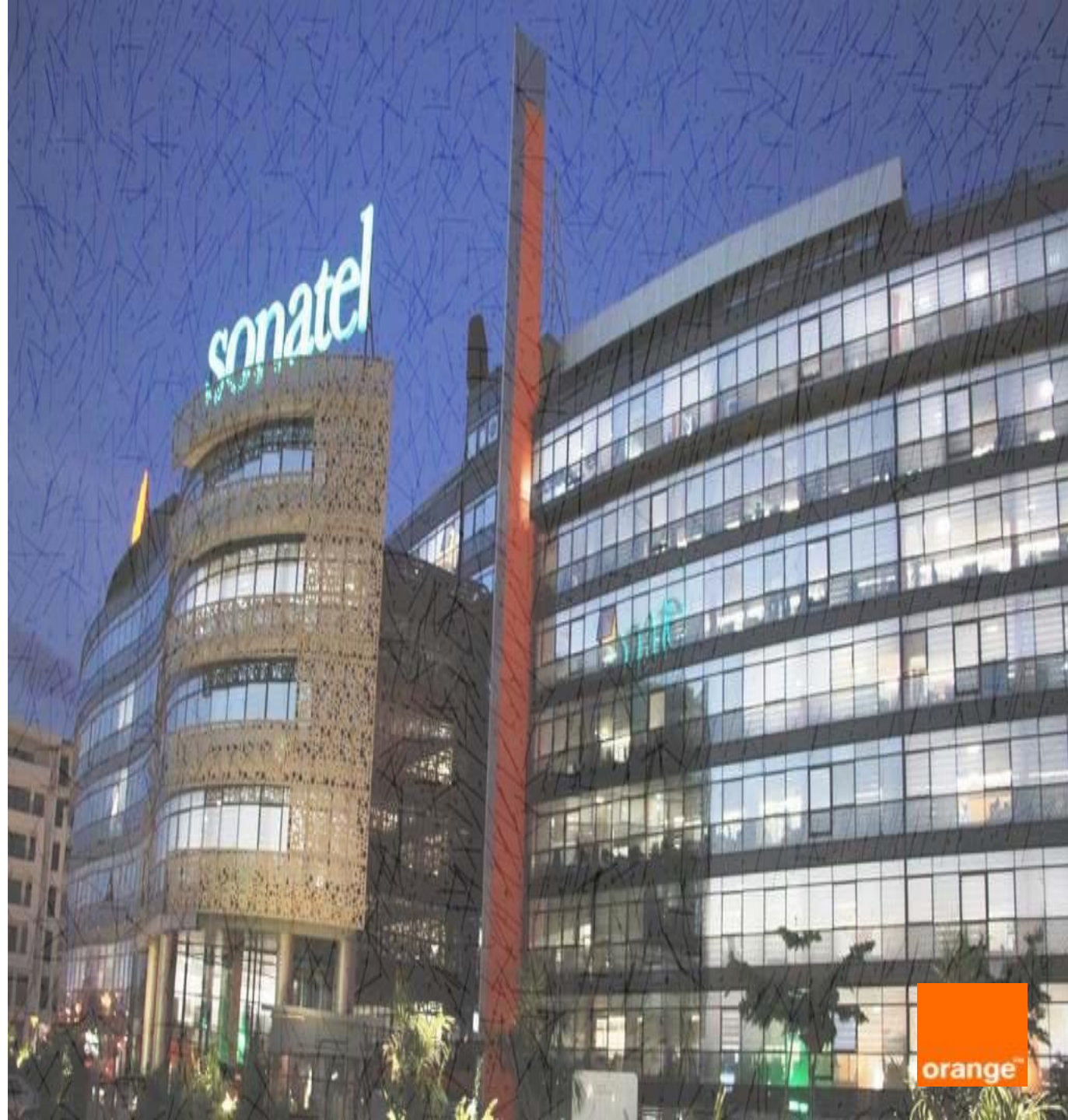


sonatel

# Financial Results Q3 2021



# SUMMARY

01

**Key Figures**

02

**Highlights per country**

# Glossary

1. **IFRS** : the indicators presented in this document have been established in accordance with IFRS. Q3 2021 figures have been restated using this same format.

