

Sonatel Group Financial Results S1 2023

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ans
OF MARKET
CAPITALIZATION

With you , for you

sonatel



Warning



This presentation contains information that may be deemed to be forecast. Regarding the outlook, although the Company believes that these declarations and information are based on reasonable assumptions at the date of publication of this press release, they are by nature subject to risks and uncertainties, which may give rise to a difference between actual figures and those indicated or implied in these declarations and information. SONATEL cannot guarantee or be responsible for the accuracy, completeness, consistency or effectiveness of any of the statements or information given in this press release relating to forecast data.

Lexique

1. **Pro forma:** Items adjusted to exchange rate fluctuation

2. **The impact of IFRS16 mainly concerns the following:**

Lease commitments: these liabilities were previously disclosed off-balance sheet in the appendices to the consolidated financial statements. Under IFRS 16, the recognition of all leases results, on the balance sheet, in the recognition of an asset for the right to use the leased assets in return for a liability for the obligations.

Operating expense related to leases: this expense 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: 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.

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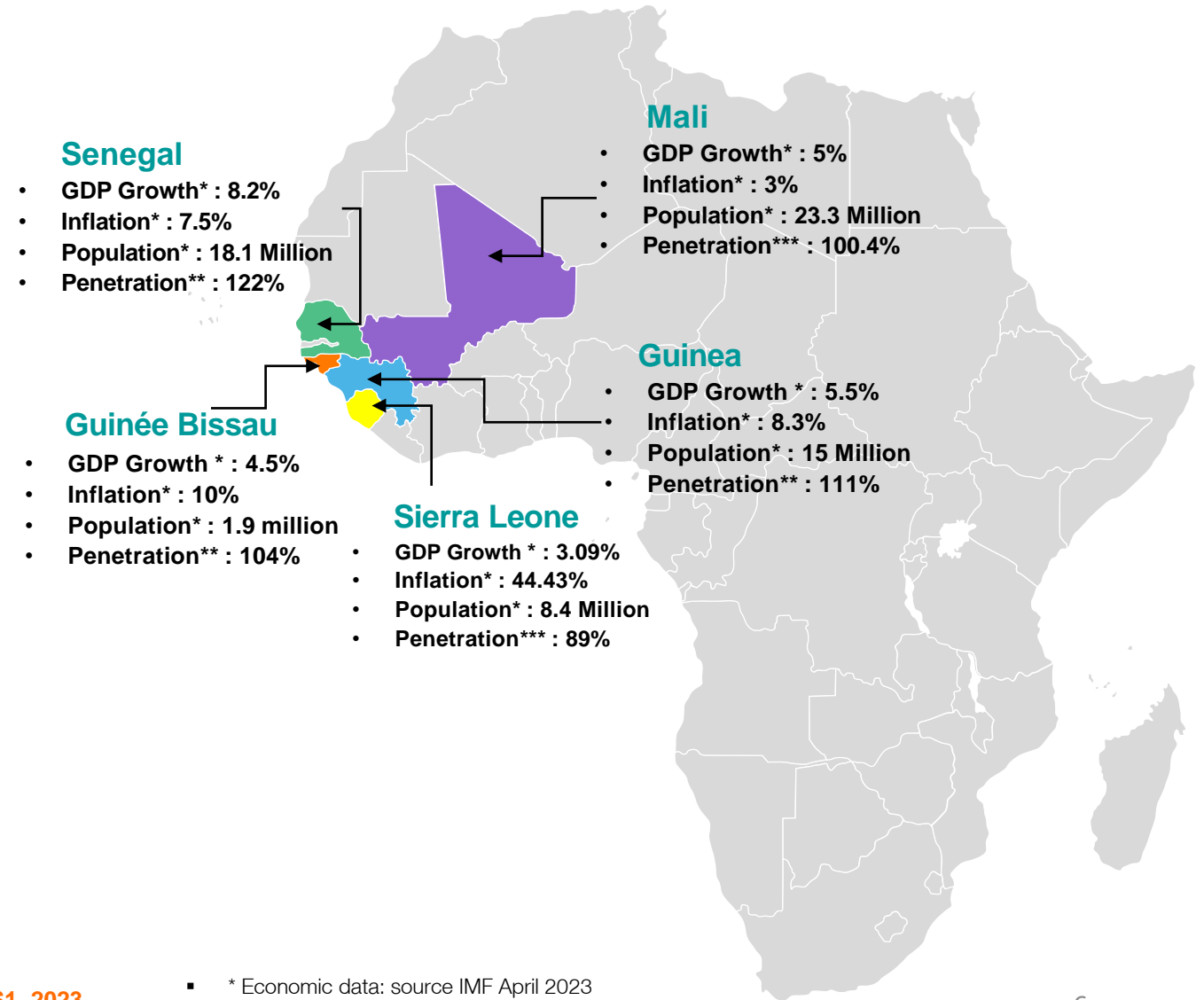
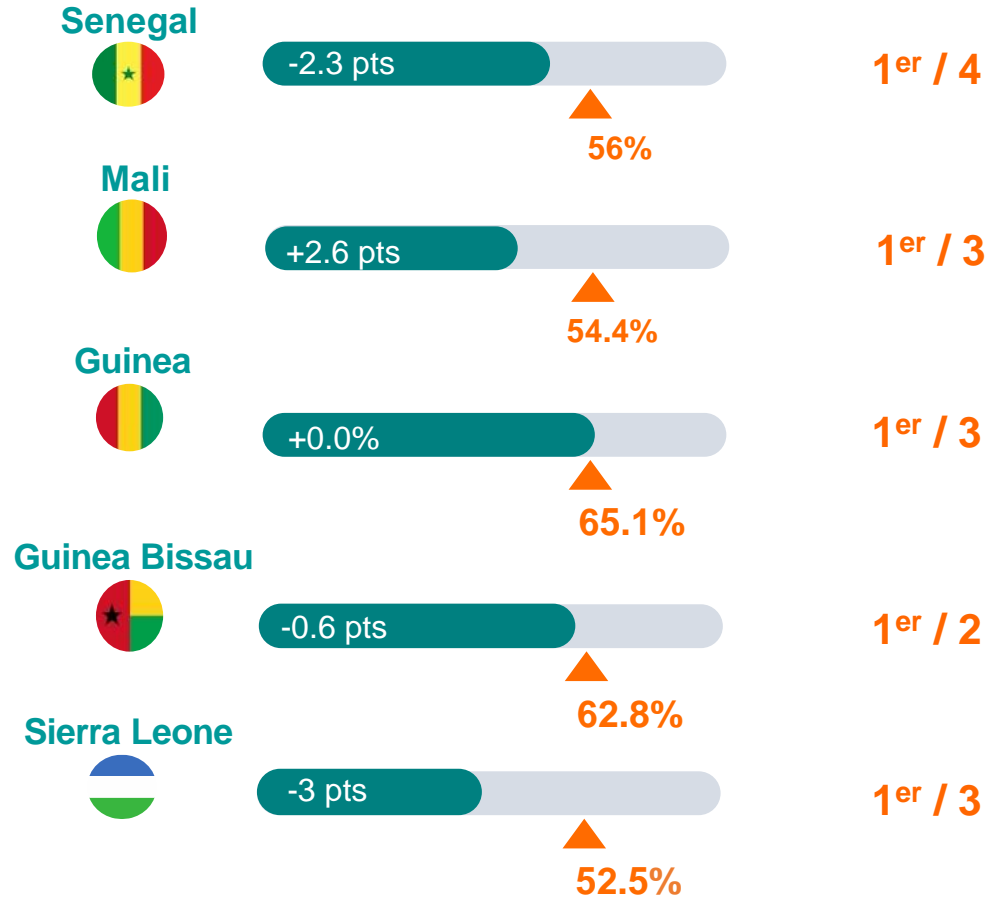
Section 1 Highlights S1 2023

