

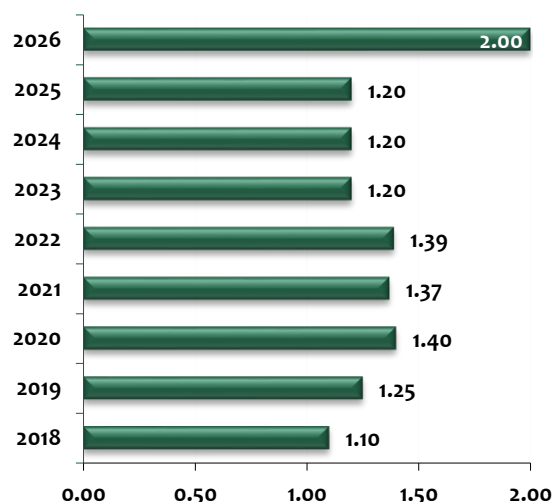
Safaricom Delivers a Blockbuster FY26 as Earnings Rebound Strongly, EBIT Jumps 40.6%

Safaricom Plc delivered a strong set of results for the year ended March 2026, reaffirming its position as East Africa’s dominant telecommunications and financial technology player. The Group’s performance was supported by resilient growth in the Kenya business, accelerated customer acquisition, robust M-PESA performance, and improving operational momentum in Ethiopia. Importantly, the year marked a significant recovery in profitability as losses from the Ethiopian business narrowed considerably compared to the prior year.

That said, Group EBIT rose by 40.6% y/y to Kes. 146.32Bn, while profit before tax increased by 36.1% to Kes. 126.82Bn. Profit after tax surged by 61.0% y/y to Kes. 73.68Bn, highlighting the significant rebound in earnings during the year.

In line with the strong earnings performance, the Board proposed a final dividend of Kes. 1.15 per share, bringing the total FY26 dividend to Kes. 2.00 per share from Kes. 1.20 in FY25. This translates to a total dividend payout of Kes. 80.13Bn and reflects management’s confidence in the Group’s earnings outlook, cash flow generation capability, and long-term strategic positioning.

Safaricom's Dividend History (Kes)



Earnings Snapshot

Group service revenue grew by 11.5% y/y to Kes. 414.14Bn from Kes. 371.51Bn in FY25, driven by strong performance across mobile data, M-PESA, and fixed connectivity services. Connectivity revenue rose by 9.8% to Kes. 211.39Bn, supported by increased data usage and customer growth.

Mobile data revenue continued to be a key growth pillar, rising 18.3% y/y to Kes. 92.91Bn as digital consumption remained elevated across both individual and enterprise customers.

Meanwhile, **voice revenue** increased modestly by 3.5% to Kes. 84.82Bn, while messaging revenue declined by 11.1% due to the continued migration toward internet-based communication platforms.

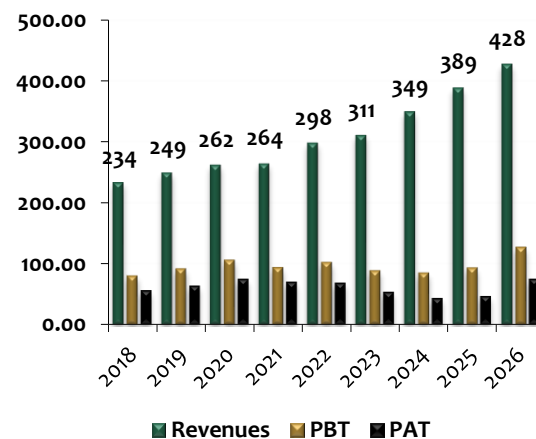
M-PESA remained the Group’s strongest earnings driver, with revenue increasing 13.4% y/y to Kes. 182.74Bn. Growth was supported by higher transaction volumes, increased merchant payments, stronger ecosystem adoption, and deeper financial inclusion initiatives. Total M-PESA transaction values increased by 8.9% to Kes. 41.68Trn, while transaction volumes rose by 25.1% to 46.41Bn transactions.

