

## Safaricom Limited Company Update “King in the North East”

### Recommendation: BUY

We reiterate our **BUY** recommendation informed by our improved **fair value of KES 33.15** which points to a potential **capital gain of 14.4%**. The counter has seen unprecedented growth [since our last update](#) with the rally being propelled by underlying value. In our projections, we forecast a **5-year CAGR of 14.2% in service revenue** with the top-line being rallied by **M-Pesa** and **mobile data revenue**. With cost control being employed, we forecast a **5-year CAGR of 18.1%** in net income. As cash balances gallop, we project a more handsome pay-out in terms of dividend given the lower capex intensity projected. In addition, the higher cash balances may point to a new investment destination for the telco and/or another special dividend.

#### Tailwinds

- Growing subscriber base in line with a growing population and low unique subscribers;
- Galloping M-Pesa revenue as the telco targets the under-tapped MSMEs;
- Rising mobile data revenue supported by rising demand and data based products;
- Leveraging from the untapped potential in fixed data as well as e-commerce;
- Cost control measures as well as increasing yields from products to raise EBITDA;
- Potential launch of M-Pesa beyond the Kenyan borders.

#### Headwinds

- Increased cannibalization of voice and SMS revenue;
- Dominance report and the remedies contained therein;
- Recent price appreciation curtailing potential capital gains;
- Growing competition though Safaricom has in the past blossomed despite this.

Summary	FY17	FY18E	FY19F	FY20F	FY21F	FY22F	FY23F
Revenue (KES B)	215.4	235.3	266.4	304.7	349.0	399.4	448.1
<i>y/y change</i>	9.9	9.2	13.2	14.4	14.5	14.5	12.2
EBITDA (KES B)	103.6	113.5	130.7	152.1	176.9	205.3	233.2
<i>y/y change</i>	24.7	9.6	15.1	16.4	16.3	16.1	13.6
EBITDA Margin (%)	48.7	48.4	49.2	50.0	50.8	51.5	52.1
EPS (KES)	1.21	1.40	1.66	1.99	2.37	2.79	3.22
<i>y/y change</i>	27.1	16.0	18.0	20.0	19.5	17.7	15.3
DPS (KES)	0.97	1.14	1.36	1.65	2.00	2.38	2.78
<i>y/y change</i>	27.6	17.4	19.5	21.5	20.9	19.1	16.7
ROaE	43.2	48.4	49.1	50.4	51.4	52.0	52.0
ROaA	30.2	33.5	35.1	35.4	35.7	36.2	37.0

Source: ApexAfrica Research & Company Filings

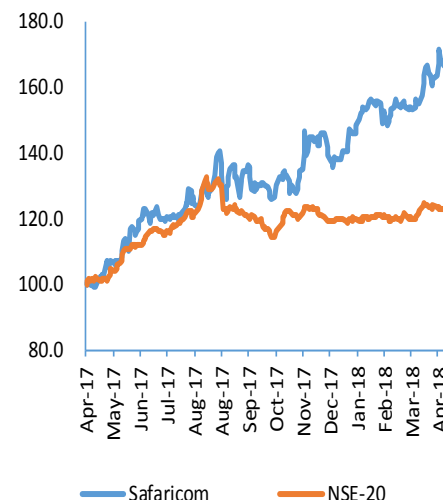
Bloomberg Ticker	SAFCOM KN
Reuters Ticker	SCOM.NR

#### Share Statistics

Fair Value (KES)	33.15
Current price (KES)	29.00
Upside (%)	14.4
Market Cap (KES B)	1,202
Market Cap (USD B)	12.0
Year end	March
Float (%)	25.1
Foreign ownership (%)	12.2
3-month Avg Trading Val (USD M)	2.7

#### Price Trend

##### Safaricom vs NSE-20



Source: (Bloomberg)

#### Senior Research Analyst

Harrison Gitau

[hgitau@apexafrica.com](mailto:hgitau@apexafrica.com)