Countries of presence

Maintaining leadership in 2023 in all countries

Market Share

Position



Key messages



Environment

- Willingness of states to stimulate the digital economy
- Constant evolution of regulation
- Difficult socio-economic context
- Ongoing privatization of incumbent operators in Bissau and Guinea
- Depreciation of the Leone and the Guinean Franc
- Closing of the dispute between Orange Mali and REMACOTEM, a consumer association



Market

- Strong competitive intensity on data and Orange Money
- Strong pressure on prices: Perception of high Orange tariffs
- Persistent inflation
- High energy deficit and rising electricity prices in Senegal and fuel prices in Sierra Leone, Senegal and Mali

Key Operational Figures

Achievement of the 40 millions of the Fixed Mobile Internet mark with strong progress on fixed high-speed broadband, mobile data and Orange Money.



MOBILE

39.1 Million ⬆️ +1.5%



MOBILE DATA

18.7 Million ⬆️ +10,5%



ACTIVE 4G

13 Million ⬆️ +38.1%



FBB Customers

657.4 Thousand ⬆️ +28.2%



% RACCORDABLE FIBER

37.1% ⬆️ +9.7ps



FMI (fixed mobile internet)

40.1 Million ⬆️ +2%



ACTIVE ORANGE MONEY

11.2 Million ⬆️ +13.3%

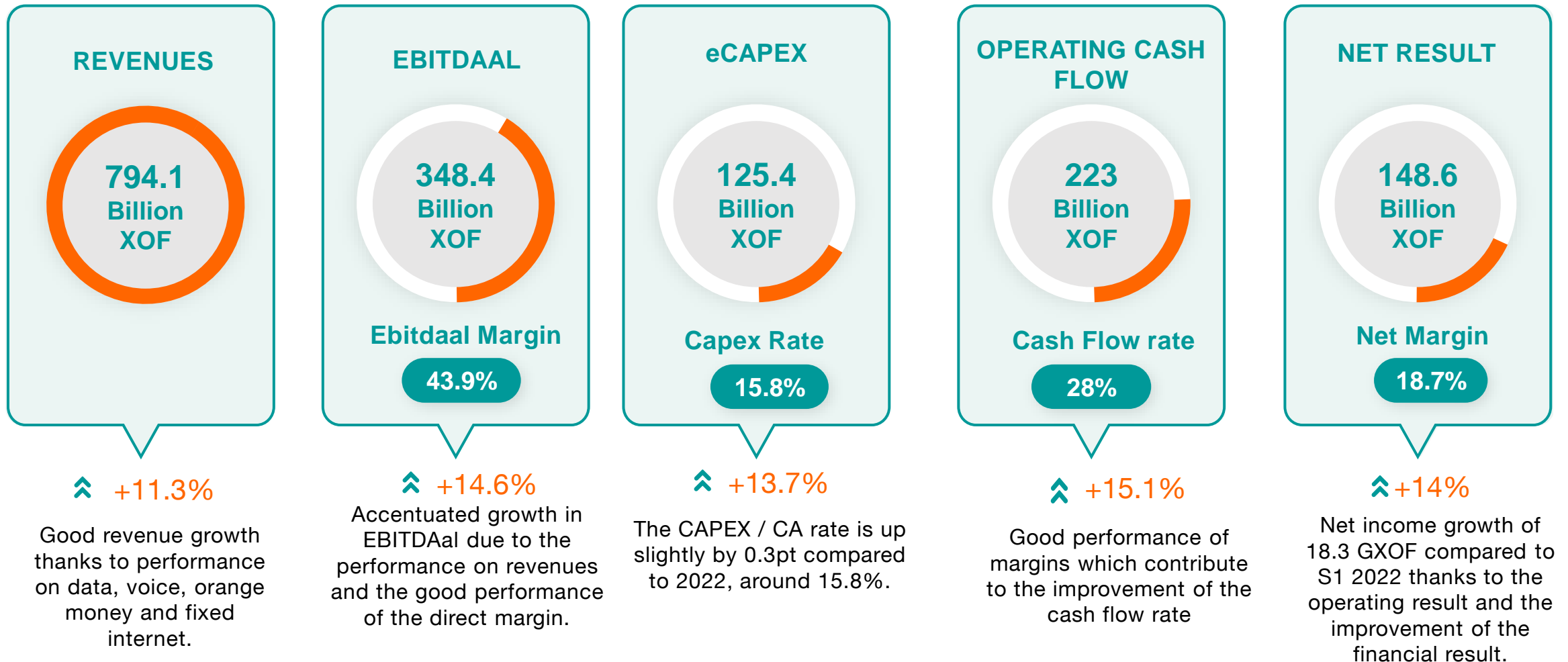


FTTH Customers

250 Thousand ⬆️ +79.4%

Key Financial Figures

Double-digit growth of all financial indicators in the first half of 2023



Digital, social and environmental footprint

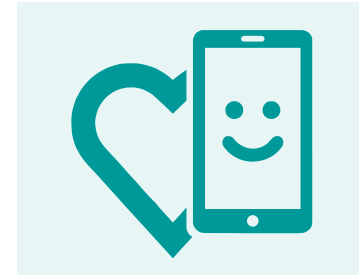
1- Digital inclusion Numérique & support for local entrepreneurship

Promoting digital training and supporting the employability of young people and preparing them for future jobs through the Orange Digital Center (ODC):

- 4 ODCs in Senegal, Mali, Guinea, and Sierra Leone: 15,000 beneficiaries supported in H1/2023 (a total of 32,000 since the creation of the ODCs)
- Integration rate: 86% within 3 to 6 months after certification; 42% rate of feminization
- Orange Startup Studio (OSS): 70 startups (total) supported through our programs
- ODC club to be deployed in regions with the support of GIZ: 2,000 people/year

