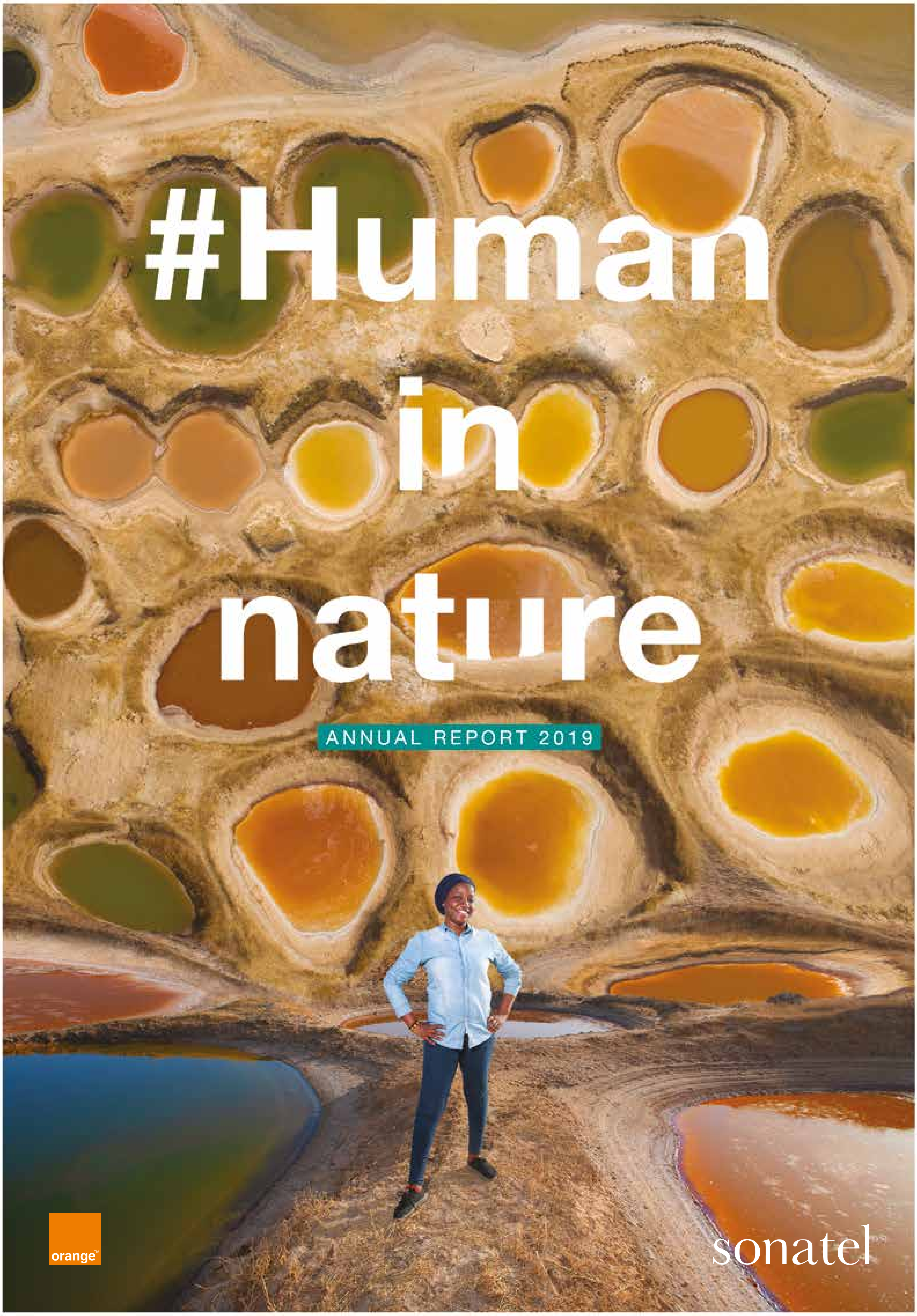
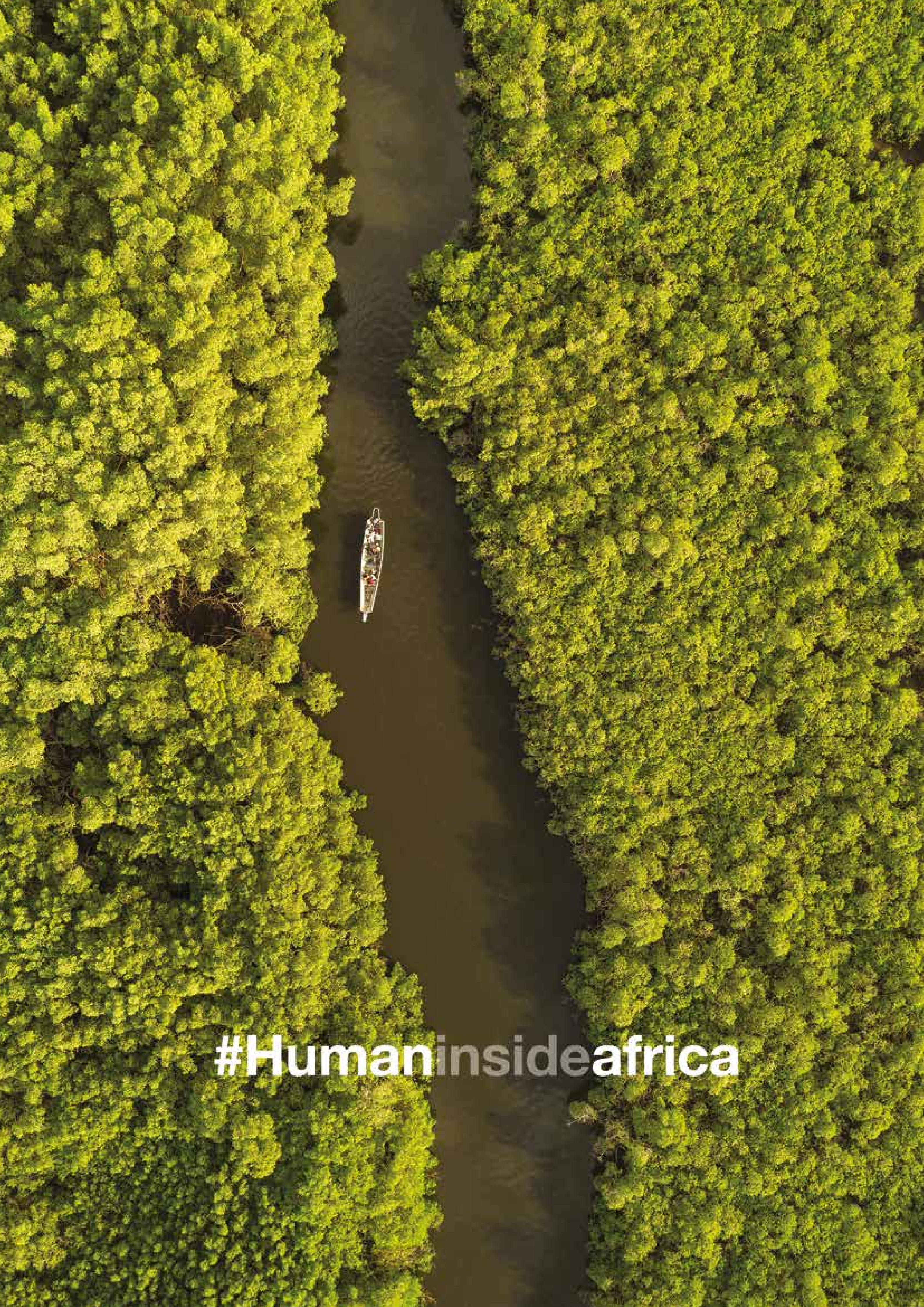
#Human in nature

ANNUAL REPORT 2019



orange

sonatel


#Humaninsideafrica



FOREWORD

Worthy caretakers

Blue, green, red, yellow or white ...
the Earth, our planet, is in our image: multicoloured.
She has created magnificent environments, including the African landscapes we call home. However, the latter are often disregarded and abused by their own inhabitants.
Indeed, Man thoughtlessly pollutes the air, water and soil.
He squanders the Earth's resources. His actions have wiped out many animal and plant species and the threats keep growing !

But what if we committed to being worthy caretakers of what Nature has provided?

It is up to us to adopt a responsible behaviour toward the environment through actions that each of us is capable of taking to protect our Earth.
This is a self-evident truth for the Sonatel Group and a natural ecological choice for the women and men who, on a daily basis, keep fighting for our Mother Nature.

This report is dedicated to those committed people, those "worthy caretakers", and to the beauty of our landscapes.
#HumanInNature

«The Earth does not belong to Man; Man belongs to the Earth.»

Sitting bull

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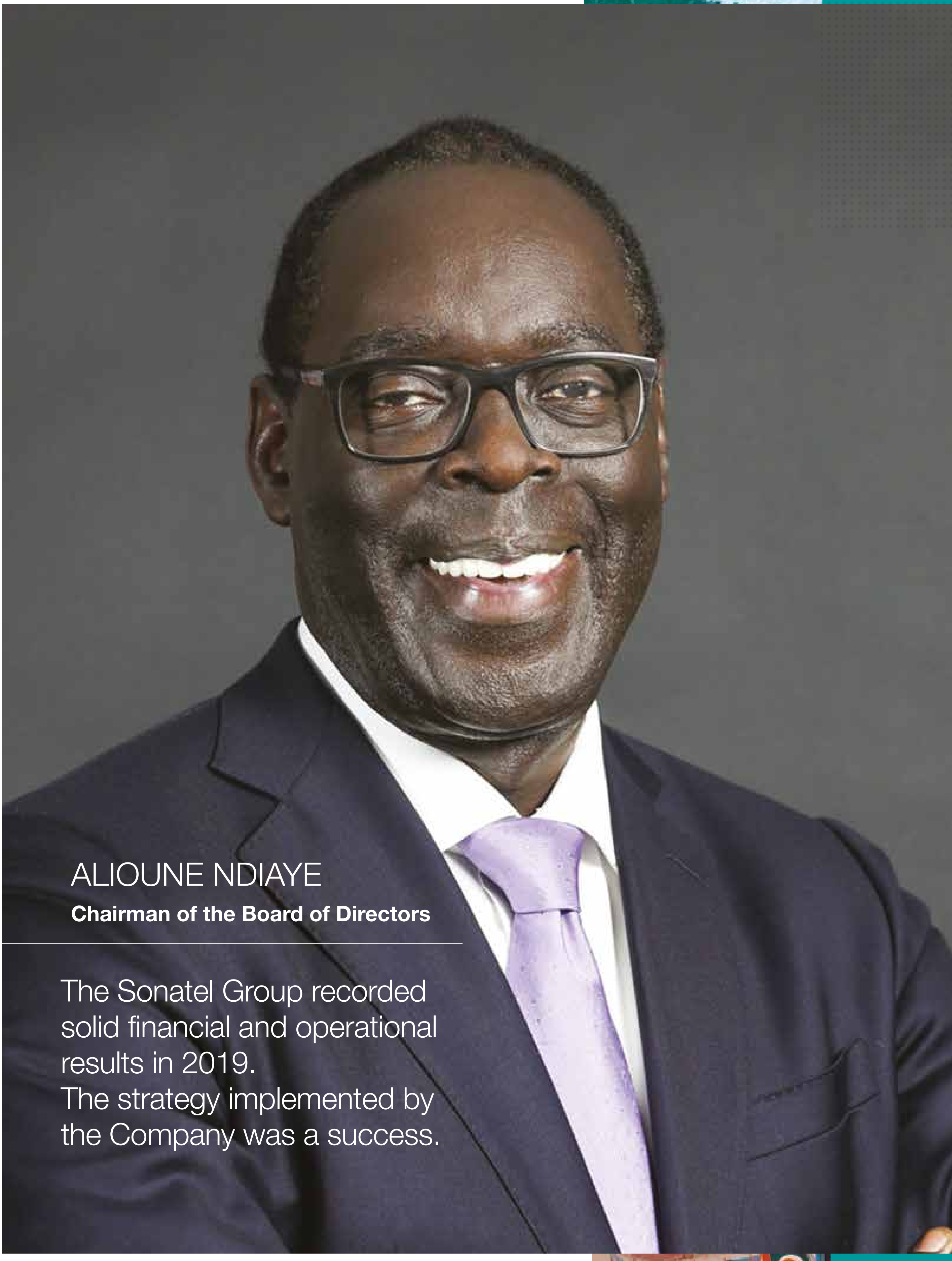


ALIOUNE NDIAYE

Chairman of the Board of Directors

The Sonatel Group recorded solid financial and operational results in 2019.
The strategy implemented by the Company was a success.

LETTER FROM THE CHAIRMAN

Indeed, significant investments have enabled the Group to maintain and consolidate its profitability trajectory and its trade positions. More than 207 billion XOF was invested in 2019, a growth of 6.7% compared to 2018. The customer base stood at 32.7 million at the end of 2019 thanks to these investments which have largely contributed to the improvement of customer experience, the strengthening of operational excellence, the pursuit of efforts on quality. technical service and strengthening of our customer loyalty policy. This performance was made possible thanks to the continued recruitment drive in all countries and the introduction of innovative offers based on new technologies (LTE / TDD, FTTH, 4G and 4G+).

The growth of the Sonatel Group's consolidated turnover accelerated and stood at 1,086.6 billion XOF in 2019 (+ 6.5%). The Group therefore continues to benefit from growth drivers, particularly in mobile data and Orange Money financial services. The latter constitute the bulk of the growth in turnover and increased by 33% and 24% respectively compared to 2018. This increase in turnover and better control of direct costs increased the Group's operating margin (EBITDA) by +19.4 billion (+ 4.2%) in 2019.

The net income is 196.8 billion XOF, down 2.7% compared to 2018 impacted by the cost of debt service and amortization. Revenues from the mobile business represent more than 80% of turnover.

The high operational performance accompanying the good financial results is driven by the resumption of growth in the mobile base in Mali, combined with the sound recruitment drive in Senegal, Guinea and Sierra Leone.

The Sonatel Group implements in all its countries of presence a Corporate Social Responsibility (CSR) policy which is an extension of its strategic plan and global guidelines on Sustainable Development.

Recognized in its pivotal role of facilitator-contributor of the digital ecosystem, the Group will pursue its efforts in the continuous adaptation strategy by delivering to the populations as soon as possible all the structuring evolutions of the telecommunications sector and related services.

The Corporate Plan, launched last year, aims to make Sonatel by 2022 a resolutely customer-oriented Group, a special partner in the digital transformation of our societies. It contributes more than ever to the objective of digital emergence of the territories and reinforces the civic engagement of Sonatel through its corporate social responsibility policy for the benefit of all its stakeholders.

Ever confident in the dynamic pursued and in the strength of the Sonatel Group's financial structure, the Board of Directors proposed to the General Meeting of 16 April, 2020 the payment of a net dividend of 1,225 XOF per share.

All the members of the Board of Directors and I would like to extend our warm congratulations to the managers and all the employees of the Sonatel Group in the five countries for these good results and encourage them to keep it up for this year 2020, which opens with an unprecedented global crisis. Strengthened by its values, its know-how and its committed employees, Sonatel will in this situation, I am confident, step up the delivery of its services to the populations.

I am convinced that the commitment and mobilization of everyone to serve our customers and all other stakeholders will elevate the Group to the top and keep it there with excellent results and guarantee lasting success.

The Sonatel Group will once again be able to count on the support of the Board of Directors to remain an engine for the development of the digital economy and the digitalization of our societies.

Alioune Ndiaye
Chairman of the Board of Directors

SEKOU DRAMÉ

General manager

IN 2019, THE SONATEL GROUP ACHIEVED A BETTER PERFORMANCE THAN IN 2018 DESPITE THE TOUGHENING OF REGULATORY AND TAX CONSTRAINTS AND INCREASED COMPETITION IN ALL OUR MARKETS.

THE MESSAGE FROM THE DIRECTOR GENERAL

It is with pride that we announce that we are the leader in all of our 5 markets at the end of 2019.

This performance was achieved thanks to the contribution of growth drivers (mobile data and orange money) and employee commitment in all our countries of presence. Thus, I would like to congratulate the women and men of the Sonatel Group for their commitment and their professionalism, without whom these excellent operational results would not have been achieved. I also congratulate all our partners and suppliers who daily support our efforts to offer the best services to our customers.

With the launch of 4G in March 2019 in Sierra Leone and in June in Guinea, all the countries of the Sonatel Group now offer 4G and 4G+ services to their customers.

All these innovations have value only if they are shared by all. This is why the inclusion of all the strata of the population in digital life is a crucial part of our commitment and our action.

The financial results were achieved thanks to high operational performance driven by the resumption of growth in the mobile base in Mali, combined with the sound recruitment drive in Senegal, Guinea, Guinea-Bissau and Sierra Leone. The steady increase of the subscriber bases from the growth driven services that are Data and Orange Money confirms the relevance of the significant investments made in network extension and improvement during the year. Thus, we are proud to have increased the Group's consolidated turnover to 1086.8 billion XOF in 2019, or + 6.5%, compared to 2018.

Responsibility remains an essential element of the societal commitment of the Sonatel Group. Corporate social responsibility prompts us, in all our countries of presence, to actively participate in the sustainable economic development and well-being of our populations. It enables us to be present in what is important to our stakeholders and we are very proud of it.

Support for start-ups, from training to logistical and financial support, including animation, remains a priority in our CSR policy. Our programmes and support for incubators in Mali, Guinea, Senegal, Guinea-Bissau and Sierra Leone are still growing for the benefit of the actors in the digital ecosystem with a particular focus on initiatives by women and young people. The digital transformation strategies undertaken by the Governments find in us a perfect ally for economic emergence. The establishment of the Orange Digital Centre in Senegal, a successful innovation centre, will spread to all of the Group's countries.

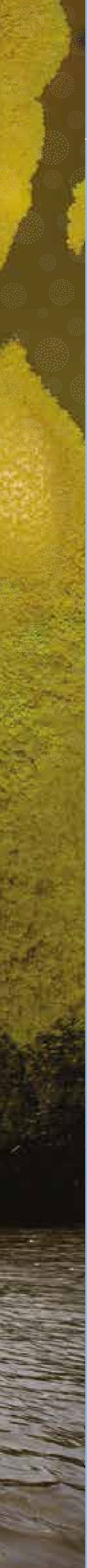
Digital Houses and "Village Projects" remain the gondola heads of our patronage policy, supported by the Foundation which mainly focuses its solidarity actions on Health, Education and Culture in our countries acting at the heart of people's lives for their well-being. Sonatel, its subsidiaries and the Foundations will be present in 2020 in the midst of the health crisis.

In 2020, with the support of our shareholders, we will pursue our investment efforts with the objective of maintaining our competitive edge in connectivity and improving our commercial policy. Our ambition is to continuously offer a unique and incomparable customer experience, a guarantee of loyalty and conquest, thanks to a recognized quality of technical and commercial service.

Finally, the Group intends to step up its transformation policy towards a multiservice operator through its Business Project, with the ambition of making "Sonatel by 2022, a Group resolutely customer-oriented, and a special partner in the digital transformation of our societies".

I invite you to discover all of our financial results along with our significant achievements in this 2019 annual report which highlights "the Environment" as a creative axis for raising awareness on its preservation.

Sékou Dramé
Director General of Sonatel Group



«Plant more trees and let us breathe.»

1 A SOLID GOVERNANCE: **OUR ETHICAL COMMITMENT**

Since 05 May, 2014, the date of entry into force of the new OHADA Uniform Act relating to the Law on Commercial Companies and Economic Interest Groups (AUSCGIE), all commercial companies have the legal obligation to bring to the attention of their shareholders a certain amount of information relating in particular to the governance of their companies.

It is articles 547-1, 831-2 and 831-3 of the aforementioned Uniform Act that determine these new rules.

Sonatel did not wait for the implementation of these provisions to inform its stakeholders about its mode of governance. Thus, as usual, we have shared the following information with our shareholders.

A SOLID GOVERNANCE: OUR ETHICAL COMMITMENT

1.1 TERMS OF PARTICIPATION OF SHAREHOLDERS IN A GENERAL MEETING OF SONATEL

The right to participate in Meetings is subject to the registration of the shareholder's name in the register of registered shares 5 days before the meeting.

The accounting record of the shares in the name of the shareholder or the temporary agent registered on his behalf, on the third working day preceding the Meeting at midnight, local time, in the registers of bearer securities kept by the Stock Exchange (BRVM) also confers the right to participate in General Meetings.

Any shareholder (or group of shareholders) representing at least one hundred (100) shares may participate or be represented at the Ordinary General Meetings.

Irrespective of the number of shares he holds, any shareholder can participate or be represented at Extraordinary General Meetings.

Any shareholder can be represented by their spouse or by a proxy of their choice, whether or not they are shareholder themselves.

Every shareholder has as many votes as he owns and represents shares.

The proxy of a shareholder has the votes of his principal under the same conditions and the same limit.

1.2 UPDATE ON THE STATUS OF EMPLOYEE STOCK OWNERSHIP

We attach particular importance to the stock ownership status of our staff and it is for this purpose that, since our IPO in 1998, all staff have been shareholders.

This stock ownership by staff of Sonatel companies is today cited as an example, each employee feeling to a greater extent concerned by the future of their company.

This example is nowadays followed by many companies.

As of 31 December, 2019, we have 1,830 employees in Senegal (excluding foreign subsidiaries and expatriates).

As of 31 December, 2019, 1,757 active employees are shareholders (including expatriates and excluding new 2019 recruits), i.e. an equity stake of 8%.

1.3 COMPOSITION OF THE BOARD OF DIRECTORS OF SONATEL

At 31 December 2019, the Board of Directors of Sonatel is composed of the following 09 members (08 directors and a representative of the Financial Controller):

Alioune NDIAYE

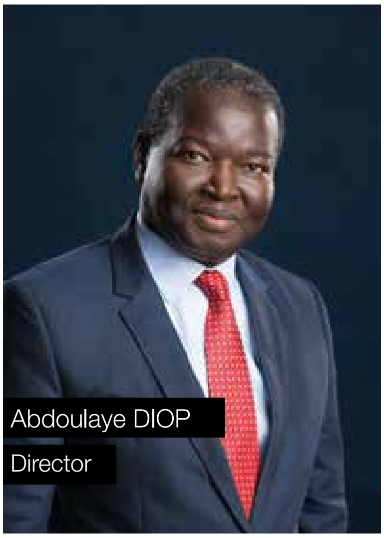
Chairman of the Board of Directors

Abdoulaye SAMB

Director

Hugues FOULON

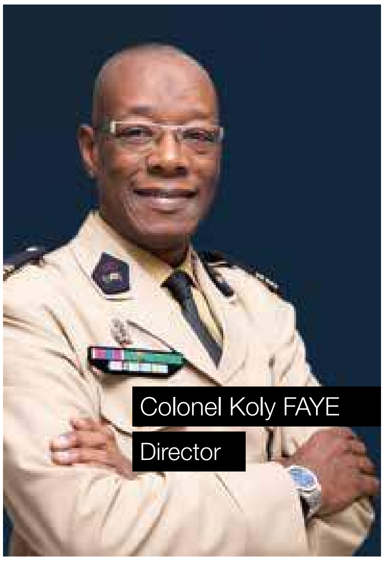
Director



Abdoulaye DIOP

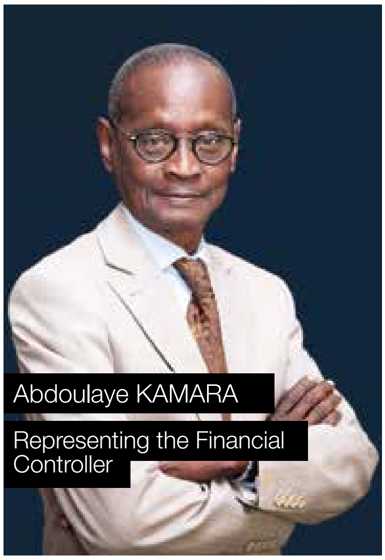
Director


Achirou NDIAYE
Director


Colonel Koly FAYE
Director


Ludovic PECH
Director


Jérôme HENIQUE
Director


Abdoulaye KAMARA
Representing the Financial Controller

1.4 MANAGEMENT COMMITTEE OF THE GROUP

Sékou DRAMÉ

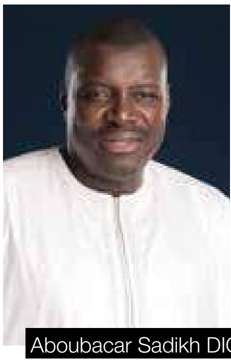
Director General

Fabrice André

Deputy Director General

Brelotte BA

Director General
Orange Mali



Aboubacar Sadikh DIOP

Director General
Orange Guinea

Brutus Sadou DIAKITE

Director General
Orange Bissau

Aminata Kane NDIAYE

Director General
Orange Sierra Leone

Omar Guèye Ndiaye

Director General Sonatel Multimedia
Director of Strategy and Development

Ramatoulaye Diallo SHAGAYA

Director General
Orange Finances Mobiles Senegal

El Hadj Malick DARY

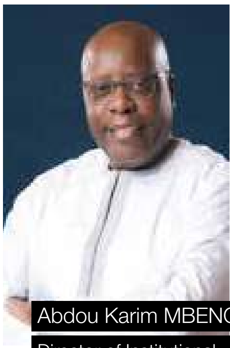
Deputy Director General
Sonatel Mobiles
Director of Marketing General public

Racky Sada WANE

Director Information Systems

Alioune KANE

Sales Manager



Abdou Karim MBENGUE

Director of Institutional Communication and External Relations

Afissatou Sall GAYE

Director of Audit Risks and Quality

Rokhaya Guèye DIAGNE

Director of Regulation and Legal Affairs

Ousmane Boly TRAORÉ

Director of Finance and Accounting

Gisèle Pouye GUÈYE

Director of Customer Service

Mamadou I. TRAORÉ

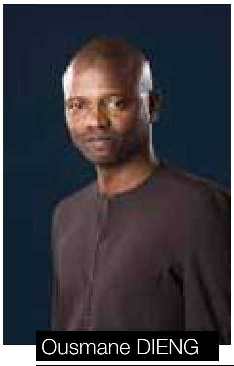
Director of Human Resources

Thérèse TOUNKARA

Director Network and Service Platforms

Fatoumata SARR DIENG

Director of International Operations and Operators



Ousmane DIENG

Business Director

Amadou DEME

Director of Procurement and Logistics

1.5 CONDITIONS FOR THE PREPARATION AND ORGANIZATION OF THE WORK OF THE BOARD OF DIRECTORS

The rules governing the preparation and organization of the work of the Board are set by the Articles of Association and By-Laws of Sonatel.

Improvement measures are also continuously taken alongside these texts.

Thus, the Chairman now draws up, before the beginning of each year, the annual calendar of meetings of the Board of Directors.

Previously, a semi-annual calendar was established before the start of the semester.

The convening notices for the Board meeting specifying the agenda are issued by registered letter, email from the Chairman, fifteen (15) days at least before the meeting date or three (3) days at least before the meeting date in case of emergency.

The determination of the urgency of the decision or decisions to be taken is left to the discretion of the Chairman of the Board of Directors.

Documents relating to the items on the agenda are communicated to the Directors:
- at least ten (10) days before any meeting in the case of documents communicated for decision-making,
- at least five (5) days (including a weekend) before any meeting when they are documents communicated for information.

The Chairman of the Board of Directors may invite members of the Sonatel Management team, after consultation with the Director General, depending on the items to be dealt with on the agenda.

In any event, the Board of Directors may, at each of its meetings, in an emergency and on the proposal of the Chairman, deliberate on any question not included in the agenda communicated to it.

The Board's deliberations are noted in the minutes drawn up by the Chairman of the meeting and the secretary and signed by the Chairman of the meeting and at least one director.

1.6 APPLICATION OF THE CODES OF GOVERNANCE OF THE ISA AND THE CSPC

Since 2011, we have been referring to the Code of Corporate Governance drawn up by the Senegalese Institute of Directors (Institut Sénégalais des Administrateurs, or ISA).

The objective of this code is to promote good governance practices in companies in both the public and private sectors.

The provisions of the code, inspired by OHADA law, constitute a set of rules of good corporate conduct.

Our Board of Directors has chosen to follow the rules defined by this Code because its texts highlight the code of good governance practices. These rules include:

- the relationship between Sonatel and the shareholders resulting in the fair treatment of shareholders as well as the transparency and quality of any information transmitted,
- the rules relating to the roles, missions, composition, functioning and committees of the Board,
- the relationship between the Board, the General Management and the Senior Managers,
- the Board and the Statutory Auditors,
- the Board and other stakeholders.

We have also been referring since 2012 to the Code of Conduct for Private Sector Enterprises in Senegal developed by the Private Sector Coalition against Corruption (Coalition du Secteur Privé contre la Corruption, or CSPC) which was put in place by the Government of Senegal and the World Bank which consider that corruption is an obstacle to Senegal's economic and social development.

We have adhered to the Code of Conduct which:
- sets the guiding principles and rules of conduct about fighting corruption,
- promotes ethics and good corporate governance in private sector companies, and in the relations between private sector companies and between them and administrations, customers and consumers.

This Code is based on three guiding principles:
- ethics, through the definition and implementation of development policies and strategies that comply with ethical principles,
- social responsibility through a commitment beyond the finality of profit, to become a socially responsible corporate citizen concerned about its social environment,
- corporate governance through an application of the basic principles of the Senegalese Institute of Directors (ISA), including the integrity of the leaders, the clear and respected definition of roles between the Shareholders' Meeting, the Board of Directors and General Management and, finally, the respect of shareholders' rights and equality in their treatment.

1.7 PRINCIPLES AND RULES GOVERNING REMUNERATION AND BENEFITS GRANTED TO CORPORATE OFFICERS

The remuneration and benefits of corporate officers are determined in accordance with the provisions of the AUSCGIE. A global envelope had been allocated by the Ordinary General Meeting of Sonatel on 08 April, 2009.

A global envelope had been allocated by the Ordinary General Meeting of Sonatel on 08 April, 2009. The Board of Directors allocated the duty allowances.

This envelope amounts to 65 million XOF per year.

1.8 TOTAL REMUNERATION AND BENEFITS OF ALL KINDS PAID TO EACH DIRECTOR

During the 2019 financial year, the Board of Directors met six (6) times, the Audit Committee three (3) times.

During the 2019 financial year, the following duty allowances were paid to the directors present at meetings of the (Board of Directors and Audit Committee) or to their delegates:

Directors	Board of Directors	Audit Committee	Total
Mr. Abdoulaye DIOP	**4,800,000 XOF**		**4,800,000 XOF**
Mr. Koly FAYE	**2,400,000 XOF**		**2,400,000 XOF**
Mr. Hugues FOULON	**3,200,000 XOF**		**3.200.000 XOF**
Mr. Bassirou Samba NIASSE / Mr. Abdoulaye SAMB	**4,800,000 XOF**	**1,600,000 XOF**	**6,400,000 XOF**
Mr. Mamadou Aidara DIOP / Mr. Achirou NDIAYE	**4,800,000 XOF**		**4,800,000 XOF**
Mr. Jérôme HENIQUE	**4,000,000 XOF**		**4,000,000 XOF**
Mr. Ludovic PECH	**3,200,000 XOF**	**2,400,000 XOF**	**5,600,000 XOF**
M. Alioune NDIAYE	**8,400,000 XOF**		**8,400,000 XOF**
Mr. Thierry BRETON	**1,600,000 XOF**		**1,600,000 XOF**
Grand Total	**37,200,000 XOF**	**4,000,000 XOF**	**41,200,000 XOF**

The above distribution is in accordance with the overall annual envelope of 65 million XOF allocated by the Ordinary General Meeting of the Sonatel Group of 08 April, 2009.

1.9 COMMITMENT UNDERTAKEN FOR THE BENEFIT OF CORPORATE OFFICERS IN RESPECT OF FISCAL 2019

No commitment was made by Sonatel for the benefit of its corporate officers.

1.10 LIMITATION OF THE POWERS OF THE DIRECTOR GENERAL

The Director General is vested with the broadest powers to act in all circumstances on behalf of the company. He exercises his powers within the limits of the corporate purpose and subject to those that the law and the internal regulations of the the Board of Directors expressly confer on him.

The Board of Directors has, however, since 1997, set a ceiling on the commitments of the Director General beyond which the prior authorization of the Board of Directors is required.

This limitation of powers is stipulated in article 13b of our Articles of Association.

1.11 INTERNAL RISK CONTROL AND MANAGEMENT PROCEDURES IN FORCE

For years we have had an internal control and risk management process.

The activities and results of this internal control and risk management process are monitored by the Audit Committee.

For efficient and effective management of this process, we have set up monitoring structures and committees:

- A dedicated department in charge of risk management and internal control, whose main responsibilities are:
- the development and regular updating of risk maps related to the activities of all Sonatel processes (identification, treatment, evaluation and prioritization of risks),
- the management of the top risks (priority risks and unacceptable risks) defined by the General Management,
- risk analysis related to strategic offers and projects,
- the systematic review of procedures to ensure the integration of internal control mechanisms covering risks,
- the provision of support to businesses for the development and ownership of internal control,
- the annual audit of compliance with the financial security laws and the Sarbanes Oxley Act applicable to companies listed in the US due to the fact that SONATEL is a member of the Orange Group (review of internal control environment questionnaires by the Statutory Auditors for Validation).

- A specific body for the management of ethics and compliance:
- a Department dedicated to steering and facilitating compliance. It is in charge of setting up and monitoring anti-corruption and conflict of interest mechanisms to ensure compliance with Sonatel Group's zero tolerance policy on corruption.
- a CSR, Ethics and Compliance Committee chaired by the Director General which meets quarterly. All the members of the Management Committee are members of the said Committee,
- a Chief Compliance Officer (CCO) appointed by the Director General: The Director of Audit, Risks and Quality, responsible for coordinating and supervising the effectiveness of compliance measures in the Sonatel Group,
- an ethics Sponsor: the Director of Human Resources,
- a CSR, Ethics and Compliance network with a coordinator, facilitators by domain and correspondents by management department.
- An Internal Audit Department responsible for evaluating the internal control system (tests to ensure the correct application and effectiveness of the documented internal control system).

The Internal Audit's main responsibilities are as follows:
- the development and implementation of an annual audit programme covering SONATEL's strategic orientations and issues in all areas, particularly those exposed to critical and unacceptable risks,
- monitoring the implementation of internal and external audit recommendations.

Our Internal Audit has obtained a certification of conformity to international standards of professional practice from the French Institute of Audit and Internal Control (Institut Français de l'Audit et du Contrôle Interne, or IFACI)).

This certificate was awarded to Sonatel following an assessment based on the Professional Internal Audit Standard (Référentiel Professionnel de l'Audit Interne, or RPAI) 2020 made up of 100 detailed requirements covering five (05) areas:
- an assessment based on the Professional Internal Audit Standard (Référentiel Professionnel de l'Audit Interne, or RPAI) 2020 made up of 100 detailed requirements covering five (05) areas: Positioning – Planning and Steering - Governance, Risk and Control Assessment - Professionalism - Audit process.

- A General Inspection Department responsible for:
  - carrying out investigation missions subsequent to the following causative events affecting SONATEL or a third party:
  - fraud or suspicion of internal or external fraud
  - theft and embezzlement,
  - corruption or attempted corruption and breaches of ethics,
  - non-compliance with laws, regulations, contracts, policies and procedures causing harm to Sonatel or to a third party,
  - major human or technical failures.
  - following up on recommendations emanating from investigations,
  - ensuring reporting at group level on investigations.

- A Risk Committee chaired by the Director General and composed of all the Directors and Heads of Security, Revenue Assurance, Risk Management and Internal Control Departments. The mandate of this Committee, which meets every six months, is to:
  - analyze the top risks (priority risks and unacceptable risks) defined by the General Management to ensure their control,
  - identify and stimulate the necessary synergies between the different functions involved in risk management,
  - prepare internal control reviews and follow up on the conclusions of the review.

- A Risk Review Committee linked to our strategic projects and offers whose role is to:
  - ensure that the risk dimension is considered in the projects or worksites before they pass on for validation;
  - ensure that projects that are required to pass a validation stage include the appropriate control mechanisms that are necessary to achieve the various objectives and circumvent, anticipate, correct or reduce the impact of the identified risks.

The results obtained to date are positive and permanent monitoring is carried out to effectively contribute to the sustainability of our business.

«Let’s consume locally to curb transport pollution.»

2 TO BE A DIGITAL AND **HUMAN EMPLOYER**

TO BE A DIGITAL AND **HUMAN EMPLOYER**

Our solid financial and commercial performance is the fruit of the work of competent men and women committed to a three-year Business Project in each subsidiary.

All the actions of the 2022 Business Project should allow an improvement and a better customization of the employee experience.

Skills development through training, the professionalization of employees, investments in security and medical coverage for employees and their families, in a peaceful social climate, constitute our foundation, a digital and human employer.

In the area of training, the digitalization process has continued, notably with the launch of Orange learning. The objective of this platform is to promote the development of individual and collective skills, thereby helping guarantee useful jobs for the future.

We contribute to the professional integration of young graduates, with an ambitious recruitment programme which has resulted in the arrival of 172 new recruits in our five countries of presence, excluding more than 1,400 temporary workers (trainees, temporary workers, fixed-term contract workers and service providers) recruited on average monthly.

In the area of Occupational Health and Safety, we attach great importance to the well-being of our employees. Quality of Work Life (QWL) is therefore one of the major focus areas of our Occupational Health and Safety policy.

Employees, including temporary staff, benefit from a full medical examination each year.

Thanks to all these achievements and to the various measures relating to working conditions, we have been certified Top Employer 2020 for the 7th consecutive time.

«To destroy biodiversity is to destroy Man.»