+254 (20) 760 2545

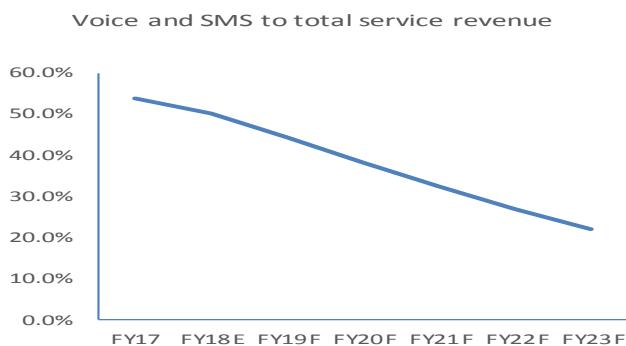
## Growing Subscriber growth

Kenya's population is projected to grow annually by 2.7% (World Bank) which, when coupled with a 60.0% unique subscriber penetration rate (from GSMA), offers headroom for growth in the mobile subscribers. In this respect, we forecast a 5-year CAGR of 8.3% in Safaricom's mobile subscribers to 45.8M by FY23F.

The quarter ending December 2017 saw the telco lose market share to 69.1% (from 71.9%); highly attributed to the "Resist" movement, pushed by the opposition calling onto its members to steer clear from Safaricom's services. The movement was short-lived and with the recent "handshake" the market numbers are anticipated to correct going forward. In our forecasts, we contend with increasing competition in the mobile business with Safaricom losing market share to c.64.0% by FY23F.

## The old life has gone...

We forecast a significant decline in contribution of **voice and SMS revenue** to Safaricom's revenue to 25.7% by FY23F (from 51.3% in 1H18). This follows global trends where voice and SMS usage is being cannibalized by increased consumption of data. On this front, we project a gradual 5-year CAGR of 0.8% in voice revenue to KES 99.9B by FY23F.



Source: Company Filings, ApexAfrica Research

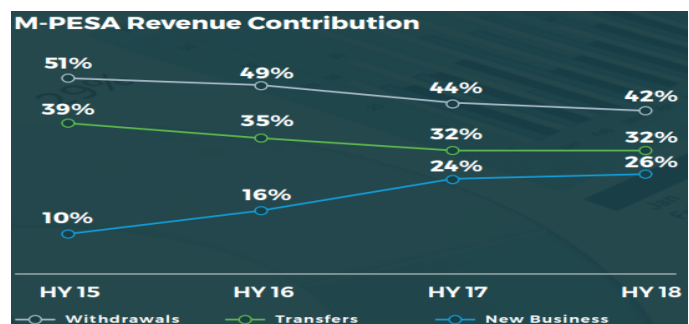
## ...a new one has began

The two largest growing revenue streams for the telco are **M-Pesa** and **mobile data**. Fixed service revenue is also anticipated to realize significant growth going forward while the newly launched e-commerce (*Masoko*) is still budding, but promising. M-Pesa and mobile data are anticipated to contribute 68.0% of service revenue by FY23F (from 41.3% in FY17) as the firm aims to leverage on growing use of cashless settlements and increased focus on data based products.

## M-Pesa; barely scratched the surface

According to management, only c.10.0% of the transactions in the country are cashless; pointing to opportunities for M-Pesa. Safaricom is trying to increase the use of M-Pesa among the MSMEs with the large economic players having already adopted M-Pesa. Safaricom slashed the charges for transactions under KES 100 which, when coupled with targeted marketing, will enhance the use of M-Pesa in the sector. The trend in M-Pesa is declining contribution to M-Pesa revenue from withdrawals whilst new business contribution has been racking up. The new opportunities for growth in M-Pesa lie in payments which have lower yields per transaction compared to withdrawals (management estimates withdrawals are c.4 times higher yielding than payments).

Informed by this, we project revenue per user per transaction to decline at a 5-year CAGR of -5.9%. With increased use of M-Pesa explained by the aforementioned, we forecast the average monthly transactions per user to gallop at a 5-year CAGR of 19.4% which when coupled with the forecasted 5-year CAGR of 10.9% in the number of 30-day active M-Pesa users, results in an uptick in M-Pesa ARPU (5-year CAGR of 12.4%). Consequently, M-Pesa is anticipated to register a 5-year CAGR of 24.6% to KES 189.7B by FY23F.