3- Support for education and health

- Rehabilitation and equipping of 2 health posts (about 5 per year)
- 20 new specialization scholarships in medicine offered in H1/2023 in priority areas (60 scholarships in total since the start of the program)
- Scholarships for the best high school students and teachers



sonatel



2- Social inclusion

- Sonatel/Orange Foundation: 26 projects in total over 9 years: water points, school construction, health centers, green schools.
- Inclusion of people living with a disability, some of whom become suppliers
- More than 9,500 new households have had access to energy thanks to Orange Energy in our 5 countries of presence (over 61,000 in total)
- Gender distribution: 38% of women in the total workforce and 50% at the management committee level

4- Sustainable Development

- CO2 Emission: Goal of achieving a 50% rate of renewable energy usage by 2025;
- Green energy rate 8% and up to 73% in specific areas
- Reforestation: 30,000 trees planted each year
- 9,498 Refurbished Equipment: Refurbishment Rate: 67%
- Recycling of 23 tons of hazardous waste, 47 tons of non-hazardous waste

Section **2** Operational Performance

Operational Performance

Customer base growth with the crossing of the 40 million Fixed, Mobile, Internet customers threshold. This growth is driven by very high-speed fixed broadband, mobile data, and Orange Money.

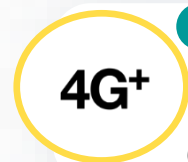
Customer Base

	1 st Semester			Variation	
	2021	2022	2023	S1 22/21	S1 23/22
Fixed Mobile Internet (in Million)	37.9	39.3	40.1	3.8%	+2%
Fixed (in million)	0.24	0.26	0.34	9.3%	+28.2%
Mobile (in Million)	37.3	38.6	39.1	3.4%	+1.5%
Broadband fixed (in thousand)	371.6	512.8	657.4	38%	+28.2%
Mobile Internet (in Million)	14.2	15.6	18.7	9.4%	+19.8%
Orange Money (in Million)	9.05	9.9	11.2	9.4%	+13.3%

Main activities

Double-digit growth of all growth relays thanks to the increase in customer bases, the development of usa, better monetization of data and positive elasticity on Orange Money. Growth relay activities represent nearly 48% of the Group's revenues.

Mobile Data



Parc internet mobile

18.7 Million +10.5%
Of which **13 Million 4G** +38.1%



ARPU

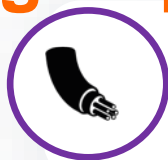
2.5 K XOF +19%
AUPU **6 680 Mo** +21.3%



Data Revenues

258 Billion +22.4%
weight **32%** +3pts

High Speed Internet



Parc broadband fixe

657.4 K +28.2%
250k fiber and 319k flybox



ARPU

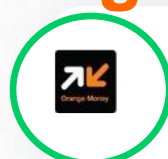
10 K XOF -9%



Broadband Revenues

40.6 Billion +24.6%
weight **5.1%** +0.5pts

Orange Money



OM active customers

11.2 Million +13.3%



ARPU

1.2 K XOF +9%



OM Revenues

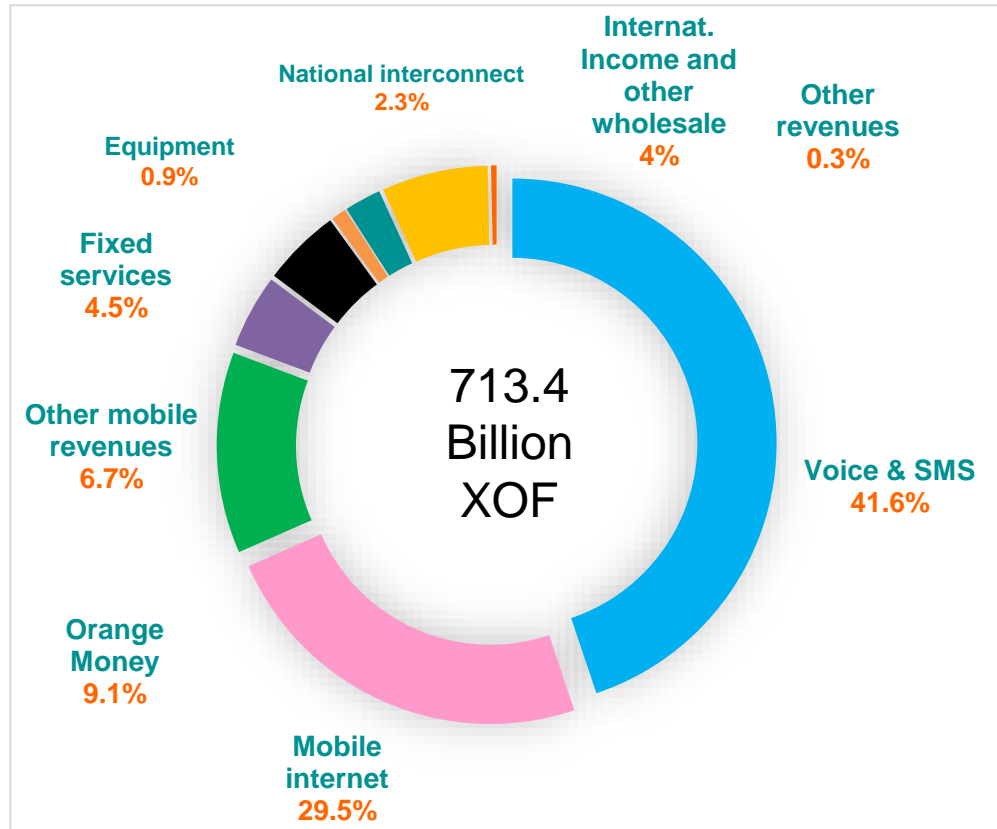
81 Billion +24.1%
weight **10.2%** +1pts