3 OUR RESPONSIBLE **COMMITMENT**

OUR RESPONSIBLE **COMMITMENT**

3.1 SOCIAL INCLUSION

Today, a brand is chosen and loved more than another depending on its level of involvement in issues that affect people. This has become a real differentiating factor.

At Sonatel, we have been working on a daily basis for the well-being of populations in all our countries of presence through our Foundations and our Social Responsibility (CSR) policy, which has been in place as a strategic pillar for over 10 years.

Our positioning, as «more than an operator», is a reality in our daily actions.

19 Village Projects in 6 Year

An Orange Village Project is an integrated concept that helps disenclave remote localities by building a school, health center and water point in a distant village chosen on the basis of criteria related to the lack of facilities in the above-mentioned sectors (education, health).

In six years, 19 Village Projects have been thus implemented by the Sonatel Group in its territories of presence at a cost of almost 2 billion XOF.

In Senegal, the village of Sarème, in the Diourbel region, the 4th «Village» project of the Sonatel Foundation has benefited from major works:

- Rehabilitation and outfitting of a 6 classroom school (with digital room)
- Rehabilitation and equipment of a darra - Construction and outfitting of a health post
- Installation of solar energy
- construction of a well
- transition from the Green School to the Green Village concept.

In Mali, two new "Orange villages" have been built in Tabacoro Biba and Sié bringing to 9 the total number of villages built in the country.

In Guinea, the 5th «Orange Village» At Kataly was inaugurated in 2019. The programme also included the empowerment of women (3 digital houses to support the literacy of women) and financing of a FabLab.

Health: first concern of the population

In our countries of presence, health remains the 1st concern of the populations because access to medical care remains a major challenge in West Africa.

It is with a view to making a significant contribution in this regard that various initiatives have been carried out by our corporate foundations.

Thus, in Senegal, an amount of nearly 150 million XOF was mobilized to support health structures located in 9 regions of the country: Dakar, Thiès, Saint-Louis, Matam, Fatick, Kaolack, Ziguinchor, Tambacounda and Sédhiou, with almost half of the budget devoted to the rehabilitation and outfitting of the Maternity of Sébikotane.

Likewise, in Mali, various medical equipments, essential medicines, impregnated mosquito nets, motorcycle ambulances at hospital facilities and secondary health centers have been made available in Bamako and provinces. A 2nd center for women victims of obstetric fistula in Koulikoro was also inaugurated in 2019 in addition to free medical care delivery in cardiology, pediatrics, ophthalmology. Thus, more than 6,958 consultations and 917 cataract surgeries were carried out in several localities of the country (Nianfunké, Goundam and Diré) while 1,062 children were seen by doctors in the Tombouctou region in partnership with the NGO SMARA. Support for the fight against tropical, metabolic and infectious diseases (malaria, diabetes, sickle cell anemia, blindness, etc.) continued again this year, as did the donation of essential drugs to the two prison centres in Bollé (women and minors).

In Sierra Leone, young girls from 20 schools in Freetown (Western Urban 15 & Rural 5), received 2,000 menstrual hygiene kits as part of the implementation of the 1st Menstrual Hygiene Pack phase. Orange's partner, Girl Child Network, also educated girls about menstrual hygiene and sexual and reproductive health.

Like other subsidiaries, Orange Sierra Leone is also committed to the fight against breast cancer. As part of a Thinking Pink awareness campaign, a mini-marathon was organized in October to raise awareness about the disease and free screening was carried out in different communities, and also at the head office for all employees.

Education: from building schools to disseminating content

Our Foundations are committed to the service of Education and are constantly working to make their contribution to Government efforts in terms of improving learning and teaching conditions in schools.

In line with this policy, the Sonatel Foundation supported the Malick Sy High School in Thiès in Senegal by rehabilitating and fully outfitting two buildings for a total cost of 200 million XOF.

This high school, one of the first establishments built by Senegal after independence, has for decades been the pride of the whole country due to the excellence of its results, but also the quality of teaching. After 50 years of existence, the school has not seen any significant renovation work and therefore deserves to be supported.

The promotion of excellence in the school environment remains one of our priorities through grants and tablets awarded to the best students (general competition, national spelling and reading competition, Wiki-Challenge, etc.) in our countries of presence.

Education also means access and learning digital tools. In Mali, more than 35,000 students have benefited from the Digital Schools programme thanks to its continued rollout in 70 schools across the country.

Further, to promote the self-empowerment of women and promote their digital inclusion through training, four new digital houses were opened in 2019. 149 women were thus trained in financial education and basic entrepreneurship in Bamako (2), Sikasso and Koulikoro, Ségou and Mopti. The concept of a digital house is based on the supply of digital equipment, educational content and support in learning.

Culture: committed to the preservation of our heritage

The cultural influence of countries is also reflected in the attractiveness of spaces for creation, expression and artistic exhibition. The Léopold Sedar Senghor Gallery of the Village des Arts in Senegal was thus fully rehabilitated and brought up to standards.

In 2019, more than 20 cultural events were supported by the Orange Mali Foundation in Bamako and in the provinces, including the Weltaarée Africable programme, the Dogon cultural festival, the Kirina music school and the Guimba National theatre days.

Diversity, solidarity: closer to vulnerable groups

Globally, we are strengthening our solidarity with the populations of our countries of presence.

Because Handicap is everyone's business, a group of Handi-Engaged volunteers has been created in Sénégal. It brings together about sixty «Sonatelian» employees who are sensitive to this cause. Various actions were carried out with Handi-Engaged volunteers in 2019. A trade fair was thus organized for fifteen entrepreneurs and craftsmen with disabilities for two days at the Sonatel headquarters in Dakar. The Handi-preneurs were able to showcase their know-how while achieving a significant turnover. They have also been integrated into our supplier base.

In Mali, 1,410 destitute children, including the mentally, hearing and visually impaired, received support to retain them in school.

On the occasion of the 25th Edition of Solidarity Month and the Fight against Exclusion, the Orange Mali Foundation organized a Solidarity Day with large donations in favour of the vulnerable strata of the country.

Our commitment in Mali also requires the support of victims of gender-based violence, flood victims, displaced people in Bamako, women victims of fistula from the Oasis Center, street children followed by SAMU Social Mali as well as through food solidarity (taking care of needy children and donation of market gardening kits and multipurpose mills for women's income-generating activities).

In Guinea, we have shown our solidarity with the local populations during flagship calendar events such as the pond festival in Upper Guinea, the Mamaya of kankan, etc.

We also encouraged everyone's passion through CAN Total Egypt 2019, basketball or a new passion, cinema, with the launch of the Cinedays.

In Sierra Leone, the holy month of Ramadan was an opportunity to distribute food throughout the country in several mosques as well as to orphanages and disadvantaged communities.

The Ebola epidemic created a difficult situation for the people of Sierra Leone. Since the end of the epidemic in 2015, fifty Ebola orphans have been adopted in partnership with SOS Villages and the Ministry of Gender, Women and Children. Their education, medical care, food, clothing and accommodation are financed each year.

3.2 DIGITAL INCLUSION

It is our conviction that the development of our countries requires digital transformation. Our contribution integrates all stages of this digital inclusion: from training to financing, including the creation or support of start-ups and acceleration.

The Orange Digital Center concept is the materialization of our commitment to support digital transformation by preparing young people for the future job market and encouraging innovative entrepreneurship. The one in Senegal was inaugurated on 24 October, 2019 and the programme will eventually be rolled out across all the countries.

This center, a pillar of digital inclusion in Senegal, brings together a set of free programmes:

- **A coding school, Sonatel Academy** dedicated to the training of young people from 18 to 30 years old, to employability and to digital initiation with encouraging achievements: 333 learners | 30% feminization rate | 85% Insertion rate | 6 Start-ups from cohort # 1 and supported | A community of 668 Developers | 3 Sonatel Academy Clubs (Dakar, Kolda, St-Louis).

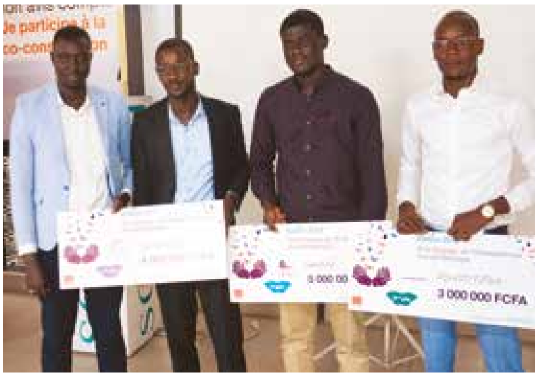
We are targeting 500 learners per year (Face-to-face and E-learning hybrid), a presence of regional branches and a presence in the Innovation Hub of the Directorate of Fast Entrepreneurship (Direction de l'Entreprenariat Rapide, or DER, in Senegal). The activities of Sonatel Academy represent a productivity gain of 5.8% for beneficiaries and an increase in salary of 777,309 XOF per year on average.

Un espace d'accompagnement de start-up

From the challenges that we organize throughout the year, the selected start-ups have a co-working space where they can be trained in digital tools, business management and art of pitching, and guided on marketing strategy and the development of their business. Capacity building is often entrusted to incubator partners.

These competitions have become essential events in the digital entrepreneurship scene in most of our countries of presence.

- Orange Prize for Social Entrepreneur in Africa and the Middle East (POESAM) for all projects of a societal nature with, in Guinea, the innovative introduction of a special prize reserved for the project having the most positive impact on the female gender. In Guinea-Bissau, an energy project (Ubuntu 2S) has been selected for the 1st time among the 10 finalists of the international phase which is in its 9thth edition in Senegal.
- Linguère Digital Challenge (LDC) dedicated to women entrepreneurs in the digital field in Senegal;
- Orange Fab, the acceleration programme of the Group.



An “Innovation lab” space

Dedicated to strengthening the culture of innovation within the Sonatel Group with training in design thinking in particular.

A supportive FabLab

DIY space based on physical membership, with free access and equipped with tools and machines for manufacturing and digital collaboration, for people dropping out of school, actively searching for a job, associations of female professions.

Since its opening, the supportive Fablab has helped 8 learners in the prototyping of their product and 25 children in a DIY workshop.

A supercoder workshop

With a capacity of 30 positions for initiation to the coding of children and seniors. More than 1,500 pupils and middle school students and about sixty seniors have benefited from free training to date.

Other ad hoc programmes are also supported to complete this system and take into account all of the target populations.

This has also resulted in initiatives for the development of Mali such as the Kunafoniow application, launched in partnership with Human Network International (HNI).

The Kunafoniow service offers populations access in local languages to useful public information on everyday life: Health, Land, Gender, Agriculture, Water-hygiene-sanitation, Family planning, First aid, Micro finance.

In Guinea, the organization of the Digital Week made it possible to highlight this digital revolution in progress with Orange Guinea.

Further, local commitment has also resulted in the expansion of Orange Energie offers to guarantee access to energy while raising awareness on environmental issues.

3.3 PRESERVATION OF THE ENVIRONMENT

Through the “And defar Sunu Gox” (clean up our environment) programme, we confirm our position as a major player in civic engagement and the preservation of the environment, thus contributing to the improvement of the living environment of the local authorities and make sure that as as many communes as possible benefit. In 2019, we strengthened this programme with a sustainable development component to ensure the sustainability of the achievements.

3.4 DIALOGUE WITH OUR STAKEHOLDERS

In order to get closer and better listen to our stakeholders, we have set up various exchange frameworks in all our countries of presence.

In Senegal, we continued to support major religious events. Our recurrent Pencum (meetings) Sonatel system enabled us to continue the dialogue with various stakeholders such as consumer associations, employers and parliamentary organizations in Senegal.

In 2019, we launched a new concept, called Sonatel ci sunu gox (Sonatel in our neighbourhood), a framework that allows us to interact with our different stakeholders in a given area (neighbourhood, city, etc.).) on their needs related to our activities, to the local digital ecosystem and to citizen-led activities. Thanks to this listening, we can adapt our investments and our CSR actions to their expectations. In Senegal, we notably rolled it out in Ziguinchor and in the suburbs of Pikine and Guédiawaye in 2019.

In Mali, the dialogue with our stakeholders took place within the framework of a business project based on the vision «To be the preferred Multi-service Operator, leader of digital transformation in Mali».

The purpose of this exchange framework was to famiiliarize ourselves with the perceptions and expectations of our stakeholders on the raison d'être of Orange Mali by 2023 and the themes that inform our approach, in particular:

- accessibility of products and services,
- economic development through telecommunications,
- support for local socio-economic development.

In Guinea, the results of the dialogue with our stakeholders confirmed the areas of intervention of our Citizen Programme: human development (education and health), the environment, the economy and good governance.

One of the key elements of 2019 remains the strong mobilization of Orange Guinea employees, reflected in the establishment of a CSR committee, the holding of CSR exchange cafes, places of exchange on subjects related to the SDGs.

In Guinea-Bissau, our foothold was reinforced with the launch of the headquarters.

Our desire to be the special partner of populations and organizations in their daily choices has also materialized through the organization of the 1st Forum on Digital Transformation and Innovation in Bissau in October 2019.

Further, a dialogue was carried out with women farmers, traders, women in the fisheries sector and with women leaders in order to listen to them and identify possible partnerships.

Orange Bissau also celebrated International Women's Rights Day by launching the M-Woman programme.

«Don't let global warming drown our coastline.»

4 RECOGNITION OF OUR **INTEGRATED APPROACH**

RECOGNITION OF OUR INTEGRATED APPROACH

We are a company that cares about meeting the expectations of its stakeholders.

We have therefore been engaged for several years in a process of continuous improvement and economic, social and environmental development of society.

The integrated management system policy reflects the company's commitment in several areas:

In CSR

By relying on **ISO** standard **26000**, improving our Corporate Social Responsibility policy based on 4 pillars:

- Community Well-Being
- Growth and economic development
- Good Governance
- Preservation of the environment

In quality

By listening to our stakeholders to offer them an incomparable experience thanks to **ISO 90001** and service excellence through:

- Improved employee experience by generating enthusiasm
- A better understanding of the needs of our current and future stakeholders to offer them customized and innovative services
- Continuous improvement in the perceived quality and experience of our stakeholders

In Health / Safety

By developing a health and safety culture for our employees and all people working on behalf of Sonatel relying on OHSAS 18001. This involves:

- Securing working conditions by preventing accidents and damage to health by involving employees in the improvement measures
- Promote the health and safety risk reduction approach with our service providers
- Continuously improve the management of health and safety at work for our employees, all people working on behalf of Sonatel and visitors

In Energy Management

By reducing energy consumption with ISO 15001.
This involves:

- Encouraging the purchase and design of energy efficient products and services
- Promoting the eco-responsible behaviour of employees and subcontractors
- Manage our energy uses and continuously improve our energy performance

In Environment

By controlling the impacts of our products and activities by relying on iSO14001.
This involves:

- Encouraging the purchase and design of sustainable products and services
- Implementing environmental risk reduction throughout the life cycle of our products
- Promote environmental risk reduction by our service providers

Information security

By guaranteeing the security of Information for the services we offer thanks to ISO 27001.
This involves:

- Achieving a level of security that meets the requirements of our stakeholders
- Continuous improvement in the efficiency of our information security risk management systems

We are certified in the various standards by independent certifying bodies, which audit our management system regularly to maintain our certificates.

This international recognition demonstrates the ability of our company to always better meet the expectations of its internal and external stakeholders.

Our certificates and labels

Sonatel, a recognized commitment

Label

Management System Certifications

Business certifications

Tier III+ Datacenter: Certification TCDD (Tier III Certification Design and Documents)

With its 8 quality and security certifications, including the prestigious TCCF Uptime (Tier III Certification of Constructed Facility), our Tiers 3+ Datacenter is our asset to better support the digital transformation of our companies. We thus join an exclusive group of industry leaders thanks to these prestigious certifications in addition to ensuring the reliability of our devices

This year, the Datacenter was even nominated for the first time in the category Excellence in Regional Datacenter Award-Middle East Arica by the Datacloud Summit Award.

As a reminder, Uptime Institute is the only international organization empowered to define and award the tiering of Datacenters (Tier 1, 2, 3 and 4) widely adopted in the world and whose objective is to maximize their efficiency. This awarded Tiering attests to the quality and conformity of the technical documentation (plans, diagrams, technical sheets, calculation notes, power balances, functional analyzes, etc.) of our Datacenter.

«The air we breathe is the air we pollute.»

5 OUR BASE

OUR **BASE**

5.1 OUR CORE BUSINESS: INFORMATION NETWORKS AND SYSTEMS

Modernization of the mobile network

In our desire to offer our customers technical networks that are always at the cutting edge of technology, we have continued the important work of modernization and extension of our infrastructures through the deployment of last generation equipment supporting 2G / 3G / 4G as well as the modernization of the Datamobile core network and service platforms.

In Guinea, for example, 78 new localities were covered by 2G / 3G / 4G / 4G+ as well as in Sierra Leone, where the deployment of new additional technical sites has improved the quality of service (QoS).

Continued deployment of 4G / 4G+

Our sustained investment efforts have made it possible to continue to extend 4G+ coverage in all regional capitals and that of 4G in all departmental capitals. At the end of 2019, the 4G base thus increased to 1,359 sites distributed throughout Senegal and 1155 for 4G+.

2019 is also characterized by the launch of the pilot phase of 4.5G which is an evolution of 4G+ to offer an even higher connection speed and more capacity. A connection speed up to 8 times faster than 4G, allowing speeds ranging from 600 Mbps to 1 Gbps. This a first step towards 5G.

In Mali, after the renewal of our 2G/3G licence and obtaining that of 4G in 2018, we have embarked on a policy of densification of the 2G, 3G and 4G+ network, with significant investments which have notably enabled a 98% coverage of the territory and the densification of 4G in the capital, Bamako.

In Guinea, we launched the country's first 4G network, which covered regional capitals and major cities in the country at the end of December with 254 new 4G sites.

Local investments were also reinforced with the construction of Data centers and the extension of all BackBones to 2.4 GB.

In Guinea-Bissau, we were the 1st operator to launch 4G+. The extension of network coverage also continued in the capital Bissau (fully covered in 3G and 4G) and the main cities in the provinces (3G). Similarly, we launched 4G in Sierra Leone with 86 sites already deployed throughout the country.

Launch of the Fiber To The Home (FTTH) project.

The Fiber To The Home project also continued in several neighbourhoods of Dakar and its suburbs after the success of its launch in 2017.

Modernization of the fixed network

We have a new IMS (IP Multimedia Subsystem) solution to modernize our fixed network in order to offer our customers all modern technologies in terms of service and quality.

Internationally, the migrations of flows to the new international transit center-Internet Protocol (ITC-IP), set up in 2018, were pursued to respond to the expectations of partner operators with an IP interconnection.

Continued investment in rural areas

In 2019, we strengthened the fiber optic service to urban areas (regional capitals, major cities of départements and certain large localities) with 99 new sites connected with fiber in Senegal while in Mali, 4,416 km of fiber optic were rolled out.

The extension of several radio relay links (RR) has also made it possible to support the coverage and 3G/4G densification in rural areas in addition to the programme to cover localities with more than 500 inhabitants and priority highways.

5.2 OUR ACTIVITIES

Orange Money confirms its role as a growth driver for the Sonatel Group in 2019.

In order to consolidate its diversification strategy geared towards the financial services of the future, the Sonatel Group has set up an Electronic Money Issuing (EMI) subsidiary in its countries of presence, Orange Finances Mobiles. The main mission of these EMIs is to accelerate the Group's commitment to the development of mobile financial services, in an economic and social environment where financial inclusion, in line with compliance standards, is a key issue. We have, through our Orange Money flagship product, continued in 2019 **our operational excellence with a turnover up by +54% and an increasingly marked presence in the daily lives of Senegalese.**

Despite the toughening of the regulatory environment in 2019, such as the cessation of bonuses offered to Orange Money customers in July 2019, Orange Money has managed to maintain its leadership on the mobile money market and offer new innovations to its customers. NB:

- The launch of the Merchant payment product line with the **option of paying by QR Code**. In one scan, payment to the merchant is effected.
- **The redesign of the Transfer with Code** with the introduction of the surname and first name of the beneficiary to further secure the service.
- The launch of **self registration and Orange Money account upgrade via the web portal**, which allows customers to register or identify themselves on Orange Money without having to travel.

2019 was also marked by intense animation of Orange Money products. These events largely contributed to the achievement of several objectives:

- An animation on the **redesign of the price list** of invoice payments: unification of lists and price reduction
- **Integration of new bank-to-wallet partners** (the act of transferring money from one's bank account to one's Orange Money account), increasing the number of partner banks on this service to five
- Continuous **sensitization of customers on scammers' attempts**.

Regarding **Corporate Social Responsibility**, Orange Money continues **to place the stamp of the Sonatel Group on the development and empowerment of the populations** thanks to the efforts of dematerialization of money and involvement in projects such as the partial distribution of family grants initiated and supported by the Government of Senegal.

Orange Money remains a real success in **Mali** with 4.6 million customers and more than 40,144 distribution points across the country.

Allowing Guineans wherever they are in the country to access bank-type services at any time was the reaffirmed objective of Orange Money in 2019. This has resulted in the multiplication of new services supported by launches such as the partnership with WorldRemit to allow Guineans in the diaspora (nearly 50 countries) to send money to their relatives living in **Guinea**.

Performance translates into compliance certified by the GSMA of the OFMG, verified by a +46% turnover growth and 50% EBITDA.

Despite strong aggressive competition, Orange Money achieved a market share of 56%. Further, there has been an increase in the use of e-recharge.

In 2019, the Orange Money service, launched in 2017, continues to grow. Between 2018 and 2019, Orange Money's active subscriber base grew by 190% thanks to the launch of electricity bill payment by Orange Money, the development of merchant payment with new partners, particularly petroleum companies (MAD OIL, ELTON), events and the development of sales outlets.

5.2.1 IN SENEGAL…

Orange maintains its leadership in the Senegalese mobile market with a 53.94% market share

Despite increased competition from the mobile market, we have maintained our leadership with a mobile subscriber base of around 9.57 million.

To facilitate exchanges and support the dynamism of economic activities, we launched several strong actions in 2019.

Act 4 of the Fixed Internet redesig

We confirm our commitment to democratize the Internet for all and continue together with our customers to write our connected history through, among others:
- the redesign of the fixed Internet range with the doubling of speeds;
- VDSL technology which makes it possible to achieve very high speeds on ADSL in eligible areas;
- fixed Internet, now unlimited and accessible from 10,000 XOF with the Box bi offer.

Act 5 of the digital revolution

The Illimix range is reinventing itself
To better conform to the more diverse uses of customers on mobile, we have revised our Illimix range marketed under Jamono Allo, Jamono Max and Jamono New Scool. Thus we now offer 5 Illimix adapted to the use of each client: from the Illimix day at 500 XOF (200 MB internet, 60 min calls to all networks, 100 SMS) to the Illimix month 14 900 XOF (20 GB internet, unlimited calls to all networks, Unlimited SMS).

Kirene with Orange
After Wotel and Konec'tél, we offer our customers Kiréne with **Orange Mixel** which combines business with pleasure valid to all networks for 30 days.

Making mobile Internet more accessible to all

Pass Education
We offer our customers a special pass to learn a little more every day. With 100F, the customer benefits from 100MB and, after installing the MondoCned CNED application, he can access the content of our partners: Virtual

Facebook Flex
We now offer the possibility to our customers who top up 100 XOF or more to access Facebook Flex, which is a news feed with text content including photos and videos. In addition, with Messenger Flex, the customer can send messages, photos, videos and other files.

Smartphones for all to better experience the Internet with Alcatel alongside the leaders Samsung and iPhone

In 2019, still in the process of providing customers with the best experience on 4G+, we have offered a catalog of multi-brand terminals with prices accessible to all, from the Orange Rise 55 (bundled with the Jamono offer) to the iPhone 11 Pro Max.

Content, the guarantee of innovation

In 2019, we positioned ourselves as a decisive player in the content and digital sector, through our subsidiary Sonatel Multi-Media.

We thus supported the local cultural ecosystem with, in particular, the co-production of the series «''Idoles" season 7, the documentary «''Les murs du savoir" and the short film "La Malette". 2019 was therefore rich in content production with also the launch of «DAKAR Rapid», the first series of activities dedicated to toddlers.

This support for the cultural industry was also manifested in the launch of the Pitch production programme. The call for candidates, during the Dakar Digital Show, made it possible to register more than 388 applications, including four production projects in the categories of feature film, series, documentary and animation which were selected for funding.

Finally, the 4th edition of the Dakar Digital Show confirmed our desire to actively participate in the digital emergence of Senegal.

DAKAR DIGITAL SHOW, THE DIGITAL SECTOR EXCHANGE PLATFORM

The fourth edition of the Dakar Digital Show, organized in partnership with the General Delegation for Fast Entrepreneurship of Women and Young People (Entreprenariat Rapide des Femmes et des Jeunes, or DER/FJ), took place from 3 to 5 December, 2019 at the Diamniadio Exhibition Center. Under the theme "Building a start-up nation", the fourth edition of the DDS was attended by a record number of participations with 3,096 visitors and more than 70 exhibitors!

This edition was an opportunity for Sonatel to invite the public to come and discover in the stands the solutions and services of exhibitors, livetalks, panels and workshops on the latest technological trends on disruptive subjects such as Financing and fundraising, Blockchain/ Artificial Intelligence, Fintech, Digital Business Transformation, etc.

The Dakar Digital Show is also a platform for exchange and learning. Throughout the two days of the fair, national and international experts from different fields led six livetalks, eleven workshops, a success conf and a panel.

The 2019 edition of the bi-annual meeting of the international network of Orange Fabs (14 accelerators spread over 4 continents) was held on the sidelines of the Dakar Digital Show. It allowed them to share their good practices and present their start-ups.

Orange Energie lays the foundation for Diversification into new areas

Launched in the pilot phase in August 2018, the range of individual Orange Energy kits of the SHS (Solar Home System) type, intended for households and small businesses in rural areas, significantly transforms the lives of populations in Senegal, in Mali and Guinea.

In addition to the battery and the solar panel, the kits are accompanied by equipment (lamps, charger phone, TV screen, radio, torchlight), allowing people to have electricity for less than 140F per day for the Lighting kit, 240F per day for the Comfort Kit (lighting + radio + torch) and 450F per day for the TV Kit. Thanks to this project, we are contributing to access to electricity the development of renewable energies in the area and access to services like TV, and in the future to the Internet or content.

Today, nearly 11,000 households are equipped with Orange Energy in all of our 5 countries of presence.

With Orange Business Services, future solutions for digitizing businesses

In Senegal, we market, through our subsidiary Sonatel Business Solutions, digital solutions intended for organizations, enterprises (SME / SMI, Sohos, large Companies) and our States.

Digital is at the heart of the development of our businesses and also a major lever for emergence.

We support companies with tailor-made solutions adapted to their needs and which respond to their business issues.

A recognized expertise

In the corporate market segment, we benefit from the support of a major international Group, Orange Business Services, which employs more than 6,000 people for a 7.3 billion turnover. One of our major assets is also to have integrating partners located all over the world: Alcatel Lucent - Huawei - Genesys - Polycom - Cisco - etc.

At the Sonatel Group level, there are 300 certified experts in the network, IT and Cyber-Security fields, among others, serving our 6,000 organization and business customers. We offer our operator-integrator services throughout the Sub-Region.

These assets have earned us recognized expertise which has resulted in the most recognized certifications in the IT profession (Cisco, Alcatel, Nexans, Fortinet, Hewlett Packard, Microsoft, etc.) and prestigious distinctions such as the nomination for the DataCloud Summit Award (2019).

In 2019, we joined the highly closed Club of Services to COPC certified Customers

In Senegal, our call center specially dedicated to our corporate and organizational clients has joined the COPC standard, a first in West Africa on the BtoB market in the Group. As a reminder, the COPC is a respected standard recognizing the excellent performance of Call Centers around the world.

Also, for more efficiency, a single web platform for monitoring and supporting the needs of our customers, the online Customer Space, was recently set up to draw even closer to our customers.

Offers designed to meet our customers' needs in every way

From the Jamono Pro prepaid mobile plan without commitment, to the new Orange Cloud Services catalog through all-in-one Mobile Plans and very high speed, we offer solutions to all the needs of our professional customers and large companies.

We are also an Integrator

Through our subsidiary Sonatel Business Solutions, we offer businesses Integration, unified communications solutions, security, connection and networking, IT, consulting. We support Senegalese companies, based on their needs, from design to implementation, from consulting to the development of new and tailor-made services.

A sales force delivering solid commercial performance in 2019

Improving customer experience

Our desire to be resolutely customer-oriented has also materialized in the reception and support of our customers in our network of commercial agencies. Thus we have:

- widespread wearing of uniforms in branches;
- stationed kiosks in front of branches to take care of simple tasks;
- scalable staffing of branches, which has made it possible to significantly reduce the average waiting time to 17 minutes compared to 39 minutes in 2018;
- set up a Net Promoter Voice score to improve the measurement of customer satisfaction at the branch exit.

Job creation for young people

To support our commitment to improve the employability rate of young people, we have recruited Field Sales Partners (FSP) for the marketing of all our products and services. We funded them to acquire administrative documents (NINEA and trade register) to enable them to formalize and thus have a real economic impact for the country and a strong lever for the development of their own business.

Today, there are approximately 1,550 field sellers marketing our products throughout Senegal.

Strengthening proximity with our customers and distributors

To be ever closer to our customers, we continued organizing large-scale field events with the participation of the sales, technical and marketing teams to better address all their needs.

Make Sonatel a Resolutely Customer-Oriented Company

As a reminder, at the end of 2013 we launched our multi-year Transformation Programme on the scope of Customer Service, in order to make Customer Experience the main differentiating factor that makes customers prefer Orange.

As part of the annual execution of this Programme, the 2019 financial year was a particularly intense year, with a number of impactful achievements.

COPC standard certification in February 2019

This certification, obtained in 2019 for the fourth consecutive year on an international high performance benchmark specific to the profession of customer service, draws us year in year out closer to an incomparable customer experience.

Version 6.1 of the COPC standard integrates the multichannel customer experience with a focus on unassisted channels (Orange and Me, USSD…).

Generalization of the COPC approach

A system for pooling the expertise acquired on this standard has been put in place to efficiently and quickly support distribution, intervention and B2B (Business market), which has resulted in the COPC certification of the B2B customer service in November 2019.

It was decided to integrate Wholesale in 2020 in this shared support on the COPC standard.

In fact, the generalization of the COPC approach to all of the contact points will have a positive impact on customer experience.

Opening of the new CRM with a 360° view

This revolutionary and multi-country tool (Senegal, Guinea, Mali, Guinea-Bissau) went into production in 2019 for the Front Office / Back Office internal platforms and for outsourced platforms.

It will provide a better understanding of the customer and improve the front and back office processes.

Continuation of digital transformation projects for customer service

The digital platform, launched since June 2016, continued in 2019 to perform remarkably well in terms of accessibility, availability, efficiency, response speed and quality of service.

In 2019, we also strengthened the operational management of the satisfaction of customers who use the different digital subchannels. The aim is to have a double impact on customer experience and cost control.

In 2019, an ambitious communication programme was thus rolled out to strengthen the popularity of digital channels and boost the use of Orange and Me selfcare by customers.

The USSD dedicated to technical assistance (#1413#) and the establishment of an electronic directory are two other digital transformation projects implemented this year.

5.2.2 …IN MALI…

Orange Mali Annual growth confirmed

From a security and economic point of view, 2019 has been a difficult year in Mali. The telecoms sector is no exception to the rule, the market becoming more and more competitive with three operators and a 4th in sight.

We have won the battle for innovation by launching new offers on Fiber Optics and 4G. We aim to strengthen our leadership in 2020 and become the partner of digital transformation in Mali. This aim will focus on 2 priority areas:

- transitioning from a telecommunications operator to a digital and multi-service operator by continuing to transform the turnover mix,
- delivering value while ensuring consistency with the company's raison d'être.

Innovative products and services for more than 11.8 million customers, individuals and businesses

In keeping with our proximity policy, we have offered a list of innovative offers and services from prepaid and postpaid offers for integration solutions dedicated to professionals and businesses, as well as Internet offers for all uses.

Mobile: more than 45% increase in Data turnover and good resilience in Voice / Sms turnover

This good growth is explained by the implementation of Internet solutions adapted for each Malian customer through latest generation Fly box offers and 4G terminals (smart phones, tablets, flash drives, etc.). In 2019, more than 4.7 million smartphones were connected to our network.

A new Orange Mali Sugu application has enabled customers with IOS & Android smartphones to simplify the use of our services and improve their customer experience.

On the Malian territory, the distribution network has also grown in a regular and structured way to ensure the availability of recharge cards everywhere and all the time. The corporate market has seized new opportunities by developing bandwidth for more innovative Internet solutions.

5.2.3 …IN GUINEA…

Orange Guinea, a multi-service operator at the service of everyone in Guinea

An admittedly delicate environment ...

2019 was marked by more aggressive competition in a socio-political environment that is tense and difficult with strong socio-political tensions and a toughening regulation (stricter customer identification requirements, difficulty accessing the national backbone, etc.).

Maintaining leadership

We maintain our position of market leader in telecommunications indications with market share volume of 62.62% and a share of market value of 64%.

The steady network extension and densification together with the launching of offers adapted to companies and individuals enabled us to acieve a 6% growth of our base: 7,670,000 customers at the end of December.

Digital: a confirmed revolution in progress

With a growing base of +10%, our internet market share in Guinea is 55.5% thanks to the increasing connectivity needs of the populations.

To make sure most people enjoy the best of the internet, the range of internet packages have become more generous.

A solution for each situation, to surf even better

To allow each Guinean to benefit from the best of digital service according to their needs, we have initiated major innovations such as the launch of the HomeBox, the Domino 4G and the pro pack offer for the SOHO segment.

5.2.4 …IN GUINEA-BISSAU…

Profitability confirmed in Guinea-Bissau

Operational efficiency and cost control

In 2019, we continued our operational efficiency programme. All the actions implemented contributed to 17% growth in Ebitda.

Despite the fierce competitive and the impact of the failure of the cashew season (the income of operators in Guinea-Bissau dropped by 4.8% compared to 2018), our revenues have grown in all of our activities in recent years with a value market share peaking at 61% in 2019.

Our active base

Our active base grew by 4% compared to 2018. We remain the market leader with a market share volume of 56.4%.

Internet

As of 31 December, 2019, our active mobile data base grew 22% compared to 2018.

To continue the development of Data Mobile, several innovations were also launched in 2019, including the new bonus to Troca Mega internet pass change service, promotions on passes and smartphones and new devices. Important field events were also organized to speed up sales.

5.2.5 …IN SIERRA LEONE

Orange Sierra Leone: leader in market share volume and mobile money

This year, we were able to become a leader in the Sierra Leonean market thanks to the improvement of the customer experience (QoS on data) and the creation of new growth drivers such as Mobile Money, Data (4G) and development of our Business sector (B to B). We also launched 4G roaming for incoming and outgoing calls.

«The sea cannot clean itself.»

6 OFFERING OUR EXPERTISE AT THE **INTERNATIONAL LEVEL**

International connectivity reinforced, Innovative wholesale, active participation in the success of major international events : we remain a reference in global Telecommunications Reinforced international connectivity,innovative wholesale solutions, active participation in the success of major international events: we remain a reference in global Telecommunications for an emerging West Africa in the digital field.

OFFERING OUR EXPERTISE AT THE **INTERNATIONAL LEVEL**

6.1 A REINFORCED INTERNATIONAL CONNECTIVITY

We bet very early on the development of infrastructure (submarines, satellites and technology) to meet the growing demand for international call flow and one of the largest bandwidths in the Sub-Region.

In addition to installing the segment connecting Guinea-Bissau to ACE from Dakar in April 2019, further investments enabled a new generation of submarine cable, MainOne, to be commissioned. This infrastructure will strengthen the connectivity of our countries of presence to global networks and meet the growing needs of all players in the digital economy.

Further, the launch of the West African Backbone (BAFO) is planned for 2020. This supraregional network will be interconnected to the rest of the world thanks to different fiber optic and submarine capacities provided by the countries crossed and will link the main capitals of West Africa: Dakar, Bamako, Conakry, Abidjan, Accra, Lagos.

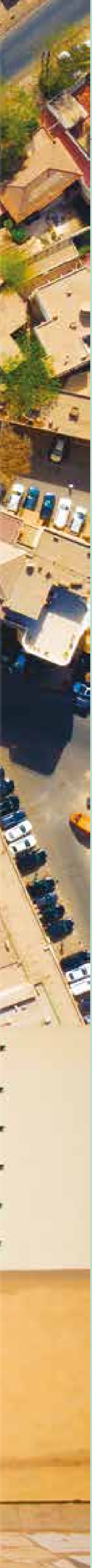
6.2 INNOVATIVE OFFERS HAVE HELPED BOOST TRAFFIC AND RECONQUER THE WHOLESALE MARKET

Thanks to Orange Travel Passes, roaming has been democratized, making the service accessible to all. The Orange Vogage Passes have accompanied our customers during major sporting and cultural events on the continent (for example, the CAN in Egypt and pilgrimages to the holy places of Islam and Christianity). The “Welcome SMS” also makes it possible to inform roaming customers by sending reminder messages about offers and prices on their phone as soon as they connect to the host country.

Likewise, certain services such as SMS and A2P SMS, true levers of monetization of the growing digitization of our uses, have made it possible to reach a record level of turnover this year since their launch. Sharing infrastructure is also for us a lever in the economic and social development of our countries of presence. This sharing of equipment (such as radio sites) and expertise with all players in the ecosystem has made it possible to optimize investments and above all to create value.