Source: Company filings

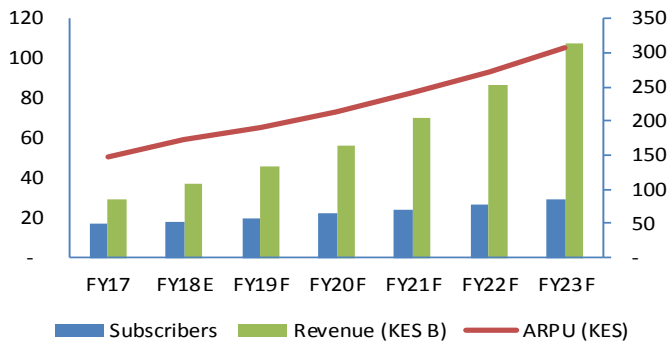
## Mobile data; meeting the need for speed

Mobile data growth is aided by a youthful demographic given that the younger the consumer, the higher the speed demanded. In this brand neutral space, speed, reliability and coverage are the key determinants for choosing a service provider; with cost taking a back seat. According to data provided by Ookla, Safaricom has the highest data speeds in the country. At 96% coverage of the country, Safaricom is arguably the most reliable and widely covered telco in the country. As of 1H18, its 3,913 3G sites translated to 86.0% coverage while the 1,454 4G sites translated to 32.0% coverage. This in turn

explains the telco’s mammoth market share in the recent past despite increasingly richer offers made by its competitors. As a result of its appeal, the telco has registered a 5-year CAGR of 15.4% in mobile data ARPU to KES 147.03 FY17.

We project a continuation of the same, albeit at a lower 5-year CAGR of 7.9% in mobile data ARPU driven by continued provision of premium services to its consumers. The telco plans to increase its coverage of 3G sites to at least 90.0% whilst at the same time increasing its 4G coverage in line with rising demand. Data promotional offers coupled with lower priced 4G enabled phones are anticipated to encourage the switch to higher speeds which have higher yields for the telco. In addition, Safaricom’s new products are anticipated to be data based further driving up the use of mobile data. As such, we forecast a 5-year CAGR of 23.8% in mobile data revenue to KES 108.0B in FY23F.

**Mobile Data**



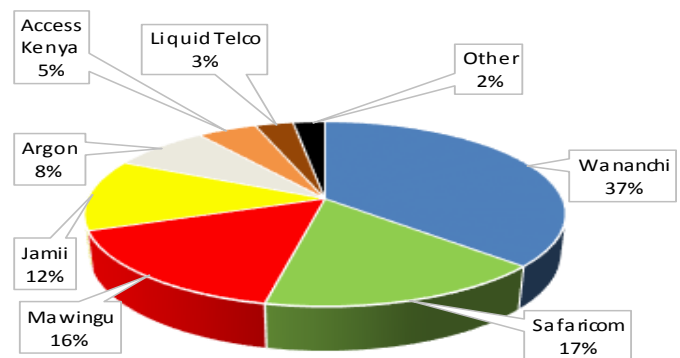
Source: Company Filings & ApexAfrica Research

**Fixed Data; The Dark Horse**

Currently, the addressable market in FTTH and FTTB (Fibre-To-The-Home and Fibre-To-The-Business) is about 0.3M according to Safaricom. The telco reports that its increased fibre roll-out has seen it pass over 140,000 homes though actual homes connected are about 30,000. Having lagged to join the market, Safaricom ranks second behind Wananchi Group (36.7%) with a market share of 16.7% as at Dec 2017. Management however asserts the telco may surpass its largest competitor; driven by aggressive roll-out of fibre lines as well as directed marketing. The firm has also resumed focus on the Safaricom Bigbox by lowering the pricing and enhancing the marketing. The telco plans to use data from the Bigbox in addition to other sources to map out fibre roll-out. We project a 5-year CAGR of 24.5% in the addressable market with homes and businesses connected by the telco grow-

ing at a 5-year CAGR of 41.7% informed by lower connection charges as well as increasing disposable income. The lower charges translate to lower ARPU for fixed data (5-year CAGR of -18.9%), though the significant increase in subscriber base is projected to result in a 5-year CAGR of 13.2% in fixed data revenue to KES 11.4B by FY23F.