2. The impact of IFRS 16 mainly concerns the following elements:

- **Rental commitments**: these liabilities were previously disclosed off-balance sheet in the appendices to the consolidated financial statements. Under IFRS 16, they are recognized on the balance sheet (i) as assets representing the right of use to the asset, according to the valuation approach required by IFRS 16 and (ii) as a liability.
- **Operational expense of rental contracts**: this charge was previously included in indirect costs. Under IFRS 16, it is replaced by depreciation expense and interest expense.
- **Ebitdaal** : (EBITDA after Leases) is an indicator of financial profitability that takes into account depreciation and interest charges relating to leases. It replaces the adjusted EBITDA.
- **ECapex** : corresponds to (i) tangible and intangible investments excluding telecommunications licenses and financed assets, (ii) less the sale prices of intangible and tangible assets sold.

# 1

## Key Figures





## Environment

- Relatively stable pandemic situation on Q3
- Coup in Guinea and Mali with dissolution of governments and swearing-in of new presidents
- Mali suspended by African Union and ECOWAS
- Tense security context in northern Mali with continued attacks and the suspension of military operations by France
- Soaring foodstuffs of basic necessities in Senegal
- Currency exchange issue for the Leone and the Guinean Franc
- State of health emergency in Bissau since August 26

## Business

- Very good sales momentum in all countries of presence
- Continued decline in the value of the mobile money market in Senegal
- Continued overhaul of tariffs on mobile data and OM in Mali with the arrival of Senegal's main mobile money competitor
- Reached the 11M customer mark in July in Senegal
- Postponement of the commissioning of the submarine cable to the first quarter of 2022 in Bissau
- Continuation of abundance offers in Guinea via mobile money recharge, voice-to-data bonus conversion.
- Launch of 4G + in Sierra Leone.
- Orange Digital Center opens in July 2021 in Mali

## Performance

- Good revenue growth thanks to good commercial momentum driven by all countries despite the Covid context and strong competitive pressure
- Improved profitability and growth in Free Cash Flow
- Acceleration of the deployment of CAPEX in line with strong demand and development challenges

# Key messages



## Market and Competition

- Maintained leadership in volume market share in all countries
- Intensification of competition on mobile money in Senegal and Guinea
- The main mobile money competitor in Senegal announces a fundraising of nearly 200 Million USD and launches its activities in Mali
- OFMS and Baobab partnership under the Pico credit offer
- Project to create a digital currency by the BCRG in Guinea
- 4G license being negotiated by MTN in Guinea
- MVNO operator in Senegal struggling with staff

## Regulations

- Publication of the joint decree raising fees for frequencies, invoicing of USSD codes and mobile stations, and lowering of FH fees in Guinea
- Entry into force in Mali of the new symmetrical interconnection tariffs with MALITEL at 2.5 FCFA / min
- Decision to grant 10 Mhz to Malitel in the 800 Mhz band.
- Project to introduce new taxes by the tax administration, particularly on terminals and financial transactions in Mali
- New EIT tax in Bissau (5F / min on outgoing traffic, 3F / min Sms, 5F data) and possible reduction in the Interconnection tariff from 39F / min to 10 FCFA in 2021, then a decrease to 2 FCFA in the 3 years to come
- Granting of a new license to Guinea Telecom SA in Bissau
- New application of the ARTP "Sama network" to measure the coverage and quality of mobile networks in Senegal

In XOF, as of septembre 30th 2021

**Turnover** **984.5 Billion** **+10%**



**Ebitdaal** **430.3 Billion** **+13.2%**



**Free Cash Flow** **269.2 Billion** **+13.9%**



**\*Ecapex** **161.1 Billion** **+12.1%**



**Net Income** **189.3 Billion** **+34.7%**



# Key Financial Figures

## Revenues

Consolidation of revenue growth in yoy with an increase of XOF 89.5 billion or + 10% driven by all the countries of the cluster thanks to retail revenues mainly in Mali and Guinea. Wholesale is declining less quickly than expected thanks to the performance of national Incoming and roaming visitors, which mitigated the drop in IDD and hubbing.