6.3 OUR EXPERTISE AT THE CENTRE OF MAJOR EVENTS AND ACTIVITIES OF ORGANIZATIONS AT THE INTERNATIONAL LEVEL

As a major player in telecommunications and digital transformation in West Africa, we have been a major player in international meetings of the sector including the **West Africa Com** in Dakar in July and in Cape Town in November 2019. This year, we received the Best connected consumer device award.

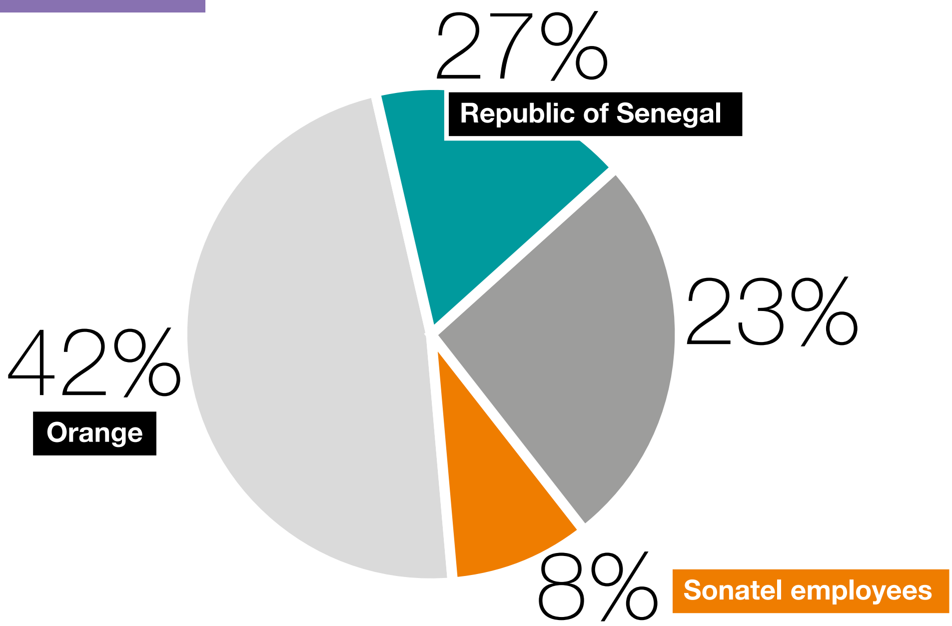


«One day the green spaces will disappear under the grey concrete.»

7 KEY FIGURES AND **SONATEL IN THE STOCK EXCHANGE**

KEY FIGURES AND SONATEL IN THE STOCK EXCHANGE

Scope of consolidation



Countries	Companies	Ownership	Percentage ownership
Senegal	Sonatel SA Sonatel Mobiles Sonatel Multimedia Sonatel Business Solutions Orange Finances Mobiles Senegal	Direct Direct Direct Direct Direct	Parent company 100% 100% 100% 100%
Mali	Orange Mali Orange Finances Mobiles Mali	Direct Indirect	70% 70%
Guinea	Orange Guinae Orange Finances Mobiles Guinae	Direct Indirect	89% 89%
Guinea-Bissau	Orange Bissau	Direct	90%
Sierra Leone	Orange Sierra Leone Orange Money SL Limited	Direct Indirect	50% 50%
GOS	Groupement Orange Services	Indirect	47%

Key messages 2019

Sales figures

Strong growth in turnover thanks to the development of mobile data, usage of Orange Money services and steady income from fixed in Broadband (flybox, fiber, adsl).

Competition

Strong recruitment drive in mobile allowing market share gains despite the intensification of the competition.

Income and expenses

Continued sustained growth in turnover despite the continued decline in revenues from fixed and international voice.

Transformation of almost 30% of the increase in revenues in growth of the Ebitda margin thanks to the improvement of the direct margin.

Capex and Free cash flow

Improvement of the level of free cash flow thanks to the increase in the operating margin higher than the increase of the volume of investments.

Countries

Insecurity persisted in the northern and central part of Mali with impacts on the 3G / 4G swap programme and on the quality of service.

Economy

Macro economic indicators in the green in almost all the countries of presence.

Regulations

Imposition of new taxes and new fiscal impacts. Decrease in interconnection tariffs.

Key operational figures

Resumption of growth in the base following the revival of mass SIM sales, mainly in Mali, combined with the strong recruitment drive in all countries except Sierra Leone impacted by the identification requirements.

IMF customers
Fixed + Mobile + Internet

32.7
million
(+10.4%)

29.6
million

Mobile Customers
Voice, sms and VAS

32.3
million
(+10.8%)

29.2
million

Data Customers
Mobile Internet

11.3
million
(+11.6%)

10.1
million

Orange Money Customers

6.9
million.
(+23.2%)

5.6
million

Internet customers
ADSL + Fiber + Flybox + Wimax

229.9
million
(+22.4%)

187.8
million

Syscohada financial key figures

Strong growth in turnover, maintained thanks to growth drivers. Ebitda growth below turnover due to the effects of the tax burden. Improvement in the level of free cash flow thanks to the increase in the operating margin, which is greater than the increase in the volume of investments.

Turnover

1086.8
billion in XOF
(+6.3%)

1022
billion in XOF

Ebitda

482.1
billion in XOF
(+4.2%)

462.6
billion in XOF

Net income

196.8
billion in XOF
(-2.7%)

202.3
billion in XOF

CAPEX

207.3
billion in XOF
(+6.7%)

194.2
billion in XOF

Free Cash Flow

274.7
billion in XOF
(+2.4%)

268.3
billion in XOF

Coverage

	Senegal	Mali	Guinae	Guinae-Bissau	Sierra Leone
Mobile Penetration	109%	99%	108%	84%	54%
2G Population coverage (%)	98.2%	95%	98.1%	90%	81%
3G Population Coverage (%)	95.2%	71%	67.3%	69%	60%
4G Population Coverage (%)	73.1%	41%	34.4%	34%	41%
3G Active customers (in Millions)	3.9	4.1	1.3	0.2	0.4
4G Active customers (in Millions)	1.6	0.5	0.3	0.06	0.03
Data Penetration	41.7%	35.4%	34.2%	22.4%	13.8%
4G penetration rate	16.7%	4.4%	3%	7.7%	1%
Mobile Money Penetration	39.8%	39%	35.3%	23.8%	N/A

Contribution to the economy

Turnover generated for local enterprises

+250
billion in XOF

Budgetary

Budgetary Income

+610
billion in XOF

paid as taxes, duties, fees, social security contributions, customs duties and dividends in the countries of presence

Job creation

+160 000
Indirect jobs

+4500
Direct jobs

thanks to an extensive commercial distribution and dynamic partners

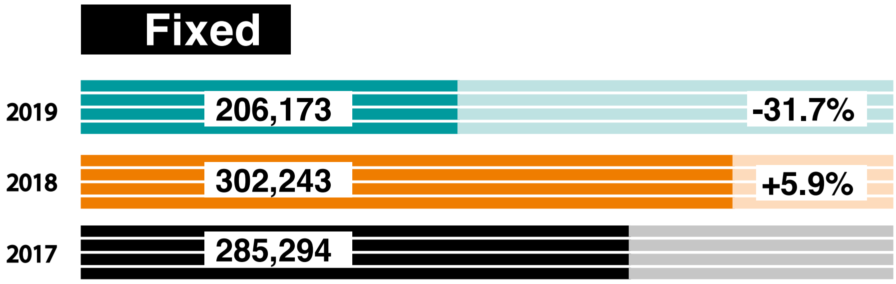
Exports

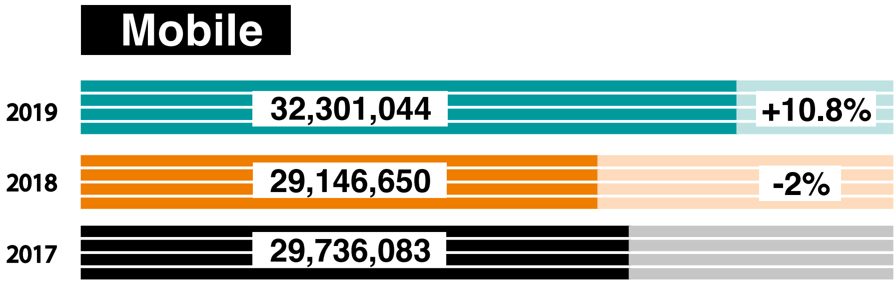
+115
billion in XOF

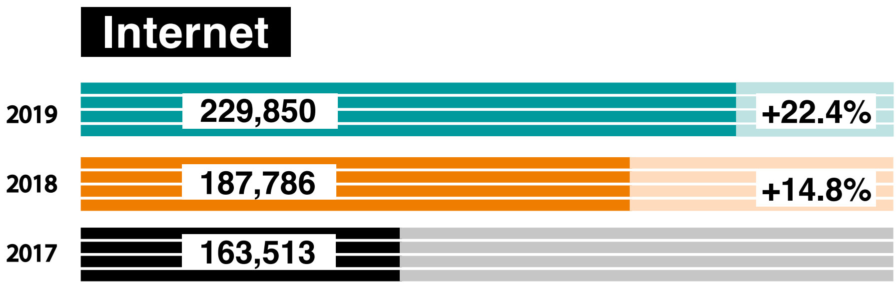
generated in contribution to level of balance of payments by foreign telecommunications operators

Subscriber base: Fixed, Mobile and Internet

Good recruitment drive in Mobile thanks to the evolution of the Senegal fixed base impacted by the discontinuation of the CDMA product.

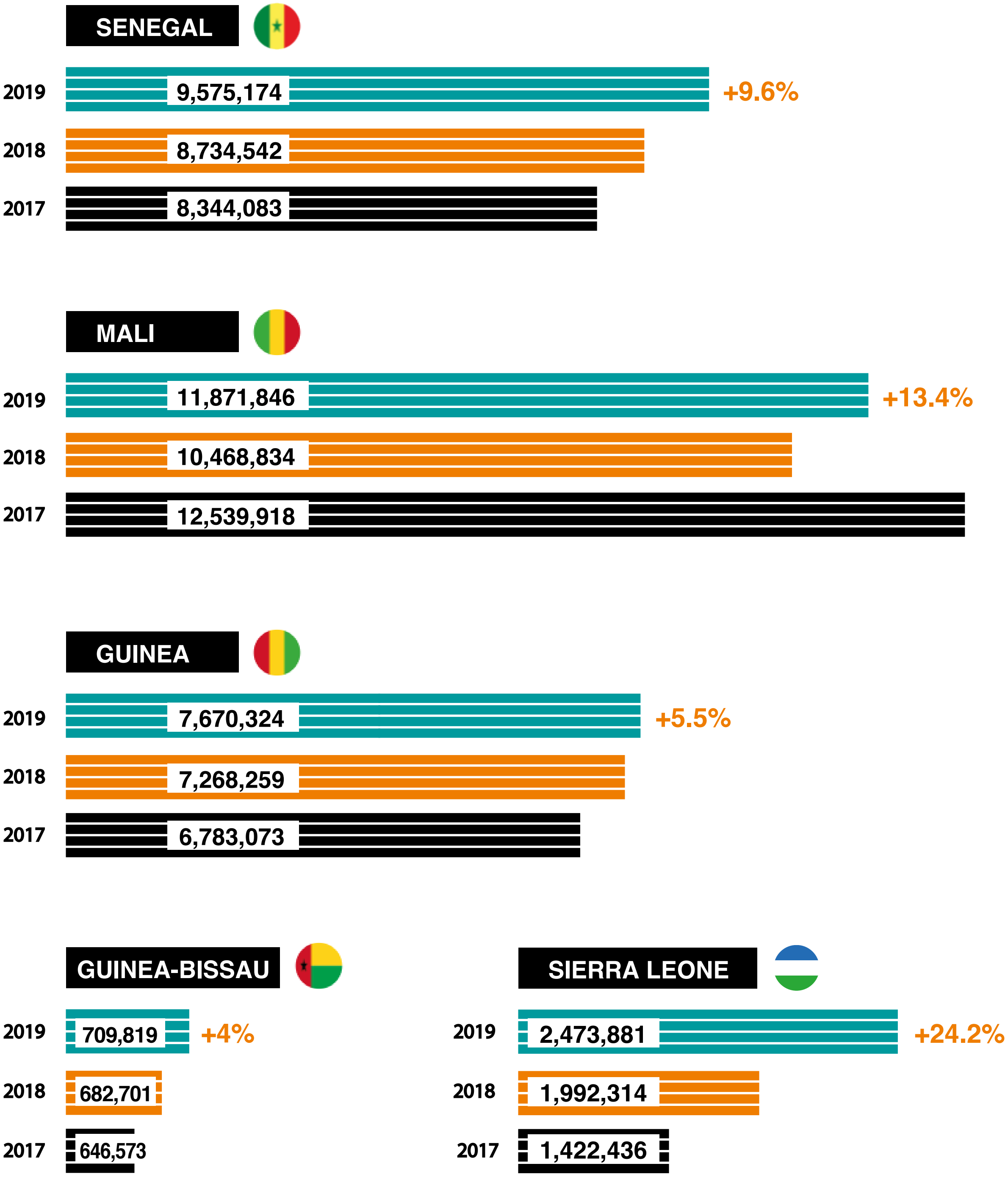






Subscriber base: Mobile

Good commercial strategy focused on abundance resulting in strong growth of the base.



ARPU

Growth of ARPUs in all countries thanks to adapted offers and good customer experience.

Senegal		Mali	Guinea	Guinea-Bissau	Sierra Leone
Fixed XOF	Prepaid mobile (XOF)	Prepaid mobile (XOF)	Prepaid mobile (GNF)	Prepaid mobile (XOF)	Prepaid mobile (SLL)
92,928	3,147	2,224	27,109	2,935	20,322
+26.3%	+2.7%	+15.2%	+2.5%	+8.6%	+8.5%
73,579	3,063	1,930	26,452	2,701	18,729
+2%	+12.6%	+37.4%	+2.5%	+3.6%	+4%
94,838	2,794	1,618	26,448	2,832	19,542

2019 2018 2017

Mobile data

Strong level of revenue growth maintained thanks to the penetration of 4G. Growth in the base and usages driven by the solid recruitment drive.

Turnover

238.9 **billion** (+24.7%)

ARPU
Mobile data

1878.8 **billion** (+9.4%)

% group revenue

22% (+3.2 points)

Contribution
Turnover growth

73% (-41.2 points)

Active customers

11.3 **million** (+11.6%)

Delta customer base

1.2 **million** (+22.7%)

4G Active customers

2.43 **million** (+153.2%)

Orange Money

Continued growth of business, rising revenues and improved profitability. A 32% contribution to turnover growth.

Turnover

83 **billion**

(+33%)

ARPU
Orange Money

1116.6 **billion**

(+9.6%)

% group revenue

7.7%

(+1.5 points)

Contribution
Turnover growth

31.9%

(-2 points)

Active customers

6.9 **million**

(+23.2%)

Active/registered rate

48.6

(+5.8 points)

Full base rate

57.9%

(+10.7%)

Volume of transactions

1069.1 **million**

(+35.2%)

Turnover

Good progress in the contribution of Data and Orange Money to the detriment of international traffic. The contribution of voice, sms and VAS is experiencing a slight decline but remains notable.

Fixed

2.2%
Weight activity

Activity growth
-8.2%

2.6%
Turnover

Mobile

50.4%
Weight activity

Growth activity
+1.1%

53%
Turnover

Mobile data

22%
Weight activity

Growth activity
+24.7%

18.7%
Turnover

Orange Money

7,7%
Weight activity

Growth activity
+33%

6.1%
Turnover

International

11.4%
Weight activity

Growth activity
-10.5%

13,5%
Turnover

Fixed broadband

4.6%
Weight activity

Growth activity
+14.2%

4.3%
Turnover

Other

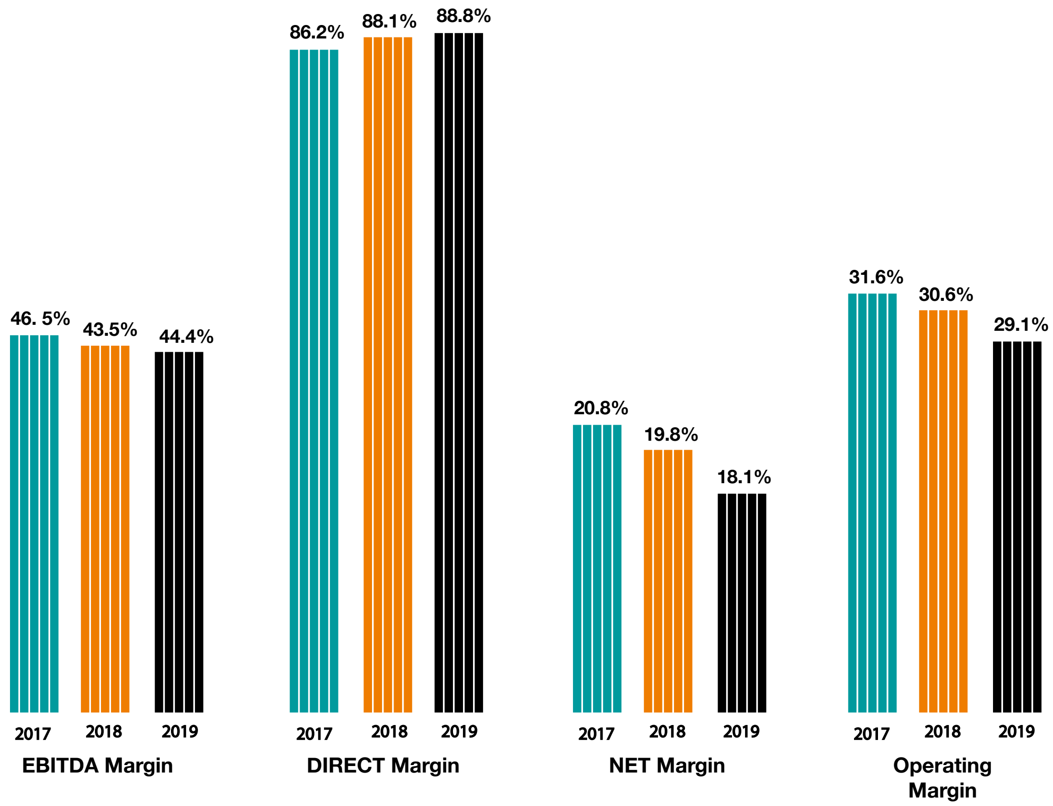
1.7%
Weight activity

Growth activity
+4.2%

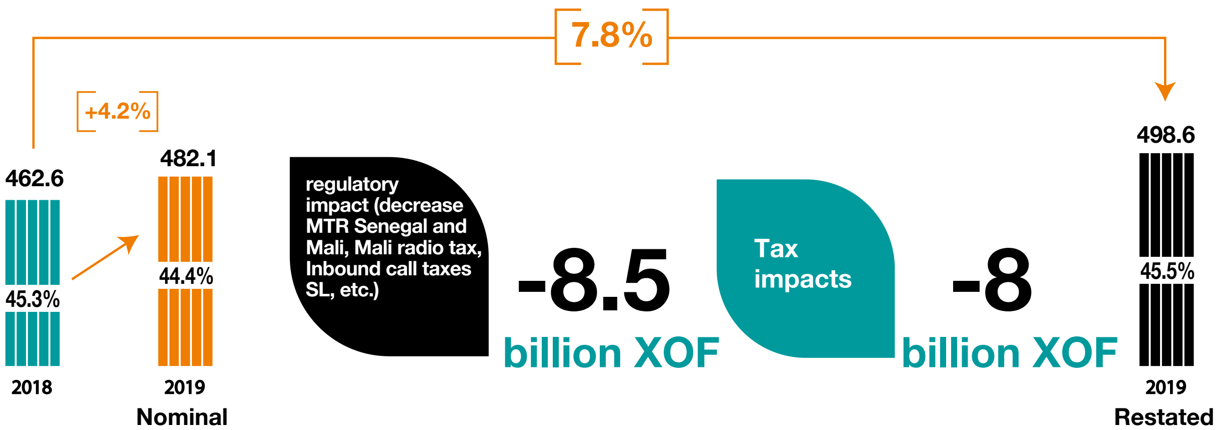
1.7%
Turnover

Margins

Good Ebitda rate with an increase in the direct margin thanks to the control of direct costs.



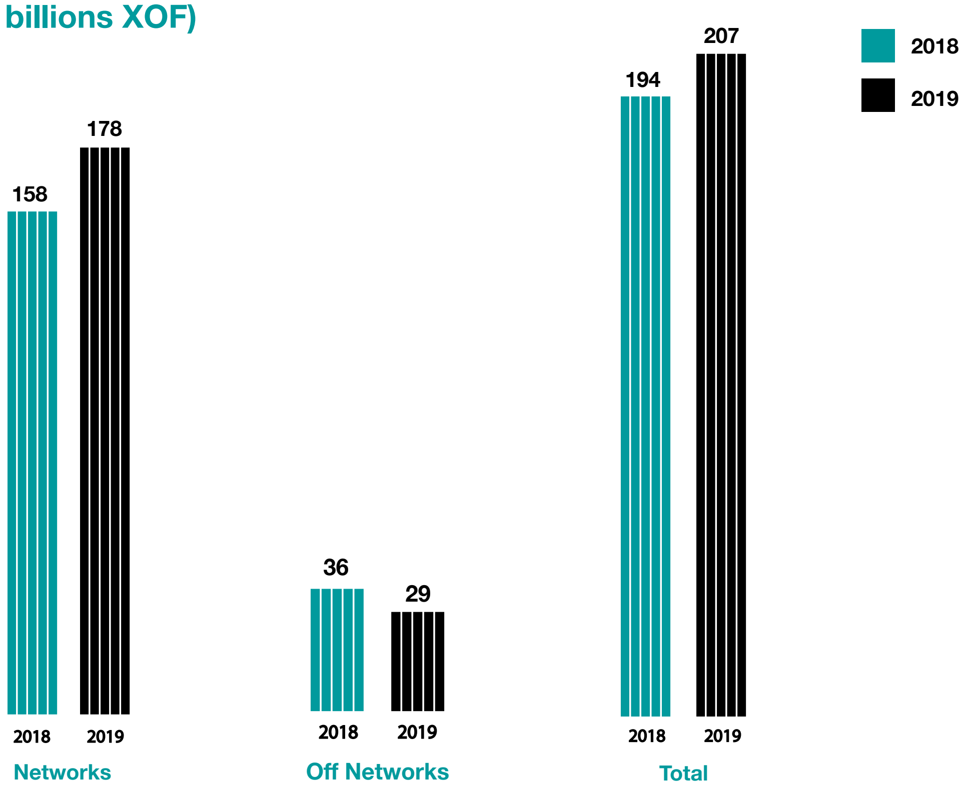
Tax and regulatory measures impacted the Group's Ebitda by 16.5 billion XOF, driven by unfavourable regulatory measures (lower national interconnection prices in Senegal and Mali, radio tax in Mali), the extension of the 2018 tax measures (CST in Senegal) and tax adjustments (Senegal, Guinea).



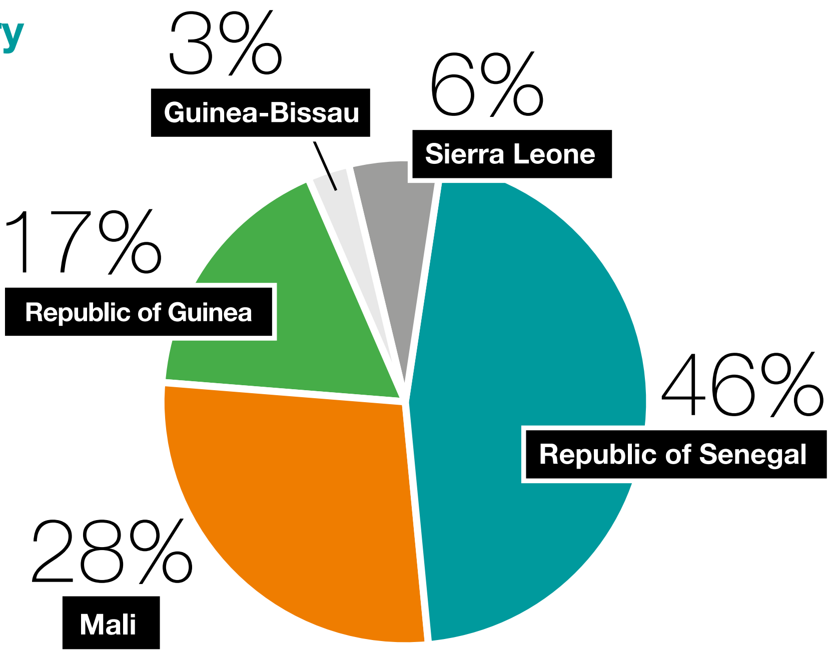
Investments

Investment growth of 6.6% (+12.8 billion XOF) with a stable CAPEX / TO ratio of 19% mainly driven by 4G+ and fiber in order to maintain our competitive advantage over very high speed.

Investments (in billions XOF)



CAPEX by country



Market share Senegal

53.94%

(+1.2 pts / 2018)

Major changes in the competitive and regulatory environment in H2 2019. Confirmation of the robustness of the revenue growth profile of VHS connectivity (mobile, fixed), the development of Orange Money, and better resistance on wholesale. Regained growth in the operating margin despite the slowdown effects caused by events external to the activity (taxation, regulations) Acceleration of the pace of effecting investments / 2018.

- Regained growth in operating margin (EBITDA), thanks to the improvement in the direct margin supported by the increase in turnover, despite a significant impact of XOF 14 billion (tax)
- Good recruitment drive on mobile, allowing market share gains despite the intensification of competition
- Launch of acts 4 and 5 of the digital revolution for the benefit of the general public and businesses;
- Continued rollout of fiber (120,000 connectable homes), active base of 30K customers
- Inauguration of Orange Digital Center, an important instrument of Sonatel's policy for digital development in Senegal
- Relaunch of the activities of the main competitor under the "FREE" brand
- Renewal of COPC certification extended to B2B, obtaining AA+ rating (WARA Agency)

2G - 3G - 4G - 4G+ network

Turnover
+5.5%

EBITDA
+0.9%

Rate of Ebitda
+37.8%
-1.7 points

CAPEX
94.5 bn CFA
+11.5%

Free Cash Flow
-8.1%

Number of IMF customers
+8.6 %

Delta base Mobiles
840.6 k subscribers
+115.3%

Internet Mobile
Base: 4 million
+16.1%

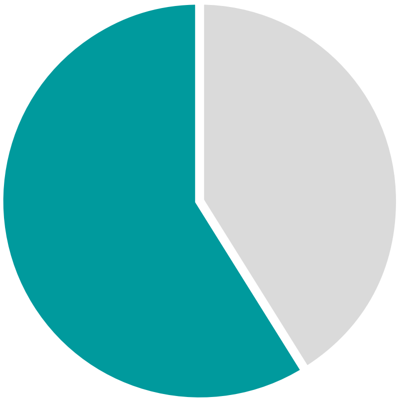
Orange Money
Base
2.5 million
+26.7%

Workforce
1 868 Staff
+0.8%

Market share Mali

58.8%

(-4.6 pts / 2018)



Precarious security situation in the north of the country. Maintenance of strong commercial positions in volume. Strong improvement in 3G coverage. Rollout of VHS LTE solutions (4G, TDD) and fiber. Maintenance of the operating margin despite the increase of regulatory pressure (promotions regulation, drop in MTR) and taxes.

- Growing insecurity in the northern and central part of the country with impacts on the 3G / 4G swap programme and quality of service.
- Solid commercial performance reflected by strong growth of the base and usage, and by revenue growth (+ 4.4%)
- Strong increase in OTTs, driving volumes and incoming international revenues downward.
- Regulation: Reduction of the ceiling rate (81F TTC per minute per voice and 10 XOF TTC per SMS) and regulation of the promotions threshold.
- Asymmetry on national interconnection tariffs with entry into force on 1st January 2019. Call termination on the Orange Mali network went from 7F / min to 5.7F / min in 2019 (-19%).
- Extension of the territory's network coverage: 95% population coverage rate.

2G - 3G - 4G - 4G+ network

Turnover
+4.4%

EBITDA
+0.4%

Rate of Ebitda
+47.3%
-1.9 points

CAPEX
58.7 bn CFA
+2.7%

Free Cash Flow
-0.7%

Number of IMF customers
+13.1%

Delta base Mobiles
+1.4 M subscribers
+167.7%

Internet Mobile
Base: 4.2 million
+7.8%

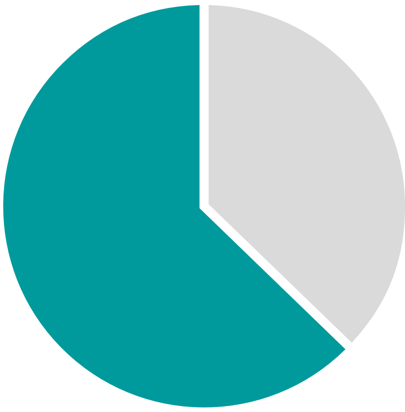
Orange Money
Base 2.3 million
+10.1%

Workforce
667 Staff
+5.8%

Market share Guinea

62.6%

(-4.6 pts / 2018)



Solid operational and financial performance despite a difficult environment. Renewal of the 2G / 3G concession, acquisition of 4G frequencies. Consolidation of strong commercial positions characterized by the development of the Orange Money business and a good recruitment drive. Improvement of the operating margin, stabilization of the EBITDA rate despite the tax impacts. Maintenance of the investment effort, extending the country's network coverage.

- Good operational and commercial performance despite the acceleration of the abundance offers from competitors, reflected in the strengthening of OGC leadership with an estimated market share of 62.6%
- Launch of the "Solar energy" project; International transfer with WorldRemit; Basic Orange Energy Kit
- Social and political uncertainty due to the next presidential elections scheduled for 2020 with the risk of tensions
- An inflation level around 10.4% which weighs on the standard of living of households (increase in the price of fuel, etc.) with a deflating effect on the economic growth of the country.
- Very high level of taxes specific to the telecom sector (59% of operator turnover) with the risk of re-taxation.
- Strong pressure on identification, sharing of infrastructure
- Launch of ECOWAS free roaming, extension of free roaming to data
- National backbone project steered by SOGEB

2G - 3G - 4G - 4G+ network

Turnover
+12.8%*

EBITDA
+13.8%

Rate of Ebitda
+47.9%
+0.4 points

CAPEX
34.7 bn CFA
+5.7%

Free Cash Flow
+18.5%

Number of IMF customersl
+5.5%

Delta base Mobiles
+402.1 K subscribers
+17.1%

Internet Mobile
Base: 2.6 million
+9.5%

Orange Money
Base 1.3 million
+13.6%

Workforce
418 Staff
+4.8%

Market share Guinea-Bissau

52.2%

(-0.9 pts / 2018)

Consolidation of strong commercial positions in volume and value. Continued deployment of 4G coverage and Orange Money penetration. Connection of Guinea-Bissau to the ACE submarine cable. Financial results impacted by economic gloom. A still difficult fiscal and regulatory environment.

- Conduct of the presidential elections with two uneventful rounds
- Economic gloom following a poor cashew season impacting revenues
- Solid financial performance characterized by higher EBITDA growth than sales
- Maintenance of the recruitment drive to retain market share, continuing Orange Money development
- Launch of Orange Djumbai; Orange Mundo: call to all destinations with exceptional rates (# 165 # special
- Frequency Tax Increase draft bill
- Organization of Digital Transformation and Innovation Forum on 2 to 3 October, 2019

2G - 3G - 4G - 4G+ network

Turnover
+10%*

EBITDA
+10.9%

Rate of Ebitda
+35.3%
+2.1 points

CAPEX
6.2 bn CFA
+18.8%

Free Cash Flow
+12.8%

Number of IMF customers
+4%

Delta base Mobiles
+27,1 K subscribers
-24.9%

Internet Mobile
Base:
0.16 million
+22.6%

Orange Money
Base
57.516
+159.1%

Workforce
98 Staff
+10.1%

Market and Competition

Market share
Sierra Leone

48.1%

(+3.1 pts / 2018)

*Taux de 2018 converti au taux de 2019

Conquest of the leadership in volume thanks to the good commercial dynamics. Evolution of the mobile base impacted by the constraints linked to the obligation to identify customers. Fiscal and regulatory pressure still heavy despite the adoption of measures favourable to business activity. Good progress in financial results driven by good commercial performance and good control of indirect costs.

- Solid financial performance reflected by higher operating margin growth than that of sales.
- Regulatory measures on the identification of subscribers;
- Reduction of national interconnection rates between operators from $ 0.07 to $ 0.025
- Regulatory tax adjustment from 15 August, 2019
  - The international ceiling was removed, but the surcharge increased from $ 0.09 to $ 0.14.
  - Negotiation in progress to obtain the abolition of the tax of $ 0.01 on international transfers and the price ceilings on the tariffs for voice and SMS.
- Risk of imposition of a tax on free and promotional calls;
- Continued inflation and accelerated depreciation of the SLL against foreign currencies;
- Leadership almost conquered in volume with a market share at 47%;
- Mobile Money: significant domination with an estimated market share of over 70% despite improved competition from Africell.
- Extension of network coverage with more sites, especially in rural areas;
- Launch of new offers such as voice plan, data plan (more generosity), as well as hybrid offers for the B2B market.

2G - 3G - 4G - 4G+ network

Turnover
+13.2%*

EBITDA
+139.4%

Rate of Ebitda
+18.7%
+9.9 points

CAPEX
13.1 bn CFA
+8.9%

Free Cash Flow
+31.5%

Number of IMF customers
+24.2%

Delta base Mobiles
+481.6 K subscribers
-15.5%

Internet Mobile
Base:
0.4 million
+24.2%

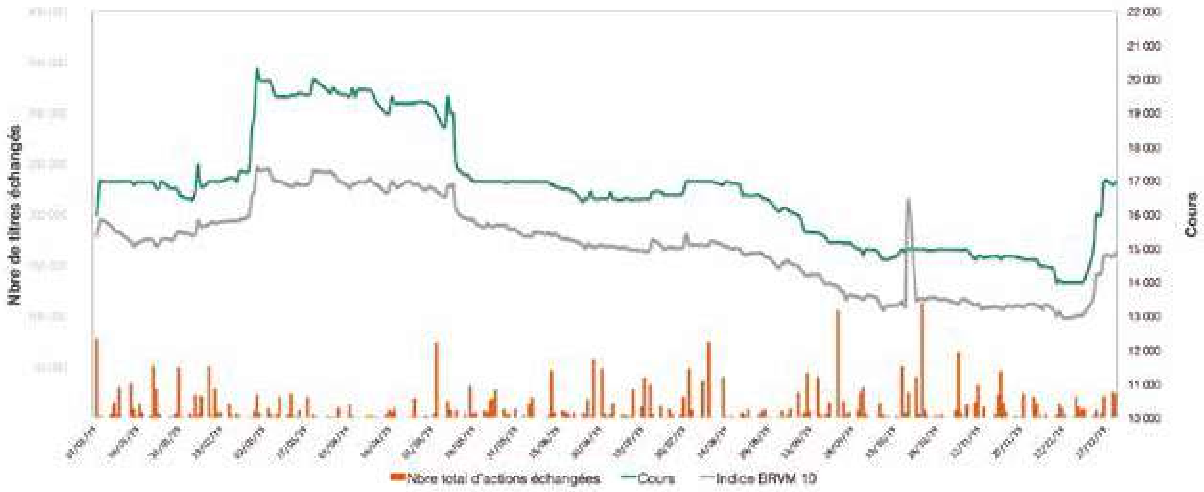
Orange Money

Orange Money
Base:
0.678 million
+79.8%

Workforce
185 Staff
+1.6%

Share price

6.2% increase in the share price in 2019 despite a 3.40% decrease in the BRVM 10 index.