**Market share by Subscriptions**



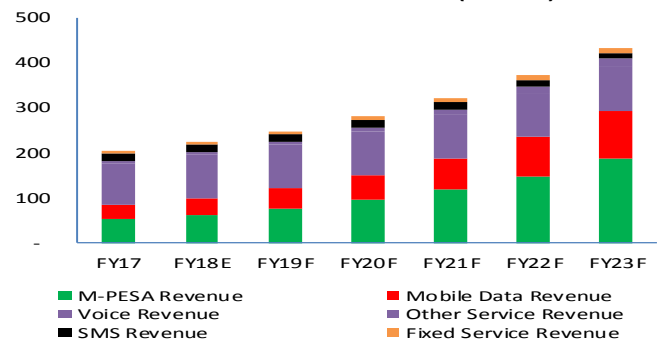
Source: Communications Authority of Kenya

**The Youngling; E-commerce**

Safaricom entered into the fast growing e-commerce segment a platform dubbed *Masoko* (Nov 2017). The e-commerce market is budding seeing that an estimated c.0.5% of Kenyans buy products online. The numbers are projected to rack-up with the sector being supported by high internet penetration and extensive mobile money acceptance.

According to management, the largest challenge in this space is rigid consumer behavior. In foresight, the consumer behavior is changing in Kenya borrowing mostly from developed markets where e-commerce is continually replacing the old retail stores. The youthful demographic which is more susceptible to change is anticipated to support the sector.

**Service Revenue (KES B)**



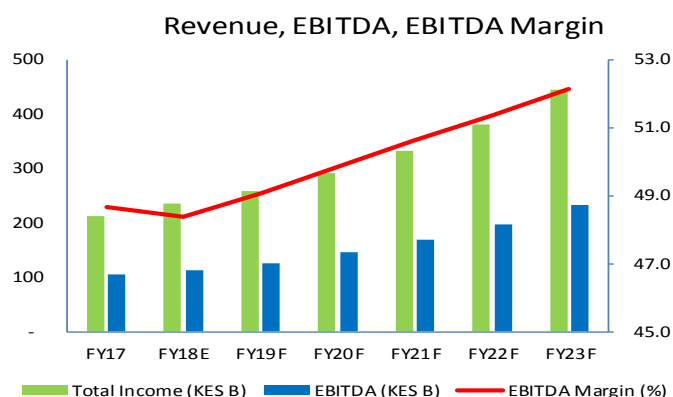
Source: Company Filings & ApexAfrica Research

## No-look-pass on margin improvement

Management asserts that though cost control is key in its strategy, it takes a backseat given the numerous products it intends to roll-out.

We forecast a modest 5-year CAGR of 9.9% in its direct costs with the growth lagging the 5-year CAGR of 13.8% in total revenue. The slower growth in direct costs will be supported by reduced commissions to agents as withdrawals continue to fall while new M-Pesa businesses (e.g. payments) pick up.

Given the roll out of new products anticipated, we forecast operating costs to outpace increase in service revenue (5-year CAGR of 14.8%). However, given that direct costs are anticipated to grow at a slower rate, the telco is expected to register a significant improvement in EBITDA margin to 52.1% in FY23F (from 47.4% in 1H18).



Source: Company Filings & ApexAfrica Research

## Lower Capex Intensity; Higher Cash Balances

With guidance from management, we forecast an easing in capex intensity to 13.1% in FY23F from 15.2% in 1H18. In the last decade, Safaricom has made heavy investment which will see the telco with future roll-out of products leveraging the infrastructure. Safaricom plans to venture outside Kenya with management asserting that it will be asset light.

