

SAFARICOM (B): What Happened After June 9th?

afaricom (Reuters: SCOM.NR, Bloomberg: SAFCOM KN) was one of Africa's most anticipated and exciting share offerings. Initial news from the stock market was certainly encouraging. The firm's offering price of KSH 5 per share multiplied across 40 billion shares gave Safaricom a total market value of KSH 200 billion (\$3.2 billion) and that figure jumped to over KSH 300 billion (\$4.8 billion) as a result of the shares reaching a high of KSH 8 on the first day of trading. Initial reports of the Safaricom offering were also positive, painting a picture of an exciting, successful, and relatively smooth share debut. "A Happy Roar from Kenya: A Successful IPO Brings Cheer to Safaricom and to Kenya's Small Investors" was the headline from *The Economist*'s June 9th, 2008 issue. To what extent the offering would be able to please the many disparate groups who were a party to it over the long term, however, remained an open question.

The purpose of this note is to analyze how, in the context of a large privatization in a frontier capital market, events in the months following the Safaricom IPO affected Safaricom, the Government of Kenya (GoK), and the Kenyan capital market in order to determine how local and global factors, including the financial crisis, shaped the reputations of both company and country.

Share Price Collapse

By September 16, the heady excitement and boundless optimism that characterized the run up to the share offering had come to an abrupt end as the realities of the local market and the global financial landscape saw Safaricom's share price close below the IPO price of KSH 5.

From its highs during the first day on the bourse, Safaricom's stock price moved in a controlled, consistent downward trajectory throughout the summer of 2008. The 50-60% price appreciation that share owners experienced on the first days of trading encouraged some local investors to sell their stock and lock in their profits, and overall, the number of local Safaricom owners fell throughout the summer of 2008 from a high of 810,316 in June to 798,193 by August, as it became clear that the price would not approach KSH 8 anytime soon² (please see the Appendix for further information on Safaricom's shareholder structure and share price). With many investors having loans to pay back, these easy profits were hard for some to ignore.

At the same time, many local investors³ were expecting much more than a first day bounce of 50 or 60%. "I cannot believe that its price could not double on the first day of trading,"

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exclaimed a frustrated Safaricom investor from neighboring Uganda.⁴ Before the offering, regional financial analysts were projecting that the stock price would rise to KSH 10 or 15 on the initial days of trading.⁵ As a result, many local investors saw the downward pressure on the share price as a temporary problem and expected the price to revert back to a more typical doubling or tripling of the offer price. Unfortunately for these investors, the share price continued its downward trend throughout the summer, falling below KSH 5 on a sustained basis in October 2008. That said, not all local investors were looking for short term profits, and included in the 798,193 local investors (about 2% of a population of 39,002,772) were also those with a long term investment horizon who planned to hold the shares for some time regardless of short term volatility.

While some Kenyan investors might have been expecting a 70, 80 or even 100% increase in the price of Safaricom's shares after its IPO, a number of international investors sold their positions in Safaricom in the first few days after the shares began trading. These hedge funds and mutual funds saw a 45 or 50% price rise and promptly took their profits. By the middle of July, foreign investors had traded shares worth KSH 7.36 billion (\$113 million) out of the total KSH 14.54 billion (\$223 million) that had been traded. Foreign investors were allocated shares worth KSH 11 billion (\$177 million) during the book building process, and by the middle of July they had sold shares valued at KSH 5.6 billion (\$86 million), or 51% of their initial allocation. While other investors, both local and international, did step in to purchase the shares offloaded by the international pool, the heavy selling throughout June and July put significant pressure on the stock.