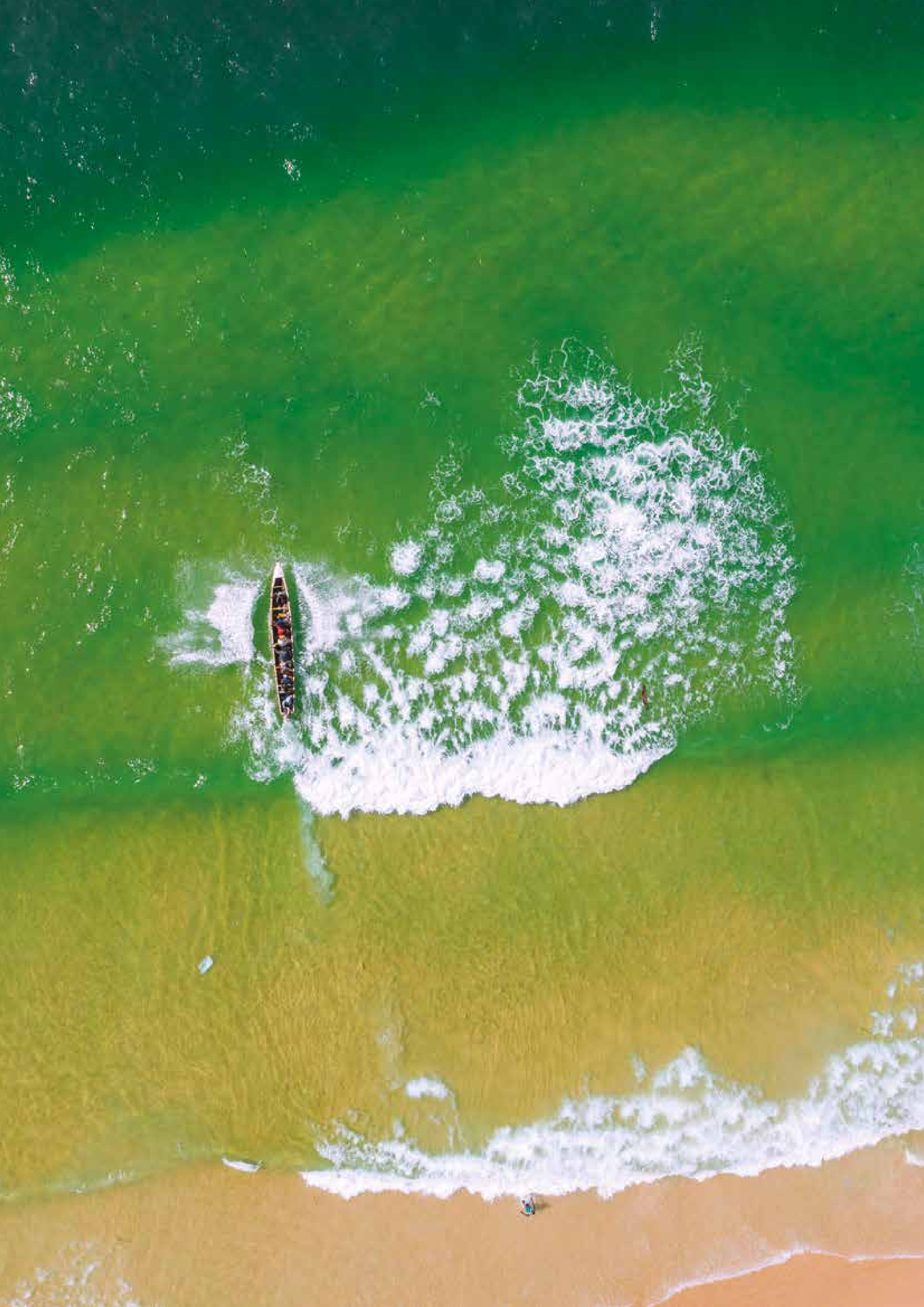


Divided Policy in XOF

FIN. YEARS	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Price at 31/12	12,000	15,400	12,000	14,500	20,050	22,800	25,000	25,000	23,500	16,000	16,000
Divided Policy in XOF	135	140	145	150	155	160	167	167	167	167	136
Net dividend per share	1,215	1,260	1,305	1,350	1,395	1,440	1,500	1,500	1,500	1,500	1,225
Growth rate dividend	3.9%	3.7%	3.6%	3.5%	3.3%	3.2%	4.2%	0%	0%	0%	-18.3
Rate of yield dividend	10%	8%	11%	9%	7%	7%	6%	6%	6,4%	9,4%	9,3%
Rate of distribution (%) Sonatel SA	91%	82%	114%	87%	106%	92%	106%	108%	102%	156%	88%
Rate of distribution (%) Group	73%	76%	94%	88%	82%	73%	76%	77%	82%	82%	70%

Workforce

SONATEL GROUP	2016	2017	2018	2019	18/17	19/18
Senegal	1,788	1,774	1,805	1,868	1.7%	0.8%
Mali	583	609	649	667	6.6%	5.8%
Guinea	374	379	399	418	5.3%	4.8%
Guinea-Bissau	88	91	89	98	-2.2%	10.1%
Sierra Leone	-	182	182	185	4.9%	-3.1%
TOTAL	2,833	3,035	3,133	3,236	3.2%	3.3%



8 FINANCIAL REPORT

FINANCIAL REPORT

INTRODUCTION

The Sonatel Group is the benchmark operator in West Africa which offers global telecommunications solutions in the fixed, mobile, Internet, television, mobile money and data fields at the service of individuals and businesses. Leader in all its countries of presence, the Sonatel Group started its external growth in Mali in 2002, then successively established in Guinea and Guinea-Bissau in 2007 and most recently in Sierra Leone (2016).

The mobile markets in which the Sonatel Group operates are essentially prepaid markets, the dynamics of which are mainly driven by the accelerated development of voice and data usages. In 2019, the very high-speed fixed market continues to grow, in particular in Senegal and Mali with the Flybox, LTE-TDD (Fixed Internet over 4G) and fiber offers.

The macroeconomic environment of the countries of presence was conducive, during the 2019 financial year, to the achievement of strong operational and financial performance. The Group performed better than in 2018, despite the persistence of the political and economic crisis in Bissau, the precarious security context in the north of Mali, the political protest movements in Guinea, the economic gloom in Sierra Leone and unfavourable developments in the competitive and regulatory environment in Senegal, where the revival of the activities of the main competitor accompanied by disruptive abundance offers has profoundly modified the prepaid market.

The Sonatel Group also concluded three major transactions during 2019:

- The renewal of the 2G / 3G concession, the acquisition of frequencies for a third 3G carrier and for the launch of 4G services in the Republic of Guinea.
- the obtention of the 4G license in Sierra Leone
- the takeover of an Internet service provider (ISP) in The Gambia.

The Sonatel Group is the leader in most of its markets, with respective mobile market shares of 53.9% in Senegal, 58.8% in Mali, 62.6% in Guinea, 55.2% in Guinea-Bissau and 48.1% in Sierra Leone. It should be noted that Orange has become the leader in Sierra Leone since October 2019. Depending on the country, it faces two or three competitors. Revenue growth accelerated in 2019 (+ 6.3%) with notably a remarkable increase of + 7% in the first half of 2019. The Group thus continues to reap the beneficial effects of the strengthening of the contribution of growth drivers, in particular mobile data, up + 25% compared to 2018 and Orange Money, which increased by + 33%. This also reflects the consolidation of already solid volume and value market positions, and the benefits induced by the strengthening of operational excellence reflected by the improvement of the NPS (Net promoter Score) score in all countries. This dynamic is reinforced by the network investments which have enabled capacity to be increased while maintaining good quality of service and better targeting of potential through an adapted pricing policy.

- The Group's operating margin (EBITDA) increased by +19.4 billion (+ 4.2%) in 2019, supported by the increase in turnover and better control of direct costs. However, it was strongly affected by changes in indirect costs, and the exceptional adverse events experienced in 2019. The Operating margin on a comparable basis excluding exceptional items and new items recorded during the year increased by +31.9 billion XOF compared to 2018, i.e. a growth of + 6.9%, higher than the growth in turnover.

- The amount of investments made in 2019 on the Group's consolidated scope amounted to 207.3 billion, up 6.7% from 2018. The pace of investment made was sustained during 2019, particularly in fixed and mobile VHS connectivity, with a Capex / Turnover rate stabilizing around 19%.

- Operating cash flow improved by + 2.4% mainly due to the sharp increase in operating margin (+19.4 billion) for a smaller increase in Capex (+13 billion).

The high operational performance accompanying the good financial results is driven by the resumption of growth in the mobile base in Mali, combined with the sound recruitment drive in Senegal, Guinea and Sierra Leone. It is worth noting the good progress of the subscriber bases in the growth driver services that are Data and Orange Money.

The Sonatel Group implements in all its countries of presence a Corporate Social Responsibility (CSR) policy which is an extension of its strategic plan and guidelines set out in its national framework documents relating to Sustainable Development. This is the case, for example in Senegal, with the Digital Strategy 2025.

Orange's 4G+, 4 times faster than 4G, will soon be 2 years old in Senegal. To date, all regional capitals are covered in 4G+ by Orange. With the launch of 4G in March 2019 in Sierra Leone, and in June in Guinea, all the countries of the Sonatel Group now offer 4G and 4G+ service to their customers.

However, all these innovations have value only if they are shared by all. This is why the popularization of digital life has been a crucial part of our commitments and action for several years.

MANAGEMENT **REPORT**

GROUP DATA (IN XOF) IN SYSCOHADA

Financial results at 31 December, 2019

In millions of XOF	REAL 2017	REAL 2018	REAL 2018_ Comparable base	REAL 2019	REAL 2019/ REAL 2018	REAL 2019/ REAL 2018_ Comparable base
Turnover	**972,905**	**1,021,956**	**1,014,486**	**1,086,756**	**6.3%**	**7.1%**
Ebitda	**452,783**	**462,635**	**460,375**	**482,055**	**4.2%**	**4.7%**
Ebitda rate	**46.5%**	**45.3%**	**45.4%**	**44.4%**		
Operating income	**307,787**	**312,286**	**311,008**	**316,687**	**1.4%**	**1.8%**
Net profit	**202,186**	**202,251**	**201,149**	**196,771**	**-2.7%**	**-2.2%**
Net margin	**20.8%**	**19.8%**	**19.8%**	**18.1%**		
Capex	**183,745**	**194,288**	**192,092**	**207,312**	**6.7%**	**7.9%**
Free Cash Flow	**269,039**	**268,347**	**268,283**	**274,743**	**2.4%**	**2.4%**

Group turnover

The turnover of the Sonatel Group amounted to 1,086.6 billion, up 6.3% (+64.6 billion) compared to 2018; on a comparable basis (restated for currency effects) this growth would be 7.1%. This growth is driven by all the countries of the Group with the main contributions from Senegal, Guinea and Mali.

Revenues from the mobile activity represent 80.1% of turnover, or 870.5 billion, and bear the main growth drivers (mobile data and Orange Money financial services). The latter constitute the bulk of the growth in turnover and increased by 33% and 24% respectively compared to 2018.

These performances noted in mobile activities are linked to the good dynamics in the subscriber base, the fruit of sustained activity across the entire scope, to the development of data usages with the launch of several innovative services. This is possible thanks to the sustained orientation of network investments in broadband extension and densification projects, in particular 4G.

Revenues from international inbound, at 77.7 billion, fell by 2 points on its contribution to Group revenue and slowed down its decline from -24% in 2018 to -12.5% in 2019. This control of revenues results from the attenuation of the drop in traffic volumes with the corridors despite a dilutive effect on prices, from the growth of hubbing in Senegal which goes from 10.8% in 2018 to 16% in 2019 and a greater vigilance on fraud.

Income from fixed line activities at 24.3 billion in 2019 continued to drop, -8.2% (1.8 billion) compared to 2018, mainly in Senegal which carries almost all of the turnover (23.6 billion).

Revenues on the national interconnection amounted to 26.4 billion and recorded a decrease of -3.5 billion (-11.6%) mainly carried by Mali and Senegal but dampened by the increases noted in Guinea and Sierra Leone. This drop in revenues despite the increase in volumes linked to the abundance of competition offers is mainly due to the reductions in the interconnection prices of Senegal (from 6F to 4.5F) and Mali (7F to 4F).

Fixed Internet and data revenues amount to 65.3 billion (of which 66% in Senegal and 28.2% in Mali) and represent 6% of Group turnover. They increased by 13.8% compared to 2018, thanks to the revitalization of Internet offers (internet redesign act 5), the broadening of broadband coverage and internet leased lines. Revenues are growing mainly in Senegal, Mali and Guinea.

Other revenues with 9 billion in 2019 decreased by 1.2 billion compared to 2018 mainly on roaming operators and the sale of capacity in Mali and Senegal.

Evolution of the customer base

The fixed, mobile and Internet customer base increased by 10.4% compared to 2018 and reached 32.7 million after the decrease of -1.8% recorded over the period 2018/2017. This performance was possible thanks to the continued recruitment drive in all countries and the introduction of innovative offers based on new technologies ((LTE/TDD, FTTH, 4G et 4G+)).

	2019	2018	2017	Real 2019 / Real 2018	Real 2018 / Real 2017
Number of customers (in thousands)	**32,737**	**29,668**	**30,185**	**10.3%**	**-1.7%**
Fixed lines	**206**	**302**	**285**	**-31.8%**	**5.9%**
Internet lines (ADSL)	**230**	**219**	**164**	**4.8%**	**34.0%**
Mobile Customers	**32,301**	**29,147**	**29,736**	**10.8%**	**-2.0%**

The mobile customer base totals 32.3 million customers, up 10.7% driven by good commercial momentum in all countries with the reduction of sim card prices in Senegal, the resumption of bonuses on

activation in Mali, the launch of 4G in Guinea and Sierra Leone combined with the improvement of network coverage.

The fixed broadband customer base has 230,000 customers (including 41,000 customers on the Flybox and 30,000 on fiber), an increase of 22.4% spurred by the acceleration of the rollout of FTTH in Senegal and good growth in Flybox recruitment, mostly in Senegal and Mali.

The number of Sonatel Group's mobile data customers rose to 11.3 million, an increase of + 11.6% over one year. At the same time, the active 4G base reached 2.4 million customers, an increase of + 93.4% compared to 2018, while the penetration rate of Data services is stable around 35%.

The Orange Money active customer base amounted to 6.9 million customers, an increase of + 22% over one year. Orange Money's penetration on the mobile subscriber base increased with one in five (21%) mobile customers using Orange Money's mobile financial services every month.

Management Balances

The consolidated EBITDA of the Group amounted to 482.1 billion in 2019. It recorded a growth of + 4.2% or +19.4 Billion XOF, thanks to the improvement in the direct margin (+65 Billion), mitigated by an increase in indirect expenses (+45.6 Billion) mainly from duties and operating taxes (+18 billion.), network and IT costs (+13.8 billion) and staff costs (+8 billion). The operating margin rate continued to drop (-1.3 point) due to costs related to factors external to the activity (taxation, regulation, energy cost).

The consolidated Operating income of the Group of 316.7 billion increased by 1.4% or 4.4 billion. The margin rate is 29.1%, down 1.4 points following the increase in depreciation of +15 billion, or + 10%.

The consolidated financial result of the Group is -24.9 billion. It remains negative in 2019 and dropped by 11 billion compared to 2018 following the increase in financial charges by 61% (+11.6 billion), due to rising interest rates on loans.

Consolidated net income of the Group amounted to 196.8 billion. It decreased by -2.7%, or –5.5 billion, mainly due to the increase in interest charges on loans (+11.5 billion) and the increase in the level of amortization (+ 15 billion), against the improvement of the EOA result (+5.9 billion)

Investments

The Sonatel Group's investments in 2019 amounted to 207.3 billion. Investments grew by the rate of 6.7% or +13 billion XOF mainly in Senegal, Mali and Guinea. The Group's investments focused mainly on the mobile access network (extension, densification, 3G, 4G, 4G+), the rollout of fiber, extension of the backhaul, transport (Main one cable), reinforcement of the infra-network core and energy.

DATA BY COUNTRY IN SYSCOHADA

SENEGAL

In millions of XOF	Senegal consolidated			Senegal	
	REAL 2017	REAL 2018	REAL 2019	REAL 2018/ REAL 2017	REAL 2019/ REAL 2018
Turnover	**542,302**	**466,275**	**492,132**	**3.1%**	**5.5%**
Ebitda	**189,135**	**184,545**	**186,243**	**-2.4%**	**0.9%**
Ebitda Operating income	**119,315**	**113,756**	**116,719**	**-4.7%**	**2.6%**
Net Income	**150,878**	**155,394**	**159,937**	**3.0%**	**2.9%**
Capex	**86,005**	**84,732**	**94,508**	**-1.5%**	**11.5%**
Free Cash Flow (FCF)	**103,130**	**99,812**	**91,735**	**-3.2%**	**-8.1%**

In Senegal, the good commercial momentum continued with strong revenue growth of + 5.5% compared to 2018. This growth in revenue made it possible to cover, on the one hand, the increase in indirect costs impacted by unfavourable tax and regulatory events and, on the other hand, the non-repetition of the exceptional level of non-operating products recorded in 2018.

The good commercial dynamic made it possible to strengthen the market share volume to 53.9% thanks to a significant delta mobile base of + 840K subscribers in a context of revival of the main competitor, crossing the bar of 2.5 million number of Orange Money Services monthly users and nearly 1.6 million active 4G customers. The growth of the fixed broadband base was confirmed, standing at + 27% (stable compared to 2018) thanks to new fixed technologies (Flybox and fiber).

The **Turnover** of Senegal amounted to 492.1 billion in 2019, an increase of 5.5% compared to à 2018 thanks to the good retail performance which made it possible to absorb the structural drop in international inbound and the withdrawal of national inbound services.

Mobile activity is growing by 8% compared to 2018, driven by the continued monetization of Data usages, the good dynamism of the base and the drop in gratuity following the regulation of promotions which favourably impact the increase in recharges. However, performance was attenuated in Q4 by the repositioning of bundle offers following the launch of Free and the negative impact of Government measures (line cancellations / allocations) on postpaid.

Orange Money turnover is up 49% due to the combined effects of the increase in the active base, the development of conventional cash-out and merchant payment..

Internet and data activity posted a growth of 18% thanks to FTTH revenues (delta base + 23.6 K; + 5.2 billion XOF) and internet leased lines (+ 0.9 billion).

International activity recorded a decrease of -5% compared to 2018, resulting from the withdrawal of international inbound (-8%) driven by the price effect (impact of corridor renegotiation).

National interconnection revenues were down -16% compared to 2018 following the drop in the MTR tariff

Continued decrease in fixed activity of 9% with the fall in fixed voice traffic.

The EBITDA of Senegal grew by 1% compared to 2018 thanks to the good performance on turnover, in particular mobile data, Orange Money, fiber, despite a very competitive environment. The Ebitda rate was 37.8% compared to 39.6% in 2018, a decrease of 1.7 points.

The **net profit** amounted to 159.9 billion, an increase of 3%. The margin rate is 32.5%, down 1.1 points compared to 2018.

In 2019, **CAPEX** of Senegal amounts to 94.5 billion XOF of which 79.1 billion on the network. The rate of rollout of investments has accelerated compared to à 2018 with an increase of + 11.5%. The 2019 achievements are mainly related to the continuation of extension and densification programmes for the mobile access network, IN and IT migrations, license and infrastructure extensions, Orange Energie as well as digital products.

MALI

In millions of XOF	Mali	
	REAL 2018 / REAL 2017	REAL 2019 / REAL 2018
Turnover	**0.6%**	**4,4%**
Ebitda	**0.9%**	**0.4%**
Ebitda (Operating income)	**-1.4%**	**-4.4%**
Net income	**-11.7%**	**-3.9%**
Capex	**-13.3%**	**2.7%**
Free Cash Flow (FCF)	**-4.1%**	**-0.7%**

In Mali, the security situation remains precarious in the north of the country. Orange Mali has maintained strong commercial positions with a market share volume of more than 58% and a high level of conformity of its subscriber base.

Noteworthy is the extension and improvement of 3G coverage as well as the launch of 4G TDD in Bamako in replacement of WIMAX. This good commercial dynamic made it possible to revive the growth of the mobile subscriber base with more than 1.4 million mobile subscribers recruited in 2019 while massive base outflows were recorded in 2018 in application of strict regulations on the obligation to identify subscribers. In the process, the monthly active customer base in mobile data usage and mobile financial services recorded respective growth of + 7.8% and + 10.1% compared to 2018.

The good penetration of mobile data offers, the maintenance of mobile voice usage and the slowdown in the decline in international traffic thanks to the development of corridors enabled revenue growth of + 4.4% in the year compared to 2018.

Turnover is up + 4.4% in YoY driven by data, Orange Money, the fixed Internet and value-added services, while Voice and SMS posted a decrease of -4.4% explained by the drop in international outbound volume impacted by OTTs.

Wholesale decreased by -10% with international interconnection, which fell by -10.4%, particularly on the inbound international market, explained by the decrease in volumes excluding corridors and the impact of OTTs. The national interconnection is also down -33% explained by the 19% drop in the tariff in 2019 combined with the regulation of promotions.

The EBITDA is relatively stable compared to 2018 (+ 0.4%). The significant growth in the direct margin is absorbed by the sharp rise in indirect costs, in particular ITN costs, personnel costs and new taxes. The EBITDA rate is 47.3%, down slightly by 1.9 points compared to 2018.

The 2019 **Capex** amounted to 58.8 billion. The level of investment remains strong with an increase of + 2.7% compared to 2018. The investments made concerned the continuation of the 3G rollout, the deployment of 4G / 4G+, the extension and modernization of the RAN in Bamako (523 sites completed with 4G+ extension), the extension of the network with a coverage rate of 94% of the population and 47% of the territory.

GUINEA

In millions of XOF	Guinée		
	REAL 2018/ REAL 2017	REAL 2019 BC/ REAL 2018	REAL 2019/ REAL 2018
Turnover	**18.7%**	**12.8%**	**10.8%**
Ebitda	**18.7%**	**13.8%**	**11.7%**
Ebitda (Operating income)	**25.0%**	**6.4%**	**4.5%**
Net income	**33.2%**	**7.1%**	**5.2%**
Capex	**22.6%**	**5.7%**	**3.8%**
Free Cash Flow (FCF)	**16.6%**	**18.5%**	**16.3%**

In **Guinea**, Orange re-issued the concession for the exploitation of the 2G / 3G licence including frequencies for the exploitation of 4G and a new 3G carrier.

Orange Guinea, thanks to the continuation of the conquest dynamic, was able to maintain throughout the year its already strong commercial volume positions with a slight decline of its market share volume by -0.7 point to 62.6 %.

The continuation of programmes to extend the coverage of the territory including the rollout of 4G has made it possible to recruit more than 402K mobile subscribers allowing

Orange Guinea to cross the bar of 7.6 million mobile customers including 2.6 million monthly active customers on mobile data usage and 1.3 million monthly active customers on Orange Money financial services.

These solid operational performances have resulted in a significant change in financial results.

Turnover is up 10.8%, or +20.7 billion compared to 2018. On a comparable basis, it grew by + 12.8%. Growth is driven by **mobile activity** which contributes 74% to growth in turnover mainly driven by voice and data thanks to the increase in data and voice usages supported by the growth of the base following the commercial animation, but also VAS to a lesser extent.

Orange Money turnover is up 44.1%, driven by the increase in Cash out usage, transfers and to a lesser extent the payment of salaries.

The EBITDA increased by + 11.7% compared to 2018. This is due to the 11% growth in turnover combined with the 7% savings on direct costs. The 2019 Ebitda rate is 47.9% compared to 47.5% in 2018.

The **operating income** was up 4.5% compared to 2018 thanks to the growth in Ebitda partly absorbed by the sharp increase in depreciation following an increase in investments.

The net result has grown 5.2% compared to 2018, thanks to the improvement in operating income, the slight increase in financial profit of 0.5 billion linked to the increase in financial products as well as that of EOA profit of 0.5 billion. The net margin rate is 22.4%, down 1 point compared to 2018.

The **Capex** achieved during the year amounted to 34.7 billion XOF and are up + 3.4% in XOF consolidation compared to 2018, in particular to support the extension of the rapidly growing mobile data traffic capacity. They were used to extend the networks with the commissioning of 165 sites, the rollout and upgrade of 254 4G sites, the commissioning of the 3rd 3G carrier in Conakry and the regions and the coverage of 78 new localities.

The resumption of the depreciation of the Guinean franc against the euro observed from the 4th quarter produced unfavourable foreign exchange effects in the consolidation of Orange Guinea's results in XOF at the end of 2019.

GUINEA-BISSAU

In millions of XOF	Guinea-Bissau	
	REAL 2018/ REAL 2017	REAL 2019/ REAL 2018
Turnover	**-0.5%**	**10.0%**
Ebitda	**-3.6%**	**16.9%**
Ebitda (Operating Income)	**-3.1%**	**49.3%**
Net income	**12.4%**	**42.7%**
Capex	**12.8%**	**18.8%**
Free Cash Flow (FCF)	**-26.5%**	**12.8%**

In **Guinée-Bissau**, the political situation, although in the process of normalization with the election of the new President of the Republic, remains precarious with negative repercussions on the economy of the country already affected by international restrictions due to the political context and a poor marketing season for cashew, the main source of income for the country.

The project, strategic for the country, to connect to the ACE submarine cable made significant progress during the year with the segment 6 connection to the ACE submarine cable via the Dakar landing station.

Orange Bissau has managed to preserve its leadership in 2019 with strong commercial value and volume at 55% thanks to the continued deployment of 4G coverage and the penetration of Orange Money mobile financial services.

The **mobile** customer base consisting exclusively of pre-paid plans is up 4.0% over one year reaching 710 thousand customers. This dynamic mainly results from the good recruitment drive of mobile data offers, in particular with 4G.

The **Data** base with 158,717 customers experienced strong growth of + 22.6% compared to last year in December 2018, in connection with the numerous commercial actions carried out. The data penetration rate on the active mobile base reached 22.4%, an improvement of 3.4 points over one year.

The active **Orange Money** base after two years of existence has been multiplied by 3 and amounts to 57,516 customers. This performance stems mainly from the signing of the EAGB contract (electricity company), the launch of merchant payment with the oil companies as well as the development of the IRT (international money transfers).

The **high-speed fixed internet** base relying on LTE / TDD technology posted a growth of 3.2% for 5,665 customers.

The good performance of financial results in Bissau despite the gloomy economy is notable.

The **Orange Bissau 2019 revenue** is increasing strongly by 10%. The mobile business with a contribution of 84% is the engine of this growth.

The performances on the various services can be summarized as follows:

- The turnover of **the mobile** activity recorded a strong increase of + 10.9% in 2019, accelerating compared to the + 3.8% in 2018. The mobile activity sees its share in turnover increase to 78%. This performance is mainly due to the increase in usages of Data and voice in connection with the improvement of penetration following the strengthening and extension of network coverage, improvement of network quality, growth of the base and the pursuit of commercial actions.

- Despite the 2-point drop in the contribution of revenues from **Wholesale** to the turnover, we note a growth of 1.3% over one year for revenues. This increase was driven by the increase in international inbound volumes of the Corridors.

- **Broadband fixed** turnover continues its growth with + 18% in 2019 and + 6.5% in 2018. This dynamic is supported by the good commercial performance of the flybox offers.

The Orange Bissau **EBITDA** has increased by 16.9% over 2018 mainly resulting from 10% revenue growth, combined with a saving on direct costs of 0.2 billion, offset by the increase of 1.2 billion in indirect costs. Good performance of the Ebitda rate in 2019 with a gain of 2.1 points compared to 2018 to reach 35.3%.

The **operating income** of Orange Bissau was up + 49.6% driven by the increase in Ebitda, depreciation charges being stable.

The **net profit** of Orange Bissau improved over one year (+ 42.7%) generating an increase of 2.6 points in the net margin. The net margin rate is 11.5%.

The overall volume of **investments** is 6.2 billion, up billion compared to 2018, or + 18.8%. The capex turnover rate increased from 22.6% to 24.4% in 2019. This evolution is essentially linked to capacity building investments in support of the rapid growth of data usage.

SIERRA LEONE

In millions of XOF	Sierra Leone		
	REAL 2018/ REAL 2017	REAL 2019/ REAL 2018	REAL 2019/ REAL 2018_BC
Turnover	**7.7%**	**-0.1%**	**13.2%**
Ebitda	**-31.1%**	**111.4%**	**139.4%**
Ebitda (Operating Income)	**-996.0%**	**-62.5%**	**-57.6%**
Net income	**-119.7%**	**-319.9%**	**-349.1%**
Capex	**-11.1%**	**-3.8%**	**8.9%**
Free Cash Flow (FCF)	**-2.3%**	**-39.5%**	**-31.5%**

Orange Sierra Leone continued its progression and conquered leadership in volume thanks to the good commercial dynamic.

The **mobile customer** base experienced an increase of 24.2% over one year due to the improvement of the quality of service and the customer experience thanks to the continuous modernization of the network and the opening of new sites.

The **Data base** continued to grow (+ 24.2%) and reached 342,000 active customers thanks to the extension of the coverage with more sites in the rural area combined with the Ran project intended to cover and densify new cities with 2G and 3G technologies.

The base of **customers active on mobile financial servicesa** also increased 79.8% year-on-year to 679 customers. This dynamic is the fruit of the retention and recovery strategy to convert inactive OM users and GSM users to an active OM base.

The **very high speed fixed** broadband customer base backed by TDD technology has 97 customers.

Orange Sierra Leone turnover slightly decreased (-0.1%) impacted by the currency effect. On a comparable basis (2018 revenue converted at 2019 rates) revenues are up 13.2% year on year.

- The **Mobile revenues** recorded a slight decrease mainly on voice, attenuated by the growth in VAS revenues. On a comparable basis, mobile sales increased by 12.6%. This increase is mainly driven by voice and sms revenues, in connection with the + 15.1% increase in the recharging base, and mobile data correlatively to the growth of the customer base and VAS.

- **Orange Money** continues its growth (41.8% and 60.7% on a comparable basis) thanks to the increase in volume and value transactions favoured by the increase in the user base.

- **Wholesale revenues** are down 9.4%, mainly driven by international inbound linked to declining volumes (-8 million minutes). However, the national interconnection posted an increase of 0.3 billion linked to the growth in volumes received from competitors (+13.5 million minutes) as well as the resale of capacity for 0.3 billion. On a comparable basis, revenues from operator services increased by 2.6% with the increase in the growth of national inflows and capacity resales for 0.3 billion against a lesser decrease of -0.8 billion in revenues from international inflows.

- **Other income** rremain stable in nominal but increase by 15% on a comparable basis on co-location with Africell.

The EBITDA shows a growth of + 111.4%, higher than that of its turnover, which was stable over the period, to reach a margin rate of 18.7%, up 10 points year on year, thanks to efforts to control costs.

The **operating income** of Orange Sierra Leone improved by 62.5% in 2019 but remained strongly impacted by the evolution of depreciation.

The **net income** of Orange Sierra Leone dropped -320%.

Capital expenditure which amounts to 13.1 billion XOF is down -3.8%. The achievements concerned passive equipment, vehicles and the comviva licence. On a comparable basis, investments increased by (+ 8.9%).

SYSCOHADA FINANCIAL STATEMENTS AT 31 DECEMBER 2019

INCOME

(in million XOF)

REF	ITEMS			NOTE	FIN. YEAR AT 31/12/2019	FIN. YEAR AT 31/12/2018
					NET	NET
TA	Sale of goods	A	+	21	0	0
RA	Purchases of goods		-	22	0	0
RB	Change in stocks of goods		-/+	6	0	0
XA	SALES MARGIN (Sum TA to RB)				0	0
TB	Sales of manufactured products	B	+		0	0
TC	Works, services sold	C	+		257,157	231,822
TD	Accessory products	D	+		37,146	33,245
XB	TURNOVER (A + B + C + D)				294,303	265,067
TE	Stored production (or destocking)		-/+	6	0	0
TF	Capitalized production			21	2,931	1,249
TG	Operating subsidies			21	0	0
TH	Other products		+	21	8,191	12,802
TI	Operating expense transfers		+	12	2,781	2,932
RC	Purchase of raw materials and related supplies		-	22	0	0
RD	Variation in inventories of raw materials and related supplies		-/+	6	0	0
RE	Other purchases		-	22	14,866	12,132
RF	Variation in stocks of other supplies and consumables		-/+	6	318	680
RG	Transport		-	23	913	1,105
RH	External services		-	24	96,272	100,976
RI	Duties and taxes		-	25	26,465	8,549
RJ	Other expenses		-	26	9,123	8,429
XC	VALUE ADDED (XB + RA + RB) + (sum TE to RJ)				160,249	150,181
RK	Staff costs		-	27	77,913	71,637
XD	GROSS OPERATING SURPLUS (XC + RK)			28	82,337	78,543
TJ	Reversal of depreciation, provisions and impairments		+	28	16,374	5,268
RL	Depreciation, provisions and impairments		-	3C&28	41,853	50,350
XE	OPERATING INCOME (XD + TJ + RL)				56,857	33,462
TK	Financial and similar income		+	29	130,316	97,222
TL	Reversals of provisions and financial impairments		+	28	334	348
TM	Financial expense transfers		+	12	0	0
RM	Financial charges and similar expenses		-	29	18,680	11,731
RN	Allocations for provisions and financial impairments		-	3C&28	1,818	1,665
XF	FINANCIAL RESULT (sum TK to RN)				110,152	84,174
XG	EARNINGS FROM ORDINARY ACTIVITIES (XE + XF)				167,009	117,636
TN	Proceeds from disposal of fixed assets		+	3D	4,955	261
TO	Other EOA products		+	30	362	40
RO	Book value of disposal of fixed assets		-	3D	364	145
RP	Other EOA expenses		-	30	27	196
XH	RESULT EARNINGS FROM ORDINARY ACTIVITIES (sum TN to RP)				4,927	-40
RQ	Employee share ownership		-	30	0	0
RS	Income Taxes		-		17,134	10,657
XI	NET RESULT (XG + XH - RQ - RS)				154,802	106,939

BALANCE SHEET

(in million XOF)

REF	ASSETS	Note	YEAR ENDING 12/31/2019			YEAR ENDING 31/12/2018
			Gross	AMORT. and DEPREC.	NET	NET
AD	INTANGIBLE ASSETS	3	162,051	58,432	103,618	107,329
AE	Development and prospecting costs		13	13	1	1
AF	Patents, licenses, software, and similar rights		162,037	58,420	103,618	107,328
AG	Goodwill and lease right		0	0	0	0
AH	Other intangible assets		0	0	0	0
AI	TANGIBLE FIXED ASSETS	3	614,994	467,289	147,705	131,080
AJ	Land (1)		3,883	0	3,883	3,833
AK	Buildings		37,355	23,090	14,265	14,767
AL	Layouts, fixtures and fittings		19,544	15,913	3,631	3,933
AM	Biological equipment, furniture and assets		535,833	416,590	119,243	102,289
AN	Transportation equipment		18,379	11,696	6,683	6,257
AP	Advances and deposits paid on fixed assets	3	0	0	0	0
AQ	FINANCIAL FIXED ASSETS	4	272,689	1,066	271,623	268,743
AR	Equity securities		187,451	583	186,868	177,299
AS	Other financial fixed assets		85,238	483	84,755	91,444
AZ	TOTAL FIXED ASSETS		1,049,734	526,787	522,947	507,151
BA	CURRENT ASSETS EOA	5	0	0	0	0
BB	STOCKS AND work in progress	6	4,471	20	4,451	3,913
BG	ACC, RECEiV. AND RELATED ITEMS		246,728	13,855	232,873	190,875
BH	Suppliers deposits paid	17	292	0	292	1,460
BI	Customers	7	133,466	12,834	120,632	49,042
BJ	Other receivables	8	112,970	1,021	111,949	140,373
BK	TOTAL CURRENT ASSETS		251,199	13,875	237,323	194,788
BQ	Investment securities	9	2,809	584	2,224	3,042
BR	Values for collection	10	137	0	137	30
BS	Banks, postal checks, cash and similar	11	47,706	0	47,706	53,313
BT	TOTAL CASH-ASSETS		50,651	584	50,067	56,385
BU	Translation difference-Asset	12	55	0	55	37
BZ	GRAND TOTAL		1 351,639	541,247	810,392	758,362

BALANCE SHEET (CTD.)

(in million XOF)

REF	LIABILITIES		Note	YEAR ENDING 31/12/2018	YEAR ENDING 31/12/2018
				NET	NET
CA	Capital		13	50,000	50,000
CB	Uncalled capital contributors	(+)	13	0	0
CD	Share capital premiums		14	0	0
CE	Revaluation differences		3c	0	0
CF	Non-distributable reserves		14	10,000	10,000
CG	Free reserves		14	83,710	143,437
CH	Carried over	(+ ou -)	14	0	0
CJ	Net result for year (profit + or loss -)			154 802	106 939
CL	Investment grants		15	526	673
CM	Regulated provisions		15	1,802	2,165
CP	TOTAL SHAREHOLDERS EQUITY AND RESOURCES SIMILAR			300,840	313,214
DA	Loans and various financial debts		16	126,178	100,083
DB	Capital lease debts			0	0
DC	Provisions for risks and charges		16	52,524	59,956
DD	TOTAL FINANCIAL DEBTS AND RESOURCES SIMILAR			178,703	160,039
DF	TOTAL STABLE RESOURCES			479,542	473,253
DH	Current debts EOA			3,884	7,542
DI	Clients, advances received			234	134
DJ	Trade payables			60,937	55,482
DK	social and tax debts			46,788	34,155
DM	Other debts			83,678	28,554
DN	Provisions for short term risks		19	55	37
DP	TOTAL CURRENT LIABILITIES			195,576	125,903
				0	0
DQ	Banks, discount credits		20	0	0
DR	Banks, financial institutions and cash loans cash		20	135,274	159,206
DT	TOTAL CASH-LIABILITIES			135,274	159,206
DV	Translation difference-Liability		12	0	0
DZ	GRAND TOTAL			810,392	758,362

CFT

REF	Items	Note	Year N	Year N-1
ZA	Cash at 1st January (Cash assets N-1 - cash liability N-1)		-102,820	-51,978
	Cash flows from operational activities		0	0
FA	Global Self-Financing Capacity (GSFC)		176,812	153,181
FB	- Current assets EOA (1)		0	0
FC	+ Variation in stocks		-537	-1,312
FD	- Variation of receivables		-42,196	66,975
FE	+ Variation in current liabilities		69,673	-35,730
	Variation of the FN linked to operational activities (FB + FC + FD + FE)		26,939	29,933
ZB	Cash flows from operational activities (sum FA to FE)	B	203,752	183,114
	Cash flows from investment activities			
FF	- Disbursements related to intangible asset acquisitions		-4,621	-14,699
FG	- Disbursements related to tangible asset acquisitions		-42,714	-33,202
FH	- Disbursements related to financial assets acquisitions		-3,187	-16,419
FI	+ Receipts related to the disposal of intangible and tangible assets		3,283	261
FJ	+ Receipts related to the disposal of financial assets		1,672	11,504
ZC	Cash flows from investment activities (sum FF to FJ)	C	-45,567	-52,556
	Cash flow from funding by shareholders equity			
FK	+ Increase of share capital by new subscriptions		0	0
FL	+ Investment grants received		0	0
FM	- Capital levy		0	0
FN	- Dividends paid		-166,667	-166,667
ZD	Cash flows from shareholders equity (sum FK to FN)	D	-166,667	-166,667
	Cash flow from funding by foreign capital			
FO	+ Borrowings		53,044	-1,804
FP	+ Other financial debts		0	0
FQ	- Repayment of loans and other financial debts		-26,949	-12,930
ZE	Cash flows from foreign capital (sum FO to FQ)	E	26,096	-14,734
ZF	Cash flows from financing activities (D + E)	F	-140,571	-181,401
ZG	Variation in net cash position for the period (B + C + F)	G	17,614	-50,842
ZH	Net cash at 31 December (G + A) (control: (Cash assets N-1 - cash liability N-1)	H	-85,206	-102,820

NOTE 3A : GROSS FIXED ASSETS

Positions and movements	A	Increases B		Decreases C			D = A + B - C
HEADING	Gross amount at start of year	Acquisitions, Contributions, Creations	Transfers from item to item	Following a revaluation effected during year	disposals, seceded not operational	Transfers from item to item	Gross amount at close of year
FIXED ASSETS INTANGIBLE	156,948	4,621	482	0	0	0	162,051
Development and prospecting	13	0	0	0	0	0	13
Patents, licences, software, and similar rights	156,935	4,621	482	0	0	0	162,037
Goodwill and lease right	0	0	0	0	0	0	0
Other fixed assets intangible	0	0	0	0	0	0	0
TANGIBLE FIXED ASSETS	573,745	42,714	617	0	983	1,099	614,994
Land excluding investment property	3,833	50	0	0	0	0	3,883
Land investment property	0	0	0	0	0	0	0
Buildings excluding investment property	36,274	1,094	3	0	16	0	37,355
Buildings investment property	0	0	0	0	0	0	0
Layouts, fixtures and fittings	19,294	11	614	0	375	0	19,544
Equipment, furniture and biological assets	497,847	38,994	0	0	323	686	535,833
Transportation equipment	16,496	2,565	0	0	269	413	18,379
ADVANCES AND DOWN PAYMENTS ON FIXED ASSETS	0	0	0	0	0	0	0
Fixed assets intangible	0	0	0	0	0	0	0
Fixed assets tangible	0	0	0	0	0	0	0
FIXED ASSETS FINANCIAL	269,660	14,695	0	0	11,666	0	272,689
Equity securities	177,882	9,727	0	0	158	0	187,451
Other fixed assets financial	91,778	4,968	0	0	11,508	0	85,238
GRAND TOTAL	1,000,353	62,030	1,099	0	12,649	1,099	1,049,734

Investments for the 2019 financial year amounted to 62 billion, mainly comprising network materials, energy and equipment, but also the increase in our stake in Orange Sierra Leone.