Given the lower capex intensity coupled with higher cash flows from operating activities, we forecast a significant jump in its cash and cash equivalents to KES 136.8B. The higher cash balances may be used to finance the launch of new products as well as new ventures. In addition, the higher liquidity may be used to finance a special dividend; all of which have not been factored into our forecasts.

## Peer comparables

Name	Country	P/B X	P/E X	EV/EBITDA X	Div Yield %	ROE %
<b>Safaricom</b>	KE	<b>13.2</b>	<b>24.7</b>	<b>22.7</b>	<b>3.2</b>	<b>50.1</b>
Emirates Telco	AE	3.5	17.8	8.7	4.5	19.5
Vodacom Group	ZA	3.2	16.1	9.0	5.5	23.3
MTN Group	ZA	2.2	52.9	6.3	6.1	4.5
Maroc Telecom	MA	8.3	23.0	8.6	4.3	36.4
Ooredoo	QA	1.2	13.7	4.1	4.2	8.7
Zain Kuwait	KW	1.4	11.9	6.8	7.5	11.8
Bezeq	IL	7.0	10.9	5.5	9.6	61.5
Emirates Integrated Teleco	AE	2.8	13.4	4.0	6.8	21.5
<b>Mean</b>		<b>4.8</b>	<b>20.5</b>	<b>8.4</b>	<b>5.7</b>	<b>26.4</b>
<b>Median</b>		<b>3.2</b>	<b>16.1</b>	<b>6.8</b>	<b>5.5</b>	<b>21.5</b>

Source: Company filings, ApexAfrica Research & Bloomberg

## Valuation

### Assumptions

Risk free rate (%)	12.0	5-year T-Bond yield
Beta (x)	0.8	ApexAfrica Estimates
Risk premium (%)	5.0	
Return on equity (%)	16.1	
Long-term growth rate (%)	10.0	

### NAV/Share method

Historical average P/B (x)	8.5
FY19F NAV per share (KES)	3.85
<b>Fair Value (KES)</b>	<b>32.65</b>

### Dividend Yield method

Historical average yield (%)	4.0
FY19F DPS (KES)	1.36
<b>Fair Value (KES)</b>	<b>33.87</b>

### FCFE Method

	FY19F KES B	FY20F KES B	FY21F KES B	FY22F KES B	FY23F KES B	Terminal KES B
CFO	100.98	125.53	136.82	169.80	173.45	
Capex	(38.5)	(39.0)	(43.5)	(48.4)	(53.8)	
Net borrowing	(8.8)	2.2	1.4	0.8	0.2	
FCFE	53.7	88.6	94.7	122.2	119.8	2,144.6
Discounted FCFE	46.6	66.1	60.9	67.6	57.1	1,021.3
Sum FCFE	1,319.6					
<b>Fair value (KES)</b>	<b>32.94</b>					

Blended fair value	KES
NAV/share	32.65
Dividend yield	33.87
FCFE	32.94
<b>Blended fair value</b>	<b>33.15</b>

## Pertinent Issues

- ◆ **Dominance Report:** A report by Analysys Mason deems Safaricom as a dominant telco player in the country as its competitors continue grappling with losses. The report suggested mobile money interoperability, shared access to some of its sites in the country and Safaricom commencing national roaming among others. Safaricom argues that this works against the country's directive of encouraging investment with the remedies appearing to punish Safaricom's long-term investment in the country. Some remedies have the potential to change our assumptions going forward, though, we are of the opinion that Safaricom will continue leveraging on its significant investment, with the remedies unlikely to challenge its revenue streams and market share.
- ◆ **Mobile money interoperability:** The seamless transfer of money from one mobile operator to another was launched on April 10<sup>th</sup> for M-Pesa and Airtel Money with the T-Kash platform from Telkom to be integrated later. Despite this, there remains rigid agent interoperability such that customers cannot withdraw or deposit money from/to agents that are not on their networks. As such, with mobile money agency market share of 80.3%, M-Pesa is anticipated to continue enjoying large traction of volume translating to growing revenues.
- ◆ **Merger of its competitors:** Airtel and Telkom have been reported to be working out a merger seeking to leverage on synergies. The new unit may rival Safaricom in terms of coverage. Though potentially shaking Safaricom's grip in the market, the move comes in too little too late seeing the change in the playing field from voice concentrated to data and mobile money based. Safaricom remains the most innovative telco in the country with its competitors largely playing catch-up. As such, though the new outfit will have more muscle, Safaricom is likely to continue running circles around it. On the flip side, a successful competition may see the authorities off the neck of Safaricom as the telco would cease to be largely dominant.

