

Safaricom's Growth and Success since Listing on the NSE (2008)

Listing on the Nairobi Securities Exchange (NSE), bears a number of benefits to the issuer, investors, shareholders and the economy at large. Here is Safaricom's story:

In December 2008, the Kenyans who bought Safaricom shares in the hugely successful Initial Public Offer (IPO) seven months later were paid a dividend of 1 cent per share.

Ten years later, shareholders will each receive Kshs. 110 per share in dividends, taking home 80% of the company's corporate Kenya record net profit of Kshs. 55.3 billion.

The past 10 years as a listed firm on the NSE proves to be a success story — the source of this huge growth becomes clear.

The growth story of Safaricom can be viewed in two ways; through its financial performance and the social impact that the company has had in transforming the way Kenyans live, interact and do business.

Safaricom listed on the NSE at an offer price of Kshs. 5 per share, as the Government of Kenya sold 10 billion shares to the public in Kenya's largest IPO that was oversubscribed by 362% with bids worth Kshs. 231 billion against a target of Kshs. 50 billion.

The company was valued at Kshs. 200 billion at the time, having issued 40 billion shares. In

the period since, the worth of Safaricom to its shareholders has risen by 360% to Kshs. 921 billion, multiplying the capital gains earned by investors.

In April 2018, the Safaricom stock touched an all-time high of Kshs. 33.50, which took its market capitalisation at the time to a peak of Kshs. 1.34 trillion. Safaricom is the only Kenyan firm that has achieved the Kshs. 1 trillion mark in market capitalisation. Such gains can only be built on solid fundamentals.

For an investor, these will be mainly the dividend yield, which is a useful barometer of the maturity of the company, and the consistency of growth in profits, which portray solid and prudent management.

Safaricom has in the last 10 years paid investors a cumulative dividend of Kshs. 226.2 billion. Distributing this amount of wealth to its shareholders is bound to have had a positive effect on the economy, including the sizeable share paid to government which goes into the national kitty.

The company posted a Kshs. 55.3 billion net profit in the year ended March 2018, compared to Kshs. 13.9 billion a decade ago, with revenue rising from Kshs. 61.4 billion to Kshs. 224.5 billion over the period.

The number of subscribers on the Safaricom's network has tripled to 29.6 million from 10.2 million 10 years ago.

What drives this growth?

Safaricom CEO, Bob Collymore, ties it down to the three pillars on which the firm has based its strategy: putting the customer first, delivering relevant products and services, and enhancing operational excellence.

Nothing illustrates the growth of Safaricom better than the money transfer platform M-PESA, which neatly ticks all the three boxes Mr. Collymore has highlighted.

The money transfer platform has evolved over the last 11 years to offer e-payment solutions like *Lipa na M-PESA*, banking and lending products such as *M-Shwari* and *KCB-MPESA* that have recently gone global through partnerships with Western Union and PayPal.

Mobile money transactions in Kenya are now in excess of Kshs. 10 billion per day, Safaricom's M-PESA accounts make 80% of this market.

It is no coincidence therefore that the revenue Safaricom has earned from the payment platform has gone up from less than Kshs. 1 billion in 2008 to Kshs. 63 billion in 2018.

The company is also taking the lead in the data space, enhancing Kenya's digital revolution by providing affordable and reliable internet through both mobile and fibre optic, the latter having a footprint of nearly 6,000 kilometres and accessible to about 142,000 homes.

This has translated into positive social impact, with the firm's value chain injecting an equivalent of 6.5% of GDP, and supporting nearly 900,000 jobs directly and indirectly in the economy.

In addition to the 6,300 employees of the company, statistics shows that there are 162,800 active M-PESA agents. 400 dealers and 1,164 business partners on Safaricom's books.

Listing on the NSE has enabled Safaricom attract local and international investors who have invested in the company due to its strong growth prospects and future outlook. Additionally, listing has enhanced the company's corporate governance structures through listing and continuous listing obligations.

Kenyans should look forward to the company delivering greater impact to the economy through more value chain opportunities and jobs in developing platforms such as the M-Tiba, health payment e-wallet and the hugely promising *DigiFarm* platform that provides smallholder farmers with convenient access to a variety of services, including discounted inputs, financing and advice on best farming practice.

Safaricom will continue transforming lives through innovative, timely and accessible solutions that will have a significant impact on the way Kenyans live, interact and do business. *Nawe kila wakati.*

IPO price	Kshs. 5
Current price	Kshs. 23
Total dividend paid out	Kshs. 226 bn
Total return	28.65%
Divided return	360%
Total return%	473%

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Nairobi Securities Exchange Plc

The Exchange, 55 Westlands Road

+254 (020) 2831000 info@nse.co.ke

@nse_plc

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