Section **3** Financial results

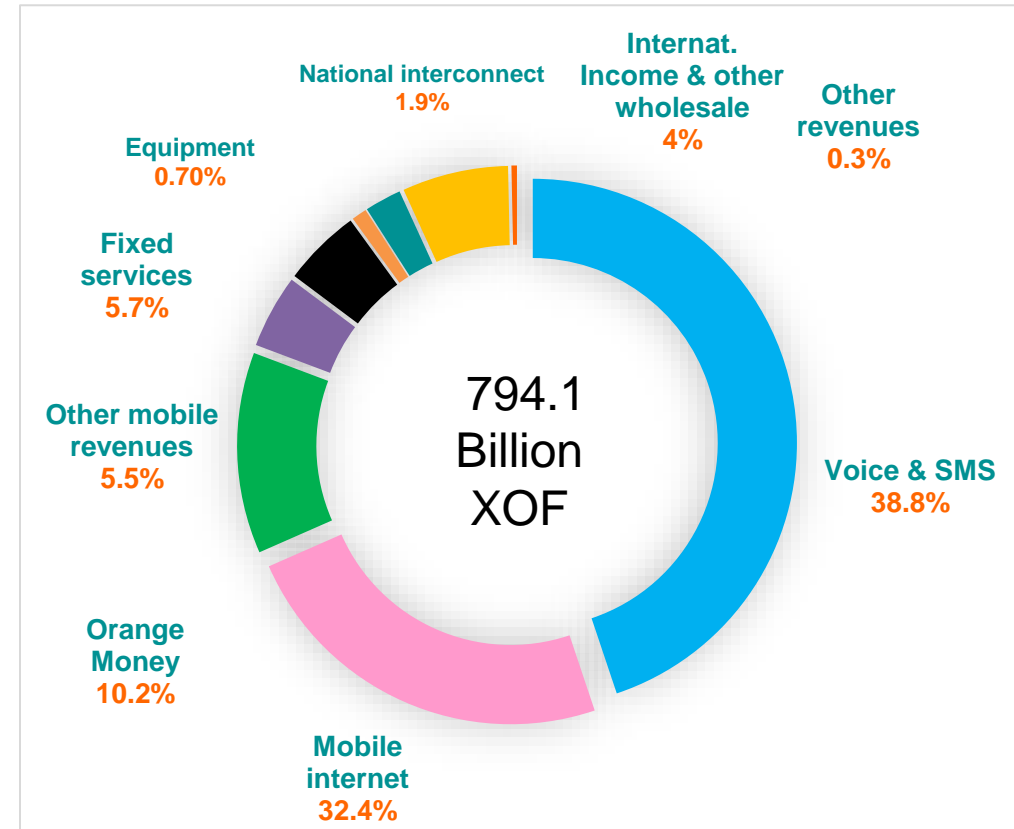
Revenues

Strong revenue growth of 11,3% (80.8Gxof) driven by data, orange money, voice and fixed services with the contribution of all countries in the Group.