- ◆ **Beyond the borders:** Safaricom had mentioned plans to venture outside Kenya and possibly eyeing the closed up economy of Ethiopia. With management playing cards close to their chest, it remains to be seen which country they're looking to cause further disruption. The investment into other countries is anticipated to be asset light, keeping capex intensity low.

## 1H18 Recap

Income Statement	1H17	1H18	y/y change
	KES B	KES B	%
<b>Service revenue</b>	<b>98.0</b>	<b>109.7</b>	<b>12.0</b>
Handset and other revenue	4.0	4.5	11.9
Construction revenue	0.1	0.2	162.5
<b>Total revenue</b>	<b>102.1</b>	<b>114.4</b>	<b>12.1</b>
Other income	2.3	0.3	-86.0
Direct cost	(32.5)	(35.4)	9.0
Construction cost	(0.1)	(0.2)	150.0
Operating costs	(21.0)	(24.8)	18.3
<b>EBITDA</b>	<b>50.8</b>	<b>54.3</b>	<b>6.8</b>
Depreciation and amortization	(16.4)	(16.7)	2.4
<b>EBIT</b>	<b>34.5</b>	<b>37.5</b>	<b>8.9</b>
Finance income	0.8	0.9	10.1
Finance costs	(0.8)	(0.6)	-22.1
Share of associate profit	0.0	0.0	-3.2
<b>Pretax profit</b>	<b>34.5</b>	<b>37.8</b>	<b>9.7</b>
Tax	(10.6)	(11.6)	9.9
<b>Net Income</b>	<b>23.9</b>	<b>26.2</b>	<b>9.6</b>

Statement of Financial Position	1H17	1H18	y/y change
<b>Shareholder funds</b>	<b>82.9</b>	<b>94.8</b>	<b>14.3</b>
Non-current assets	135.1	138.6	2.6
Current assets	68.8	47.6	-30.9
Current liabilities	120.9	91.3	-24.5
<b>Net assets</b>	<b>82.9</b>	<b>94.8</b>	<b>14.3</b>

Statement of Cash Flows	1H17	1H18	y/y change
<b>Cash flows from operating activities</b>	<b>39.2</b>	<b>49.5</b>	<b>26.5</b>
Cash flows used in investing activities	(18.9)	(17.4)	-8.1
Cash flows from financing activities	16.6	(9.9)	-
<b>Net change in cash and cash equivalents</b>	<b>36.8</b>	<b>22.1</b>	<b>-39.9</b>
Opening cash and cash equivalents	6.2	6.0	-4.2
<b>Closing cash and cash equivalents</b>	<b>43.0</b>	<b>28.1</b>	<b>-34.8</b>