While the sizable allocation for foreign investors was rationalized by thinking that they would stabilize the share price, the reality is that heavy selling during June, July and August by the international pool resulted in a falling Safaricom share price throughout the summer. The subsequent collapse of Lehman Brothers in mid September then triggered a near complete freezing up of global credit markets. Upon Lehman's collapse, investors around the world retreated from shares, mutual funds, and riskier assets in general, pulling their money out of almost every conceivable asset class and placing it in cash. This triggered a dramatic pullback from the emerging markets by many hedge funds and asset managers in order to meet client redemptions, which reached a staggering \$67.2 billion by the end of 2008.⁷ As a result of this global chain of events, hedge funds and asset managers who had invested in Safaricom continued to sell their shares – mostly at a loss – in September and throughout October, triggering new lows for the stock of KSH 3.1 by the end of the month, a 43% drop from the international IPO price of KSH 5.5.

This chain of events led to significant resentment from the new class of local investors that had been created by the Safaricom IPO. "I'm terribly disappointed. I wish I had never, ever attempted to buy them," proclaimed a frustrated first time investor in Nairobi. With widespread agreement in Kenya that the exit of international investors had brought the share price down, most Kenyan investors were left with Safaricom shares that seemed to be worth less and less as each day passed. Not only were their shares losing value, but due to the huge oversubscription, individual Kenyan investors were also feeling put upon, in many cases having only received 420 shares of the 2,000 they had expected to receive had the offering not been oversubscribed. Throughout June and July, small, first time Kenyan investors were increasingly angry at the effects of the international investors, their perspective being that, while many international investors had taken handsome profits and exited the market, most Kenyans had been left with a measly 420 shares of a stock that seemed to be less valuable day by day.

The resentment and anger came not only from a sense that heavy selling by international investors had reduced the price of Safaricom shares, but also stemmed from the pressure many Kenyans felt having taken out significant loans (at rates as high as 15-18%, as compared to a rate of about 7.3% on a 90 day Kenyan T-bill)⁹ to pay for the 2,000 shares that they were expecting to



receive. These investors were planning to use the profits from selling their shares to pay back their loans, but for many, the plan did not work out as envisioned. While loans were often taken out by small investors in order to pay the required subscription costs for all 2,000 shares they hoped to buy, due to the offering's oversubscription, most small investors only received about 420 shares. Such investors, however, still needed to pay back the additional money they had borrowed and then submitted to stockbrokers for the remaining 1,580 shares. Unfortunately, that money was slow to come back, due to delays in the refund process. Worse, some investors had difficulty even paying back loans taken out for shares they did receive, because instead of selling their shares when prices rose 50%, they held out for higher prices only to see Safaricom's share price fall. As Safaricom's share price continued to fall throughout the summer and eventually sank below its IPO price, loan repayment became a real challenge.

The decline in the price of Safaricom shares left a very bitter taste in the mouth of the hundreds of thousands of new and inexperienced Kenyan investors who expected Safaricom to be easy money. As of June 9, 2009, Safaricom shares were still floundering 41% below the offering price at KSH 2.95 per share. That said, by November 6, 2009, Safaricom shares had recovered somewhat to trade at about KSH 4 per share (still below its offering price, but 33% improvement from its level in early June).

The Refunds Fiasco

The Capital Markets Authority in Kenya stipulates that individual investors must submit funds for the shares they wish to apply for, only after which it is determined how many shares they are to be given. In addition, individual investors are not permitted to submit applications directly, but instead must submit their applications via a brokerage house. When there is an oversubscription, banks receiving the applications must refund excess funds to the stock brokerages, which are then responsible to return the money to the individual investors who applied for shares. Following such procedures, local individual investors interested in the Safaricom offering were required to submit KSH 10,000 (about \$164 at the time of the IPO) for 2,000 shares (the minimum number of shares that could be applied for). With share application rates being as high as they were, local individual investors only received about 21% of the shares they had applied for (e.g. 420 shares in the case of a 2,000 minimum bid). In all, over KSH 200 billion (over \$3.2 billion) was submitted on behalf of all the applicant pools, resulting in an oversubscription rate of nearly 500%.

