

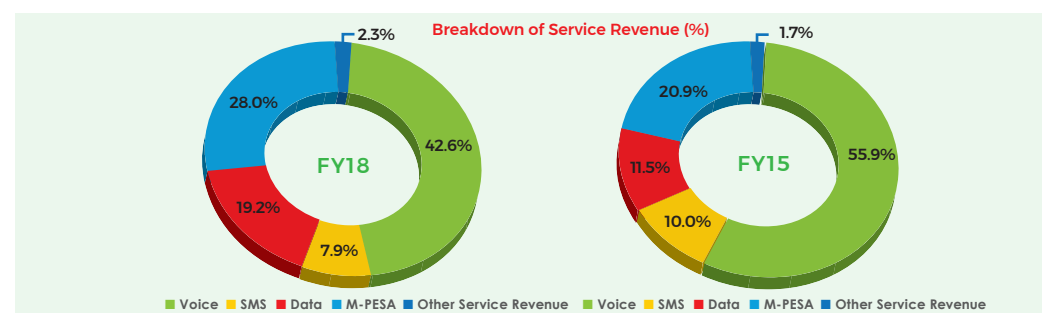
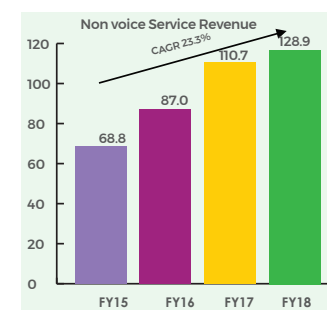
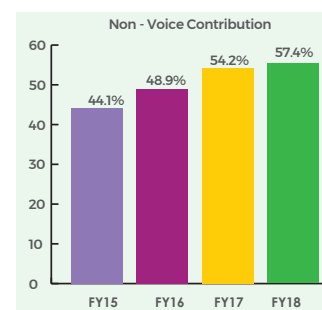
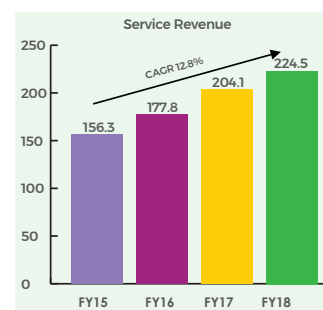
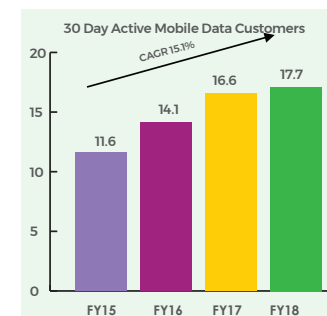
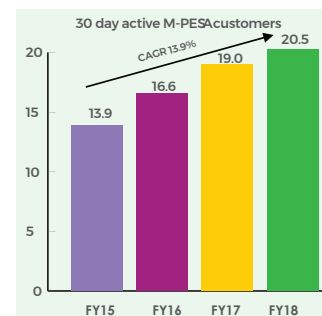
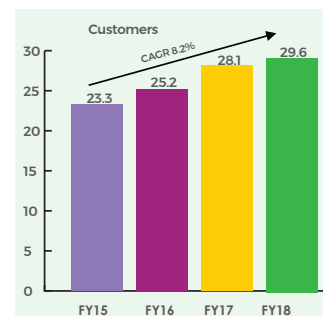
Condensed Consolidated Statement of Comprehensive Income KShs. Bn	Group		% Change
	2018	2017	
Service revenue	224.54	204.11	10.0%
Handsets and other revenue	8.98	8.70	3.2%
Construction revenue	0.20	0.08	>100
<b>Total revenue</b>	<b>233.72</b>	<b>212.89</b>	<b>9.8%</b>
Other income	0.50	2.51	(80.1%)
Direct costs	(70.55)	(66.78)	5.6%
Construction costs	(0.20)	(0.08)	>100
Other expenses	(50.64)	(44.93)	12.7%
<b>Earnings before interest, taxes, depreciation &amp; amortisation (EBITDA)</b>	<b>112.83</b>	<b>103.61</b>	<b>8.9%</b>
Depreciation and amortisation	(33.56)	(33.23)	1.0%
<b>Earnings Before Interest and Taxes (EBIT)</b>	<b>79.27</b>	<b>70.38</b>	<b>12.6%</b>
Finance Income	1.83	1.72	6.4%
Finance Costs	(1.20)	(1.49)	(19.5%)
Share of profit of associate	0.01	0.02	(50.0%)
<b>Profit before taxation</b>	<b>79.91</b>	<b>70.63</b>	<b>13.1%</b>
Income tax expense	(24.62)	(22.19)	11.0%
<b>Total comprehensive income for the year</b>	<b>55.29</b>	<b>48.44</b>	<b>14.1%</b>
<b>Attributed to:</b>			
<b>Equity holders of the company</b>	<b>55.29</b>	<b>48.44</b>	<b>14.1%</b>
Basic and diluted earnings per share (EPS)	1.38	1.21	14.1%
Normal dividend proposed/declared	44.07	38.86	13.4%
Normal dividend per share (DPS) proposed	1.10	0.97	13.4%