Source: Company filings & ApexAfrica Research

## Financial forecasts

Income Statement	FY17	FY18E	FY19F	FY20F	FY21F	FY22F	FY23F	y/y change %	5-year CAGR %
	KES B	KES B	KES B	KES B	KES B	KES B	KES B		
Voice revenue	93.5	96.1	99.9	102.6	104.0	104.0	99.9	2.8	0.8
SMS revenue	16.7	17.6	16.8	15.9	14.9	13.8	12.5	5.3	-6.6
<b>Mobile data revenue</b>	<b>29.3</b>	<b>37.1</b>	<b>47.1</b>	<b>59.3</b>	<b>73.9</b>	<b>90.8</b>	<b>108.0</b>	<b>26.7</b>	<b>23.8</b>
Fixed service revenue	5.2	6.1	6.4	8.2	9.7	10.6	11.4	16.9	13.2
<b>M-PESA revenue</b>	<b>55.1</b>	<b>63.2</b>	<b>79.3</b>	<b>99.9</b>	<b>125.4</b>	<b>156.5</b>	<b>189.7</b>	<b>14.7</b>	<b>24.6</b>
Other service revenue	4.4	5.6	7.0	8.8	11.0	13.5	16.3	27.7	23.9
<b>Service revenue</b>	<b>204.1</b>	<b>225.6</b>	<b>256.6</b>	<b>294.8</b>	<b>338.9</b>	<b>389.3</b>	<b>437.8</b>	<b>10.5</b>	<b>14.2</b>
Other income	11.3	9.6	9.8	9.9	10.0	10.2	10.3	-14.3	1.2
<b>Total revenue</b>	<b>215.4</b>	<b>235.3</b>	<b>266.4</b>	<b>304.7</b>	<b>349.0</b>	<b>399.4</b>	<b>448.1</b>	<b>9.2</b>	<b>13.8</b>
Direct cost	(66.8)	(70.7)	(77.3)	(85.3)	(94.2)	(104.2)	(113.1)	5.7	9.9
Operating costs	(45.0)	(51.1)	(58.4)	(67.4)	(77.9)	(89.9)	(101.8)	13.6	14.8
<b>EBITDA</b>	<b>103.6</b>	<b>113.5</b>	<b>130.7</b>	<b>152.1</b>	<b>176.9</b>	<b>205.3</b>	<b>233.2</b>	<b>9.6</b>	<b>15.5</b>
Depreciation and amortization	(33.2)	(33.9)	(35.9)	(38.5)	(41.8)	(45.4)	(48.1)	2.1	7.2
EBIT	70.3	79.6	94.8	113.5	135.1	159.8	185.1	13.1	18.4
Net finance income/(cost) & associate profit	0.3	1.0	(0.1)	0.2	0.8	0.1	(0.7)	-	-
Pretax profit	70.6	80.6	94.7	113.7	135.8	159.9	184.4	14.2	18.0
Tax	(22.2)	(24.4)	(28.4)	(34.1)	(40.7)	(48.0)	(55.3)	10.1	17.7
<b>Net Income</b>	<b>48.4</b>	<b>56.2</b>	<b>66.3</b>	<b>79.6</b>	<b>95.1</b>	<b>112.0</b>	<b>129.1</b>	<b>16.1</b>	<b>18.1</b>
<b>EPS (KES)</b>	<b>1.21</b>	<b>1.40</b>	<b>1.66</b>	<b>1.99</b>	<b>2.37</b>	<b>2.79</b>	<b>3.22</b>	<b>16.0</b>	<b>18.1</b>
<b>DPS (KES)</b>	<b>0.97</b>	<b>1.14</b>	<b>1.36</b>	<b>1.65</b>	<b>2.00</b>	<b>2.38</b>	<b>2.78</b>	<b>17.4</b>	<b>19.5</b>

Statement of Financial Position	FY17	FY18E	FY19F	FY20F	FY21F	FY22F	FY23F	y/y change	5-year CAGR
<b>Shareholder funds</b>	<b>68.6</b>	<b>79.2</b>	<b>91.0</b>	<b>104.3</b>	<b>119.3</b>	<b>135.9</b>	<b>153.7</b>	<b>15.4</b>	<b>14.2</b>
Non-current assets	136.5	142.5	152.4	164.8	179.4	191.6	202.1	4.3	7.2
Current assets	25.2	31.4	51.2	81.8	106.4	140.5	163.8	24.8	39.1
Current liabilities	93.1	93.6	104.0	125.3	141.0	166.7	183.0	0.5	14.4
<b>Net assets</b>	<b>68.6</b>	<b>80.3</b>	<b>99.6</b>	<b>121.3</b>	<b>144.9</b>	<b>165.5</b>	<b>182.8</b>	<b>17.0</b>	<b>17.9</b>