In Kenya, where the share application process is not yet electronic, the return of excess funds is a burdensome and difficult process. Although Safaricom stock began trading on June 9th, 2008, on June 17th, Professor Njuguna Ndung'u, Governor of the Central Bank of Kenya, expressed concern at the delays that were occurring in the release of funds by stock brokers to individual investors. While some of the refunds were able to be returned via electronic funds transfer, a significant chunk of the total KSH 191 billion (\$3 billion) that had been committed by the local investing community needed to be returned via check.

The Governor of the Central Bank indicated that the refund process had begun as early as June 9th, with Equity Bank, one of the major receiving banks that had received KSH 90 billion (\$1.4 billion) – half of which could not be disbursed electronically – an early actor. The Governor further indicated that as of Monday, June 17th, the Central Bank continued to disburse funds, with refund checks starting to be processed and delivered by both Citibank and Equity Bank. According to the rules of the refund process, receiving banks were to issue lump sum checks to individual stock broking firms, which in turn were expected to return outstanding funds to specific investors. While it seems like there may have been some delays related to the inability of the receiving banks to process the refunds, most problems appear to have arisen only after the money arrived at the stock brokerage firms.

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As the checks began to arrive, a number of brokerage houses decided to hold onto what amounted to millions of shillings of their customers' money. With poor internal control, poor record keeping, and weak accounting systems, many brokers were unable to keep their own funds separate from the funds that were meant for their customers. Worse, some firms seem to have simply decided to use the inflow of capital to make trades for themselves in the hopes of making a large profit off what was expected to be a rising Safaricom share price. Whatever the reason, many investors found it nearly impossible to get their brokers to actually issue checks in their names, resulting in months of run around, and in a number of cases, the trading that was done by some of the more unscrupulous firms ended up causing heavy losses, as Safaricom's share price continued to fall throughout the summer, and the firms were unable to come up with the cash required to pass on the Safaricom oversubscription refunds to their customers.

The refunds fiasco resulted in many angry and disenchanted local investors. By May 2009, KSH 200 million (\$2.6 million) – roughly 0.1% of the value of all submissions – still had not been returned to local investors, 12 and for those without access to electronic funds transfer, the process had been very difficult and slow. While the Safaricom offering was initially viewed as a success for the government, the firm, and the country, problems with the refunds process have come to be seen as a taint on the country and the government-led process, which at least seem to be partially a consequence of a broker community in Nairobi that has had a long history of operating opaquely with little regulatory oversight.

Even before the Safaricom offering, the failure of Nairobi stock brokers such as Nyaga Stockbrokers and Francis Thuo and Partners, due to widespread abuse that included the unauthorized trading of client funds and manipulation client accounts, could be observed. With funds from the Safaricom refund process flowing back to stock broker accounts, the lack of internal controls at many firms has enabled some brokers to enter into illegal transactions with their clients' funds. While efforts are under way at revamping the structure and operating procedures of the stock brokerage community in Nairobi, such efforts will be too late to have much of an effect on the Safaricom refund process.¹³

Overall, the Safaricom refund process has not only angered local investors but also made it clear that the Nairobi capital market is still not yet well-equipped to handle large, complicated transactions, and certainly not multiple transactions at the same time. The corruption and failure of many of the local stock brokerages not only damaged local investor confidence, but also contributed to a feeling, both regionally and internationally, that the Nairobi Stock Exchange needs to make further regulatory reforms before international investors are likely to engage in routine business with it. Beyond the stock brokerage community, the CMA's own capacity as a market regulator has also been called into question, further contributing to a lack of investor confidence.¹⁴

It seems likely that the refund imbroglio and lack of confidence in Kenya's broker community has had a negative impact on Kenya's international reputation as an investment destination, and if the credit crisis had not caused most international capital flows to dry up anyway, the refund fiasco and stock broker scandals in Nairobi would likely have been even bigger international news stories and posed an even greater obstacle to the GoK's effort to transform the local market into an international investment destination. In any event, it seems entirely possible that the NSE's reputation has been tainted, and its reputation for having weak investor protections and a weak regulatory framework may well continue to discourage some local and international investors from getting involved in the marketplace.