TABLE N° 1: VARIATION IN FIXED ASSETS AT 31/12/2019

Items	Balance at 31/12/18	Acquisit°	Reclassifi-cation	Exits	Balance at 31/12/19
Studies and research	13	0	0	0	13
Patents and licences,	2,205	0	1	0	2,207
UMTS licence	11,000	0	6,000	0	17,000
Concession	0	0	0	0	0
4G licence	100,000	0	0	0	100,000
Software	25,288	0	-423	0	24,865
Software	332	0	2,978	0	3,310
Switching software	3,406	0	63	0	3,470
Transmission software	5,313	0	128	0	5,441
Network data software	4,206	0	204	0	4,410
Current research and development	0	0	0	0	0
Research and development costs	1	0	0	0	1
Current patents and licences	3,085	-1,000	-2,085	0	0
Current GSM licence	0	4,000	-4,000	0	0
Current patents	0	0	1	0	1
Current UMTS licence	0	0	1,000	0	1,000
Current software	2,100	1,621	-3,386	0	334
Other current intangible rights and securities	0	0	0	0	0
INTANGIBLE ASSETS	156,948	4,621	482	0	162,051
Undeveloped property	2,617	0	7	0	2,624
Land	756	0	0	0	756
Buildings assigned to technical sites	108	0	0	0	108
Land development	149	0	-2	0	147
Land development	204	50	-5	0	248
LANDS	3,833	50	0	0	3,883

TABLE N° 1: VARIATION IN FIXED ASSETS AT 31/12/2019 (CTD. 1)

Items	Balance at 31/12/18	Acquisit°	Reclassifi-cation	Exits	Balance at 31/12/19
Industrial buildings	8,800	0	49	0	8,849
Admin. and ccial.. buildings	10	0	66	0	76
Admin and ccial. buildings and property	23,945	0	971	0	24,916
Buildings assigned to technical sites	2,960	0	0	0	2,960
Buildings assigned to residences	0	0	0	0	0
Tracks and roads	133	0	0	0	133
Other infrastructure works	426	0	0	16	410
Layout and installation on grounds p	185	0	0	0	185
Installation gles office	4,102	0	0	267	3,835
Office layout	3,145	0	81	0	3,226
Other layouts, fitt, installations	11,850	0	552	108	12,293
Building in progress	0	1,094	-1,083	0	11
Layout and installation offices in prog.	0	0	0	0	0
Infrastructural works in progress	0	0	0	0	0
Layout installations in progress	12	11	-19	0	5
TECH INST AND LAYOUT BUILDINGS	55,568	1,106	617	392	56,899
Sonatel switch equip.	42,414	0	86	0	42,500
Public switching equip.	0	0	0	0	0
Transmission equip.	149,466	0	11,037	2	160,502
Transmission cables	0	0	12,745	0	12,745
Access materials and equip	52,835	0	9,697	0	62,531
Equip lines and public res	133,960	0	1,868	0	135,828
Equip lines and res Sonatel	593	0	0	2	591
Network equipment and evolution	0	0	192	0	192
Energy equip	50,932	0	2,147	155	52,925
Hardware service platforms	12	0	252	0	263
Devices	3,638	0	295	0	3,933
Network access hardware	3,805	0	-1,021	0	2,784
Other operating hardware	60	0	1	0	61
OPERATING HARDWARE	437,714	0	37,299	158	474,855

TABLE N° 1: VARIATION IN FIXED ASSETS AT 31/12/2019 (CTD. 2)

Items	Balance at 31/12/18	Acquisit°	Reclassifi-cation	Exits	Balance at 31/12/19
Office equipment	2,027	0	4	25	2,006
Technical IT hardware	14,199	0	1,040	0	15,239
Office computer hardware	4,427	0	452	105	4,774
Office furniture	4,653	0	138	30	4,761
Housing hardware	6	0	0	0	6
House furniture	2	0	0	0	2
HARDWARE AND FURNITURE	25,315	0	1,633	160	26,789
Light vehicles	14,740	0	2,400	269	16,870
Heavy vehicles	170	0	0	0	170
Motorcycles	133	0	-1	0	132
TRANSPORTATION EQUIPMENT	15,042	0	2,399	269	17,172
Other misc properties	4,152	0	529	5	4,677
OTHER MISC PROPERTIES	4,152	0	529	5	4,677
Operating equipment in progress	0	12	0	0	12
Public ccial equipment in progress	19	71	-90	0	0
SNT CCIAL EQUIPMENT IN PROG.	0	0	0	0	0
Transmission equipment in progress	6,056	20,835	-26,435	0	456
2G/3G mobile access network infrastructures in progress	0	262	0	0	262
Equipment and evolution of the mobile access network 2G / 3G	3	1,187	-192	0	997
R equipment in progress	0	0	3,158	0	3,158
I&R equipment in progress	948	1	0	0	949
IP and Giga switch routers in progress	0	0	0	0	0
Energy equipment in pogress	3,134	2,620	-2,520	0	3,233
Hardware service platforms in progress	2,751	4	-258	0	2,497
Measurement devices in progress	1,751	90	-349	0	1,491
Network equipment in prog.	4,598	605	-4,019	0	1,185
NETWORK MATERIALS IN PROGRESS	8,968	10,206	-10,359	0	8,815

TABLE N° 1: VARIATION IN FIXED ASSETS AT 31/12/2019 (CTD. 3)

Items	Balance at 31/12/18	Acquisit°	Reclassifi-cation	Exits	Balance at 31/12/19
Other oper. eqipment in progress	14	0	-1	0	13
Tech. comput. hardw. in progress	0	383	-383	0	0
Office Comput. hardw. in prog.	0	759	-727	0	32
Resid. office comp. equip. in progress	127	235	-150	0	213
Resid. office furn. in progress	0	0	0	0	0
Transport equip in progress	1,454	2,565	-2,812	0	1,207
Layout fittings in progress	34	0	0	0	34
Other fixed assets in progress	2,263	1,724	2,179	0	6,166
Customs on fixed assets in progress	0	0	0	0	0
Other oper. equip. in progress	0	0	0	0	0
Fixed assets lettering	0	0	0	0	0
EQUIPMENT IN PROGRESS	32,120	41,559	-42,959	0	30,720
GRAND TOTAL	730,693	47,335	0	983	777,045

TABLE N° 2: VARIATION IN AMORTIZATION AT 31/12/2019

Items	Balance at 31/12/18	Increase	Decrease/ Disposal	Reclassification	Balance at 31/12/19
Amortization research development	13	0	0	0	13
Amortization patents, licences	12,351	6,937	0	0	19,289
Software depreciation	37,255	1,876	0	0	39,131
TOTAL 281	49,619	8,814	0	0	58,432
Amortization development works	0	0	0	0	0
TOTAL 282	0	0	0	0	0
Administrative and commercial building depreciation	20,996	1,580	0	0	22,576
Amortization personnel housing	1	-1	0	0	0
Amortization fixtures, office installation	1,281	352	0	0	1,633
Amortization tracks and roads	132	0	0	0	132
Depreciation other infrastructure works	382	18	16	0	383
Amortization of other fixtures, fittings. instal.	14,079	527	326	0	14,281
TOTAL 283	36,870	2,476	342	0	39,004
Depreciation of switching equipment Sonatel	33,868	1,281	0	0	35,149
Depreciation of switching equipment public	0	0	0	0	0
Depreciation Transmission equipment	124,611	6,249	1	0	130,860
Depreciation line equipment and public networks	127,771	1,885	0	0	129,656
Depreciation line and network equipment Sonatel	546	-116	2	0	428
Depreciation energy equipment	41,596	2,717	154	0	44,159
Depreciation of network access equipment	905	90	0	0	995
Depreciation network and data equipment	40,048	6,260	0	0	46,308
Depreciation other operating equipment	137	-76	0	0	60
TOTAL 2,841	369,483	18,290	157	0	387,616

TABLE N° 2: VARIATION IN AMORTIZATION AT 31/12/2019 (CTD.)

Items	Balance at 31/12/18	Increase	Decrease/ Disposal	Reclassification	Balance at 31/12/19
Depreciation office equipmernt	2,784	276	22	0	3,039
Depreciation housing furniture	3	0	0	0	3
Depreciation office equipment	1,777	404	25	0	2,155
Depreciation housing equipment	6	0	0	0	6
Depreciation of IT equipment technical	11,879	1,387	0	0	13,266
Depreciation of IT equipment office	3,754	466	140	0	4,079
TOTAL 2,844	20,203	2,533	188	0	22,549
Depreciation of light vehicles	9,953	1,530	86	0	11,397
Depreciation of heavy vehicles	161	9	0	0	170
Depreciation motorcycles	127	2	0	0	128
TOTAL 2,845	10,241	1,541	86	0	11,696
Depreciation Fixtures fittings, instal.	0	0	0	0	0
TOTAL 2,847	0	0	0	0	0
Depreciation of devices	3,462	101	0	0	3,563
Depreciation of other fixed assets various	2,410	457	4	0	2,863
TOTAL 2,848	5,872	558	4	0	6,426
GRAND TOTAL	492,285	34,214	777	0	525,721

NOTE 3C: FIXED ASSETS (AMORTIZATION)

Positions and movements	A	B	C	D = A + B - C
	Depreciation Sums at the begin. of year	Increase allocations of year	Decrease depreciations	Sums of depreciations at the close of year
Development and prospecting costs	13	0	0	13
Patents, licences, software, and similar rights	49,607	8,813	0	58,420
Goodwill and lease right	0	0	0	0
Other depreciations intangible	0	0	0	0
SUB-TOTAL: FIXED ASSETS INTANGIBLE	49,620	8,813	0	58,432
Land excluding investment property	0	0	0	0
Land investment property	0	0	0	0
Buildings excluding investment property	21,507	1,600	16	23,090
Buildings investment property	0	0	0	0
Fixtures, fittings and installations	15,361	878	326	15,913
Equipment, furniture and biological assets	395,559	21,380	349	416,590
Transportation equipment	10,239	1,543	86	11,696
SUB-TOTAL: FIXED ASSETS TANGIBLE	442,665	25,401	777	467,289
GRAND TOTAL	492,285	34,214	777	525,721

NOTE 3D: FIXED ASSETS (CAPITAL GAIN AND LOSS OF DISPOSALS)

	(in millions of XOF)				
	Amount Gross A	Depre-ciations effected B	Value accounting net C = A - B	Price of disposal D	+ Gain or - Loss E = D - C
Intangible fixed assets	0	0	0	0	0
Tangible fixed assets	983	777	206	3,283	3,077
Financial fixed assets	158	0	158	1,672	1,514
TOTAL	1,141	777	364	4,955	4,591

The capital gain is made up of the sale of the Cocerson land and the disposal of the Orange Guinea securities.

NOTE 28: PROVISIONS AND DEPRECIATIONS RECORDED ON THE BALANCE SHEET

	A	B			C			D = A+B-C
	Provision at the begin. of year	Allocations increases			Allocations decreases			Provisions at the end of year
		Opera-ting	Finan-cial	Excl. activit. ordinary	Opera-ting	Finan-cial	Excl. activit. ordinary	
Regulated provisions	2,165	0	0	0	362	0	0	1,802
Financial provisions for risks and charges	59,956	0	9,199	0	0	16,631	0	52,524
Depreciation of Fixed assets	917	483	0	0	334	0	0	1,066
TOTAL ALLOCATIONS	63,038	483	9,199	0	696	16,631	0	55,392
	0	0	0	0	0	0	0	0
Depreciation of stocks	17	20	0	0	17	0	0	20
Depreciation of current assets (HAO)	0	0	0	0	0	0	0	0
Supplier write-downs	0	0	0	0	0	0	0	0
Customer write-downs	11,829	3,615	0	0	2,610	0	0	12,834
Other impairments receivables	244	829	0	0	52	0	0	1,021
Depreciation of investment securities	0	584	0	0	0	0	0	584
Impairment values for collection	0	0	0	0	0	0	0	0
Depreciation cash assets	0	0	0	0	0	0	0	0
Depreciation and provisions for short-term operating risks	37	19	0	0	0	0	0	55
Depreciation and provisions for short-term financial risks	0	0	0	0	0	0	0	0
Total charges for depreciations and provisions short term	12,127	5,067	0	0	2,679	0	0	14,515
TOTAL PROVISIONS AND DEPRECIATIONS	75,165	5,550	9,199	0	3,376	16,631	0	69,907

The fall is in the recovery on tax and social provisions.

NOTE 3B: CAPITAL LEASE GOODS

NONE

NOTE 4: FINANCIAL FIXED ASSETS

In millions

ITEMS	2019	2018	Variation in %	Recei-vables at 1 year max.	Receivables At more + 1 year and two years max.	Receivables over two years
Equity securities	187,451	177,882	5	0	0	187,451
Loans and receivables	0	4,920	-100	0	0	0
Staff loan	83,750	85,330	-2	5,494	2,049	76,207
Claims on the State	0	0	0	0	0	0
Fixed securities	13	13	0	0	0	13
Deposits and guarantees	1,384	1,291	7	0	0	1,384
Accrued interest	91	225	-60	0	0	0
GROSS TOTAL	272,689	269,660	1	0	0	0
Depreciation equity securities	583	583	0	0	0	0
Depreciation other fixed assets	483	334	44	0	0	0
NET TOTAL DEPRECIATION	271,623	268,743	1	0	0	0

NOTE 7: CUSTOMERS

(in millions XOF)

Items	2019	2018	Variation in %	Recei-vables 1 year max.	Receivables at + 1 year and two years max.	Recei-vables at + two years
Customers (excluding Group property reserves)	51,260	52,247	-2	51,260	0	0
Customers receivables (excluding Group property reservations)	0	0	0	0	0	0
Customers receivables (excluding Group property reservations)	0	0	0	0	0	0
Customers and Group receivables	0	0	0	0	0	0
Receivables on disposal of fixed assets	0	0	0	0	0	0
Customers discounted bills not due	0	0	0	0	0	0
Litigious or doubtful debts	15,526	12,972	20	15,526	0	0
Customers accrued income	66,680	-4,347	-1,634	66,680	0	0
TOTAL GROSS CUSTOMERS	133,466	60,872	119	0	0	0
Depreciation customer accounts	12,834	11,829	8	12,834	0	0
NET TOTAL DEPRECIATION	120,632	49,042	146	0	0	0
Customers, advances received excl. group	163	62	161	163	0	0
Clients, advances received group	61	61	0	61	0	0
Other creditors	11	11	0	11	0	0
TOTAL CUSTOMERS CREDITORS	234	134	75	234	0	0

NOTE 8: OTHER CLAIMS

(in millions XOF)

Items	2019	2018	Variation in %	Recei-vables at 1 year max.	Recei-vables at + 1 year and two years max.	Recei-vables at + two years
Staff	548	367	49	548	0	0
Social organizations	0	0	0	0	0	0
States and public authorities	21,338	23,026	-7	21,338	0	0
Organizations International	0	0	0	0	0	0
Contributors, partners and group	35,150	26,022	35	35,150	0	0
Special adjustment transitional account linked to the SYSCOHADA review	838	1,316	-36	478	180	180
Other miscellaneous debtors	55,096	89,886	-39	55,096	0	0
Unblocked permanent accounts of establishments and branches	0	0	0	0	0	0
Liability and expense liaison account	0	0	0	0	0	0
Liaison account of joint ventures	0	0	0	0	0	0
GROSS TOTAL OTHER RECEIVABLES	112,970	140,617	-20	140,012	180	180
Depreciation of other receivables	1,021	244	318	0	0	0
NET TOTAL OF DEPRECIATIONS	111,949	140,372	-21	140,012	180	180

The account of other miscellaneous debtors and Contributors, partners and group mainly concerns intergroup services.

NOTE 17: TRADE PAYABLES

In millions

Items	2019	2018	Varia-tion in abso-lute value	Variation in %	Debts at 1 year max.	Debts at + one year and two years max.	Debts at + two years
Debt suppliers on account (excl. group)	29,740	16,437	13,303	81	29,740	0	0
Suppliers bills payable (Excl. group)	0	0	0	0	0	0	0
Suppliers, debts and bills payable group	6,460	7,918	-1,458	0	6,460	0	0
Suppliers, current acquisition fixed assets	0	0	0	0	0	0	0
Suppliers invoices out- standing (Group)	11,534	11,616	-82	-1	11,534	0	0
Suppliers invoices out-standing (excl. Group)	13,203	19,510	-6,307	-32	13,203	0	0
TOTAL SUPPLIERS	60,937	55,482	5,455	10	60,937	0	0
Suppliers, advances and deposits (Excl. Group)	79	1,247	-1,168	-94	79	0	0
Suppliers, advances and deposits Group	0	0	0	0	0	0	0
Other trade payables	213	213	0	0	213	0	0
TOTAL TRADE PAYABLES	292	1,460	-1,168	-80	292	0	0

+13 billion in trade payables and outstanding invoices over the 2019 period which is explained by an improvement in supplier payment terms.

NOTE 16 A: FINANCIAL DEBTS AND SIMILAR RESSOURCES

In millions

Items	2019	2018	Variation in absolute value	Variation in %	Debts at 1 year max.	Debts at + 1 year and two years max.	Debts at + than two years
Bond loans	0	0	0	0	0	0	0
Borrowings and debts from credit institutions	123,502	97,319	26,183	27	41,202	40,154	42,147
Advances received from the State	0	0	0	0	0	0	0
Advances received and blocked current accounts	0	0	0	0	0	0	0
Deposits and guarantees received	126	129	3	-2	0	0	126
Accrued interest	2,550	2,634	85	-3	2,550	0	0
Advances received on special terms	0	0	0	0	0	0	0
Other borrowings and debts	0	0	0	0	0	0	0
Debts linked to subscriptions	0	0	0	0	0	0	0
Permanent blocked accounts of establishments and branches	0	0	0	0	0	0	0
TOTAL BORROWINGS AND FINANCIAL DEBTS	126,178	100,083	26,096	26	0	0	0
Property lease	0	0	0	0	0	0	0
Furniture lease	0	0	0	0	0	0	0
Hire purchase	0	0	0	0	0	0	0
Accrued interest	0	0	0	0	0	0	0
Other Capital lease debts	0	0	0	0	0	0	0
TOTAL LEASE DEBTS CAPITAL LEASE	0	0	0	0			

NOTE 16 A: FINANCIAL DEBTS AND SIMILAR RESSOURCES (CTD.)

In millions

Items	2019	2018	Variation in absolute value	Variation in %	Debts at 1 year max.	Debts at + 1 year and two years max.	Debts at + than two years
Provisions for litigation	34,748	43,264	8,516	-20			
Guarantee provisions given to customers	0	0	0	0			
Provisions for loss on future completion markets	0	0	0	0			
Provisions for exchange loss	0	0	0	0			
Provisions for taxes	0	0	0	0			
Provisions for pensions and similar obligations	17,776	16,692	1,084	6			
Pension plan assets	0	0	0	0			
Restructuring provisions	0	0	0	0			
Provisions for fines and penalties	0	0	0	0			
Own insurer's provisions	0	0	0	0			
Provisions for dismantling and refurbishment	0	0	0	0			
Deduction right provisions	0	0	0	0			
Other provisions	0	0	0	0			
TOTAL PROVISIONS FOR RISKS AND CHARGES	52,524	59,956	7,432	-12			

« Long-term debt shows a net variation of 26 billion, distributed as follows: -Payment of maturities: (26.9 billion) -Establishment of a new loan over 5 years: 50 billion. The fall in provisions for litigation is due to the recovery of provisions ».

NOTE 22: PURCHASES

In millions XOF

Items	2019	2018	% Variation
Purchases in the region	0	0	0
Purchases outside the region	0	0	0
Group purchases	0	0	0
TOTAL GOODS PURCHASES	0	0	0.00
Purchases in the region	0	0	0
Purchases outside the region	0	0	0
Group purchases	0	0	0
TOTAL PROCUREMENT RAW MATERIALS AND RELATED SUPPLIES	0	0	0.00
Consumable materials	0	0	0
Combustible materials	2,055	1,685	22
Maintenance products	0	0	0
Shop, factory and store supplies	7,538	5,715	32
Water	261	201	30
Electricity	4,466	3,985	12
Other energy	0	0	0
Maintenance supplies	3	356	3
Office supplies	352	0	0
Small equipment and tools	190	182	4
Procurement studies, services, works materials and equipment	1	8	-93
Procurement of packaging	0	0	0
Procurement costs	0	0	0
Rebates, reductions and discounts	0	0	0
TOTAL OTHER PURCHASES	14,866	12,132	0.00

+ 22% of purchases linked mainly to workshop, plant and store supplies.

NOTE 23: TRANSPORT

In millions XOF

Items	2019	2018	% Variation
Transport on sales	-	-	-
Transport on behalf of third parties	-	-	-
Personnel transport	596	718	-17
Transport of packages	298	385	-23
Other transport	19	1	1,469
	-	-	-
TOTAL	913	1,105	-17.34

Transport costs fell by 17% mainly in respect of staff transport.

NOTE 24: EXTERNAL SERVICES

In millions XOF

Items	Year N	Year N-1	% Variation
General subcontracting	10,532	10,613	-1
Rentals and rental charges	1,310	1,226	7
Capital lease fees	0	0	0
Care, repairs and maintenance	7,552	7,888	-4
Insurance premiums	987	751	31
Studies, research and documentation	25	27	-9
Advertising, publications, public relations	2,069	1,912	8
Telecommunication costs	45,397	44,863	1
Bank charges	2,270	2,272	0
Remuneration of intermediaries and advisers	9,393	9,215	2
Staff training costs	999	1,335	-25
Royalties for patents, licences, software, concession and similar rights	14,482	19,676	-26
Subscriptions	46	47	-2
Other external charges	1,209	1,151	5
TOTAL	96,272	100,976	-4.66

We have a 4.6% drop in external services. That is, an effort resulting in more than 4 billion drop in expenses on this item.

NOTE 31: DISTRIBUTION OF THE INCOME AND OTHER CHARACTERISTIC ELEMENTS OF THE LAST FIVE YEARS

In millions XOF

NATURE OF INDICATIONS	N	N-1	N-2	N-3	N-4
CLOSING CAPITAL STRUCTURE FOR THE YEAR (2)					
Share capital	50,000	50,000	50,000	50,000	50,000
Ordinary shares	100	100	100	100	100
Priority dividend shares (PDS) without voting rights	-	-	-	-	-
New shares to be issued: - by agreement of obligations - by exercising subscription rights	- - -	- - -	- - -	- - -	- - -
OPERATIONS AND RESULTS OF THE YEAR (3)	50,000	50,000	50,000	-	-
Turnover before tax	294,303	265,067	321,873	324,827	343,974
Earnings from ordinary activities (EOA) excluding allocations and reversals (operating and financial)	194,557	164,034	221,104	214,111	238,736
Employee participation in profits	-	-	-	-	-
Income tax	17,134	10,657	31,506	35,148	44,761
Net result (4)	154,802	106,939	163,579	154,176	158,492
DISTRIBUTED INCOME AND DIVIDEND	-	-	-	-	-
Distributed income (5)	136,111	166,667	166,667	166,667	166,667
Dividend allocated to each share	0	0	0	0	0
STAFF AND SALARY POLICY	-	-	-	-	-
Average number of staff for the year (6)	0	0	0	0	0
Average number of external staff	0	0	0	0	0
Payroll distributed during the year (7)	68,239	62,949	56,167	51,138	44,530
Benefits paid during the year (social security, social work) (8)	5,406	5,370	4,491	4,156	3,658
External personnel billed to the entity (9)	4,267	3,317	2,693	2,964	2,932

«11% increase in turnover driven by business developments. Increase in Income: 45%: effect of cost reduction + increase in turnover. Increase in payroll 8% due to recruitment».

PLANNED APPROPRIATION OF THE INCOME OF THE 2018 FINANCIAL YEAR

APPROPRIATIONS	AMOUNT (1)	ORIGINS	AMOUNT (1)
Legal reserve	**0**	**Carried forward (losses)**	**0**
Statutory or contractual reserves	**0**	**Retained earnings brought forward**	**0**
Other reserves (available)	**18,691**	**Net result of the year**	**154,802**
Dividends (2)	**136,111**	**Withdrawal from reserves**	**0**
Other appropriations	**0**		
Carried forward	**0**		
TOTAL (A)	**154,802**	**Check: Total A = Total B**	**154,802**

1) Negative amounts are to be entered in parentheses or preceded by a (-) sign.
2) If there are several categories of beneficiaries of dividends, indicate the amount for each.
3) Indicate the reserve items from which the withdrawals are made.

NOTE 27 B: WORKFORCE, PAYROLL AND EXTERNAL STAFF

	WORKFORCE						
	Nationals				Excl. OHADA		TOTAL
	M	F	M	F	M	F	
Senior managers	419	201	0	0	3	0	623
Senior technicians and middle managers	393	313	0	0	0	0	706
Technicians, supervisors and skilled workers	261	163	0	0	0	0	424
Employees, labourers, workers and apprentices	0	0	0	0	0	0	0
TOTAL (1)	1,073	677	0	0	3	0	1,753
							0
Permanent	0	0	0	0	0	0	0
Seasonal	0	0	0	0	0	0	0

	PAYROLL						
	Nationals				Excl. OHADA		Total
	M	F	M	F	M	F	
Senior managers	24,681,464,198	11,840,034,138	0	0	176,716,927	0	36,698,215,263
Senior Technicians and middle managers	14,252,115,645	11,350,921,621	0	0	0	0	25,603,037,266
Technicians, supervisors, skilled workers	6,983,059,176	4,361,067,608	0	0	0	0	11,344,126,785
Employees, labourers, workers and apprentices	0	0	0	0	0	0	0
TOTAL (1)	45,916,639,020	27,552,023,367	0	0	176,716,927	0	73,645,379,314
Permanent	0	0	0	0	0	0	0
Seasonal	0	0	0	0	0	0	0

NOTE 27 B: WORKFORCE, PAYROLL AND EXTERNAL STAFF (CTD.)

	WORKFORC								
	Nationals				Excl. OHADA		TOTAL		
	M	F	M	F	M	F			
2. External staff								Billed to the entity	
Senior managers	0	0	0	0	0	0	0	0	0
Senior technicians and middle managers	25	18	0	0	0	0	43	93,826,842	67,555,326
Technicians, supervisors, and skilled workers	525	378	0	0	0	0	903	1,970,363,676	1,418,661,847
Employees, laborers, workers and apprentices	111	80	0	0	0	0	191	416 591 177	300,245,893
TOTAL (2)	661	476	0	0	0	0	1,137	2,480,781,695	1,786,463,066
Permanent	0	0	0	0	0	0	0	0	0
Seasonal	0	0	0	0	0	0	0	0	0
TOTAL (1+2)	1,734	1,153	0	0	3	0	2,890	48,574,137,642	29,338,486,433

There is an increase in staff and payroll in 2019. Salaried staff is made up of 40% women.

CONSOLIDATED IFRS ACCOUNTS AT 31 DECEMBER 2019

CONSOLIDATED INCOME STATEMENT

(In millions XOF)	Note	2019	2018
Turnover	4.1	1,179,224	1,098,698
External purchases	4.2	(432,896)	(419,327)
Other operating revenue	4.8	19,401	20,825
Other operating expenses	4.4	(40,693)	(54,724)
Staff costs	4.5	(116,438)	(107,380)
Taxes and operating duties	4.3	(116,852)	(81,302)
Depreciation and amortization	4.6	(173,284)	(153,008)
Income from the sale of securities and activities		2,318	3,883
Effects of takeovers		109	-
Result of equity-accounted entities		(269)	(53)
OPERATING INCOME		320,624	307,611
Cost of gross financial debt		(27,634)	(16,965)
Interest charges on rental debts		(2,739)	
Revenue and charges on assets constituting net debt		2,145	2,737
Exchange gains (losses)		(219)	(164)
Other financial revenue and expenses		2,470	1,064
Financial income	4.7	(25,976)	(13,329)
Corporate tax	4.9	(99,302)	(107,191)
NET INCOME OF THE CONSOLIDATED GROUP		195,343	187,091
Net income attributable to owners of the parent company		153,340	159,833
Net income attributable to non-controlling interests		42,003	27,257
Net income attributable to owners of the parent company	4.10		
- basic		1,533	1,598
- diluted		1,533	1,598

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(In millions XOF)	2019	2018
Net group consolidated income	**195,343**	**187,091**
Items not recyclable as income		
Post-employment benefit, actuarial difference	**(1,071)**	**8,488**
Items recyclable as income		
Assets available for sale	**-**	**(583)**
Translation differences	**(12,030)**	**(4,155)**
Other items of the global income before tax	**(13,100)**	**3,751**
Tax on other elements of the global income (non recyclable)	**(671)**	**(1,519)**
Other items of the global income	**(13,771)**	**2,231**
GLOBAL INCOME OF THE CONSOLIDATED GROUP	**181,572**	**189,322**
Global income attributable to Group shareholders	**142,635**	**160,926**
Global income attributable to non-controlling interests	**38,937**	**28,396**

CONSOLIDATED FINANCIAL POSITION STATEMENT

(In millions XOF)	Note	31-Dec 2019	31-Dec 2018	1st January 2018
Assets				
Goodwill on acquisitions	5.1	43,912	49,640	59,370
Other intangible fixed assets	5.2	273,016	233,202	227,682
Tangible fixed assets	5.2	749,539	697,947	648,393
Equity-accounted securities	5.2	3,671	3,996	2,163
Rights of use of leased fixed assets		26,718	-	
Non-current financial assets	5.7	145,720	139,110	141,688
Other non-current assets	5.5	8,340	8,447	3,048
Deferred tax assets	5.6	18,647	17,260	30,710
TOTAL NON-CURRENT ASSETS		1,269,562	1,149,602	1,113,055
Stocks	5.3	14,247	13,043	14,100
Receivables	5.4	116,959	107,810	106,334
Current financial assets	5.7	6,683	12,395	3,699
Other current assets	5.5	143,409	121,265	80,917
Operating taxes and duties		57,711	47,440	64,109
Corporate tax		7,366	3,468	2,752
Prepaid expenses		2,972	2,567	4,634
Cash and cash equivalents	5.8	204,103	218,591	157,753
Total non-current assets		553,450	526,578	434,299
TOTAL ASSETS		1,823,012	1,676,180	1,547,353

CONSOLIDATED FINANCIAL POSITION STATEMENT

(In millions XOF)	Note	31-Dec 2019	31-Dec 2018	1st January 2018
Liabilities				
Share capital		50,000	50,000	50,000
Reserves and issue premiums		572,717	578,128	603,975
Translation differences	6.7	(34,586)	(25,518)	(22,647)
Own shares		(2,809)	(3,042)	(2,702)
Equity attributable to owners of the parent company		585,323	599,567	628,626
Equity attributable to non-controlling interests		136,202	126,070	87,450
TOTAL OWNER'S EQUITY		721,525	725,637	716,075
Non-current financial assets	6.1	175,280	142,932	143,140
Non-current rental debts	8	19,402	-	
Non-current staff benefits	6.2	24,664	23,297	32,684
Other non-current assets	6.3	7,311	6,157	5,186
TOTAL NON-CURRENT LIABILITIES		226,656	172,387	181,010
Current financial liabilities	6.1	242,602	261,181	155,996
Trade payables of current fixed assets	6.5	95,311	79,275	85,528
Trade payables on other goods and services	6.5	187,221	176,775	177,531
Customer contract liabilities		4,925	8,978	
Current rental debts		8,419	-	
Current staff benefits		13,933	12,104	17,410
Other non-current assets	6.3	183,012	108,601	84,130
Operating taxes and duties		64,240	56,999	44,222
Corporate tax		59,163	57,855	59,892
Deferred revenue	6.6	16,006	16,389	25,559
Total current liabilities		874,831	778,156	650,268
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY		1,823,012	1,676,180	1,547,353

VARIATION OF CONSOLIDATED SHAREHOLDERS EQUITY TABLE

	Attributable to owners of the parent company					Attributable to of non- controlling interests		Total own capital
	Share capital	Reserves	Transla-tion diff.	Own shares	Total	Reserves	Total	
Balance at 1st january 2018	50,000	603,974	(22,646)	(2,702)	628,626	87,450	87,450	716,075
Global consolidated income	-	159,833	-	-	159,833	27,257	27,257	187,091
Distribution of dividends	-	(167,018)	-	-	(167,018)	(28,040)	(28,040)	(195,058)
Other transactions (1)	-	(18,661)	(2,872)	(340)	(21,874)	39,403	39,403	17,529
Balance at 31 December 2018	50,000	578,128	(25,518)	(3,042)	599,567	126,070	126,070	725,637
Global consolidated income	-	153,340	-	-	153,340	42,003	42,003	195,343
Distribution of dividends	-	(157,149)	-	-	(157,149)	(39,229)	(39,229)	(196,398)
Other transactions	-	(1,602)	(9,068)	234	(10,436)	7,358	7,358	(3,078)
Balance at 31 December 2019	50,000	572,717	(34,586)	(2,809)	585,323	136,202	136,202	721,525

(1) Other minority share transactions are exclusively related to the correction on the minority share in Goodwill (+55 billion), and to the effect of deferred taxes on Sierra Leone (-11 billion)

CONSOLIDATED CASH FLOW TABLE

(In millions XOF)	Note	2019	2018
Activity-related cash flow			
Net income	2.11	195,343	187,091
Non-monetary items and reclassification of presentation			
Operating taxes and duties	2.3	116,852	81,302
Depreciation and amortization	2.6	173,284	153,008
Revaluation at fair value of previously held shares		(109)	
Impairment of fixed assets		(66)	
Income from disposal of assets and other gains & losses		(2,318)	(3,883)
Allocations (reversals) from other provisions		1,610	4,994
Corporate tax	2.10	99,302	107,191
Share in the income of equity-accounted entities		269	53
Financial income	2.8	25,977	13,329
Net exchange difference		(2,225)	(516)
Stock-based compensation		1,794	3,788
Variation in working capital requirement			
Decrease (increase) in stocks		(1,954)	980
Decrease (increase) in trade receivables		(11,485)	(7,104)
Increase (decrease) in trade payables		14,409	(163)
Var. of liabilities on customer contracts		(3,925)	(696)
Decrease (increase) in other receivables		(29,977)	(41,358)
Increase (decrease) in other debts		36,377	21,418
Other net disbursements			
Operating taxes and duties disbursed		(114,854)	(52,068)
Dividends collected		(1,106)	219
Interest income received		6,652	8,719
Interest paid and net derivatives rate effect		(24,167)	(18,724)
Corporate tax disbursed		(103,947)	(98,504)
Cash generated by operating activities (a)		375,735	359,076
Cash flow from investing activities			
Acquisitions of tangible and intangible assets	3.2	(269,304)	(208,159)
Increase (decrease) in capital suppliers		21,263	(9,748)
Revenue from disposals of property and other tangible and intangible assets	3.2	6,461	5,024
Acquisition of equity securities net of cash acquired		(1,319)	5,393
Revenue from disposal of equity securities net of cash disposed		164	-
Decrease (increase) in investments and other financial assets		(2,488)	(4,594)
Cash generated by investing activities (b)		(245,223)	(212,085)