Statement of Cash Flows	FY17	FY18E	FY19F	FY20F	FY21F	FY22F	FY23F	y/y change	5-year CAGR
<b>Cash flows from operating activities</b>	<b>78.5</b>	<b>92.0</b>	<b>101.0</b>	<b>125.5</b>	<b>136.8</b>	<b>169.8</b>	<b>173.5</b>	<b>17.2</b>	<b>13.5</b>
Cash flows used in investing activities	(37.7)	(38.5)	(39.0)	(43.5)	(48.4)	(53.8)	(58.6)	1.9	8.8
Cash flows from financing activities	(41.2)	(47.7)	(43.5)	(53.1)	(65.5)	(79.9)	(96.2)	15.9	15.1
<b>Net change in cash and cash equivalents</b>	<b>(0.4)</b>	<b>5.9</b>	<b>18.4</b>	<b>28.9</b>	<b>23.0</b>	<b>36.1</b>	<b>18.7</b>	<b>-</b>	<b>26.0</b>
Opening cash and cash equivalents	6.1	5.7	11.6	30.1	59.0	82.0	118.1	-5.9	83.1
<b>Closing cash and cash equivalents</b>	<b>5.7</b>	<b>11.6</b>	<b>30.1</b>	<b>59.0</b>	<b>82.0</b>	<b>118.1</b>	<b>136.7</b>	<b>102.2</b>	<b>63.8</b>

Ratios and Margins	FY17	FY18E	FY19F	FY20F	FY21F	FY22F	FY23F
EBITDA margin (%)	48.7	48.4	49.2	50.0	50.8	51.5	52.1
EBIT margin (%)	33.1	33.9	35.7	37.4	38.8	40.1	41.4
<b>Net income margin (%)</b>	<b>22.8</b>	<b>23.9</b>	<b>25.0</b>	<b>26.2</b>	<b>27.3</b>	<b>28.1</b>	<b>28.9</b>
ROaA (%)	30.2	33.5	35.1	35.4	35.7	36.2	37.0
<b>ROaE (%)</b>	<b>43.2</b>	<b>48.4</b>	<b>49.1</b>	<b>50.4</b>	<b>51.4</b>	<b>52.0</b>	<b>52.0</b>
Current ratio (x)	0.3	0.3	0.5	0.7	0.8	0.8	0.9

Source: Company filings &amp; ApexAfrica Research

## Appendix

### Investment ratings

- ✦ **Buy:** A total return is anticipated in excess of the market's long-term historic annual rate (approximately 10%). Total return expectations should be higher for stocks that possess greater risk.
- ✦ **Hold:** Hold the shares with neither a materially positive total return nor a materially negative total return anticipated.
- ✦ **Sell:** Stock should be sold as materially negative total return is anticipated.

### Disclaimer

ApexAfrica and its parent company AXYS Group seek to do business with companies covered in their research reports. Consequently, a conflict of interest may arise that could affect the objectivity of this report. This document should only be considered a single factor used by investors in making their investment decisions. The reader should independently evaluate the investment risks and is solely responsible for their investment decisions. The opinions and information portrayed in this report may change without prior notice to investors.

This publication may not be distributed to the public media or quoted or used by the public media without prior and express written consent of ApexAfrica or AXYS Group.

This document does not constitute an offer, or the solicitation of an offer, for the sale or purchase of any security. Whilst every care has been taken in preparing this document, no representation, warranty or undertaking (express or implied) is given and no responsibility or liability is accepted by Apex Africa or any of its employees as to the accuracy of the information contained and opinions expressed in this report.

ApexAfrica Capital Ltd

**A** The Riverfront, 1<sup>st</sup> Floor, Prof. David Wasawo Drive, Off Riverside Drive | P.O. Box 43676-00100 | Nairobi | Kenya |

**T:** +254-20-2226440 | **Fax:** +254-20-2319092 | **Cell:** +254-723-420204 | **W :**

[www.apexafrica.com](http://www.apexafrica.com)