Long Term Effects of the IPO Process

The flotation of 25% of Safaricom's shares marked the beginning of a new phase for the company, the GoK, and the Kenyan capital market. Interestingly, as far as the partial privatization of the firm is concerned, the GoK and Safaricom had substantially different ambitions and concerns. While the GoK sought to raise capital for its growing budget deficit while building both a local investor base and a niche for Kenya on the international stage as a viable frontier market destination, Safaricom took a more conservative stance. For the company, going public was a risk, and Safaricom spent a significant amount of time considering the nature of those risks.

Safaricom

While Les Baillie and his team had devised a robust set of scenarios for thinking about the risks Safaricom faced as a result of the IPO, an analysis of events several months after the offering seems to indicate that the firm managed to escape most of the potential negative consequences of becoming a public company. While high oversubscription rates did create feelings of resentment among investors, investors did not seem to take things out on Safaricom, but rather saw the GoK as culpable. Similarly, Safaricom was able to escape being implicated in the grossly mishandled refunds process, Nairobi's stock brokerage community receiving the brunt of investor anger. In addition, blame for the company's falling share price in the initial months after its IPO appears to have been placed squarely on the international investor community and the GoK.¹⁵

Even though Safaricom was placed into the uncomfortable position of being forced to become a public company by the GoK, the firm seems to have escaped from the IPO without any serious damage to its reputation or standing in the market. In fact, throughout the summer and fall of 2008, the firm continued to maintain its market share and add users (with the total number of its users growing to 11.95 million by September 2008). Overall, between September 2007 and September 2008, Safaricom experienced a 20.44% increase in its revenues, ¹⁶ and according to its March 2009 figures, the firm continued to demonstrate strong financial results, with revenue up 15% to KSH 70 billion and users totaling over 13 million (please see the Appendix for more details related to the company's recent financial performance).

Government of Kenya

In contrast, the GoK was frequently identified as being responsible for several of the missteps and problems that did occur. In many ways, the heart of the GoK's problems lay in simultaneously trying to bring international investors into the Kenyan capital market while at the same time trying to ensure that the Safaricom offering was also focused on expanding share ownership among first time Kenyan investors.

Local investors were very enamored with the notion of owning shares in Kenya's biggest, most profitable company. However, this excitement quickly faded when share allocations were reduced from 2,000 to 420 due to oversubscription. Beyond this disappointment was the real resentment that local investors felt towards international investors who sold Safaricom stock heavily throughout the summer of 2008, causing the share price to fall below the initial offering price, even as many local investors still held significant loans in need of re-payment. Effectively, the local investors (which the GoK had made a point of including) grew to resent the international

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pool, the other group of investors that the GoK had purposefully recruited to be a part of the share sale. That sentiment, together with the negative coverage that the stock received abroad as its share price continued to fall throughout the summer and fall of 2008, contributed even further to the negative feelings many had of the Safaricom process.

Internationally, Kenya's reputation for having a weak regulatory environment and an unscrupulous stockbroker community was further strengthened by the way the refunds process unfolded. While international investors themselves were not caught up in the refund problems, the chaos that ensued after the offering did make its way into the international news media and certainly caught the attention of investors focused on emerging and frontier markets.

Ultimately, perceptions of the Safaricom offering in the 6-12 month period since the firm's shares debuted are probably not the ones that the GoK would have wished to create. The GoK was hoping the Safaricom offering would mark a new stage of capital market development and send a strong signal internationally of Kenya's openness to foreign investors. Instead, the Safaricom offering looks like it could be just another stage in a disappointing cycle for the GoK and its international reputation. With the December 2007 election violence as a backdrop, it was hoped the Safaricom offering might showcase some of the real opportunities and attractions Kenya offers, and to some extent it did. However, the offering has also demonstrated some striking shortcomings in the share application and refunds process as well as the general inexperience of the GoK's privatization committee. Moreover, rather than setting the stage for a \$500 million infrastructure bond that the GoK had hoped to issue later in 2008, 17 the Safaricom offering has instead provided a kind of window into some of the real challenges facing investors in Kenya.