CONSOLIDATED CASH FLOW TABLE

(In millions XOF)	2019	2018
Cash flow from financing operations	**1,179,224**	**1,098,698**
Long-term loan issuing	**44,563**	**45,163**
Repayments of LT loans		**(14,741)**
Rental debt repayments	**(6,804)**	
Increase (decrease) in bank overdrafts and other short	**(28,523)**	**79,934**
short term borrowings	**234**	**(340)**
	3,745	**2,866**
Share buyback	**(157,186)**	**(195,501)**
Contribution of minority shareholders	**(143,972)**	**(82,620)**
Dividends paid	**(13,460)**	**64,372**
Cash generated by financing activities (c)	**(1,028)**	**(2,436)**
Monetary variation in cash and cash equivalents (a) + (b) + (c)		**(1,098)**
Impact of variation in exchange rates on cash flow	**(14,487)**	**60,838**
Other impacts on cash flow		
Cash and cash equivalents at opening	**218,591**	**157,753**
Net variation in cash and cash equivalents	**(14,487)**	**60,838**
Cash and cash equivalents at closing	**204,103**	**218,591**

NOTES **ANNEXES**

Note 1- Segment disclosure

1.1 From sectoral turnover to restated sectoral EBITDA

The details of the zonal turnover to Ebitda is as follows:

(In millions XOF)	UEMOA					Conso-lidated accounts Sonatel
	Senegal	Mali	Guinea Bissau	Guinea Conakry	Sierra Leone	
2019						
Turnover	492,102	391,619	25,721	229,400	40,382	1,179,224
External purchases	(184,925)	(128,922)	(9,842)	(86,427)	(22,780)	(432,896)
Staff costs	(77,307)	(23,950)	(1,691)	(9,710)	(3,779)	(116,438)
Operating Taxes and duties (excluding IT)	(55,930)	(39,264)	(1,862)	(16,331)	(3,464)	(116,852)
Other operating expenses	(6,285)	(21,719)	(1,024)	(11,155)	(576)	(40,759)
Other operating income	7,914	8,620	102	1,874	892	19,401
Depreciation and amortization of rights to use rental assets	(2,208)	(1,180)	-	(1,341)	(1,539)	(6,267)
Interest charges on rental debts	(350)	(487)	-	(831)	(1,072)	(2,739)
EBITDAal						482 675
Income from disposals and other gains (losses)	3,200	(105)	-	(0)	(776)	2,318
EBITDA restated	176,211	184,612	11,404	105,478	7,288	484,994

(In millions XOF)	Senegal	Mali	Guinea Bissau	Guinea Conakry	Sierra Leone	Conso-lidated accounts Sonatel
2018						
Turnover	464,235	376,099	22,813	197,445	38,105	1,098,698
Staff costs	(74,550)	(20,720)	(1,455)	(7,374)	(3,281)	(107,380)
External purchases	(176,872)	(131,346)	(8,997)	(77,081)	(25,031)	(419,327)
Operating taxes and duties (excl. IT)	(25,332)	(36,232)	(1,755)	(14,072)	(3,912)	(81,302)
Other operating expenses	(34,022)	(9,074)	(991)	(8,295)	(2,382)	(54,764)
Other operating revenue	10,906	7,294	(984)	2,438	1,171	20,825
EBITDAal						456,749
Cost of restructuring and integration	40					40
Income from disposals and other gains (losses)	3,185	(1)	1,106	(499)	93	3,883
Restated EBITDA	167,590	186,020	9,737	92,563	4,763	460,673

1.2 From sectoral restated EBITDA to sectoral Operating income

(In millions XOF)	UEMOA						Conso-lidated Sonatel
	Senegal	Mali	Guinea Bissau	Guinea Conakry	Sierra Leone	Equity accoun-ted	
2019							
Restated EBITDA	176,211	184,612	11,404	105,478	7,288		484,994
Depreciation and amortization of rights to use rental assets	(2,208)	(1,180)	-	(1,341)	(1,539)		(6,267)
Depreciation and amortization	(69,376)	(54,487)	(4,857)	(29,511)	(8,786)		(167,017)
Revaluation due to takeovers	-	-	-	-	109		109
Impairment of fixed assets	-	-	-	-	66		66
Share in the income of equity-accounted entities	-	-	-	-	-	(269)	(269)
EBIT	107,184	130,612	6,548	76,798	(251)	(269	320,622
Cost of gross debt	(17,677)	(9,469)	-	(432)	(56)		(27,634)
Income and charges on assets constituting net debt	(396)	1 938	4	594	4		2,145
Exchange gain (loss)	-	-	-	-	(219)		(219)
Other financial revenue and expenses	223	(267)	46	2,469	-		2,470
Financial income	(17,850)	(7,797)	50	2,631	(271)		(23,238)
Corporate tax	(35,360)	(35,879)	(1,136)	(27,867)	940		(99,302)
Net income from continuing operations	68,480	77,648	2,895	48,237	(1,646)	(269)	195,345
Net group consolidated income	68,480	77,648	2,895	48,237	(1,648)	(269)	195,343
Net income - Group capital share	68,480	54,354	1,789	29,810	(823)	(0)	153,610
Net income - Minority capital share	-	(23,294)	(1,106)	(18,426)	823	-	(42,004)
2018							
Restated EBITDA	167,590	186,020	9,737	92,563	4,763	-	460,673
Depreciation and amortization of rights to use rental assets	-	-	-	-	-	-	-
Depreciation and amortization	(70,640)	(50,869)	(4,889)	(20,985)	(5,626)	-	(153,008)
Revaluation related to takeovers	-	-	-	-	-	-	-
Impairment of fixed assets	-	-	-	-	-	-	-
Share in the income of equity-accounted entities	-	-	-	-	-	(53)	(53)
EBIT	96,950	135,151	4,848	71,578	(863)	(53)	307,611
Cost of gross debt	(8,098)	(8,459)	(20)	(353)	(36)	-	(16,965)
Revenue and charges on assets constituting net debt	197	1 974	9	531	26	-	2,737
Exchange gain (loss)	-	-	-	-	(164)	-	(164)
Other financial revenue and expenses	(727)	-	45	1,746	-	-	1,064
Financial income	(8,628)	(6,485)	34	1,924	(174)	-	(13,329)
Corporate tax	(37,524)	(37,055)	(679)	(24,111)	(7,823)	-	(107,191)
Net income from continuing operations	68,225	82,431	2,027	45,063	(10,602)	-	187,144
Net income from operations disposed or in process of disposal	-	-	-	-	-	-	-
Net group consolidated income	68,225	82,431	2,027	45,063	(10,602)	(53)	187,091
Net income - Minority capital share	68,225	57,702	1,252	27,849	(5,301)	-	149,728
Net income - Minority capital share	-	(24,729)	(774)	(17,214)	5,301	-	(37,417)

1.3 Sectoral assets and sectoral liabilities

(In millions XOF)	UEMOA						Conso-lidated Sonatel
	Senegal	Mali	Guinea Bissau	Guinea Conakry	Sierra Leone	Equity accoun-ted	
2019							
Goodwill on acquisitions	-	-	-	-	43,912	-	43,912
Other intangible fixed assets	116,799	92,019	1,142	56,980	6,076	-	273,016
Tangible fixed assets	333,399	245,137	20,356	111,218	39,429	-	749,539
Equity-accounted securities	-	-	-	-	-	3,671	3,671
Right to use rental fixed assets	5,575	5,984	-	3,923	11,237	-	26,718
Non-current financial assets	100,039	35,201	2,316	8,163	(0)	-	145,720
Other non-current assets	3,897	2,402	167	1,871	2	-	8,340
Deferred tax assets	8,375	3,675	-	5,583	1,014	-	18,647
Total of non current	568,083	384,418	23,981	187,739	101,670	3,671	1,269,562
Stocks	8,969	3,434	585	641	618	-	14,247
Receivables	66,836	27,491	1,832	11,597	9,201	-	116,959
Current financial assets	6,672	(0)	-	3	8	-	6,683
Other current assets	50,691	49,293	1,353	36,724	5,349	-	143,409
Receivables operating taxes and duties	32,476	18,831	173	3,887	2,343	-	57,711
Corporate tax claims	1	4,518	830	1,870	148	-	7,366
Prepaid expenses	1,599	-	110	473	790	-	2,972
Cash and cash equivalents	83,686	54,558	2,998	58,307	4,554	-	204,103
Total non-current assets	250,930	158,124	7,880	113,503	23,013	-	553,450
Total assets	819,013	542,542	31,862	301,242	124,683	3,671	1,823,012

(In millions XOF)	UEMOA						Consolidated Sonatel
	Senegal	Mali	Guinea Bissau	Guinea Conakry	Sierra Leone	Equity accounted	
2018							
Goodwill on acquisitions	-	-	-	-	49,640	-	49,640
Other intangible assets	122,031	99,459	1,623	7,309	2,780	-	233,202
Tangible fixed assets	302,121	233,522	18,556	103,844	39,905	-	697,947
Equity-accounted securities	-	-	-	-	-	3,996	3,996
Rights to use rental fixed assets	-	-	-	-	-	-	-
Non-current financial assets	96,471	32,404	1,638	8,598	-	-	139,110
Other non-current assets	2,711	2,368	32	3,336	-	-	8,447
Deferred tax assets	6,587	4,870	-	5,802	0	-	17,260
Total non-current assets	529,921	372,623	21,848	128,889	92,326	3,996	1,149,602
Stocks	8,888	2,317	470	1,088	281	-	13,043
Receivables	58,281	27,897	1,922	9,247	10,462	-	107,810
Current financial assets	11,088	(0)	-	3	1,305	-	12,395
Other current assets	32,854	47,118	915	26,586	13,792	-	121,265
Receivables operating taxes and duties	25,905	15,238	75	3,770	2,451	-	47,440
Corporate tax claims	2,012	9	809	577	61	-	3,468
Prepaid expenses	854	-	116	666	931	-	2,567
Cash and quasi-cash equivalents	81,031	65,656	3,405	63,065	5,434	-	218,591
Total current assets	220,913	158,235	7,713	105,001	34,717	-	526,578
Total assets	750,833	530,858	29,561	233,890	127,042	3,996	1,676,180

(In millions XOF)	UEMOA						Consolidated Sonatel
	Senegal	Mali	Guinea Bissau	Guinea Conakry	Sierra Leone	Equity accounted	
2019							
Share capital	50,000	-	-	-	(0)	-	50,000
Reserves	408,142	124,132	7,256	58,249	(23,367)	(1,694)	572,717
Translation differences	-	-	-	(4,707)	(29,911)	26	(34,586)
Own shares	(2,809)	-	-	-	-	-	(2,809)
Equity attributable to owners of the parent company	446,054	124,132	7,256	62,826	(53,278)	(1,668)	585,323
Equity attributable to non-controlling interests	-	61,719	6,734	50,836	18,091	(1,177)	136,202
Shareholders equity	446,054	185,850	13,990	113,662	(35,187)	(2,845)	721,525
Non-current financial liabilities	89,697	72,060	-	13,114	409	-	175,280
Non-current rental debts	3,756	4,280	-	1,768	9,598	-	19,402
Non-current staff benefits	20,736	2,351	-	175	1,402	-	24,664
Other non-current liabilities	2,691	4,164	3	214	239	-	7,311
Total non-current liabilities	116,880	82,855	3	15,270	11,649	-	226,656
Current payables capital suppliers	25,945	35,805	274	16,293	16,994	-	95,311
Current trade payables other goods and services	80,225	53,638	5,161	45,394	2,803	-	187,221
Current financial liabilities	181,031	62,018	-	(10)	(438)	-	242,602
Current rental debts	2,075	1,927	-	2,521	1,896	-	8,419
Current staff benefits	9,534	2,763	203	1,001	433	-	13,933
Other current liabilities	81,970	53,900	1,083	41,869	4,189	-	183,012
Operating taxes and duties (excl. IT)	35,714	11,698	450	14,929	1,448	-	64,240
Corporate tax	33,107	11,840	1,109	12,863	245	-	59,163
Customer contract liabilities	-	4,925	-	-	-	-	4,925
Deferred revenue	7,247	-	469	7,104	1,187	-	16,006
Total current liabilities	456,849	238,514	8,748	141,963	28,758		874,831
Total liabilities	1,019,783	507,219	22,741	270,895	5,220	(2,845)	1,823,012

(In millions XOF)	UEMOA						Consolidated Sonatel
	Senegal	Mali	Guinea Bissau	Guinea Conakry	Sierra Leone	Equity accounted	
2019							
Share capital	50,000	-	-	-	(0)	-	50,000
Reserves	418,349	130,348	6,009	48,065	(22,481)	(2,164)	578,128
Translation difference	-	-	-	(3,749)	(21,799)	30	(25,518)
Own shares	(3,042)	-	-	-	-	-	(3,042)
Equity attributable to owners of parent company	465,307	130,348	6,009	44,316	(44,279)	(2,134)	599,567
Shareholders equity attributable to non-controlling interests	-	64,299	5,968	45,218	10,980	(395)	126,070
Shareholders Equity	465,307	194,647	11,977	89,534	(33,299)	(2,529)	725,637
Non-current financial liabilities	70,786	72,996	-	-	(850)	-	142,932
Non-current staff benefits	19,142	2,832	-	287	1,037	-	23,297
Other non-current liabilities	5,690	-	3	214	250	-	6,157
Total non-current liabilities	95,618	75,828	3	501	437	-	172,387
Current payables capital suppliers	28,589	38,531	899	6,689	4,567	-	79,275
Current trade payables other goods and services	66,986	47,698	3,561	40,074	18,455	-	176,775
Current financial liabilities	195,418	58,527	-	(42)	7,279	-	261,181
Current staff benefits	8,588	1,740	190	1,234	354	-	12,104
Other current liabilities	28,784	41,159	430	27,803	10,425	-	108,601
Operating taxes and duties (excl. IT)	33,249	10,567	442	11,448	1,294	-	56,999
Corporate tax	35,321	9,166	679	12,514	176	-	57,855
Customer contract liabilities	-	6,307	-	-	2,671	-	8,978
Deferred revenue	6,877	-	636	8,876	-	-	16,389
Total current liabilities	403,811	213,694	6,836	108,596	45,220	-	778,156
Total liabilities	964,736	484,169	18,816	198,631	12,358	(2,529)	1,676,180

1.4 Sectoral investments

The breakdown by country of fixed assets for the 2019 financial year is as follows:

(In millions XOF)	Senegal	Mali	Guinea Bissau	Guinea Conakry	Sierra Leone	gross 12.2018
Goodwill on acquisitions (1)					43,912	43,912
Other Intangible fixed assets	116,799	92,019	1,142	56,980	6,076	273,016
Tangible fixed assets	333,399	245,137	20,356	111,218	39,429	749,539
Right to use rental fixed assets (2)	5,575	8,667	0	3,923	11,237	29,402
Totals	455,773	345,823	21,498	172,121	100,654	1,095,869

(1) Goodwill on acquisitions on Orange Sierra Leone acquired in 2016, 50% controlled
(2) Impact by Country of IFRS 16

The Sonatel group's net investments in 2019 amounted to 203.56 billion. They remained stable in proportion to turnover (17%) compared to 2018.

These Group investments focused mainly on the mobile access network (extension, densification, 3G, 4G, 4G+), the deployment of fiber, transport (Main one cable), the strengthening of the infra-network core and energy.

Note 2- General principles for the preparation of the Group's first financial statements under IFRS

Note 2.1 Description of the business

The Sonatel Group offers its individual customers, businesses and other telecommunications operators, a wide range of services covering fixed and mobile communications, data transmission and other value-added services, mainly in the following countries of presence: Senegal, Mali, Guinea Bissau, Guinea Co-nakry and Sierra Leone. The Group is also developing its activities in mobile financial services (Orange Money).

Telecommunication operator activities are subject to licences and sectoral regulations; similarly, mobile financial service activities have their own regulations.

Note 2.2 Basis of preparation of financial information 2019

The consolidated financial statements were prepared under the responsibility of the Board of Directors at its meeting of 29 April, 2020 and will be submitted to the General Meeting of 04 May, 2020 for approval.

The consolidated financial statements for the 2019 financial year have been prepared in accordance with international IFRS accounting standards as adopted by the IASB, in application of the Uniform Act relating to accounting law and financial reporting, adopted on 26 January, 2017 and presented for comparison, the 2018 financial year prepared according to the same standard. Over the periods presented, the standards and interpretations are those adopted by the IASB, with the exception of texts currently being adopted, which has no effect on the Group's accounts.

The principles adopted for the preparation of 2019 financial information result from the application:
- of all the standards and interpretations adopted by the IASB of compulsory application as of 31 December
- open options in terms of date and methods of first application;
- accounting and valuation options covered by IFRS standards.

In the absence of a standard or interpretation applicable to a specific transaction or event, the management of the Sonatel Group makes use of its judgment to define and apply accounting methods to obtain relevant and reliable information, so that financial statements:
- present a faithful picture of the financial situation, financial performance and cash flows of the Group;
- reflect the economic reality of the transactions;
- are neutral;
- are prudent;
- are complete in all their material aspects.

The functional currency and currency of presentation of the accounts used by SONATEL is the XOF. Currency converted into the presentation currency are the SLL and GNF respectively the currencies of Sierra Leone and Guinea Conakry.

Unless otherwise noted, the amounts are expressed in millions XOF. The group having chosen not to round up figures, minimal variations may therefore occur.

As permitted by IAS 1 «Presentation of financial statements», the Group presents the main components of the financial statements and the options selected for the presentation of some of them:
the income statement, the statement of overall income, the statement of finantial position, variations of shareholders equity, the cash flow table and the attached notes.

The attached notes are an integral part of the financial statements. They contain information complementary to that presented in the rest of the financial statements. They provide narrative descriptions or breakdowns of items presented in these statements as well as information relating to elements which do not meet the recognition criteria in these statements.

The order of presentation of the information in the Notes is as follows:
- a presentation of sectoral information
- a declaration of conformity to the international financial reporting standards (IFRS);
- a presentation of the modalities of first applications of IFRS standards (IFRS 1)
- additional information on the elements of the income statement, the consolidated income statement, statement of financial position, variations of equity, table of cash flows, in the order in which each financial statement appears and each of the items together with a note and summary of main accounting methods applied;
- other information including any liabilities and unrecognized contractual commitments, and non-financial information.

Fair value

The fair values of financial assets and liabilities measured at fair value in the statement of financial position are classified according to a hierarchy in three levels:

- level 1: market price (unadjusted) in assets markets, for identical assets or liabilities, to which the entity can have access on the valuation date;
- level 2: input data relating to the asset or liability which can be observed directly or indirectly;
- level 3: unobservable inputs for the asset or liability.

For financial assets at amortized cost ("AC"), the Sonatel Group considers that the book value of cash, customer receivables and various security deposits is a reasonable approximation of fair value, due to the high degree of liquidity of these items.

The fair value of equity securities corresponds to the stock market value at the end of the period for listed securities and, for unlisted securities, a valuation technique determined according to the most appropriate financial criteria for the specific situation of each security (comparable transactions, multiple of comparable companies, shareholders' agreement, present value of future cash flows).

For trade payables and deposits received, the Sonatel Group considers that the book value is a reasonable approximation of the fair value, due to the high degree of liquidity of these items.

Definition of operational sectors and performance indicators

An operating segment is a component of the Group:

- which engages in activities generating revenues and expenses,
- whose resources received from the Group are subject to decisions by the Group's main operational decision-maker,
- for which separate financial information is available.

The sectors to be presented separately are identified from the internal reporting used by the Director General to decide on the allocation of resources and assess performance, and which exceed the quantitative thresholds set at 10% of total revenues, income or assets.

The decisions on the allocation of resources and the assessment of the performance of the components of the Sonatel Group are mainly made by geographic locations. Thus, the operational sectors are: Senegal, Mali, Guinea, Bissau and Sierra Leone

Operational performance indicators in 2019

EBITDAal corresponds to the operating income before depreciation and amortization of assets mobilized, effects related to takeovers, reversals of conversion reserves of liquidated entities, impairment of goodwill on acquisitions and capitalized assets.

The eCapex correspond to the acquisition of intangible and tangible assets excluding telecommunication licences and excluding investments of financed assets, less the sale price of fixed assets. They are an indicator used internally for the allocation of resources. eCapexes do not constitute a financial aggregate defined by IFRS standards and may not be comparable to the indicators so-called by other companies.

The Group considers that the presentation of these indicators is relevant since it provides the readers of the accounts with the management indicators used internally.

Note 2.3 Main texts of mandatory application after 31 December, 2019 and not applicable in advance

The Sonatel Group has decided not to apply the amendments to the standards below applicable from 1 January, 2020:
- amendments to IAS 39, IFRS 7 and IFRS 9: reform of reference interest rates
- amendments to IAS 1 and IAS 8: definition of the term material
- amendment to IFRS 3: definition of an activity

Note 2.4 Use of judgment and estimates

In addition to the accounting options or positions, the Sonatel Group Management exercises its judgment to define the accounting treatment of certain transactions:

Recourse to Judgment	
Theme	**Nature of accounting judgment**
Note 2.1 Sale	**Distribution of the transaction price between the mobile Note 2.1 Sale and the mandatory Identification departments as distinct services or not**
Notes 2.2 ; 2 .3 Purchases and other charges, taxes and litigation and duties	**assessment of the technical merits of the interpretations of the legislation and the characterization of the facts and circumstances**
Note 6 Leases	**Determination of the non-cancellable duration of contracts and assessing whether or not to exercise the options for termination, extension and exercise of the option.**
Use of estimates	
Note 3.2 Fixed assets	**Determination of the useful life of the assets according to appreciation of the evolution of technological, regulatory or economic environments.**
Notes 4.3 Employee benefits	**Sensitivity to the discount rate**

Note 2.5 List of consolidated companies and consolidation methods

The consolidated financial statements include the accounts of the SONATEL Group and all its subsidiaries controlled directly or indirectly. These subsidiaries are consolidated using the full integration method.

At 31 December, 2019, the consolidation scope of the SONATEL Group was made up of 13 companies. The consolidation scope is as follows:

Countries	Companies	Mode of Ownership	Percentage ownership	Nature of control	Method of consolidation
Senegal	Sonatel SA Sonatel Mobiles Sonatel Multimédia Sonatel Business Solutions Orange Finances Mobiles Senegal	 Direct Direct Direct Direct	Parent comp' 100% 100% 100% 100%	Consolidating Full control Full control Full control Full control	Full consolidation Full consolidation Full consolidation Full consolidation Full consolidation
Mali	Orange Mali Orange Finances Mobiles Mali	Direct Indirect	70% 70%	Full control Full control	Full consolidation Full consolidation
Guinea Conakry	Orange Guinea Orange Finances Mobiles Guinea	Direct Indirect	89% 89%	Full control Full control	Full consolidation Full consolidation
Guinea Bissau	Orange Bissau	Direct	90%	Full control	Full consolidation
Sierra Leone	Orange Sierra Leone (1) Orange Money SL (1)	Direct Indirect	50% 50%	Full control Full control	Full consolidation Full consolidation
Côte d'Ivoire	Groupe Orange Services (2)	Indirect	47%	Strong Influence	Equity-accounted

(1) Orange Sierra Leone, which is 50% owned, is fully consolidated in accordance with the terms of the shareholder agreement which gives control to the Sonatel Group. The Orange Group holds the remaining 50%.

(2) The Group holds 47% shares in GOS. The subsidiary's turnover and income for the 2019 and 2018 financial years are as follows:

In thousands XOF	2019	2018
Turnover	**5,645,318**	**5,743,008**
Income	**(562,001)**	**(113,729)**

The consolidation methods are as follows:
- the subsidiaries over which the Group has direct or indirect control are consolidated using the full consolidation method;
- investments in which the Group has joint control and that meet the definition of a joint venture within the meaning of IFRS 11 with a limited number of other shareholders are consolidated using the equity method;
- investments not controlled by the Group but over which the Group exercises significant influence are consolidated using the equity method. This is mainly the case with Groupe Orange Services.

Note 2.6 Variation in the scope of consolidation

Variation in scope of the 2019 financial year

The scope of consolidation did not change during the 2019 financial year.

Variation in scope of the 2018 financial year

The Group contributed to the creation of Groupe Orange Services (GOS) by subscribing to a number of shares in 2011. In 2018, and following the capital increases in the Group, the value of the securities amounted to 6,328 million XOF, hence the decision to consolidate the subsidiary using the equity method due to the significant nature of the subscription.

Note 3. Declaration of conformity and first application of IFRS standards

Note 3.1 Declaration of conformity to IFRS

Pursuant to the uniform act relating to accounting law and financial information adopted on 26 January, 2017, companies whose securities are listed on a stock exchange are required to prepare and present their consolidated financial statements in accordance with IFRS, with effect from 01 January, 2019. These are therefore the first IFRS accounts published by the SONATEL Group.

The consolidated financial statements for the 2019 financial year are prepared in accordance with the IFRS international accounting standards adopted by the IASB, in comparison with the 2018 financial year together with a statement of financial position at the transition date of 01 January, 2018, according to the same standards.

Note 3.2 First application of IFRS (IFRS 1)

IFRS 1, which deals with the first application of IFRS standards, specifies that any entity that adopts international standards for the first time must apply the same accounting methods in its opening financial statement for all the periods presented in its first financial statements prepared in accordance with IFRS standards. These accounting methods must comply with all standards in force at the end of the first period for which it presents the information information according to international standards.

To this end, the Sonatel Group in preparing IFRS accounts for the first time, must apply the provisions of the IFRS standards and interpretations in force on 31 December, 2019 retrospectively as if these standards had always been applied, except for IFRS 1.

''First-time adoption of IFRS 1".
In the present instance, the opening financial statement of the Sonatel Group is deemed to be that which was prepared on the date of transition to IFRS standards, in this case on 01 January, 2018 while the date of first application is 01 January, 2019. Any restatements recognized in order to comply with international standards have an impact on the Group's shareholders equity

a) Reconciliations between SYSCOHADA and IFRS

In order to explain the impact of the application of IFRS compared to the accounts published according to SYSCOHADA standards, the Group presents, in accordance with IFRS:

- reconciliations between its equity presented according to SYSCOHADA and those presented according to international standards on the date of transition to IFRS (01/01/2018) and at the end of the last period presented in the most recent annual financial statements of the Group according to SYSCOHADA (31 DECEMBER 2018).

-a reconciliation between its total comprehensive income under IFRS for the last period in the most recent annual financial statements of the Group (12/31/2018) and that presented according to SYSCOHADA for the same period or, if the Group did not publish this total, the net income according to SYSCOHADA.

Reconciliation between IFRS equity and equity presented according to the previous accounting standards

A reconciliation of the consolidated equity of the Sonatel Group as published in SYSCOHADA and that adjusted for the effects of the application of international IFRS standards for the year ended 1st January 2018 (transition date), and 31 December, 2018 (last annual period presented) is shown below:

	Total equity		
(In billions XOF)	01/01/2018	31/12/2018	31/12/2019
SYSCOHADA EQUITY	**715**	**717**	**714**
Free share allocation (IFRS 2)	**28**	**32**	**35**
Income tax (IAS 12)	**15**	**12**	**17**
Translation difference on foreign subsidiaries (IAS 21)	**(30)**	**(33)**	**(41)**
Employee benefits (IAS 19)	**(9)**	**-**	**-**
Other movements	**(3)**	**(2)**	**(3)**
Equity IFRS	**716**	**726**	**722**

The main standards that have impacted equity established in accordance with IFRS are:

- IFRS 2 in the context of free share allocation plans, the restatement of which in order to comply with IFRS has the effect of increasing the consolidated reserves. Free shares are recognized in the equity (see note 7)
- IAS 12 in the context of the recognition in the IFRS consolidated accounts of deferred taxes related to restatements made and temporary differences between accounting and tax bases (see note 5.7).
- IAS 21 in the context of the conversion to XOF of the foreign subsidiaries located in Guinea and Sierra Leone in accordance with IFRS standards. Indeed, the conversion methods differ between the two standards (see note 6.8).

The details of the restatements on the consolidated statement of financial position are presented below:

Reconciliation between the consolidated statement of financial position according to the published SYSCOHADA accounts and according to IFRS standards

The reconciliation of the statement of consolidated financial position of the Sonatel Group as published in SYSCOHADA and that adjusted for the effects of the application of international IFRS standards on 1 January, 2018 and 31 December, 2018 (last annual period presented) is shown below:

Transition table from SYSCOHADA accounts to IFRS accounts as of 01 January, 2018

(In billions of XOF)	01-Jan 2018	Restatements and Reclassifications					01-Jan 2018
Assets	**SYSCOHADA**	**IAS 1**	**IAS 21**	**IFRS 2**	**IAS 12**	**Others**	
Goodwill on acquisition	73		(13)				59
Other intangible fixed assets	224	4					228
Tangible fixed assets	652	(4)					648
Equity-accounted securities	-					2	2
Non-current financial assets	137	5					142
Other non-current assets		3					3
Deferred tax assets	19				11		31
Total non-current assets	1,105	8	(13)		11	2	1,113
Inventories	14						14
Receivables	121	(15)					106
Current financial assets					4		4
Other current assets	154			(73)			81
Operating taxes and duties		64					64
Corporate tax		3					3
Prepaid expenses		5					5
Cash and cash equivalents	231	(74)					158
Total current assets	521	(17)		(73)	4		434
Total assets	1,625	(9)	(13)	(73)	15	2	1,547

(In billions of XOF)	01-Jan 2018	Restatements and Reclassifications				01-Jan 2018
Liabilities	SYSCOHADA	IFRS 1	IAS 21	IFRS 2	IAS1	
Share capital	50					50
Issue premium and legal reserve	579	25				604
Translation difference	(4)		(19)			-23
Own shares				(3)		-3
Equity attributable to owners of the of the parent company	625					629
Equity attributable to non-controlling interests	90	(3)				87
Total equity	715	22	(19)	(3)		716
Non-current financial liabilities	158				(15)	143
Non-current staff benefits	61				(28)	33
Other non-current liabilities					5	5
Differed tax liabiities	1				(1)	0
Total non-current liabilities	220				(39)	181
Current financial liabilities	147				9	156
Current payables capital suppliers					86	86
Current trade payables other goods and services	273				(95)	178
Current staff benefits					17	17
Other current liabilities	270				(186)	84
Operating taxes and duties					44	44
Corporate tax					60	60
Produits constatés d'avance					26	26
Total current liabilities	690				(40)	650
Total liabilities and sharehooders equity	1,625	22	19	3	(79)	1,547

Transition table from SYSCOHADA accounts to IFRS accounts as of 31 December, 2018

(In billions of XOF)	31-Dec 2018	Restatements and reclassifications				31-Dec 2018
Assets	SYSCOHADA	IAS 1	IAS 21	IFRS 2	IAS12	
Goodwill on acquisition	62	-	(12)	-	-	50
Other intangible fixed assets	226	8	-	-	-	233
Tangible fixed assets	707	(9)	-	-	-	698
Equity-accounted securities	4	-	-	-	-	4
Non-current financial assets	141	(2)	-	-	-	139
Other non-current assets	-	8	-	-	-	8
Deferred tax assets	19	-	-	-	(1)	17
Total non-current assets	1,158	6	(12)	-	(1)	1,150
Stocks	13	-	-	-	-	13
Receivables	130	(22)	-	-	-	108
Current financial assets	-	-	-	-	12	12
Other current assets	155	-	-	(34)	-	121
Operating taxes and duties	-	47	-	-	-	47
Corporate tax	-	3	-	-	-	3
Prepaid expenses	-	3	-	-	-	3
Cash and cash equivalents	317	(99)	-	-	-	219
Total current assets	616	(68)	-	(34)	12	527
Total assets	1,773	(62)	(12)	(34)	11	1,676

(In billions of XOF)	31-Dec 2018	Restatements and reclassifications				31-Dec 2018
Liabilities	SYSCOHADA	IFRS 1	IAS 21	IFRS 2	IAS1	IFRS
Share capital	50	-				50
Issue premium and legal reserve	576	(7)				569
Translation difference	1		(17)			-16
Own shares	-			(3)		-3
Equity attributable to owners of the parent company	627					600
Equity attributable to non-controlling interests	91	35				126
Total equity	717	28	(17)	(3)		726
Non-current financial liabilities	190				-47	143
Non-current staff benefits	72				-49	23
Other non-current liabilities	-				6	6
Total non-current liabilities	263				-91	172
Current financial liabilities	224				37	261
Current payables capital suppliers	264				-185	79
Current trade payables other goods and services	-				177	177
Customer contract liabilities	-				9	9
Current staff benefits	-				12	12
Other current liabilities	305				-196	109
Operating taxes and duties	-				57	57
Corporate tax	-				58	58
Deferred revenue	-				16	16
Total current liabilities	793				-15	778
Total liabilities and sharehooders equity	1,773	28	(17)	(3)	-106	1,676

Reconciliation of the income statement between IFRS and the previous accounting standard is presented below.

The reconciliation of the statement of consolidated net income of the Sonatel Group as published in SYSCOHADA and that adjusted for the effects of the application of international IFRS standards for the year ending 31 December, 2018 (last annual period reported) is presented below:

(In millions XOF)	31/12/2018	Restatements and reclassifications				31/12/2018
	SYSCOHADA	IAS 12	IFRS 15	IFRS 1	Others	IFRS stand.
Turnover	**1,021,956**		**76,742**			**1,098,698**
Purchases and other operating expenses	**(480,276)**		**(75,118)**			**(555,394)**
Other operating income	**39,215**			**(14,467)**		**24,748**
Staff costs	**(108,417)**			**1,037**		**(107,380)**
Depreciation and amortization and provisions A	**(160,191)**			**7,183**		**(153,008)**
Income of equity-accounted entities B	**(46)**				**(7)**	**(53)**
Operating income	**312,286**					**307,611**
Financial expenses	**(24,753)**			**7,623**		**(17,130)**
Financial products	**11,236**			**(7,435)**		**3,801**
Financial income	**(13,517)**					**(13,329)**
EOA (excluding ordinary activity) income	**(3,380)**			**3,380**		**0**
Corporate tax	**(93,093)**	**(14,098)**				**(107,191)**
Net group consolidated income	**202,251**	**(14,098)**	**1,624**	**(2,679)**	**(7)**	**187,091**

(1) The presentation of the income statement has been reviewed in accordance with that of international standards in order to facilitate understanding of the reconciliation. The headings not taken into account by international standards have been placed in similar headings (see Index A to C).

List of reclassifications of presentation of the SYSCOHADA net income statement in the presentation format of IFRS standards	Index	Heading SYSCOHADA	IFRS section
Reversal of provision	**A**	**Reversal of provisions A**	**Depreciation and amortization and provisions**
Share in the net incomes of equity affiliates	**B**	**Net income of consolidated group**	**Operating income**

The summary reconciliation of the net income is presented below:

(In millions XOF)	
Net income SYSCOHADA at 31 December 2018	**202,251**
Income tax (IAS 12)	**(14,098)**
Income from ordinary activities (IFRS 15)	**1,624**
Other transactions	**(2,686)**
Net income IFRS at 31 December 2018	**187,091**

The main standards that had an impact on the net income presented according to SYSCOHADA are the following:

- IFRS 15 - Income from ordinary activities, the effects of which on turnover (XOF 76,742 million) and on Purchases and operating expenses (XOF 75,118 million) offset each other due to the de-netting of the turnover. The latter is recognized net of discounts to distributors in the SYSCOHADA accounts while it is recognized in gross value in the IFRS accounts and the amount of the discount is recognized as an expense. The de-netting also relates to traffic balances recognized as expenses or as income.
- IAS 12 - Income tax in the context of the recognition in the IFRS consolidated accounts of deferred taxes related to restatements made and temporary differences between accounting and tax bases.

b) Options and exemptions offered by IFRS 1

IFRS 1 «First-time application of international financial reporting standards» provides that a first-time adopter may in certain cases waive the retroactive nature of the application of IFRS standards.

The Sonatel Group has examined all possible solutions and has opted for the following optional exemptions offered by IFRS 1:

Business combinations

IFRS 1 provides that a new adopter may decide not to apply IFRS 3 retrospectively to past business combinations (business combinations that occurred before the transition date to IFRS). However, if a new adopter restates a business combination to comply with IFRS 3, he must restate all subsequent business combinations and must also apply IFRS 10 from that same date. The Sonatel Group has chosen to apply IFRS 3 retrospectively to the only business combination of Orange Sierra Leone, a subsidiary acquired in July 2016.

Presumed cost of tangible and intangible assets

IFRS 1 provides that a new adopter may decide to use a revaluation of an item of a tangible asset established, according to the previous accounting framework, on or before the date of transition to IFRS, as cost presumed at the date of revaluation if, at that date, the revaluation was broadly comparable:
- at fair value; or
- at cost under IFRS, adjusted, for example, based on variations in a general or specific price index.

The Sonatel Group has decided to use the cost established according to SYSCOHADA for the presumed cost of tangible and intangible fixed assets at the date of transition (01 January, 2018).

Share-based payment transactions

The Sonatel Group has partially used the exemption offered for retrospective processing of share-based payment transactions Indeed, according to IFRS 1, a new adopter is encouraged, but not required, to apply IFRS 2 Share-based payment to equity instruments allocated after 7 November, 2002 and acquired before the later of the following dates: (a) the date of transition to IFRS and (b) 1 January, 2005. The incidence on the transition date (1 January, 2018) was XOF 25 billion.

Cumulative amount of translation differences

The Sonatel Group chose not to apply the exemption offered by IFRS 1 allowing it to not comply with IAS 21 in accounting for cumulative amounts of translation differences that existed on the date of transition to IFRS. Indeed, the Group has, in accordance with the provisions in IAS 21, recognized translation differences in the other items of the global income and added them up in an equity component.