## Ebitdaal

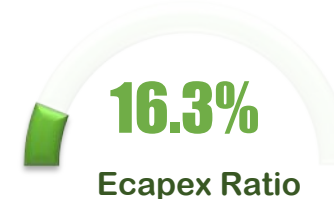
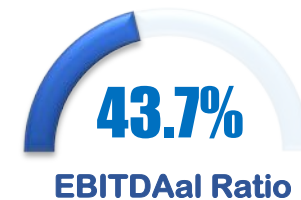
A good performance of the operating margin which is strengthening (+ 50.3 billion XOF or + 13.2%), resulting from the strong growth in turnover supported by good control of direct costs despite the increase in indirect costs .

## Ecapex

At the end of September, XOF 161.1 billion of investments in the cluster, growing by 12.1% in YoY. The CAPEX / turnover rate is ahead by 1.6 pts around 16.3%.

## Net Income

Very good performance of net income (+48.7 billion XOF which is + 34.7% yoy) thanks to the operating margin preserved by good control of financial results and depreciation.



as of Septembre 30, 2021

**Mobiles+  
Internet  
Customers**

**38.2 million** **+9.5%**



Good **growth in the subscribers base YoY (+9.5%)** driven by the good commercial momentum at the cluster level thanks to a good rate of recruitments around the high speed broadband.

**Mobiles  
customers**

**37.6 million** **+9.3%**



A **mobile customer base** in advance like the group, driven by good momentum in recruiting new customers.

**Mobile  
Data  
customers**

**14.7 million** **+14.2%**



A **mobile Internet base up 14.2% yoy**, driven mainly by Mali

Good performance of the **Orange Money** customer base at the cluster level in YoY despite the intensifying competitive pressure in Senegal.

**Orange  
Money  
customers\***

**12.1 million** **+18.8%**



Continued growth in the Very high speed network supported by Fiber, LTE / FDD and TDD offers.

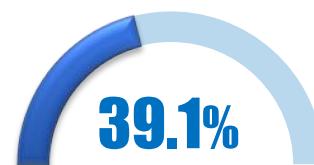
**THD  
Landline**

**416.5 K** **+40.2%**

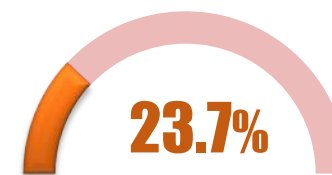


\* 90-day active customers

# Key Operational Figures



Mobile Data Penetration



Orange Money Penetration

# 2

## Highlights per country



**Orange illiflex**

1 Jour	7 Jours	30 Jours
De 500F à 1200F	De 1300F à 2100F	De 2200F à 10 000F
Bonus 100 SMS	Bonus 300 SMS	Bonus 500 SMS



# Senegal



Orange maintains its leadership with a volume market share of 55% thanks to retail despite the sharp decline in Orange money revenues following the drop in market value driven by competition. Continuation of network optimization with the strengthening of the deployment of fiber and 4G.

## FMI customers

**11.6 Million**

**+7.6%**

## Mobile customers

**11.1 Million**

**+6.9%**

## Data Mobile customers

**4.8 Million**

**+0.7%**

## Orange Money active customers\*

**3.4 Million**

**+1.8%**

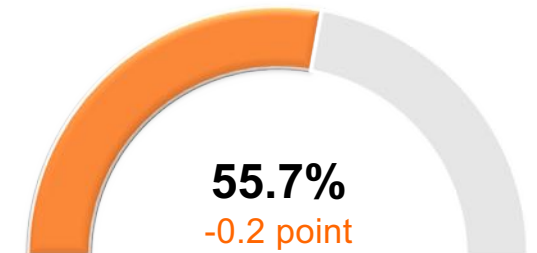
## Broadband Customers

**332.6 K**

**+41.7%**

- Considerable drop in Covid cases following the 3rd wave
- Resumption of economic activity following the Covid19 crisis period
- The ARTP wants better monitoring of coverage and quality of mobile networks through its new application "Sama network"
- Regulatory decision on the asymmetry of interco tariffs with a potential retroactivity impact on 2021
- Following a request from the mobile money competitor, ARTP asks Sonatel to allow the latter to distribute its products in the same way as Orange Money. An offer under the same conditions as OFMS was offered to him
- Reached the 11M customer mark in July
- Inauguration of the new Orange agency in Touba (religious city with high economic potential)
- Growth of the Orange Money customer base slowed down by the intensification of competition.
- Price revamp and new operating model for the Orange Money business
- Strong competition for mobile dynamic market share. The mobile competitor very present on the media scene and the 3rd operator has been winning back since the launch of its 4G.