Condensed Consolidated Statement of Financial Position KShs. Bn	Group		% Change
	31-Mar-18	31-Mar-17	
Capital employed			
Share capital (including share premium)	4.20	4.20	-
Retained earnings	75.64	64.43	17.4%
Proposed dividends	44.07	38.86	13.4%
<b>Shareholders Funds</b>	<b>123.91</b>	<b>107.49</b>	<b>15.3%</b>
<b>Represented by</b>			
<b>Non Current Assets</b>	<b>139.98</b>	<b>136.53</b>	<b>2.5%</b>
<b>Current assets:</b>			
Inventories	1.60	1.37	16.8%
Receivables and prepayments	15.86	17.83	(11.0%)
Cash and cash equivalents	9.50	5.96	59.4%
Current Income Tax	0.50	-	>100
	<b>27.46</b>	<b>25.16</b>	<b>9.1%</b>
<b>Current liabilities:</b>			
Payables and accrued expenses	39.35	36.57	7.6%
Current income tax	0.14	1.09	(87.2%)
Borrowings	4.04	16.54	(75.6%)
	<b>43.53</b>	<b>54.20</b>	<b>(19.7%)</b>
<b>Net Current Liabilities</b>	<b>(16.07)</b>	<b>(29.04)</b>	<b>(44.7%)</b>
	<b>123.91</b>	<b>107.49</b>	<b>15.3%</b>

Condensed consolidated Statement of Cash Flows KShs. Bn	Group		% Change
	2018	2017	
<b>Operating activities</b>			
Cash generated from operations	117.23	102.00	14.9%
Movement in restricted cash	(0.39)	0.11	(<100)
Net interest received	1.40	1.42	(1.4%)
Income tax paid	(26.28)	(24.00)	9.5%
<b>Net cash from operating activities</b>	<b>91.96</b>	<b>79.53</b>	<b>15.6%</b>
Investing activities	(36.40)	(37.73)	(3.5%)
Other financing activities	(13.16)	15.63	(<100)
Dividends paid	(38.86)	(57.69)	(32.6%)
<b>Net movement in cash and cash equivalents</b>	<b>3.54</b>	<b>(0.26)</b>	<b>&gt;100</b>
<b>Movement in cash and cash equivalents</b>			
At start of year	5.96	6.22	(4.2%)
Increase (Decrease)	3.54	(0.26)	>100
<b>At end of the year</b>	<b>9.50</b>	<b>5.96</b>	<b>59.4%</b>

### Key highlights for the year ended 31 March 2018

- Customer numbers have increased by 5.1% to 29.57m as at 31 March 2018 from 28.13m as at 31 March 2017
- Mobile data customers who were active in the last 30 days increased by 6.2% to 17.67m as at 31 March 2018 from 16.64m as at 31 March 2017
- M-PESA customers who were active in the last 30 days grew by 8.0% to 20.55m as at 31 March 2018 compared to 19.02m as at 31 March 2017
- Service revenue increased by 10.0% from KShs 204.11bn to KShs 224.54bn for the year ended 31 March 2018
- Voice service revenue increased by 2.3% from KShs. 93.46 bn to KShs. 95.64bn for the year ended 31 March 2018
- Messaging (SMS) revenue increased by 6.2% from KShs 16.68bn to KShs 17.72bn for the year ended 31 March 2018
- Mobile data revenue increased by 24.0% from KShs 29.33bn to KShs 36.36bn for the year ended 31 March 2018
- Fixed service revenue increased by 27.3% from KShs 5.24bn to KShs 6.67bn for the year ended 31 March 2018
- M-PESA revenue grew by 14.2% from KShs 55.08bn to KShs 62.91bn for the year ended 31 March 2018
- Non-Voice service revenue (M-PESA/SMS/Broadband/Other service revenue) increased to 57.4% of total service revenues for the year ended 31 March 2018
- EBITDA increased by 8.9% from KShs 103.61bn to KShs 112.83bn for the year ended 31 March 2018. Excluding a one off adjustment of KShs 3.4bn in FY 17, growth was 12.5%.
- EBIT increased by 12.6% from KShs 70.38bn to KShs 79.27bn for the year ended 31 March 2018. Excluding the one off adjustment in FY 17 growth was 18.3%.
- Net income increased by 14.1% from KShs 48.44bn to KShs 55.29bn for the year ended 31 March 2018. Excluding the one off adjustment in FY 17 growth was 19.9%.
- Proposed dividend payout of KShs 44.07bn, an increase of 13.4% from KShs 38.86bn for the year ended 31 March 2018.



### Commentary on results

The Board of Directors is pleased to announce the audited results for the full year ended 31 March 2018. The same accounting policies and methods of computation have been used as were in the last financial statements.

During the year there was an increase in the number of customers to 29.57m as at 31 March 2018. In order to support this growth, the company continued to invest heavily in both the expansion and modernization of its 2G, 3G and 4G networks and fibre roll out.

Capital expenditure in the network for the year ended 31 March 2018 stood at KShs 36.4bn. To finance this expansion, the company leveraged its statement of financial position and continues to invest a significant portion of internally generated cash.

### Borrowings

As at 31 March 2018 bank borrowings were at KShs 4.04bn with cash and cash equivalents at KShs 9.5bn, leaving a net cash of KShs 5.46bn

### Taxation

The Group continues to be a major contributor to the revenues of the Government and remitted KShs 87.64bn in duties, taxes and license fees for the year ended 31 March 2018. This increased the total duties, taxes and fees paid since inception to KShs 580.38bn.

### Dividends

Proposed dividend payout of KShs 44.07 billion

### By order of the Board

Nicholas Nganga  
Chairman

Date: 9 May 2018