Weight per activity 2022



Weight per activity 2023



Financial Performance

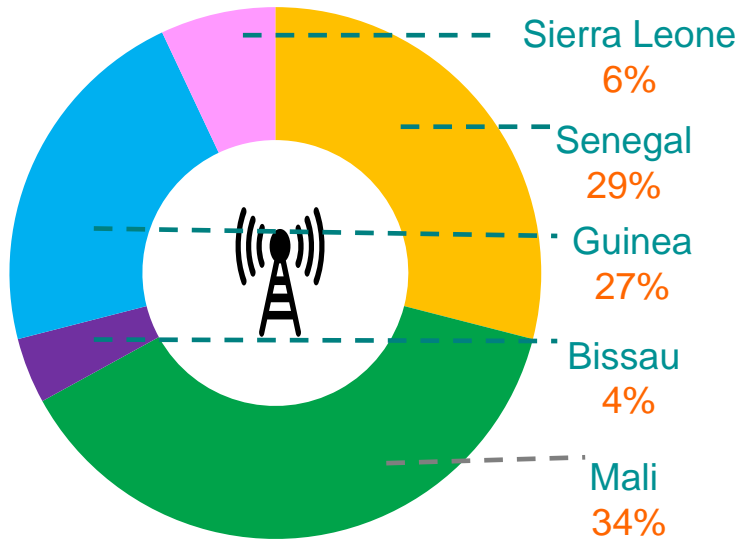
Solid financial performance in H1 2023

	S1 2021	S1 2022	S1 2023	22/21	23/22
Revenues	642.0	713.4	794.1	11.1%	11.3%
EBITDAaL	276.6	304.1	348.4	9.9%	14.6%
Net result	118.9	130.3	148.6	9.3%	14%
Operating Cash Flow	173.4	193.8	223	11.8%	15.1%
eCapex	103.1	110.2	125.4	6.8%	13.7%

CAPEX

125.4 Gxof of investments at the Group level, up by 13,7% YoY, driven by the deployment of fiber and 4G and the expansion of mobile network coverage.

The CAPEX / turnover rate is slightly up by 0.3pt compared to 2022, around 15.8%.



	S1 2021	S1 2022	S1 2023	22/21	23/22
Network	88.5	97.1	114.2	9.7%	17.5%
Off Network	14.7	13.1	11.2	-10.9%	-14.5%
Total	103.2	110.2	125.4	6.8%	13.7%
eCapex ratio	16.1%	15.5 %	15.8%	-0.6 pts	0.3 pts

Section **4** Outlook

Outlook

The first semester of 2023 has been marked by the continuation of strong performance dynamics on our key operational and financial indicators, with rising revenues and increase in the operating margin above that of turnover.

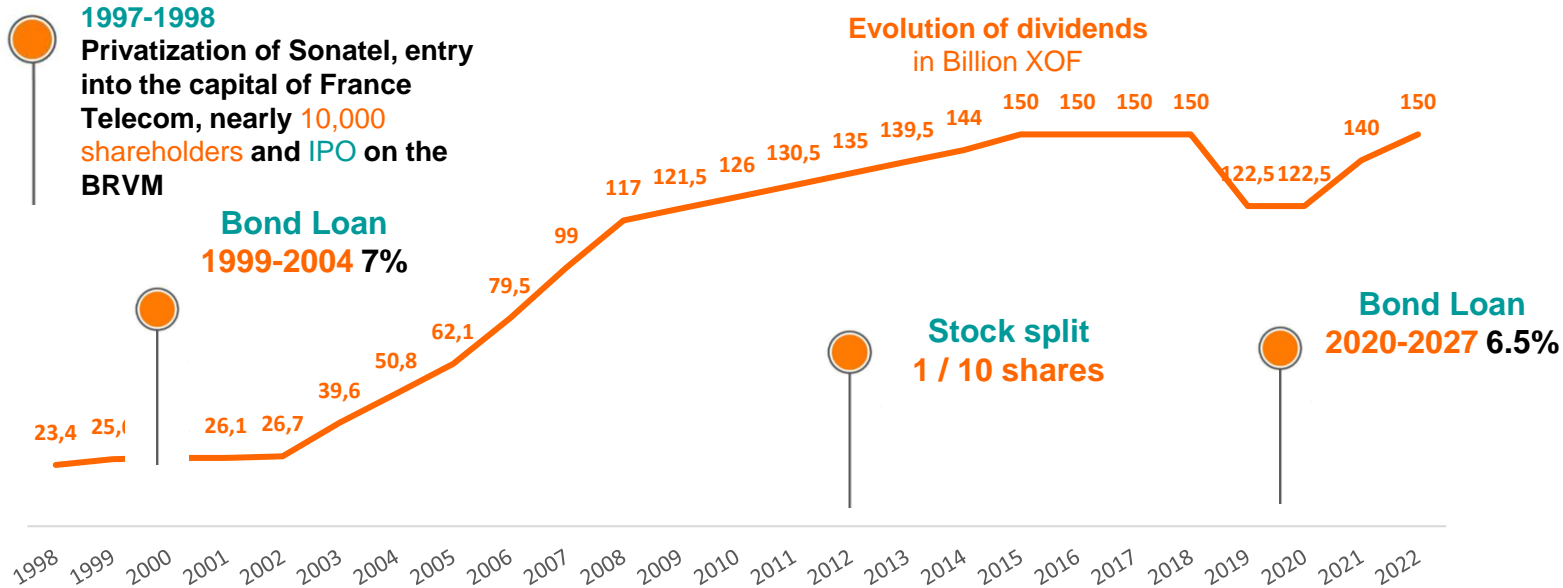
These strong performances are expected to continue in the second half of the year, thanks to vigorous sales and marketing activities and continued efforts to optimize costs.