Note 4. Notes on the income statement headings

Note 4.1 Turnover

Breakdown of turnover by type of offer

In millions XOF	2019	2018
Individual customers	**1,049,186**	**953,855**
Voice	536,804	532,396
SMS	24,115	22,608
Data	240,941	195,949
Orange Money	125,294	93,117
Customer roaming	5,375	5,613
Content	17,234	10,814
Fixed Services	68,739	64,116
Equipment	11,489	9,633
Others	19,195	19,608
Large accounts	**124,851**	**140,164**
National traffic	30,135	32,827
Direct International Traffic	77,477	91,074
Hubbing	10,006	8,678
Roaming	4,518	5,172
Others	2,715	2,413
Others	**5,187**	**4,678**
Total turnover	**1,179,224**	**1,098,698**

Accounting principles

The bulk of the turnover is within the scope of IFRS 15 “Income from ordinary activities derived from contracts with customers”. Orange products and services are offered to customers in service contracts only and in contracts that group the equipment used to access the services and / or with other service offerings. Turnover is recognized net of VAT and other taxes collected on behalf of the States.

Provision of services

For General Public and Business customers, income from telephone subscriptions and Internet access are recognized on a straight-line basis over the duration of the subscription service and income from incoming and outgoing telephone communications, international roaming, or data exchanges billed to customers are recorded when the service is delivered. The Group offers tailor-made solutions to its business customers: telecommunications network management, access, voice and data, migration. These contracts include clauses relating to conditional commercial discounts which are recorded as a reduction in turnover according to the terms specific to each contract. The migration costs incurred by the Sonatel Group under these contracts are recognized as profit or loss on the date they are incurred, except when the contracts provide for compensation in the event of early termination.

Orange Money is a combination of financial services by mobile phone that allows the customer to access nearly a dozen services:
- making a free-of-charge deposit of money on your mobile via the distribution network - Cash in
- withdrawing money - Cash Out
- buying Orange Internet credit and Passes - Merchant Payment
- buying goods and services (stores, supermarkets, restaurants etc.) - Merchant payment
- paying bills - Bill Payment
- sending and receiving money in Senegal and the sub-region
- Intra Regional Transfer
- paying for online purchases - Merchant payment
- receiving transactions of national and international origin directly on your mobile account -
- Intra Regional Transfer
- transfering money to your bank account- Bank To Wallet

Note 4.2 External purchases

The details of external purchases is presented as follows:

In millions XOF	2019	2018
Capitalized production - Goods and services	**3,020**	**97**
International backbone	**(6,044)**	**(5,428)**
Purchase satellite capacity	**(64,610)**	**(75,412)**
Purchases from content publishers - Expense	**(7,506)**	**(7,044)**
Network management charges	**(107,608)**	**(96,045)**
Rent network sites, shops	**(13,860)**	**(18,697)**
Sales commissions	**(130,140)**	**(117,915)**
Fees	**(9,145)**	**(8,219)**
Communication costs (advertising)	**(29,348)**	**(26,605)**
Stocks: Cost of equipment sold / leased	**(35,997)**	**(33,704)**
Training and Internship	**(17,967)**	**(15,494)**
Other external expenses	**(13,691)**	**(14,861)**
Total	**(432,896)**	**(419,327)**

Note 4.3 Operating taxes and duties

Taxes and duties amount to XOF 116 billion, i.e. + 43.72% compared to 2018. The increase is driven by other special telecoms dues, frequency fees and tax impacts.

They are distributed as follows by country:

(In millions XOF)	Senegal	Guinea	Guinea-Bissau	Mali	Sierra Leone	Total 2019	Total 2018
Professional tax	-	-	-	589	-	589	233
Telecommunication service taxes	-	-	-	17,054	-	17,054	16,846
Frequency fees (1)	15,138	7,238	1,796	6,519	3,288	33,979	26,069
Other taxes, excluding taxes on salaries	40,792	9,093	66	15,102	176	65,230	38,152
Operating taxes and duties (excl IT)	55,930	16,331	1,862	39,264	3,464	116,852	81,302

(1) Includes frequency fees paid to government agencies following the allocation of a wireless licence.

Note 4.4 Other operating expenses

Other operating expenses are presented as follows:

In millions XOF	2019	2018
Credit charges and losses (see note 3.4)	8,822	9,084
Corporate fees (1)	21,604	21,595
Universal service, charge	4,708	23,373
Other operating expenses	5,625	712
Total	40,759	54,764

(1) corporate fees exclusively concern the Orange brand

Note 4.5 Staff costs

The components of the staff costs are as follows:

In millions XOF	2019	2018
Salaries and wages	69,958	60,525
Variable portion	13,621	12,870
Social costs, excluding retirement	5,830	5,135
Taxes based on salaries	4,270	3,937
Other short term allowances & benefits	12,537	11,077
Paid leave provision	4,361	4,675
Post-employment benefits	5,861	9,161
Total Staff costs	116,438	107,380

Staff costs are detailed in the table below by country:

(In millions XOF)	Senegal	Guinea	Bissau	Mali	Sierra Leone	Total 2019
Salaries and wages	46,728	5,432	1,162	14,534	2,102	69,958
Variable portion	11,466	-	-	1,924	231	13,621
Social costs, excluding retirement	1,520	153	152	3,850	154	5,830
Taxes based on salaries	1,978	824	-	1,467	-	4,270
Other allowances & short term benefits	9,272	1,255	194	1,368	449	12,537
Paid leave provision	3,920	308	4	-	128	4,361
Post-employment benefits	2,423	1,739	179	806	715	5,861
Staff costs	77,307	9,710	1,691	23,950	3,779	116,438

Remuneration of senior managers

The following table details the remuneration recognized, by Sonatel and the companies it controls, of persons who are or have been during the year, members of the Board of Directors of Sonatel SA or the General Management of an entity of the Group.

In millions XOF	12.2019	12.2018
Short-term benefits excluding employer charges (1)	2,103	2,635
Short-term benefits employer charges (1)	69	87
Post-employment benefits	19	16
Total	2,191	2,739

(1) gross salaries including the variable portion, bonuses, attendance fees and benefits in kind.

Note 4.6 Depreciation and amortization

The depreciation and amortization of the financial year 2018 are detailed in the table below by fixed asset category:

In millions XOF	2019	2018
Depreciation and amortization of rights to use the leased assets	6,267	-
Depreciation and amortization of fixed assets	167,017	153,008
Depreciation and amortization	173,284	153,008

The distribution by country of the depreciation and amortization is presented below:

(In millions XOF)	Senegal	Guinea	Guinea-Bissau	Mali	Sierra Leone	Total 2019
Depreciation and amortization of rights to use the leased assets	2,208	1,341	-	1,180	1,539	6,267
Depreciation and amortization of intangible assets	69,376	29,511	4,857	54,487	8,786	167,017
Depreciation and amortization	71,584	30,852	4,857	55,667	10,324	173,284

Accounting principles

Depreciation is calculated according to the consumption rates of the economic benefits expected by asset element on the basis of the acquisition cost, generally without deduction of a residual value. As such, the linear method is generally used. Depreciation periods are reviewed annually and are modified if they differ from previous estimates. These changes in estimate are accounted for prospectively.

For the depreciation period used for the main types of fixed assets, see note 3.2.

Note 4.7 Financial Income

Cost of gross debt

The cost of gross debt amounts to 27.6 billion XOF, up by 10.6 billion XOF compared to 2018 due to the interest on short and medium term loans.

In millions XOF	2019	2018
Interest and similar charges on bank loans	25,654	17,383
Interest on other financial debts	1,889	-333
Interest on loans/borrowings	90	-85
Total	27,634	16,965

The group's consolidated financial result amounted to -23.2 billion XOF following the increase in the cost of financial debt (+10.6 billion XOF).

The cost of financial debt by country is given below:

(In millions XOF)	Senegal	Guinea	Guinea-Bissau	Mali	Sierra Leone	Total 2019
Interest and similar charges on bank loans	16,168	18	-	9,469	-	25,654
Interest on other financial debts	1,509	338	-	-	42	1,889
Interest on loans/borrowings	-	76	-	-	14	90
Total	17,677	432	-	9,469	56	27,634

Note 4.8 Other operating income

The other operating income of the Group is presented as follows:

In millions XOF	2019	2018
Commissions on distribution	18	(53)
Other operating revenues	117	23
Other operating earnings	19,267	20,855
Total	19,401	20,825

Note 4.9 Tax expenses and evidence of consolidated taxes

Corporate taxes are down 7% from 2018. They are presented below:

In millions XOF	2019	2018
Expense for the year	100,754	97,561
Variation from previous years	723	(2,089)
Variation in deferred taxes	(2,174)	11,721
Total	99,302	107,191

The tax evidence is summarized as follows:

(In billions XOF)	2019	2018
Pre-tax Income (!)	295	294
Sonatel Group tax rate (2)	30%	30%
Corporate tax (3)	-99	-107
Theoretical taxes (4) = (1) * (2)	-88	-88
Difference (5)	-11	-19
Reconciliation elements		
Effect of dividends in parent-subsidiary regime (6)	11	8
Effect of taxes without a base impacting the tax due		11
Actual tax rate	34%	36%

(1) pre-tax income: operating income and financial income
(2) the average rate of the Sonatel Group
(3) Consolidated tax expense = current tax + deferred tax
(4) tax rate applied to operating income
(5) difference between the tax expense and the theoretical tax
(6) effect of parent-subsidiary dividends regime

The corporate tax expense by country is detailed below:

(In millions XOF)	Senegal	Guinea	Bissau	Mali	Sierra Leone	Total 2019
Expenses for the year	35,822	27,655	1,136	35,957	184	100,754
Difference from previous years	734	-	-	-11	-	723
Var gross deferred taxes	-1,196	212	-	-67	-292	-1,343
Gross differed taxes: difference from previous year	-	-	-	-	- 831	- 831
Total	35,360	27,867	1,136	35,879	- 940	99,302

Accounting principles

The Group assesses current tax and deferred tax at the amount it expects to pay or collect from the tax administrations of each country based on its interpretation of the application of tax legislation.

Deferred taxes are recognized on all temporary differences between the book values of assets and liabilities and their tax bases, as well as on tax loss carryforwards, according to the variable carry-over method. Deferred tax assets are only recognized when their recovery is probable.

The IFRIC 23 interpretation "Uncertainty over income tax treatments" clarifies the identification, evaluation and recognition of uncertain tax positions relating to corporate taxes. This interpretation had no effect on the assessment of corporate tax liabilities, or on their presentation in the Sonatel Group's consolidated financial statements.

Note 4.10 Income per share

Net income

The net income share of the Sonatel Group used for the calculation of the basic and diluted income per share is determined according to the following method:

(In millions XOF)	2019	2018
Basic net income share of the Group	153,340	159,833
Diluted net income share of the Group	153,340	159,833

The Sonatel Group has not issued any dilutive shares, the basic and diluted income per share are identical.

Number of shares

The weighted average number of shares used for the calculation of the basic or diluted net income per share is presented below:

In millions XOF	2019	2018
Weighted average number of ordinary shares outstanding	100,000,000	100,000,000
Effect of dilutive instruments (1)	0	0
Weighted average number of ordinary shares outstanding and dilutive	100,000,000	100,000,000

(1) Sonatel has not issued any diluted shares.

Income per share

The Income per share is calculated as follows:

(In XOF)	2019	2018
Net income per basic share	1,533	1,598
Net income per diluted share	1,533	1,598

Accounting principles

IAS 33-Income per share applies to the individual financial statements of an entity and to the consolidated financial statements of a group with a parent company (individual and consolidated):

- whose ordinary shares or potential ordinary shares are traded on an organized market (stock market, etc.);
- which submits financial statements with a securities regulator or other regulatory body for the purpose of issuing common shares on an organized market, or which is about to submit them.

The Sonatel Group presents an income per basic share and an income per diluted share. The Sonatel Group has not issued any diluted shares, the income per basic and diluted share are identical.

Note 5. Notes on the financial position headings - assets

Note 5.1 Goodwill on acquisition and impairment

a) Goodwill on acquisition

Sonatel acquired, in July 2016, 50% of Airtel Sierra Leone, an amount of XOF 74 billion, recorded as a fully recognized Goodwill on acquisition, the figures of which are presented as follows:

(In millions XOF)	2019	2018	1st Jan 2018
Goodwill on acquisition (1)	43,912	49,640	59,370

(1) The variations are exclusively due to currency effects

b) Impairment

Impairment tests for CGUs (Cash Generating Units)[i] corresponding to the countries may cause impairment losses on goodwill.

Regarding the Goodwill observed on the Orange Sierra Leone subsidiary, this test did not result in any loss of value.

The need to recognize an impairment is assessed by comparing the carrying amount of the assets and liabilities of the CGUs or grouping of CGUs and their recoverable value, for which the Sonatel Group most often retains the value in use.

c) Key parameters used for the determination of the recoverable value (utility)

The parameters used to determine the recoverable value of the main consolidated activities are as follows:

	31/12/2019	31/12/2018
Basis used for recoverable value	Value in use	Value in use
Source selected	Internal plan	Internal plan
Methodology	Discounted cash flows	Discounted cash flows
Infinite growth rate	3.8%	4%
After-tax discount rate	13%	14.8%
Pre-tax discount rate	15.9%	18.4%

The sensitivity analysis carried out did not reveal any risk of impairment. The analysis was conducted on the following criteria, taken individually: the discount rate (+ 1%), the growth rate (-1%) and cash flow (-10%).

Accounting principles

In accordance with IFRS 3 - Business combinations, goodwill on acquisition is not amortized. It is subject to an impairment test as soon as there are signs of impairment and at least once a year. Thus, the evolution of the general economic and financial context, the different capacities of resistance of the telecommunications market actors vis-a-vis the deterioration of the local economic environments, the evolution of the market capitalizations of the telecommunications operators, and the levels of economic performance in view of market expectations constitute external impairment indicators which, together with internal performance, are analyzed by the Group to determine whether it is necessary to carry out impairment tests on an infra-annual basis.

These tests are carried out at the level of each Cash Generating Unit (CGU) (or grouping of CGUs), which most often corresponds to the operational sector.

The value in use is estimated as being the present value of the expected future cash flows. Cash flow projections are based on economic and regulatory assumptions, licence renewal and forecasts of commercial and investment activity determined by the Sonatel Group as follows:
– cash flows are those of business plans established over periods of 3 to 5 years; they include the tax-related cash flow calculated by applying the statutory tax rate to operating profit (without taking into account the effects of deferred taxes and tax loss carryforwards not recognized on the valuation date). In the case of recent acquisitions, longer business plans may be used;
– beyond this horizon, after-tax cash flows can be extrapolated by applying a decreasing or stable growth rate for a period of one year, then a perpetual growth rate reflecting the expected long term market growth rate;
– after-tax cash flows are discounted using an after-tax discount rate and taking into account a premium reflecting the risk associated with the implementation of certain business plans and the country risk. The value in use resulting from these calculations is identical to that which would result from calculations based on pre-tax cash flows with a pre-tax discount rate.

Note 5.2 Tangible and intangible assets

The Group's tangible and intangible assets are as follows:

In millions XOF	2019	2018	01 Jan. 2018
Goodwill on acquisition	43,912	49,640	59,370
Other intangible assets	273,016	233,202	227,682
Tangible assets	749,539	697,947	648,393
Equity-accounted securities	3,671	3,996	2,163
Rights of use of leased fixed assets	26,718		-
Total	1,096,856	984,784	937,608

The table of variations in fixed assets is as follows:

(In millions XOF)	Balance at begin.	Increases	Reclas-sifi-cation	Reclassifi-cation	Depreciations and amortiz. (losses)	Total
Balance at 1st january 2018	80,491	161,681	(396)	7,870	(21,965)	227,682
Balance at 31 December 2018	227,682	33,633	(20)	457	(28,551)	233,202
Balance at 31 December 2019	233,202	74,769	-	1,301	(36,256)	273,016

The breakdown of tangible fixed assets is as follows:

In millions XOF

2019	Gross value	Accum. amortiz.	Impairment	Net value
Land and buildings	131,603	(70,389)		61,214
Networks and terminals	1,692,858	(1,051,965)		
Networks	1,692,339	(1,051,965)		640,373
Terminals	519			519
Computer equipment	81,298	(51,626)		29,672
Other tangible fixed assets	52,758	(34,998)		17,760
Total	3,651,375	(2,260,944)	0	749,539

2018	Gross value	Accum. amort.	Impairment	Net value
Land and buildings	129,705	(69,781)		59,924
Networks and terminals	1,580,541	(993,036)		
Networks	1,580,541	(993,036)		587,505
Computer equipment	81,217	(48,890)		32,327
Other tangible fixed assets	49,609	(31,349)	(69)	18,191
Total	3,421,612	(2,136,091)	(69)	697,947

January 01, 2018	Gross value	Accum. amort.	Impairment	Net value
Land and buildings	129,153	(63,706)		65,447
Networks and terminals	1,428,177	(895,119)		
Networks	1,428,141	(895,119)		533,022
Terminals	36			36
Computer equipment	77,718	(44,073)		33,645
Other tangible fixed assets	44,287	(27,970)	(74)	16,243
Total	3,107,512	(1,925,987)	(74)	648,393

The breakdown of intangible assets is as follows:

In millions XOF

2019	Gross value	Accumulated amort.	Impairment	Net value
Telecommunication licences	339,007	(101,000)		238,007
Software	160,546	(127,477)		33,068
Patents and R&D	13	(13)		1
Brands	90		32	(58)
Subscriber bases	1,295	(1,754)		(459)
Other intangible fixed assets	2 806	(350)		2,456
Total	503,757	(230,594)	32	273,016

2018	Gross value	Accum. amort.	Impairment	Net value
Telecommunication licences	279,478	(81,792)		197,687
Software	152,311	(120,090)		32,221
Patents and R&D	13	(13)		1
Brands	102		(167)	(65)
Subscriber bases	1,464	(1,251)		214
Other intangible fixed assets	3,370	(225)		3,145
Total	436,739	(203,370)	(167)	233,202

January 01, 2018	Gross value	Accum. amort.	Impairment	Net value
Telecommunication licences	265,121	(66,573)		198,547
Software	130,830	(105,693)		25,137
Patents and R&D	13	(13)		1
Brands	108		(178)	(70)
Subscriber bases	1,563	(944)		619
Other intangible fixed assets	3,448			3,448
Total	401,084	(173,223)	(178)	227,682

Investment by country

In millions XOF	Senegal	Guinea	Bissau	Mali	Sierra Leone	Total
Intangible fixed assets	920	3,525	29	4,500	1,254	14,229
Tangible fixed assets	84,283	32,024	6,147	54,268	12,596	189,318
Total	89,203	35,549	6,176	58,767	13,850	203,547

Licences by country

The details of the licences are as follows:

In millions XOF	Gross	Depreciations	net 2019
Senegal	131,067	(30,136)	100,931
Mali	134,887	(51,062)	83,825
Guinea Bissau	5,626	(4,526)	1,101
Guinea Conakry	62,429	(13,866)	48,563
Sierra Leone	4,999	(1,411)	3,588
Total	339,007	(101,000)	238,007

Accounting principles

Tangible fixed assets

Tangible assets mainly include technical installations and equipment related to networks and administrative buildings and equipment.

The cost used for the valuation of tangible fixed assets, on the date of transition to IFRS (01/01/2018), is that previously used in the books.

On entry, tangible fixed assets are valued at their cost including:

- the purchase price, including customs duties and non-refundable taxes, after deduction of trade discounts and rebates;
- any cost directly attributable to the transfer of the asset to its place of operation and to its preparation to allow its operation in the manner provided by the Management;
- the initial estimate of the costs relating to the dismantling and removal of the asset and the restoration of the site on which it is located. The Group has the obligation to dismantle the technical equipment installed and to restore the technical sites it occupies. The valuation of the provision is based on a dismantling cost (per unit for poles, terminals and payphones, per site for mobile antennas) borne by the Group to meet its environmental obligations, annual forecasts for the removal of assets and departures from the sites. The provision is estimated on the basis of the known costs for the current year, extrapolated for the years to come on the basis of the best estimate which will make it possible to settle the obligation. This estimate is revised each year and if necessary, the provision is adjusted with the counterpart of the recognized dismantling asset. The provision is updated at a rate determined by geographic area corresponding to the average risk-free investment rate for a 15-year government bond.

The acquisition cost of an asset is distributed among its various constituent elements, which are recognized separately when the different components have different useful lives or when they provide benefits to society at a different rate requiring the use of different rates and depreciation methods.

Depreciation is calculated according to the consumption rates of the economic benefits expected by asset element on the basis of the acquisition cost. The depreciation method is straight-line depreciation over the useful lives used by the Group presented below:

Assets	Useful lives
Construction	**20 years**
Land development works	**40 years**
Office and housing furniture	**10 years**
Office equipment	**05 years**
Layouts, fixtures, installations	**10 years**
Transportation equipment	**05 years**
Switching equipment	**10 years**
Data Transmission equipment	**10 years**
Lines and network equipment	**10 years**
Energy equipment	**10 years**
Measuring devices	**03 years**
Other operating equipment	**10 years**

Intangible assets are initially valued at cost.

Intangible assets are initially valued at cost. When an intangible asset is acquired as part of a business combination, the cost of this intangible asset is its fair value on the acquisition date, in accordance with IFRS 3.
The cost used for the valuation of intangible assets on the date of transition to IFRS (01/01/2018), is that previously recorded in the books.

For internally generated intangible assets:
- no intangible assets resulting from research (or from the research phase of an internal project) is recognized.

These costs are recognized as expenses when incurred.
- an intangible asset resulting from the development (or the development phase of an internal project) is recognized if, and only if, the technical feasibility of completion (a), the intention to complete the asset and put it into service or sell it b), the capacity to sell it or put it into service c), the possibility of generating future economic benefits d), the availability of technical, financial and other resources e), and the ability to reliably assess attributable expenses (f), can be demonstrated.

“Dissociated” software which is billed separately from the computer hardware is also capitalized and depreciated over an estimated life of three years (3).

The acquisition cost of goodwill is measured at the fair value of the consideration transferred, including any price adjustment clause, on the date of takeover. Any change in fair value resulting from a price adjustment is recognized in income or other comprehensive income. The difference between the consideration transferred and the fair value of the identifiable assets acquired and the liabilities assumed on the date of takeover represents goodwill recognized as assets in the statement of financial position. Given the Group’s activity, the fair value measurements of identifiable assets are mainly related to licences, customer bases and brands.

After initial recognition, the intangible asset is recorded at cost less accumulated depreciation and accumulated impairment losses.

Goodwill and other intangible assets with indefinite useful lives are not amortized but are subject to an impairment test in accordance with IAS 36 at least once a year, and whenever there is an index of loss of value.

Intangible assets with finite useful lives are amortized over their estimated useful lives.

In particular, licences are amortized over the contractual term.

Note 5.3 Inventories

The stocks of the Group are presented as follows:

In millions XOF	2019	2018	01 Jan 2018
Stocks and work in progress, equipment sold - Gross	**7,322**	**6,037**	**8,451**
Stocks and work in progress, other products/services sold - Gross	**793**	**1,730**	**1,805**
Inventories and work in progress, other supplies - Gross	**7,868**	**6,426**	**4,892**
Gross value	**15,983**	**14,193**	**15,148**
Depreciation	**(1,736)**	**(1,149)**	**(1,048)**
Net value	**14,247**	**13,043**	**14,100**

Accounting principles

Inventories consist of network maintenance equipment and equipment intended for customers. Stocks are valued at the lower of their entry cost or of the probable net realizable value. The entry cost corresponds to the acquisition cost determined using the weighted average cost method. Inventories that have not recorded movements for more than a year are 100% depreciated.

Note 5.4 Trade receivables

Trade receivables are presented as follows:

In millions XOF	2019	2018	01 Jan. 2018
Gross trade receivables	**151,790**	**140,185**	**133,564**
Impairment of trade receivables	**(34,831)**	**(32,775)**	**(27,230)**
Net customer receivables	**116,959**	**107,410**	**106,334**

The balance ageing of trade receivables is presented as follows:

In millions XOF

Aged balance of receivables					
Age	**Not expired**	**- 180 days**	**(180 and 360) days**	**+ 360 days**	**Total 12.2019**
Trade receivables	**81,267**	**19,892**	**2,100**	**13,699**	**116,959**

Accounting principles

IFRS 9 has three main components: classification and valuation of financial assets and liabilities, impairment of financial assets and hedge accounting.

The standard requires taking into account expected credit losses from the first recognition of financial instruments. It allows practical facilities for trade receivables, contract assets and rental receivables. It allows the use of simplified methods for determining the amount of depreciation (e.g. the use of a provisioning matrix for trade receivables).

At the Sonatel Group level, the elements concerned by the standard mainly consist of trade receivables.

Trade receivables, essentially short-term and without declared interest rate, are recorded in the statement of financial position for the nominal value of the receivable at the origin. Receivables resulting from the rental of equipment to companies, are recognized as current operating receivables because they are part of the normal operating framework.

Impairment losses recognized for a group of receivables constitute the intermediate step preceding the identification of impairment losses on individual receivables. As soon as this information is available (customer in receivership or compulsory liquidation), these receivables are then depreciated separately.

Note 5.5 Other assets

The detail of other assets is presented below:

(In millions XOF)	Gross	Provision	2019	2018	01 Jan. 2018
Guarantee Deposits & guarantees paid	5,938	-	5,938	6,079	2,680
Other non-current assets	2 402	-	2,402	2,368	368
Staff, claims	800	-	800	598	737
Advances & trade down payments, excl. fixed assets	239	-	239	252	256
Other operating receivables	19,406	(1,142)	18,264	27,273	13,510
Receivables on disposal of fixed assets	379	-	379	1,706	2,192
Receivables from telecommunications licences	-	-	-	2,005	-
Advances and deposits paid on fixed assets	406	-	406	1 964	465
Segregation of Units of value in circulation with customers[ii]	123,310	-	123,310	87,465	63,757
Other current assets	11	-	11	-	-
Total	152,892	(1,142)	151,749	129,712	83,965
Including other non-current assets	8,340		8,340	8,447	3,048
Including other current assets	144,552	(1,142)	143,409	121,265	80,917

The 18% growth recognized in the non-current assets is mainly due to the development of the Orange Money business in the countries of presence of the Group.

Accounting principles

Orange Money is a solution for money transfers, payments and access to financial services through an electronic money («EM») account associated with an Orange mobile number.

Since 2016, the Sonatel Group has become an Electronic Money Issuer ("EMI") in some of the countries in which it is present through dedicated and approved internal subsidiaries. EMIs, guarantors of last resort for the reimbursement of EM holders, are required by law to confine the funds collected in exchange for the issuance of EMs (obligation to protect holders). The EM distribution model is based on the Group's subsidiaries and third-party distributors. EMis issue EM (or "UV" or "E-unit" units of value) at the request of these distributors in exchange for funds collected from them. The distributors in turn sell the EM held to the final holders.

At the boundaries of the Sonatel Group, confinement is understood as the protection of third-party carriers (distributors and customers).

These operations have no effect on the Group's net financial debt and are recorded under the following headings:

- Segregation in assets for an amount necessarily equal to the EM in circulation outside the Sonatel Group (or E-Unit in circulation);
- E-units in circulation on the liabilities side, representative of the obligation to reimburse third-party holders (third-party customers and distributors).

Note 5.6 Deferred tax assets

Deferred tax assets (DTA) are presented as follows:

In millions XOF	2019	2018	01 Jan. 2018
Differed tax assets	18,647	17,310	30,710

They are presented by country as follows by country at 31 December, 2019:

In millions XOF	Senegal	Mali	Guinea Conakry	Sierra Leone	Total
Employee benefits	3,651	1,186	37	-	4,875
Other provisions	4,055	-	-	-	4,055
Rental liabilities	1,749	1,862	1,501	3,448	8,561
Other differences	(1,080)	627	4,045	(2,435)	1,157
Total	8,375	3,675	5,583	1,014	18,647

Accounting principles

Deferred taxes

Deferred taxes are recognized on all temporary differences between the book values of assets and liabilities and their tax bases, as well as on tax loss carryforwards, according to the variable carry-over method.

Deferred taxes are recognized on all temporary differences between the book values of assets and liabilities and their tax bases, as well as on tax loss carryforwards, according to the variable carry-over method. Deferred tax assets are only recognized when their recovery is probable. A deferred tax liability is recognized for any taxable temporary difference.

Deferred tax assets and liabilities are not discounted.

Note 5.7 Non-current and current financial assets

The details of non-current and current financial assets are presented below:

In millions XOF	2019	2018	2017
Securities & investments	6,847	5,652	5,535
Long term loans (1)	145,720	145,853	139,851
Financial assets	152,567	151,505	145,386
Other non-current assets	145,884	139,110	141,688
Other current assets	6,683	12,395	3,699

(1) Includes long-term loans to third parties other than shareholders, securities & investments, mainly concern employees.

Note 5.8 Cash and cash equivalents

The cash details are presented below:

In millions XOF	2 019	2018	2017
Term deposits - Gross	662	3,506	4,085
Cash equivalents	1,720	1,743	4,325
Cash (1)	201,721	213,342	149,344
cash and cash equivalents	204,103	218,591	157,753

(1) debit balances of bank accounts at the end of the period - cash accounts

Note 6. Notes on the financial position headings - liabilities

Note 6.1 Non-current and current financial liabilities

The Non-current financial liabilities are presented below:

In millions XOF	2019	2018	01 Jan. 2018
Borrowings	175,280	142,932	143,140

The details of the loans by country are presented below:

In millions XOF	Senegal	Mali	Guinea Bissau	Guinea Conakry	Sierra Leone	Total 31/12/2019
Other bank loans	89,697	72,060	-	13,114	409	175,280
Non-current financial liabilities	89,697	72,060	-	13,114	409	175,280

The current financial liabilities are presented below:

In millions XOF	2019	2018	01 Jan. 2018
Other bank loans	215,133	209,501	127,227
Borrowings	217	7 214	280
Interests / costs payable on bank loans	5,664	2,634	4,449
Interests / costs payable on partner debts	1,509	614	95
Bank credit balances	20,079	41,217	23,944
Current financial liabilities	242,602	261,181	155,996

The current financial liabilities are detailed below by country:

(In millions XOF)	Senegal	Mali	Guinea Bissau	Guinea Conakry	Sierra Leone	12.2019
Other bank loans	153,691	61,442	-	-	-	215,133
Borrowings	89	576	0	(10)	(438)	217
Interests / costs payable on bank loans	5,664	-	-	-	-	5,664
Interests / costs payable on partner debts	1,509	-	-	-	-	1,509
Bank credit balances	20,079	-	-	-	-	20,079
Current financial liabilities	181,031	62,018	-	(10)	(438)	242,602

Note 6.2 Current and non-current employee benefits

In accordance with the laws and practices of each country in which it operates, the Sonatel Group has obligations in terms of employee benefits in terms of:
- retirement: most of the Group's employees are covered by specific contribution plans provided for by national laws or agreements;
- death of the worker: the wages of the worker, leave allowance and allowances of any kind acquired at the date of the death revert to the beneficiaries;
- pre-retirement: for pre-retired employees, a bonus equivalent to a percentage of the last average annual salary multiplied by the time remaining to reach retirement in addition to the retirement allowance plus 15%.

The non-current staff benefits are presented below:

In millions XOF	2019	2018	01 Jan. 2018
Non-current staff benefits	**24,664**	**23,297**	**32,684**

For the 2019 financial year, they amount to 22 billion XOF and are mainly related to post-employment benefits pursuant to IAS 19 as presented below:

(In millions XOF)	Senegal	Mali	Guinea Bissau	Guinea Conakry	Sierra Leone	2019
Post-employment benefits	18,731	2,351	-	175	1,402	22,659
Litigation and social risks	2,005	-	-	-	-	2,005
Non-current staff benefits	20,736	2,351	-	175	1,402	24,664

The current staff benefits by zone are presented below:

(In millions XOF)	Senegal	Mali	Guinea Bissau	Guinea Conakry	Sierra Leone	Total 2019
Staff, debts	5,584	1,106	113	662	378	7,843
Staff costs payable, paid leave	3,396	-	70	300	27	3,794
Social organizations, debts	536	1,657	19	30	25	2,267
Gov.-debts	3	-	-	8	3	14
Other benefits, debts	15	-	-	-	-	15
Current staff benefits	9,534	2,763	203	1,001	433	13,933

Main assumptions used to determine the amount of (IAS19) commitments

The assessment of post-employment benefits and other long-term benefits is based in particular on the retirement age determined in accordance with the applicable provisions and the conditions necessary for entitlement to a full pension, which are often subject to legislative review.

The details of the IAS 19 assumptions are summarized as follows:

ACTUARIAL ASSUMPTIONS		
	2019	2018
Rate of increase of salaries	**3.4**	**3.4**
Discount rate	**8**	**8**
Inflation rate	**1.5**	**1.5**
Probability of being present in the entity on the date of retirement (past experience)	**99.92**	**99.92**

In order to assess the present value of future benefits, several assumptions must be made. IAS 19 specifies that actuarial assumptions must be objective and mutually compatible. It is also indicated that the actuarial assumptions are the best estimates made by the Sonatel Group of the variables that will determine the final cost of its obligations. The choice of valuation hypotheses is therefore the responsibility of the Sonatel Group. The assumptions include:

- the legal retirement age
- demographic assumptions regarding future characteristics of staff members: mortality, staff turnover and pre-retirement rate
- financial assumptions, on elements such as: the discount rate, the evolution rate of salaries.

Accounting principles

Post-employment benefits governed by IAS 19 are offered through:

- specific contribution plans: contributions, paid to external organizations which ensure their administrative and financial management, are recognized as expenses for the year in which the services are rendered;
- specific benefit plans: the amount of future commitments representative of these plans is assessed on the basis of actuarial assumptions using the projected unit credit method: - their calculation includes demographic assumptions (staff turnover, mortality, gender equality …) and financial (future salary increase, inflation rate…) defined at the boundaries of each of the entities concerned, - the discount rate, defined by country or geographic area, is determined by reference to the yield on first category long-term private bonds (or government bonds if there is no assets market). It is adopted on the basis of external indices commonly used as a reference for the euro zone, - actuarial differences relating to post-employment benefits, are fully recognized in other items of the comprehensive income. Payment of the capital is made in one instalment upon retirement.

Further, the Group does not have any hedging assets dedicated to commitments for post-employment benefit payments.

Note 6.3 Other liabilities

The other liabilities of the Group are presented as follows:

(In millions XOF)	2019	2018	01 Jan 2018
Other disputes	**4,164**	**-**	**-**
Other risks / charges	**1,804**	**4,806**	**3,890**
Guarantee Deposits & guarantees received	**1,343**	**1,351**	**1,232**
Other risks / charges	**3,224**	**1,288**	**1,296**
Universal service, debts	**0**	**-**	**4 704**
Other operating debts	**16,402**	**18,882**	**14,745**
Other operating elements	**139**	**14**	**(1,511)**
Dividends payable	**39,937**	**1,004**	**1,435**
E-unit in circulation with customers (see note 3.5)	**123,310**	**87,412**	**63,524**
Total	**190,322**	**114,758**	**89,316**
Including other non-current liabilities	**7,311**	**6,157**	**5,122**
Including other current liabilities	**183,012**	**108,601**	**84,194**

The other non-current liabilities are detailed in the table below:

(In millions XOF)	Senegal	Mali	Guinea-Bissau	Guinea Conakry	Sierra Leone	Total 2019
Other disputes - Long term	-	4,164	-	-	-	4,164
Other risks/charges - Long term	1,804	-	-	-	-	1,804
Guarantee Deposits & guarantees received	887	-	3	214	239	1,343
Other non-current liabilities	**2,691**	**4,164**	**3**	**214**	**239**	**7,311**

Accounting principles

Provisions are recognized when at the end of the financial year there is an obligation on the part of the company towards a third party resulting from a past event, the settlement of which is likely to result for the company in an outflow of resources representing economic benefits. More specifically, these are provisions for litigation, provisions for dismantling and restoration of sites, provisions for retirement, etc.

The estimate of the amount appearing in the provision for risks and charges corresponds to the outflow of resources that the company will probably have to bear in order to settle its obligation.

The provisions for dismantling are not significant and do not impact the consolidated financial statements.

Note 6.4 Evolution of tax litigation and controls

This note presents all of the significant litigation in which the Sonatel Group is involved, with the exception of any litigation related to disagreements between the Sonatel Group and the tax or social administration in matters of duties, corporate taxes or social contributions.

As of 31 December, 2019, the provisions for risks recognized by the Group for all of its disputes amounted to XOF 4,164 million and covers the risks relating to all pending disputes.

Tax controls

The Sonatel Group was subject to tax audits for the years 2017 to 2019, the results of which as recognized do not have any significant future accounting impact on the Group's accounts.

Other Group disputes

Apart from disputes over tax audits and litigation already recognized, there are no other administrative, judicial or arbitral procedures of which the Sonatel Group is aware (whether this is an ongoing, pending procedure or a procedure which the Group is threatened with), having had in the last 12 months or likely to have significant effects on the Group's financial situation or profitability.

Four local authorities are asking the Sonatel Group to pay the fees for occupying public lands. As of 31 December, 2019, the Group earmarked a provision pending a final court decision.

Note 6.5 Current trade payables other goods and services

The other trade payables of the Group are as follows:

(In million XOF)	2019	2018	01 Jan 2018
Debts / receivables on fixed assets	**635**	**463**	**235**
Debts on telecommunications licences	**-**	**-**	**20,000**
Other capital suppliers	**94,676**	**78,812**	**65,293**
Trade payables, excluding fixed assets	**191,074**	**178,635**	**178,642**
Other supplier debts	**(3,853)**	**(1,860)**	**(1,111)**
Trade payables	**282,532**	**256,050**	**263,059**

Accounting principles

They include those that the supplier may have assigned with or without notification to financial institutions in the context of direct or reverse factoring, including those for which the supplier has offered an extended payment term and for which the company has confirmed its payment agreement at the agreed term. They include those that the supplier may have assigned with or without notification to financial institutions in the context of direct or reverse factoring, including those for which the supplier has offered an extended payment term and for which the company has confirmed its payment agreement at the agreed term.