During the year, Safaricom also continued to deepen its **digital financial services** offering through products such as Ziidi, with assets under management more than doubling to Kes. 21.0Bn. M-PESA’s contribution to Kenya’s service revenue consequently increased to 45.6%, underlining the business’ growing importance to the Group’s overall profitability.

Return Performance

Periods	SCOM	NASI
3mtd PriceΔ(%ge)	99.53%	97.28%
6mtd PriceΔ(%ge)	91.61%	91.61%
YTD Δ(%ge)	88.04%	89.00%
Y/Y Δ(%ge)	56.99%	60.16%

Safaricom PLC in Numbers (Kes Bn)



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Customer growth remained strong during the year, with one-month active customers increasing by 14.2% y/y to 50.66Mn, while active mobile data customers rose 16.7% to 41.97Mn. Distinct bundle users increased 25.9% to 24.90Mn, reflecting growing uptake of integrated digital and data offerings. The fixed business segment also continued expanding steadily, with home fiber customers rising by 35.0% to 407,080 and homes passed increasing by 16.2% to 807,016. The Group further expanded its 5G footprint, with 5G base stations increasing by 10.3% to 1,901.

Ethiopia

- The Ethiopian business continued to record rapid operational growth despite remaining loss-making. Service revenue from Ethiopia surged by 86.6% y/y to Kes. 14.08Bn, supported mainly by strong mobile data growth and customer expansion.
- One-month active customers in Ethiopia increased by 48.3% y/y to 10.75Mn as the business continued scaling its network and market penetration. Importantly, operational efficiency improved significantly, with EBITDA losses narrowing sharply to Kes. 15.35Bn from Kes. 33.69Bn in FY25.
- Operating losses also improved substantially to Kes. 37.71Bn from Kes. 54.16Bn previously. Nonetheless, the Ethiopian business continues to weigh on Group profitability, with management guiding that EBIT losses could still range between Kes. 12–15Bn in FY27 as the operation continues scaling toward profitability. Additionally, sharp depreciation of the Ethiopian Birr remained a key risk during the year, exerting pressure on translated earnings and operational costs.

Looking ahead: Management remains optimistic about sustaining growth through deeper M-PESA monetization, continued expansion in digital financial services, rising data consumption, enterprise solutions, and the scaling of the Ethiopian operation. However, risks remain around Ethiopia's macroeconomic environment, foreign exchange volatility, geopolitical disruptions, and increasing competition within the digital financial services ecosystem.

Specifically, management guides for Group EBIT of between Kes. 180Bn and Kes. 187Bn, signaling continued confidence in earnings growth despite persistent macroeconomic and geopolitical risks. Kenya is expected to remain the primary profitability anchor, with EBIT guidance of Kes. 195Bn–199Bn supported by sustained growth in M-PESA, mobile data consumption, enterprise solutions, and home fiber connectivity. At the same time, Ethiopia is projected to continue narrowing losses, with EBIT losses expected at Kes. 12Bn–15Bn as the business moves closer toward operational break-even.

Against this backdrop, we maintain a Buy recommendation on Safaricom Plc with a long-term investment view as the Ethiopian business gradually picks momentum. Accordingly, our fair value estimate for the stock stands at Kes. 39.87, implying further upside potential from current market levels.

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Analysts' stock ratings are defined as follows:

- **Buy** – A buy rating reflects 1) An analyst has a bullish conviction on a stock 2) A 30% or greater expected return.
- **Accumulate** – An accumulate rating reflects 1) An analyst has a lesser bullish conviction on a stock 2) Expected return falls between 10% and 30%.
- **Hold** – A hold rating reflects 1) An analyst has a neutral conviction (lack of bullish or bearish conviction) on a stock 2) Expected return falls within the range of 5% to 10%.
- **Speculative Buy** – A speculative buy rating reflects 1) An analyst has a bullish conviction accompanied by a substantially higher than normal risk 2) Expected return falls above 10%.
- **Sell** – A sell rating reflects 1) An analyst has a bearish conviction on a stock 2) Expected return falls below 5%.

*Expected Return (ER) represents the sum total of both capital appreciation and the dividend yield.

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