Moving Forward

Unlike many companies operating in challenging and volatile frontier markets, Safaricom was able to sidestep most of the potential risks associated its privatization and public listing process. This is not to say, however, that Safaricom is out of the woods yet. On August 19, 2009, for example, the firm held its first shareholder meeting. With nearly 800,000 individual investors holding shares in the company, Safaricom decided to hold the meeting in a 70,000 seat soccer stadium on the outskirts of Nairobi. With the company uncertain as to how many shareholders would show up for the annual meeting, it approached the meeting with some apprehension. In the end, about 3,200 shareholders attended.¹⁸

One factor that was almost certainly important to the relatively small turnout was the company's decision not to offer shareholders attending the meeting anything in the way of the free transportation, small gifts, or food that many had come to expect, and this no frills, frugal approach certainly became the subject of some comment and criticism. From the company's perspective, however, the KSH 39 million it saved on giveaways – combined with the KSH 73 million it may save by not having to pay out all dividends by check (in many cases, it is hoping to use M-PESA to handle dividend payouts) and the KSH 240 million it may save by not having to print and post its annual report to all investors (instead the company is planning to post its annual report online and only send out hard copies upon request) – is a substantial and important cost saving.¹⁹

In contrast to the company, which seems to have managed to avoid damage to its name and operations in Kenya, the GoK is clearly facing a more difficult situation, both locally and internationally. At a local level, many investors harbor deep regrets about different aspects of the Safaricom IPO process, from share allocation to the first time presence of an international tranche. Internationally, some foreign investors are likely to continue to view the market skeptically, owing to perceptions of political risk and lack of investor protections.

Still, the Safaricom IPO is a landmark offering that has provided a crucial learning experience for many first time Kenyan investors, and while many investors had their fingers burned by share price fluctuations, in the future, new investors may well come into the market with more caution and a greater focus on fundamental company analysis. The potential for dividend income from the holding of Safaricom shares may also help assuage some of the bitter feelings found among local investors. At its August 2009 annual general meeting (AGM), Safaricom approved a KSH 0.1/share dividend scheduled to be paid out in November 2009. The payout constitutes about 40% of the company's pretax profits and represents about a 2% yield relative to Safaricom's initial KSH 5 public offering price. In the payout constitutes about 40% of the company's pretax profits and represents about a 2% yield relative to Safaricom's initial KSH 5 public offering price.

The listing of Safaricom on the NSE is also a clear victory for the local market, as its liquidity, market capitalization, and positioning as a regional leader have all taken a step forward. While political circumstances and lack of investor protections are cause for some concern, many international investors had a profitable and positive first foray into Kenya and are likely look to the NSE again for potential investing and trading opportunities.

Significantly, the Safaricom listing is also likely continue to motivate the GoK to sell stakes in some of its prized national firms, including the Kenya Ports Authority and Kenya Pipeline Company, as well as additional stakes in already public companies like Kenya Commercial Bank and KenGen. In addition, the listing may help some of today's private firms raise capital on the NSE in the future. ²²

On a more personal level, the successful IPO seems to represent a kind of transitional moment. In July, 2008, the company announced that Les Baillie would be retiring in 2009 (though continuing on as chairman of the Safaricom Foundation and, in the meanwhile, staying on as chief investment relations officer until his retirement) and a new CFO would be coming on board effective August 25, 2008.²³

Overall, Safaricom has certainly helped increase the international visibility of Kenya's capital market. While many investors are likely to continue to view the market skeptically – owing to perceptions of political risk, lack of investor protections, and liquidity concerns – frontier-focused funds are poised to continue investing selectively in the country's publicly traded firms. Moreover, while the offering may have re-enforced some lingering doubts about Kenya's government and Nairobi's stock broker community, it has also introduced the world to one of Africa's most successful and exciting firms. In so doing, the Safaricom experience may well solidify investor perceptions of the value of monitoring, and ultimately investing in, Kenya and other frontier markets.