## Market Share



**2G / 3G / 4G / 4G+**

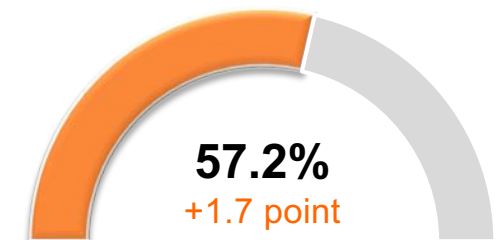


Good financial and operational performance in Mali despite an unstable political and security situation thanks to good commercial momentum following the Data and Orange Money tariff revisions. Strengthened leadership in volume with a market share of 57.2% driven by good growth in the mobile fleet with more than 12.6 million subscribers thanks to the boost fleet campaign. A level of investment well ahead of the budget correlated with the ambitions of revenue generation and profitability with in particular the acceleration of the deployment of the ALL4G program in S1.

FMI customers	Mobile customers	Data Mobile customers	Orange Money active customers*	Broadband customers
<b>12.7 Million</b> +3.7%	<b>12.6 Million</b> +3.6%	<b>5.1 Million</b> +18.2%	<b>3.7 Million</b> +14.9%	<b>65.2 K</b> +33.2%

- Resurgence of insecurity in the central and northern zone
- Swearing-in of the new President and appointment of a new government following the institutional changes of May and June 2021
- Authorization for the construction of a 25 MW solar power plant and signing of a memorandum of understanding with Electricity of Mali for the injection of production into its network and the resale of the surplus
- Effective arrival of the same competitor in Senegal on the mobile money market.
- Orange Money : A 30% drop in cash out withdrawal fees in September after a first -15% drop in March
- Lower mobile Internet prices (more volume at the same price)
- New symmetrical interconnection tariffs with the second operator at 2.5 FCFA / min.
- Decision to grant 10 MHz to the second operator in the 800 MHz band.
- Donation from the Orange Mali Foundation of 17 hospital beds and 11 ventilators to the Ministry of Health and Social Development worth 160 million as part of the fight against Covid-19
- Orange Digital Center opening in July 2021 and ceremony of laying the foundation stone of the new headquarters

## Market Share



**2G / 3G / 4G / 4G+**

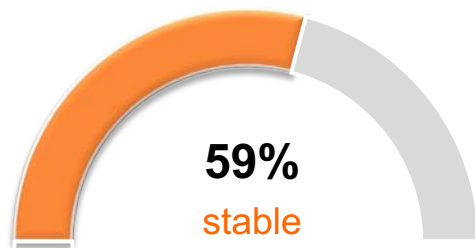


Very good financial and operational performance in an unstable political, regulatory and fiscal context, driven by good commercial dynamics and aggressive network deployment

FMI customers	Mobile customers	Data Mobile customers	Orange Money active customers*	Broadband customers
9 Million	8.9 Million	3.6 Million	2 Million	10.6 K
+9.6%	+9.6%	+22.6%	+14.4%	+89.1%

- Coup with arrest of president on September 5, annulment of constitution, dissolution of government and institutions
- Swearing-in of the new President of the Republic
- Strengthening of the mobile market share value (+ 1.3pts), Data and Orange Money
- Deployment of +200 sites since the start of the year
- Continued fiscal pressure on the sector
- End of voice bonuses following the application of as 20GNF fee on every Onnet minute
- Publication of the new joint decree on the pricing of costs, rights and charges relating to the supply of telecommunications and postal products and services: increase in charges (2G, 3G 4G and PMP), invoicing of USSD codes and reduction in FH charges
- Sales and marketing animation around Data / Residential plans, smartphones and Orange Money
- Continuation of sponsorship actions:
- empowerment program for 100 women in Kankama (identification of the most vulnerable & creation of 4 groups equipped with tools & funds / training, etc.),
- artistic education: 100 students introduced to the arts in 10 digital schools (puppet workshops)

