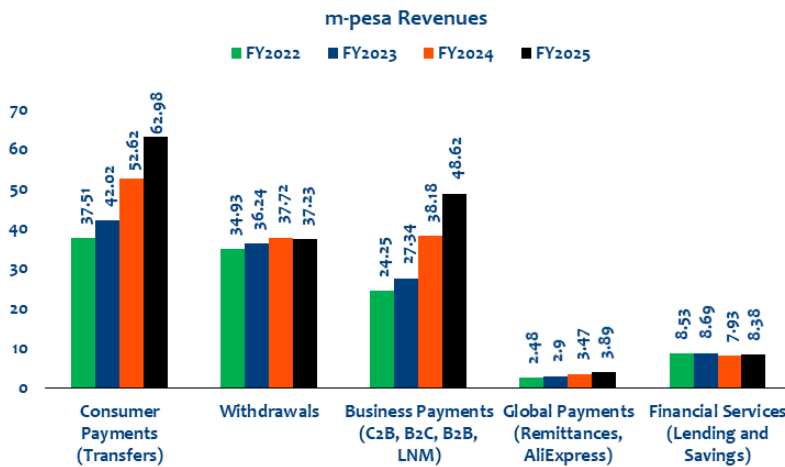


Performance Return		
Period	Safaricom	NASI
3- Month	3.1%	-2.1%
6- Month	18.2%	9.8%
y-t-d	7.6%	1.2%
y-y	12.1%	19.1%

Key Revenue Lines

- Voice +1.8%Y-Y
- Data Revenue +16.5%Y-Y
- M-Pesa Revenue +15.1%Y-Y
- Service Revenue +10.8%Y-Y
- Total Revenue +11.2Y-Y
- Operating Costs +25.2%Y-Y
- PBT +10.1%Y-Y
- PAT +7.3%Y-Y

Business payments via M-pesa is expected to weigh even more in both markets.
See table below on various M-pesa revenue contributions:



	FY2024	FY2025	
Transfers	52.62	62.98	19.70%
Withdrawals	37.72	37.23	-1.30%
Business Payments	38.18	48.62	27.30%
Global Payments	3.47	3.89	12.10%
Lending and Savings	7.93	8.38	5.70%
Total	139.9	161.12	15.20%

Mobile Data climbed 16.6% y-y from KES 67.40Bn to KES 78.52Bn attributable to a general rise in data usage which went up 13.9% y-y to 4.22GBs. The usage was also prompted by fee reductions per MB which came down 3.3% y-y to 6.19 cents. Consequently the RPU enlarged 10.1% to KES 267.11.

The data revenues was also driven up by penetration of 4G and 5G devices on the telco's network. 4G on Safaricom network escalated 32.4% to 22.31Mn as the number of smartphones on its network grew by 19.4% to 27.37Mn. This was furthered by its as its lipa mdgo mdogo smartphones whose sales rose by 1.0Mn devices.

Fixed Data and wholesale data recorded a 12.3% rise from KES 14.96Bn in FY2024 to KES 16.79Bn benefiting from increased consumer and enterprise connectivity. Safaricom fiber to homes connectivity went up 21.3% y-y to 301,450 customers while total fixed enterprise customers grew by 17.5% to 69,870.

Voice revenue grew marginally at 1.60% from KES 80.54Bn to KES 81.96Bn strained by preference to voice over the internet protocol via use of data bundles as opposed to phone calls. This continue to also be impacted by increased data usage in voice conversations and other social media texting such as WhatsApp.

Operating costs ballooned 25.2% y-y from KES 83.30Bn in 2024 to KES 104.31Bn emanating from foreign exchange losses which swelled from KES 0.56Bn in FY2024 to KES 20.87Bn. The impact follows Ethiopian currency reforms which saw the Ethiopian Birr contract in value from ETB 56.65 to ETB 129.88 per US dollar and consequently contract against the reporting Kenyan currency.

Safaricom Ethiopia

Safaricom Ethiopia service revenue went up 35.0% from KES 5.59Bn in FY2024 to KES 7.55Bn in FY2025. This was occasioned by a 35.8% surge in mobile data income which jumped from KES 4.17Bn to KES 5.66Bn. Active mobile data customers stood at 8.84Mn signaling of rising confidence in Ethiopia even as new subscribers come on board.