Endnotes

- ¹The Economist (June 9, 2008) "A Happy Roar from Kenya" www.economist.com
- ² Safaricom Industry Update" (March 12, 2009) www.safaricom.co.ke
- ³ In Kenya, local investors are citizens of Kenya, Uganda and Tanzania.
- ⁴Godwin Muhwezi-Bone (August 19, 2008) "Safaricom Share Price Plunges on Anxiety"
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- ⁵Geoffrey Irungu (June 10, 2008) "For Some Speculators, Safaricom's 50% gain not enough" www.bdafrica.com
- ⁶Geoffrey Irungu (June 17, 2008) "Safaricom foreign sell orders force shilling to lose ground" www.bdafrica.com
- ⁷ David Oakley (December 16, 2008) "Emerging funds suffer worst year yet", *Financial Times*, www.ft.com
- ⁸ Barney Jopson (October 22, 2008) "Safaricom fast money puts finances under strain", Financial Times, www.ft.com
- ⁹ interest rate figures from http://allafrica.com/stories/200804141564.html and http://www.thee-astafrican.co.ke/business/-/2560/542834/-/view/printVersion/-/8hglc8z/-/index.html
- ¹⁰ Emmanuel Were (June 17, 2008) "CBK raises red flag over Safaricom refunds" www.bdafrica.com
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- ¹²"Ghost Investors Behind Safaricom IPO Riddle" (May 9, 2009) *The Daily Nation*
- ¹³ Washington Gikunju (January 27, 2009) "Parliament hits brokers with new ownership structure" <u>www.bdafrica.com</u>
- ¹⁴ Isabella Mukuma (February 19, 2009) "CMA on the spot over crisis in stock market" www.bdafrica.com
- ¹⁵Overall, the relatively efficient performance of the receiving banks in processing deposits and capital flows seems to have been a general a bright spot of the offering.
- ¹⁶ "Safaricom HY 2008/2009 Investor Presentation" (November 12, 2008) www.safaricom.co.ke



- ¹⁷ This bond offering ended up being canceled by the government of Kenya with the onset of the financial crisis.
- ¹⁸ Cedric Lumiti (August 23, 2009) "Safaricom AGM Targets Consolidation" *E. African Business Week*
- ¹⁹ Mwaniki Wahome (June 30, 2009) "Want a free lunch? Not at Safaricom AGM" *The Daily Nation*
- ²⁰ http://www.safaricom.co.ke/fileadmin/template/main/downloads/investor_relations_pdf/ AGM_Notice_press_print.pdf
- ²¹ Cedric Lumiti (August 23, 2009) "Safaricom AGM Targets Consolidation" *E. African Business Week*
- ²² "State to list more parastatals at NSE" (June 10, 2008) The Daily Nation
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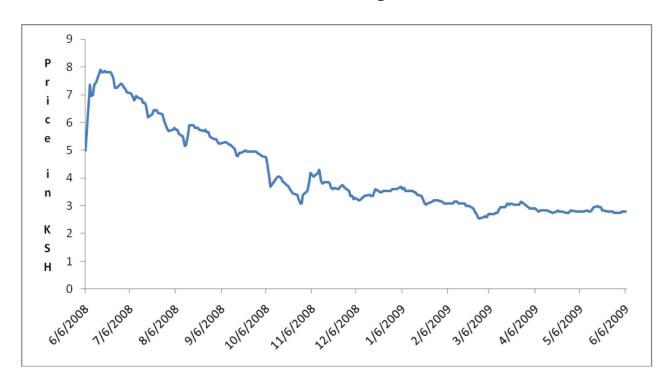
Appendix