## Market Share

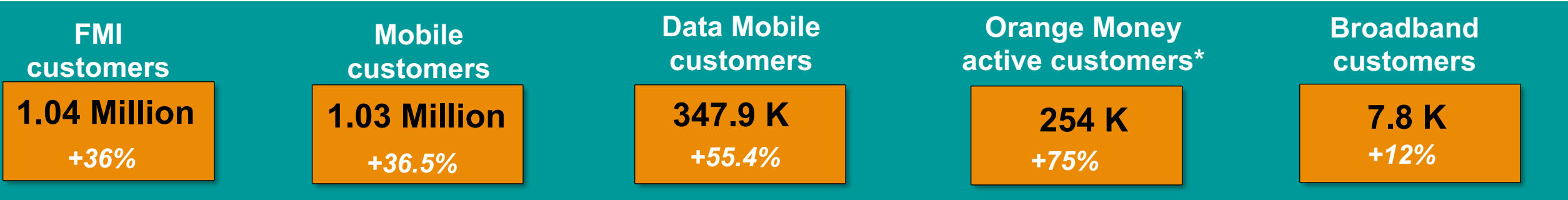


2G / 3G / 4G / 4G+

\* 90-day active customers

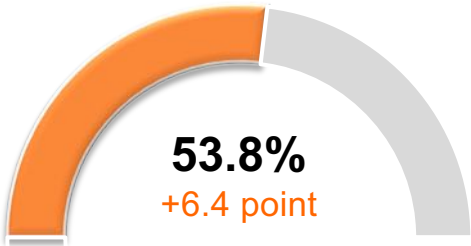


Good momentum in the activity driven by retail, particularly voice, data and Orange Money despite the withdrawal of wholesale and the heavy tax burden. Resumption of leadership in volume market share and strengthening of value leadership. An acceleration of investments this year with the full network swap and the commissioning of 121 rural sites out of 150.



- \$ 43 million loan from the Arab Bank for Economic Development in Africa for road construction
- State of health emergency since August 26 with restrictions
- Decrease in Covid cases at the end of September following an upsurge in August
- New postponement of commissioning of the submarine cable first quarter 2022
- ARN plans to reduce Interconnection traffic from 39.13 XOF per minute to 10 XOF in 2021, and to decrease to 2 XOF in the next 3 years
- Granting of a new license to Guinée Télécom SA to relaunch its activity.
- New Telecom tax impacting the turnover
- Study on the taxation of the telecoms sector and national strategic plan on ICT from the regulator sent to operators.

## Market Share



2G / 3G / 4G / 4G+

\* 90-day active customers



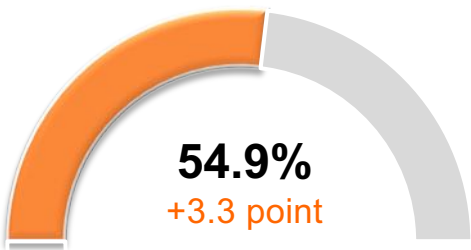


Excellent performance with record sales in July and August linked to a growth in the customer base in connection with good commercial dynamics around mobile data and voice as well as Orange Money, combined with the postponement of implementation regulatory decisions to revise the floor price and national interconnection tariffs. OSL currently has 3.9 million mobile subscribers, including over 175,000 active on 4G.

FMI customers	Mobile customers	Data Mobile customers	Orange Money active customers*	Broadband customers
3.9 Million	3.9 Million	0.8 Million	2.6 Million	2.56 K
+33.2%	+33.2%	+37%	+62.1%	+187%

- Market share leadership achieved in all regions
- Strong campaign to acquire new customers in Freetown and regions
- Animation of mobile data and 4G / 4G + offers
- Orange has launched a new franchise located in the border town of Zimmi
- Orange Sierra Leone Headquarters in Freetown Completed Renovation
- 3rd edition of the Orange Social Venture Award (OSVP)
- Natcom's request to deactivate non-KYC clients and access the KYC database: under discussion
- Renewal of the EPA environmental license
- The Leone has depreciated against the USD and the Euro since December 2020, by 3.9% and 1.3% respectively.
- Two consecutive increases in fuel prices

## Market Share



2G / 3G / 4G / 4G+

\* 90-day active customers



A world map with orange borders on a teal background. The map shows the outlines of continents and countries. In the top right corner, there is a decorative element consisting of several parallel white diagonal lines on a teal background.

# sonatel



Many Thanks!