Voice revenue also improved 14.1% y-y to 1.17Bn as active voice customers rose to 7.25Mn customers.

Ethiopia business continue to brighten up supported by various economic reforms which include liberalizing the financial sector, establishing an exchange and licensing two investment banks. We expect these reforms to support economic growths while pushing for improved private sector performance.

The management remains confident on Safaricom Ethiopia break-even earlier slated and retained for March 2027.

Safaricom Ethiopia Revenue				
KES Millions	Mar-23	Mar-24	Mar-25	%Δ y-y
Voice revenue*	136	1,029	1,174	14.1%
Messaging revenue*	4	42	82	93.9%
Mobile data revenue*	357	4,168	5,658	35.8%
M-PESA revenue	-	92	13	-86.4%
Mobile incoming revenue*	66	360	367	1.8%
Other mobile service revenue*	-	50	192	283.8%
Mobile service revenue	562	5,742	7,486	30.4%
Fixed line and wholesale transit revenue	-	(149)	63	-142.1%
Service Revenue	562	5,593	7,549	35.0%
Handset revenue and other revenue	677	1,774	383	-78.4%
Other income	596	28	(23)	-183.0%
Total revenue	1,835	7,395	7,909	6.9%

Outlook

The Group projects earnings before interests and taxes (EBIT) within a range of KES 144Bn to KES 150Bn with a capital expenditure (Capex) of between 72Bn and KES 78Bn. Kenya EBIT guidance is estimated between KES 170Bn and KES 173Bn with a Capex of KES 54 – 57Bn.

EBIT loss for Ethiopia was reviewed down to KES 26 – 23Bn with an expected Capex of KES 18 – 21Bn. This is even as the break-even projection are retained for March 2027.

Full Year Revenue Summary				
Revenue Item (KES Mn)	Mar-23	Mar-24	Mar-25	%Δ y-y
Voice revenue*	81,054	80,541	81,959	1.8%
Messaging revenue*	11,376	12,319	12,559	1.9%
Mobile data revenue*	53,952	67,404	78,521	16.5%
M-PESA revenue	117,192	140,007	161,131	15.1%
Mobile incoming revenue*	8,109	8,568	8,137	-5.0%
Other mobile service revenue*	10,551	11,552	12,309	6.6%
Mobile service revenue	282,234	320,391	354,617	10.7%
Fixed line and wholesale transit revenue	13,458	14,962	16,799	12.3%
Service Revenue	295,692	335,353	371,415	10.8%
Handset revenue and other revenue	11,450	10,540	13,018	23.5%
Other Revenue	3,763	3,554	4,256	19.7%
Total revenue	310,905	349,447	388,689	11.2%
Direct costs	(92,232)	(97,047)	(101,081)	4.2%
Total operating costs	(74,085)	(83,300)	(104,311)	25.2%
EBITDA	139,862	163,293	172,151	5.4%
EBIT	84,997	80,345	104,050	29.5%
Profit Before Tax	88,345	84,687	93,211	10.1%
Income Tax	(35,862)	(42,029)	(47,453)	12.9%
Profit After Tax	52,483	42,658	45,757	7.3%
Earnings Per Share	1.55	1.57	1.74	10.8%

Dividend Per Share 1.2 1.2 1.2 0.0%

Balance Sheet	Mar-23	Mar-24	Mar-25	%Δ y-y
Non-Current Assets	436,772	558,622	431,235	-22.8%
Current Assets	72,436	82,542	84,049	1.8%
Total Assets	509,207	641,164	515,284	-19.6%
Borrowings	42,050	63,093	64,744	2.6%
Non-Current Liabilities	105,464	137,594	136,231	-1.0%
Current Liabilities	245,841	305,416	291,263	-4.6%
Total Liability	245,841	305,416	291,263	-4.6%
Shareholders' Equity	263,366	335,748	224,021	-33.3%

Key Margins	FY-2024	FY-2024	FY-2025
EBITDA Margin	45.0%	46.7%	44.3%
Operating Margin	23.8%	23.8%	26.8%
PBT Margin	28.4%	24.2%	24.0%
Net Margin	16.9%	12.2%	11.8%
ROA	10.3%	6.7%	8.9%
ROE	19.9%	12.7%	20.4%
Current Ratio	14.2%	12.9%	16.3%
Debt to Equity	16.0%	18.8%	28.9%
Debt to Capital	13.2%	15.0%	21.5%

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