In response to the high demand from customers for connectivity and higher speeds, the group will strive to complete its 2024 network deployment program as soon as possible in all countries. The acquisition of the 5G license in Senegal at the beginning of this second semester strengthens our commitment to providing the most advanced and innovative technologies to our customers, for an even more enriching experience on the Orange networks.

The group will continue its transformation projects and its pooling program for the development of synergies between countries to enrich the customer experience, improve the employee experience, maintain our positions and preserve our ability to create value with profitable growth.

The Sonatel group reaffirms its commitment to promoting the digital, social and financial inclusion of the populations of West Africa.

25 years of presence at BRVM



20% Of the composite index

Across all market securities
46 listed companies

- One of the largest market capitalizations of the BRVM
- Nearly 27 000 shareholders around the world

23% float holding
30% General public / 70% institutions and funds

Section **5** Appendices

Scoop of consolidation

Countries	Entity	Mode of ownership	Pourcentage of control	Type of control	Consolidation method
Sénégal	Sonatel SA		Parent company	Consolidating entity	
	Orange Finances Mobiles Senegal	Direct	100%	Exclusive control	Global integration
Mali	Orange Mali	Direct	69.40%	Exclusive control	Global integration
	Orange Finances Mobiles Mali	Indirect	69.40%	Exclusive control	Global integration
Guinée Conakry	Orange Guinée	Direct	88.82%	Exclusive control	Global integration
	Orange Finances Mobiles Guinea	Indirect	88.82%	Exclusive control	Global integration
Guinée Bissau	Orange Bissau	Direct	89.85%	Exclusive control	Global integration
Sierra Leone *	Orange Sierra Leone	Direct	50%	Exclusive control	Global integration
	Orange Money Sierra Leone	Indirect	50%	Exclusive control	Global integration
Côte d'Ivoire	Groupement Orange Services	Indirect	47%	Significant influence	Equity method

* Orange Sierra Leone, 50% owned, is fully consolidated in accordance with the terms of the shareholders' agreement which confers control on the Sonatel Group. Orange Group holds the remaining 50%.

Income statement

(in Million XOF)	June 2023	June 2022
Turnover	794 126	713 367
External purchases	(279 012)	(256 640)
Other operating income	10 989	6 603
Other operating expenses	(57 864)	(20 676)
Staff costs	(73 711)	(68 926)
Operating taxes and levies	(65 675)	(63 926)
Depreciation and amortization	(100 158)	(103 809)
Interest charges on lease debts	(1 273)	(1 297)
Income from the sale of securities and activities	13	47
Restructuring and integration costs	78	78
Income from equity-accounted entities	231	338
Operating result	227 745	205 158
Cost of gross financial debt	(10 661)	(11 065)
Income and expenses on assets making up net debt	4 425	2 039
Foreign exchange gain (loss)	1 367	(3 236)
Other financial income and expenses	4 602	5 011
Financial Result	(267)	(7 251)
Corporation tax	(78 883)	(67 596)
Consolidated net income	148 594	130 311
Net income – Group	125 848	109 219
Net result – Minority	(22 746)	(21 092)

Balance sheet - Assets

(in Million XOF)	30-June 2023	31-dec 2022
Asset		
Gap acquisition	17 995	22 169
Other intangible assets	218 902	230 160
Fixed assets	951 895	921 033
Securities accounted for using the equity method	4 195	3 964
Rights of use of leased fixed assets	18 794	21 285
Non-current financial assets	145 494	143 075
Other non-current assets	8 923	8 235
Deferred tax assets	20 907	20 955
Total non-current assets	1 387 106	1 370 876
Inventory	28 239	26 652
Receivables	190 263	166 102
Current financial assets	6 012	5 371
Other current assets	381 022	312 402
Operating taxes and levies	76 048	71 725
Corporation tax	36 786	14 544
Prepaid expenses	40 177	7 728
Cash and cash equivalents	253 712	276 791
Total current assets	1 012 259	881 316
Total assets	2 399 364	2 252 192