Safaricom Shareholder Profile

	June 2008	August 2008	October 2008	December 2008	January 2009
Local Individual	810,316	802,187	798,193	799,251	798,524
Local Corporate	30,284	30,362	30,269	30,268	30,276
Foreign Individual	1,940	1,968	1,983	1,990	1,985
Foreign Corporate	71	82	85	90	92
Total	842,611	834,599	830,530	831,599	830,877

Source: Safaricom Industry Update, March 12, 2009, www.safaricom.co.ke

Safaricom Share Price From June 2008 through June 2009



Source: Bloomberg

Safaricom's Consolidated Financial Statements as of March 31, 2009

Income Statement KSH (bn)			
	Fiscal Year Ending March 31		
	2009	2008	% change
Revenue	70.48	61.37	14.8%
EBITDA	27.95	28.04	-0.3%
% of Revenue	40%	46%	
Depreciation & Amortization	(11.78)	(9.68)	21.7%
Operating Profit	16.18	18.36	-11.9%
Financing Costs	(0.87)	1.59	
Profit before Tax	15.30	19.95	-23.3%
Taxation	(4.77)	(6.09)	-21.7%
Net Income	10.54	13.85	-23.9%
Key Performance Indicators			
Dividend	4.00	2.00	100.0%
Cash generated from operations	30.10	35.62	-15.5%
Capital expenditure	23.82	24.69	-3.5%
Shareholders' equity	51.15	42.64	20.0%
Net Borrowings (net of cash and equivalents)	6.95	3.66	89.7%
Total Capital	58.10	46.31	25.5%
Gearing Ratio (%)	12.0%	8.0%	4
	000s	000s	

Balance Sheet KSH(bn)			
	Fiscal Year Ending March 31		
	2009	2008	% change
Captial Employed			
Shareholders' funds	51.147	42.643	19.9
Non current borrowings	4.775	6.48	-26.3
Total Capital Employed	55.922	49.123	13.8
Represented by			
Non current assets	74.18	61.478	20.7
Current assets			
Inventories	2.93	2.284	28.3
Receivables and prepayments	9.01	5.069	77.7
Derivative financial instrument	0.1	-	100
Current income tax	1.101	-	100
Cash and cash equivalents	4.362	5.534	-21.2
Total Current Assets	17.502	12.887	35.8
Current liabilities			
Payables and accrued expenses	29.223	22.416	30.4
Current income tax	0.001	0.107	-99.1
Borrowings	6.537	2.719	140.4
Net current liabilities	18.258	12.356	47.8
Total Current Liabilities	55,922	49,123	13.8



KSH (bn)	Fiscal Year Ending March 31		
	2009	2008	% change
Cash from Operating Activities			
Generated from operations	30.10	35.62	-15.5%
Interest received (paid)	(0.72)	0.90	-180.0%
Income tax paid	(6.46)	(6.96)	-7.2%
Net from Operating Activities	22.93	29.55	-22.4%
Investing Activities			
Net purchases of fixed assets	(23.80)	(23.00)	3.5%
Investment in One Communications	(0.19)	-	
Payment of licence fees	-	(1.67)	
Net Investing Activities	(23.98)	(24.67)	-2.8%
Financing Activities			
Borrowing during the year	2.65	3.00	-11.7%
Repayment of loans	(0.82)	(4.24)	-80.7%
Dividend paid	(2.00)	(4.00)	-50.0%
Net Financing Activities	(0.17)	(5.24)	-96.8%
Decrease in cash	(1.22)	(0.35)	
Movement in cash			
Cash at start of year	5.53	5.89	-6.1%
Decrease	(1.22)	(0.35)	
Cash at end of year	4.31	5.53	-22.1%

Source: Safaricom Company Website