Balance sheet - Liabilities

(in Million XOF)	31-June 2023	31-dec 2022
Liabilities		
Share capital	50 000	50 000
Issue premium and legal reserve	714 357	766 438
Exchange rate difference	(72 550)	(71 729)
Common shares	(1 089)	(761)
Equity attributable to owners of the parent company	690 719	743 948
Equity attributable to non-controlling interests	138 058	154 576
Total owner's equity	828 777	898 523
Non-current financial liabilities	138 737	199 560
Non-current rental debts	20 228	15 579
Non-current employee benefits	29 598	28 813
Other non-current liabilities	14 146	12 386
Deferred tax liabilities	93	309
Total non-current liabilities	202 802	256 647
Current financial liabilities	219 614	221 007
Payables for current fixed assets	146 916	140 633
Payables on other goods and services	280 671	224 910
Customer contract liabilities	2 448	1 477
Current rental debts	(627)	6 848
Current employee benefits	27 915	19 312
Other current liabilities	507 327	294 938
Operating taxes	80 593	74 803
Corporation tax	82 023	90 309
Prepaid income	20 904	22 784
Total current liabilities	1 367 785	1 097 022
Total Liabilities and Equity	2 399 364	2 252 192

Certificate of the statutory auditors

Deloitte.

DELOITTE SENEGAL
MEMBRE DE DELOITTE TOUCHE TOMIATSU LIMITED
Place de l'Indépendance
Immeuble Ex-hôtel Indépendance 15^{ème} étage
Dakar/Sénégal



GARECGO
MEMBRE DU RESEAU IPA INTERNATIONAL
3, Place de l'Indépendance
Immeuble SDIH 2^{ème} étage
Dakar/Sénégal

Société Nationale des Télécommunications du Sénégal
(SONATEL)

Société Anonyme
64, VDN Cité Keur Gorgui
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Attestation des commissaires aux comptes sur la sincérité des informations données établie en application de l'article 849 de l'Acte Uniforme révisé relatif au Droit des sociétés commerciales et du GIE

**Tableau d'activités et de résultat et Rapport d'activité semestriel
Période du 1^{er} janvier au 30 juin 2023**

En notre qualité de Commissaire Aux Comptes du groupe SONATEL, nous devons émettre une attestation sur la sincérité des informations données conformément à l'article 849 de l'Acte uniforme révisé relatif au Droit des sociétés commerciales et du groupement d'intérêt économique qui dispose que : « *les sociétés dont les titres sont inscrits à la bourse des valeurs d'un ou plusieurs Etats parties doivent, dans les quatre mois qui suivent la fin du premier semestre de l'exercice, publier dans un journal habilité à recevoir les annonces légales de ces Etats parties, un tableau d'activités et de résultat ainsi qu'un rapport d'activité semestriel accompagné d'une attestation du commissaire aux comptes sur la sincérité des informations données* ».

A cet effet, nous avons procédé à un examen limité du tableau consolidé d'activités et de résultat et du rapport d'activité semestriel du groupe SONATEL relatifs à la période du 1^{er} janvier au 30 juin 2023 tels que joints à la présente attestation.

Les informations figurant dans le compte de résultats consolidés font ressortir au 30 juin 2023, les chiffres clés suivants (en millions de FCFA) :

	<u>30-juin-2023</u>	<u>30-juin-2022</u>
Chiffre d'affaires consolidé	794 126	713 367
Résultat d'exploitation	227 745	205 158
Résultat net consolidé	148 594	130 311

Certificate of the statutory auditors

Ce tableau et ce rapport ont été établis sous la responsabilité de la Direction du Groupe sur la base des éléments et informations disponibles à la date de la présente attestation.

Il nous appartient, sur la base de notre examen limité, de nous prononcer sur la sincérité des informations données dans le tableau d'activités et de résultat et dans le rapport d'activité semestriel.

Nous avons mis en œuvre les diligences que nous avons estimées nécessaire au regard des prescriptions du Règlement N°01/2017/CM/OHADA portant harmonisation des pratiques des professionnels de la comptabilité et de l'audit. Ces normes requièrent la mise en œuvre de diligences limitées conduisant à une assurance moins élevée que celle résultant d'un audit, que le tableau et le rapport ne comportent pas d'anomalies significatives. Un examen de cette nature ne comprend pas tous les contrôles propres à un audit, mais se limite à mettre en œuvre des procédures analytiques et à obtenir des dirigeants et de toutes autres personnes compétentes les informations que nous avons estimées nécessaires.

Sur la base de notre examen limité, nous n'avons pas relevé d'anomalie significative de nature à remettre en cause la sincérité des informations données dans le Tableau d'activités et de résultat et dans le Rapport d'activité semestriel du groupe SONATEL.

Les Commissaires aux comptes

DELOITTE SENEGAL
MEMBRE DE DELOITTE TOUCHE TOHMATSU LIMITED



Dicko Selly DIOP SECK
Associée

GARECGO
MEMBRE DU RESEAU JPA INTERNATIONAL



El hadji Abdoulaye GUEYE
Associé



#humaninside

McCann