The SONATEL Group considers that these financial liabilities retain the characteristics of a trade payable, in particular due to the persistence of the commercial relationship, payment periods in fine in line with the operational cycle of a telecom operator, in particular for the purchase of main infrastructures, supplier autonomy in the discount relationship and a financial cost borne by the Sonatel Group which corresponds to the supplier's remuneration for the additional payment period granted. Trade payables with no specified interest rate are valued at the nominal value of the debt if the interest component is negligible. Interest-bearing trade payables are recognized at amortized cost.

Note 6.6 Deferred revenue

Residual prepaid income or deferred revenue is outside the scope of IFRS 15. It is presented as follows:

(In million XOF)	2019	2018	01 janv. 2018
Other operating prepaid income	**16,006**	**16,389**	**25,559**
Total	**16,006**	**16,389**	**25,559**

These are invoiced revenues which will be recognized in Turnover in the future period (s).

The distribution of other prepaid income by country is detailed below:

(In million XOF)	Senegal	Mali	Guinea Bissau	Guinea Conakry	Sierra Leone	Total
Other deferred revenue	**7,247**	**0**	**469**	**7,104**	**1,187**	**16,006**

Note 6.7 Translation adjustment

The translation differences are presented below:

(In million XOF)	2019	2018	01 Jan. 2018
Sierra Leone	**(29,911)**	**(21,799)**	**(13,789)**
Guinea Conakry	**(4,675)**	**(3,719)**	**(8,858)**
Total	**(34,586)**	**(25,518)**	**(22,647)**

Accounting principles

The functional currency used by SONATEL is the XOF.

The financial statements of foreign entities whose functional currency is different from the XOF and is not the currency of a hyperinflationary economy are converted into XOF (presentation currency of the Group's financial statements) as follows:

- assets and liabilities are converted at the closing rate;
- the income statement is converted at the exchange rate in force on the transaction dates (historical rate) or at the average rate for the period;
- the translation differences resulting from the application of these different rates are shown in other comprehensive income items.

Translation differences resulting from the use of different prices for the opening balance sheet position, transactions for the period and the closing balance sheet position are recorded in other comprehensive income (OCI). These translation differences are recorded in the income statement (i.e. "recycling" of the OCI) when the business in question is sold.

Goodwill and fair value adjustments recognized when acquiring companies whose functional currency is not the XOF must be considered as assets and liabilities of these companies; they are therefore expressed in the proper functional currency of these companies and converted at the closing rate for each period.

In the context of the first application of IFRS, the Group has, in accordance with the provisions of IAS 21, recognized the translation differences in other comprehensive income and has accumulated them in an equity component.

Note 7. Description of the free share allocation plans

The details and description of the free share allocation plans are as follows:

- **Distributions from 2009: non-transferable free shares including welcome shares**

These are shares granted to staff as part of their staff loyalty and to attract high quality resources.

These shares are only transferable on the date of retirement or early retirement.

- **Free share allocations relating to the 2013-2016 business plan**

These are shares linked to the achievement of a certain number of objectives of the 2013-2016 Strategic Plan in the following stages: 100 shares for 2013, 2014 and 2015, 200 shares for 2016.

These shares are non-transferable until retirement, with the specificity that those who resign or are terminated keep their shares, receive dividends, but cannot transfer them until retirement age.

The amount of the free shares at corresponding dates are presented as follows:

In millions XOF	2019	2018	01 Jan. 2018
Amount of free shares	**28,589**	**29,506**	**25,091**

The accounting effects on the costs of free share allocations (AGA) amounted to 1,793 million for the year

Note 8. Leases (IFRS 16)

Accounting principles

The Sonatel Group describes a contract as a lease as soon as it gives the lessee the right to control the use of a specific item of property for a given period, including when a service contract contains a rental component.

The Group has defined the main families of rental contracts:
- The real estate leases concluded within the Sonatel Group relate mainly to average terms (commercial leases of 5 years with option of early termination at 3). The real estate leases concluded within the Sonatel Group relate mainly to average terms (commercial leases of 5 years with option of early termination at 3).
- Networks and terminals: the Sonatel Group has to rent a certain number of assets within the framework of its mobile activities. This is particularly the case for land intended to accommodate the installation of antennas, mobile sites rented to a third-party operator as well as certain contracts with "TowerCos" (companies operating telecommunication towers).

The recognition of all rental contracts is reflected in the balance sheet by the recognition of an asset under the right to use the leased assets in exchange for a liability for the associated rental obligations. In the income statement, a depreciation charge for user rights is presented separately from the interest expense on rental debts.

In the cash flow statement, the cash outflows relating to interest expense affect the flows generated by the activity, while the reimbursement of the principal of rental debts affects the flows linked to financing operations.

Finally, the Sonatel Group applies the two exemptions proposed by IFRS 16, that is, contracts whose duration is less than or equal to 12 months and those whose replacement value of the underlying asset is less than approximately 3.5 million XOF. These rental contracts for which one of these two exemptions applies is recognized in "external purchases" in the income statement. For the period prior to 2019, the Group has chosen not to carry out a retrospective restatement on the one hand due to the unavailability of the information necessary for restatement and, on the other hand, due to the insignificant nature of the impact on equity.

From 1 January, 2019, the Group recognizes all of its leases (as a lessee) according to a single model in which an asset will be recognized in the balance sheet under the right to use the assets leased in return for a liability for the associated rental obligations.

Non-current rental debts

Rental debts, which represent the impact of applying IFRS 16 for the year, are presented as follows by sector:

In millions XOF	Senegal	Mali	Guinea Bissau	Guinea Conakry	Sierra Leone	2019
Other rental debts (excl. interest)	**3,756**	**4,280**	**-**	**1,768**	**9,598**	**19,402**

Right of use

From 1 January, 2019, the Group recognizes all of its rental contracts (as a lessee) according to a single model in which an asset will be recognized in the balance sheet under the right to use the assets leased in return for a liability for the associated rental obligations.

The impact on the balance sheet for the year, which amounts to 35 billion XOF, results from the recognition of the rental obligation and the right of use associated with rental contracts. In addition, the Sonatel Group has taken the option of recognizing deferred taxes during the initial recognition of the right of use and the rental obligation upon transition.

	Senegal	Mali	Guinea Bissau	Guinea Conakry	Sierra Leone	2 019
Rights of use Corp intangible solutions	-	2,684	-	-	-	2,684
Other rights to use leased assets	7,782	7,163	-	5,236	12,667	32,849
Total	7,782	9,847	-	5,236	12,667	35,532

Note 9. Off-balance sheet commitments

Investment commitments

In addition to the commitments expressed in monetary terms, the Sonatel Group has made commitments to the national regulatory authorities with regard to the extent of population coverage by its fixed or mobile networks, subscribed in particular within the framework of licensing, or quality of service. These commitments impose investment costs in future years to deploy and improve the networks, but they are not repeated below when they have not been expressed in monetary terms, which is generally the case.

When allocating the 4G licence and renewing the 2G and 3G mobile licence, the following commitments are made by the Group:
- an obligation to cover 90% of the population within 3 years;
- an obligation to cover the territory of all inhabited border areas with a number of inhabitants greater than or equal to 200 within years;
- obligation to cover national roads and motorways within 2 years

In 2019, the group received and gave the off-balance sheet commitments detailed below:

– Commitments received

In millions XOF	2019	2018	01 Jan 2018
Supplier guarantees	5,758	5,082	2,843
Staff actions pledge	702	743	843
Total	6,461	5,826	3,686

– Commitments given

In millions XOF	2019	2018	01 Jan 2018
Customs credit deposit	2,700	1,400	1,000
Market bid bond	10,184	4,647	7,202
Rent guarantees	1,361	0	
Total	14,245	6,047	8,202

Note 10. Transactions with companies and related parties

The Sonatel Group does not buy goods or services with Governments except for the use of spectral resources.

These resources are allocated at the end of the competitive process.

The main transactions with related companies (Government and Orange France) are summarized below and are part of current operations. They mainly concern the two main shareholders:
- claims held on the Government within the framework of annual invoices for a value of 13 billion XOF at 31 December, 2019. These receivables are settled by clearance
- commercial services with Orange France, the majority shareholder, amounted to XOF 18 billion for the year

The various agreements and amendment with Orange France and the Government can be summarized as follows:
- cooperation agreement signed on 18 December, 2013 between SONATEL SA and Orange SA for a period of three (3) years and extended for a period of three (3) months from 1 January, 2017 by amendment No. 1 signed on 27 July, 2017.
- amendment No 2 signed on 27 July 2017 which on the one hand extended the duration of the cooperation agreement signed between the Group and Orange SA dated 18 December 2013 for three (3) months from 1 April 2017 and, on the other hand, broadened the scope of the SONATEL Group to include Orange Finances Mobiles Sénégal and Orange
- amendment No. 3 signed on 20 December, 2017 to effect the sale of the Orange SA agreement to its Orange-MEA SA subsidiary as of 1 January, 2018. The Group accepted the transfer, from 1 January, 2018 by Orange SA to its subsidiary Orange-MEA SA of all of its rights and obligations arising from the agreement of 18 December, 2013 extended until 31 March, 2020.
- memorandum of understanding for the renewal of the 4G frequency concession and allocation agreement signed on 18 June, 2016.

Note 11. Financial risk management

Interest rate risk

The Group is not exposed to the risk of changes in market interest rates which is linked to the long-term financial debt of the Sonatel Group, since all the debt is at a fixed rate.

Exchange rate risk

Most of the Sonatel Group's turnover is generated in XOF.

Foreign subsidiaries outside the XOF zone generate most of their turnover at the national level.

The debt is mainly carried in XOF and the debt of the subsidiaries outside XOF zone is carried out in the currency of their respective countries.

The possible impact on the Sonatel Group of exchange rate variations suffered by these subsidiaries is very low. The Group does not use hedging instruments.

Credit risk

The Sonatel Group only maintains commercial relations with third parties whose financial health is proven. A significant part of its turnover is generated with local authorities and public sector organizations.

For the rest of the turnover, the Sonatel Group policy is to check the financial health of all customers who wish to obtain credit payment terms. In addition, customer balances are continuously monitored and therefore the Group's exposure to bad debts is not significant.

As for cash and cash equivalents, they are mainly composed of term accounts.

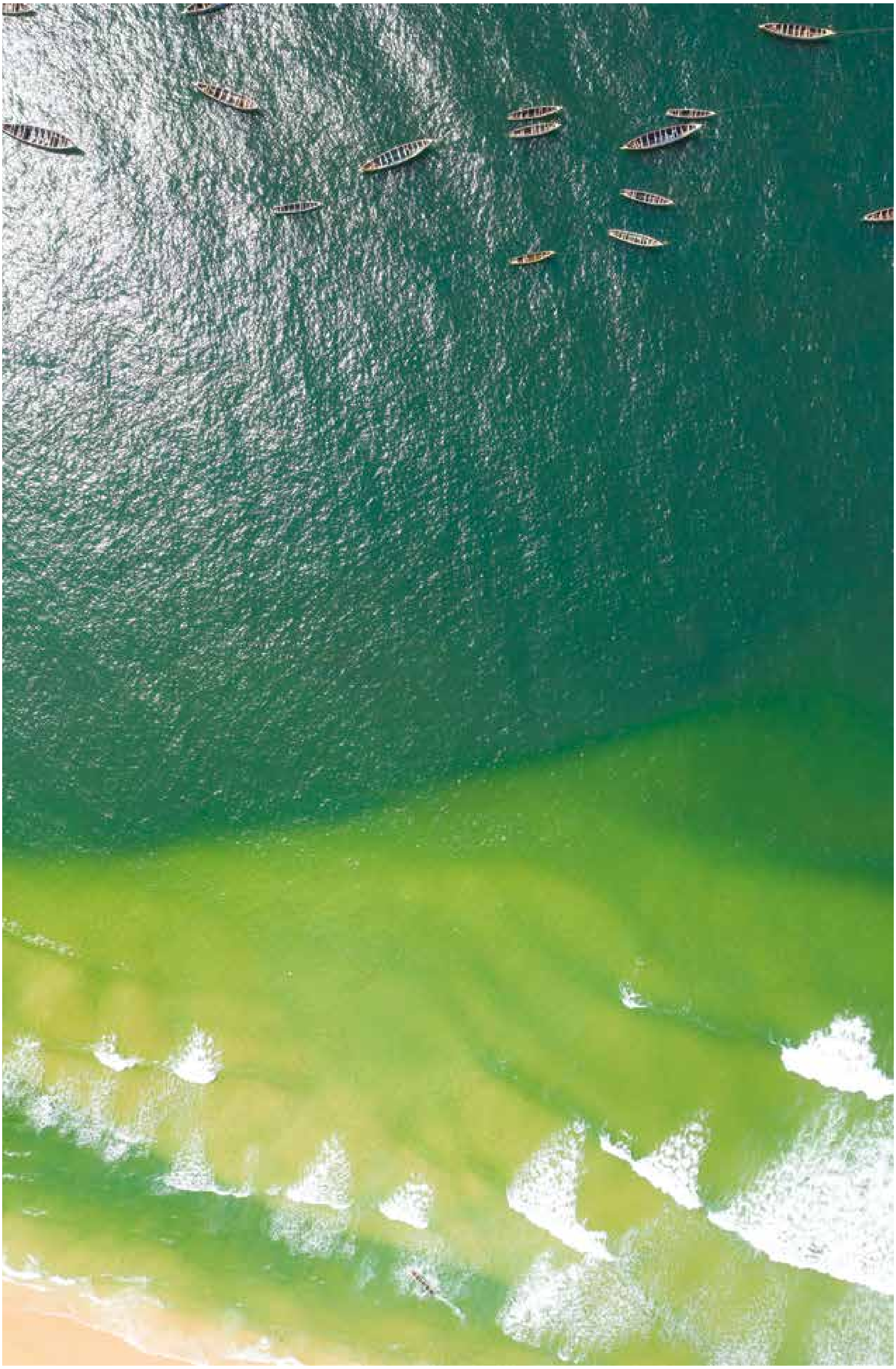
Note 12. Post-closing event

In the context of the spread of the COVID-19 epidemic, the Government of Senegal decreed from 24 March 2020 a state of emergency on the national territory with a certain number of accompanying measures aimed at strongly limiting the movement of people. The state of emergency was extended on 03 April, 2020 for a period of three months.

The Sonatel Group has initiated aid and support actions to support the fight against the spread of the epidemic. These measures will have a definite impact on the initial forecasts for the 2020 financial year of inestimable income and expenses at that date.

Indeed, the estimation of the financial impacts on the 2020 figures cannot be made given the difficulty of forecasting the development of this health crisis.

[i] CGU (Cash Generating Unit) represents a sector, a country
[ii] E-units in circulation on the liabilities side, representative of the obligation to reimburse third-party holders (third-party customers and distributors).



IFRS INDIVIDUAL ACCOUNTS YEAR ENDING 31 DECEMBER 2019

INCOME STATEMENT

(In thousands XOF)	Note	2019	2018
Turnover	3.1	256,544,797	229,108,217
External purchases	3.4	(102,315,773)	(103,563,592)
Other operating income	3.5	47,188,391	51,372,564
Other operating expenses	3.6	1,041,663	(22,135,388)
Staff costs	3.7	(73,057,387)	(73,157,484)
Operating taxes and duties	3.8	(35,851,940)	(12,596,668)
Depreciation and amortization of rights to use the leased assets	3.9	(784,690)	
Depreciation and amortization	3.9	(34,066,874)	(35,747,301)
Income from the sale of securities and activities		4,590,989	116,431
Costs of restructuring and integration		-	39,889
Operating income		63,289,176	33,436,668
Cost of gross financial debt		(17,677,277)	(8,097,122)
Interest charges on rental debts		(100,411)	
Income and charges on assets constituting net debt		(606,881)	13,783
Other income and financial		128,953,684	91,900,729
expenses Financial income	3.10	110,569,115	83,817,390
Corporate tax		(15,999,661)	(12,860,135)
Net income	3.12	157,858,630	104,393,923

COMPREHENSIVE INCOME STATEMENT

(In thousands XOF)	2019	2018
Net income	157,858,630	104,393,923
Items not recyclable as income		
Post-employment benefit, actuarial difference	(1,971,811)	5,068,581
Items recyclable as income		
Other items of the pre-tax income	(1,971,811)	5,068,581
Tax on other elements of the comprehensive income (non recyclable)	591,543	(1,520,574)
Other items of the comprehensive income	(1,380,268)	3,548,007
Comprehensive income	156,478,362	107,941,930

FINANCIAL POSITION STATEMENT

(In thousands of XOF)

Assets	Note	31-dec 2019)	31-dec 2018	1-jan 2018
Other intangible fixed assets	4.1	103,618,418	108,265,817	100,933,596
Tangible fixed assets	4.1	147,179,029	129,469,749	124,792,960
Rights of use of leased fixed assets	7.	1,283,856		
Non-current financial assets	4.2	290,871,225	286,764,477	281,211,518
Other non-current assets	4.5	1,384,485	1,290,982	1,039,509
Deferred tax assets	4.6	8,698,106	6,587,185	10,309,993
Total non-current assets		553,035,118	532,378,210	518,287,576
Stocks	4.3	4,450,533	3,913,390	2,601,443
Receivables	4.4	118,461,960	46,992,187	120,476,242
Current financial assets	4.2	36,196,397	28,326,565	2,730,614
Other current assets	4.5	34,997,107	73,367,038	81,082,111
Operating taxes and duties	4.7	16,454,608	21,100,403	31,189,394
Corporate tax	4.8	2,715,317	2,011,632	2,097,853
Prepaid expenses		1,198,490	759,702	1,807,261
Cash and cash equivalents	4.9	46,088,153	51,323,692	31,325,050
Total current assets		260,562,565	227,794,609	273,309,968
Total assets		813,597,683	760,172,819	791,597,544

FINANCIAL POSITION STATEMENT

(In thousands of XOF)

Liabilities	Note	31-dec 2019	31-dec 2018	1-jan 2018
Share capital		50,000,000	50,000,000	50,000,000
Reserves		288,023,113	299,385,950	353,696,395
Total equity		338,023,113	349,385,950	403,696,395
Non-current financial liabilities	5.1	120,388,524	97,319,296	110,236,581
Non-current rental debts		989,962		
Non-current staff benefits	5.2	19,779,163	18,727,761	22,916,362
Other non-current liabilities	5.4	1,824,760	9,498,643	3,106,033
Differed tax liabilities		385,157		
Total non-current liabilities		143,367,566	125,545,700	136,258,976
Current financial liabilities	5.1	158,086,035	173,579,312	90,454,185
Current payables capital suppliers	5.3	7,218,221	12,302,209	7,113,690
Current trade payables other goods and services		56,009,786	50,637,952	65,993,111
Current rental debts	7.	343,051		
Current staff benefits	5.2	9,082,141	8,488,426	10,224,755
Other current liabilities	5.4	66,136,532	14,566,746	31,284,393
Operating taxes and duties	5.5	18,931,622	15,009,804	15,065,938
Corporate tax	5.5	16,399,617	10,656,720	31,506,101
Total current liabilities		332,207,005	285,241,169	251,642,173
Total liabilities and sharehooders equity		813,597,683	760,172,819	791,597,544

TABLE ON VARIATION OF EQUITY

	Share capital	Reserves	Total equity
Balance at 1st January 2018	50,000,000	353,696,395	403,696,395
Consolidated comprehensive income	50,000,000	104,393,923	104,393,923
Distribution of dividends		(166,666,666)	(166,666,666)
Other movements		7,962,299	7,962,299
Balance at 31 December 2018	50,000,000	299,385,951	349,385,951
Consolidated comprehensive income		157,858,630	157,858,630
Distribution of dividends		(166,666,666)	(166,666,666)
Other movements		(2,554,800)	(2,554,800)
Balance at 31 December 2019	50,000,000	288,023,115	338,023,115

CASH FLOW TABLE

(In thousands of XOF)

Cash flow related to the activity	2019	2018
Net income	157,858,630	104,393,923
Non-monetary items with no impact on cash flow and reclassifications		
Operating taxes and duties	35,851,940	12,596,668
Deprec. and amort. of rights to use the leased assets	784,690	
Depreciation and amortization	34,066,874	35,747,301
Income from disp. of assets + other gains & losses	(4,590,989)	(116,431)
Allocations (reversals) of other provisions	(7,794,289)	6,727,902
Corporate tax	15,999,661	12,860,135
Financial income	(110,669,526)	(83,817,390)
Net exchange difference	392,379	114,854
Stock-based compensation	(1,174,532)	4,415,286
Variation in working capital needs	-	
Decrease (increase) in stocks	(540,576)	(1,316,330)
Decrease (increase) in trade receivables	(72,474,744)	71,525,319
Increase (decrease) in trade payables	4,979,535	(15,470,093)
Decrease (increase) in other receivables	34,069,845	(9,773,640)
Increase (decrease) in other debts	14,107,614	(4,194,713)
Other monetary items generated by the operations		
Operating taxes and duties paid	(27,284,327)	(2,563,811)
Dividends collected	116,947,535	90,247,170
Interest income received	837,089	2,836,376
Interest paid and net derivatives rate effect	(13,138,819)	(9,911,759)
Corporate taxes paid	(12,094,670)	(31,419,880)
Cash flow from operating activities (a)	166,133,320	182,880,887
Cash flow from investing activities		
Other investment flows		
Acquisitions of tangible and intangible assets	(47,334,838)	(47,901,362)
Increase (decrease) in capital suppliers	(3,915,732)	4,014,438
Income from disposal of property and other tangible and intangible assets	3,282,798	261,482
Acquisition of equity securities net of cash acquired	(4,594,021)	1,442,248
Income from disposal of Equity securities net of cash sold	1,672,284	
Decrease (increase) in investments and other financial assets	5,396,365	(9,543,092)
Cash generated by investing activities (b)	(45,493,144)	(51,726,286)

CASH FLOW TABLE

(In thousands of XOF)

Cash flow from financing operations	2019	2018
Cash flow from capital financing		
Long-term loan issuing	23,069,228	(12,917,285)
Rental debt repayments	(835,944)	
Increase (decrease) in bank overdrafts and other short term borrowings	(20,031,735)	69,914,965
Share buyback	233,913	(340,436)
Dividends paid to shareholders	(128,613,730)	(165,903,157)
Cash generated by financing activities (c)	(126,178,268)	(109,245,913)
Monetary variation in cash and cash equivalents (a) + (b) + (c)	(5,538,092)	21,908,688
Impact of the variation in exchange rates on cash flow	302,553	(1,910,046)
Other cash impacts		
Net variation in cash flow	(5,235,539)	19,998,642
Net variation in cash and cash equivalents		
cash and cash equivalents at opening	51,323,692	31,325,050
Net variation in cash and cash equivalents	(5,235,539)	19,998,642
Cash and cash equivalents at closure	46,088,153	51,323,692

NOTES
ANNEXES

Note 1- General principles followed for the preparation of the first financial statements of SONATEL SA under IFRS

Note 1.1 Description of the activity

Sonatel SA offers its individual customers, companies and other telecommunications operators a wide range of services covering fixed and mobile communications, data transmission and other value-added services.

Telecommunications operator activities are subject to sectoral licences and regulations, similarly mobile financial services activities have their own regulations.

Note 1.2 Basis of preparation of financial information 2019

The consolidated financial statements were prepared under the responsibility of the Board of Directors at its meeting of 29 April, 2020 and will be submitted to the General Meeting of 04 May, 2020 for approval.

The individual statements for the 2019 financial year have been prepared in accordance with international IFRS accounting standards as adopted by the IASB, in application of the Uniform Act relating to accounting law and financial reporting. adopted on 26 January, 2017 and presented, for comparison, with financial year 2018 pursuant to the same standard. Over the periods presented, the standards and interpretations are those adopted by the IASB, with the exception of texts currently being adopted, which has no effect on the Group's accounts.

The principles adopted for the preparation of 2019 financial information result from the application:
- of all the standards and interpretations adopted by the IASB of compulsory application as of 31 December 2019
- open options in terms of date and methods of first application;
- accounting and valuation options covered by IFRS standards.

In the absence of a standard or interpretation applicable to a specific transaction or event, the management of Sonatel SA uses judgment to define and apply accounting methods that allow obtaining relevant and reliable information, so that the financial statements:
- present a fair picture of the entity's financial position, financial performance and cash flows;
- reflect the economic reality of the transactions;
- are neutral;
- are prudent
- are complete in all their material aspects.

The functional currency and the presentation currency of the accounts used by Sonatel is the XOF.

Unless otherwise indicated, the amounts are expressed in thousands of XOF. Sonatel SA having chosen not to round up figures, minimal deviations may appear as a result.

As permitted by IAS 1 "Presentation of financial statements», Sonatel SA presents the main components of the financial statements and the options chosen for the presentation of some of them: the income statement, the comprehensive income statement, the financial position statement, the variations in equity statement, the cash flow table and attached notes.

They contain information complementary to that presented in the rest of the financial statements. They contain information complementary to that presented in the rest of the financial statements.

They provide narrative descriptions or breakdowns of items presented in these statements as well as information relating to elements which do not meet the recognition criteria in these statements.

The order of presentation of the information in the Notes is as follows:
- a declaration of compliance with international financial reporting standards (IFRS);
- a presentation of the methods of first application of IFRS standards (IFRS 1)
- additional information on the elements of the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows, in the order in which each of the financial statements and each of the items appears with, for each note, a summary of the main accounting methods applied;
- other information including contingent liabilities and unrecognized contractual commitments, and non-financial information.

Fair value

The fair values of financial assets and liabilities measured at fair value in the statement of financial position are classified according to a hierarchy in three levels:
- level 1: market price (unadjusted) in assets markets, for identical assets or liabilities, to which the entity can have access on the valuation date;
- level 2: input data relating to the asset or liability which can be observed directly or indirectly;
- level 3: unobservable inputs for the asset or liability.

For financial assets at amortized cost ("AC"), Sonatel SA considers that the book value of cash, accounts receivable and various security deposits is a reasonable approximation of fair value, due to the high degree of liquidity of these items.

The fair value of equity securities corresponds to the market value at the end of the period for listed securities and, for unlisted securities, to a valuation technique determined according to the financial criteria most appropriate to the specific situation of each security (comparable transactions, multiple of comparable companies, shareholders' agreement, present value of future cash flows).

For trade payables and deposits received, the Sonatel Group considers that the book value is a reasonable approximation of the fair value, due to the high degree of liquidity of these elements.

Definition of operational sectors and performance indicators

An operating segment is a component of the Group:
- which engages in activities generating revenues and expenses,
- whose resources received from the Group are subject to decisions by the Group's main operational decision-maker,
- for which separate financial information is available.

The Cash Generating Unit (CGU) chosen by Sonatel SA being the geographical area (country), this principle does not apply to individual accounts.

Operational performance indicators in 2019

EBITDAal corresponds to the operating income before depreciation and amortization of capitalized assets, effects related to takeovers, reversals of conversion of reserves of liquidated entities, impairment of goodwill on acquisitions and capitalized assets.

ECapex correspond to the acquisition of intangible and tangible assets excluding telecom licences and excluding investments of financed assets, less the sale price of fixed assets. They are an indicator used internally for the allocation of resources. eCapexes do not constitute a financial aggregate defined by IFRS standards and may not be comparable to the indicators so-called by other companies.

The Group considers that the presentation of these indicators is relevant since it provides the readers of the accounts with the management indicators used internally.

Note 1.3 Main texts of mandatory application after 31 December, 2019 and not applicable in advance

The Sonatel Group has decided not to apply the amendments to the standards below applicable from 1 January, 2020:
- amendments to IAS 39, IFRS 7 and IFRS 9: reform of reference interest rates
- amendments to IAS 1 and IAS 8: definition of the term material
- amendment to IFRS 3: definition of an activity

Note 1.4 Use of judgment and estimates

In addition to the accounting options or positions, the Sonatel Group Management exercises its judgment to define the accounting treatment of certain transactions:

Use of Judgment	
Theme	**Nature of accounting judgment**
Note 3.1 Sales	**Distribution of the transaction price between the mobile and Identification obligations departments, whether separate or not**
Notes 3.4 ; 3.6 ; 3.8 Purchases and other charges, taxes and disputes	**assessment of the technical merits of the interpretations of the legislation and the characterization of the facts and circumstances, Costly supplier contracts: obligating event, nature of inevitable costs**
Note 7. Lease contracts	**Determination of the non-cancellable term of contracts and assessment of the exercise or not of termination options, extension and option exercise.**
Use of estimates	
Note 4.1 Fixed assets	**Determination of the useful life of assets based on an assessment of changes in technological, regulatory or economic environments.**
Notes 5.2 Staff benefits	**Sensitivity to the discount rate**

Note 2. Declaration of conformity and first application of IFRS standards

Note 2.1 Declaration of conformity of IFRS

Pursuant to the uniform act relating to accounting law and financial information adopted on 26 January, 2017, companies whose securities are listed on a stock exchange are required to prepare and present their consolidated financial statements in accordance with IFRS, with effect from 01 January, 2019. These are therefore the first IFRS accounts published by the SONATEL Group.

The individual accounts for the 2019 financial year are prepared in accordance with the IFRS international accounting standards adopted by the IASB, in comparison with the 2018 financial year together with a statement of financial position at the transition date of 01 January, 2018, according to the same standards.

Note 2.2 First application of IFRS (IFRS 1)

IFRS 1, which deals with the first-time adoption of IFRS standards, specifies that any entity that adopts the international standards for the first time must apply the same accounting methods in its opening financial statement for all the periods presented in its first financial statements prepared in accordance with IFRS standards. These accounting methods must comply with all standards in force at the end of the first period for which it presents the financial information according to international standards.

To this end, the Sonatel Group in preparing IFRS accounts for the first time, must apply the provisions of the IFRS standards and interpretations in force on 31 December, 2019 retrospectively as if these standards had always been applied, except for IFRS 1 "First-time adoption of IFRS standards".

In the present instance, the opening financial statement of the Sonatel Group is deemed to be that which was prepared on the date of transition to IFRS standards, in this case on 01 January, 2018 while the date of first application is 01 January, 2019. Any restatements recognized in order to comply with international standards have an impact on the Group's equity.

a) Reconciliations between SYSCOHADA and IFRS

In order to explain the implications of the application of IFRS compared to the accounts reported according to SYSCOHADA, Sonatel SA presents, in accordance with IFRS:
- reconciliations between its equity presented according to SYSCOHADA and those presented according to the international standards at the date of transition to IFRS (01/01/2018) and at the end of the last period presented in the most recent annual financial statements of Sonatel according to SYSCOHADA (31 December 2018).
- a reconciliation between its comprehensive income statement according to IFRS standards for the last period in the most recent annual financial statements of Sonatel SA (31/12/2018) and the one presented according to SYSCOHADA for the same period or, if Sonatel did not report this total, the net income according to SYSCOHADA.

Reconciliation between IFRS equity and equity presented according to previous accounting standards

A reconciliation of Sonatel SA equity as published in SYSCOHADA and as adjusted for the effects of the application of international IFRS standards on 01 January, 2018 (transition date), 31 December, 2018 (last annual period presented) and as of 31 December, 2019 is presented below:

(In thousands of XOF)	Total equity		
	01/01/2018	31/12/2018	31/12/2019
SYSCOHADA equity	373,130	313,214	300,840
Free share allocations (IFRS 2)	27,622	31,693	30,518
Income tax (IAS 12)	10,310	6,587	8,298
Other movements	(2,297)	(2,108)	(1,598)
Retirement benefit (IAS 19)	(5,069)		
Impact on income (IFRS 16)			(35)
IFRS equity	403,696	349,386	338,023

The main standards that have impacted the equity recorded in accordance with IFRS are:
- IFRS 2 in the context of free share allocation plans, the restatement of which in order to comply with IFRS has the effect of increasing the consolidated reserves. Free shares are recognized in the equity (Note 6)
- IAS 12 in the context of the recognition in the IFRS consolidated accounts of deferred taxes related to restatements made and temporary differences between accounting and tax bases (Note 4.6).

The details of the restatements on the consolidated statement of financial position are presented below:

Reconciliation between the consolidated statement of financial position according to the published SYSCOHADA accounts and according to IFRS standards

The reconciliation of the statement of financial position of the Sonatel Group as published in SYSCOHADA and that adjusted for the effects of the application of international IFRS standards on 1 January, 2018 and 31 December, 2018 (last annual period presented) is shown below:

Transition table from SYSCOHADA accounts to IFRS accounts at 01 January, 2018.

(in millions of XOF)	01-jan. 2018	Restatements		01-jan. 2018
		IFRS 1	IAS 12	
Assets				
Other intangible assets	101,827	(894)		100,934
Tangible fixed assets	125,615	(822)		124,793
Non-current financial assets	263,813	17,398		281,212
Other non-current assets	-	1,040		1,040
Deferred tax assets	-		10,310	10,310
Total non-current assets	491,255	16,724	10,310	518,289
Inventories	2,601	-		2,601
Trade receivables	122,458	(1,982)		120,476
Current financial assets	-	2,731		2,731
Other current assets	133,814	(17,638)		81,082
Operating taxes and duties	-	-		31,189
Corporate tax	-	-		2,098
Prepaid expenses	-	-		1,807
Cash and cash equivalents	34,161	(2,836)		31,325
Total current assets	293,034	(19,725)		273,309
Total assets	784,290	(3,003)	10,310	791,598

(in millions of XOF)	01-jan. 2018	Restatements and reclassifications					01-jan. 2018
		IFRS 2	IAS 12	IAS 19	IFRS 1	Others	
Liabilities							
Share capital	50,000				-		50,000
Issue premium and legal reserve	323,130	27,622	10,310	(2,297)	-	(5,069)	353,696
Total equity	373,130	27,622	10,310	(2,297)	-	(5,069)	403,696
Non-current financial liabilities	114,817				(4,580)		110,237
Non-current staff benefits	48,571				(25,654)		22,916
Other non-current liabilities	-				3,106		3,106
Total non-current liabilities	163,388	-	-	-	(27,129)	-	136,259
Current financial liabilities	86,139				4,315		90,454
Current trade payables, capital suppliers	7,114				(0)		7,114
Current trade payables other goods and services	66,077				(84)		65,993
Current staff benefits	-				10,225		10,225
Other current liabilities	88,443				(10,587)		31,284
Operating taxes and duties	-				-		15,066
Corporate tax	-				-		31,506
Total current liabilities	247,773	-	-	-	3,870	-	251,642
Total liabilities and sharehooders equity	784,290	27,622	10,310	(2,297)	(23,259)	(5,069)	791,598

Transition table from SYSCOHADA accounts to IFRS accounts as of 31 December, 2018

(in millions of XOF)	31-dec 2018	Restatements		31-dec 2018
	SYSCOHADA	IFRS 1	IAS 12	IFRS
Assets				
Goodwill on acquisition				
Other intangible assets	107,329	937		108,266
Tangible fixed assets	131,080	(1,610)		129,470
Non-current financial assets	268,743	18,022		286,764
Other non-current assets		1,291		1,291
Deferred tax assets Total			6,587	6,587
non-current assets	507,152	18,640	6,587	532,378
Inventories	3,913			3,913
Trade receivables	49,042	(2,050)		46,992
Current financial assets		28,327		28,327
Other current assets	141,869	(44,630)		73,367
Operating taxes and duties				21,100
Corporate tax				2,012
Prepaid expenses				760
Cash and cash equivalents	56,385	(5,062)		51,324
Total current assets	251,210	23,415		227,795
Total assets	758,362	(4,775)	6,587	760,173

(in millions of XOF)	31-dec 2018	Restatements and reclassifications				31-dec 2018
		IFRS 2	IAS 12	IAS 19	IAS 1	
Liabilities						
Share capital	50,000				-	50,000
Issue premium and legal reserve	263,214	31,693	6,587	(2,108)	-	299,386
Total equity	313,214	31,693	6,587	(2,108)	-	349,386
Non-current financial liabilities	100,083	-			(2,764)	97,319
Non-current staff benefits	59,956	-			(41,228)	18,728
Other non-current liabilities	-	-			9,499	9,499
Total non-current liabilities	160,039	-	-	-	(34,493)	125,546
Current financial liabilities	159,206	-			14,374	173,579
Current payables capital suppliers	7,542	-			4,760	12,302
Current trade payables other goods and services	55,482	-			(4,844)	50,638
Current staff benefits	-	-			8,488	8,488
Other current liabilities	62,879	-			(22,646)	14,567
Operating taxes and duties	-	-			-	15,010
Corporate tax	-	-			-	10,657
Total current liabilities	285,109	-	-	-	132	285,241
Total liabilities and sharehooders equity	758,362	31,693	6,587	(2,108)	(34,361)	760,173

Reconciliation between IFRS net income and net income presented according to the previous accounting standard

The reconciliation of the net income of Sonatel SA as reported in SYSCOHADA and that adjusted for the effects of the application of international IFRS standards for the year ending 31 December, 2018 (last annual period reported) is presented below:

(In thousands of XOF)	31/12/2018 SYSCOHADA Revised (1)	Restatements and reclassifications				31-dec 2018
		IFRS 1	IAS 12	IFRS 15	Others	IFRS standards
Turnover	265,066,911			(35,958,694)		229,108,217
Purchases and other operating expenses	(131,869,448)			(6,426,200)		(138,295,648)
Other products	16,983,102	34,505,893				51,488,995
Staff costs	(71,637,129)				(1,520,355)	(73,157,484)
Depreciations and amortization and provisions A	(45,081,517)	9,374,105				(35,707,412)
EOA Income B	(39,874)	39,874				
Operating income	33,422,045					33,436,668
Financial expenses	(13,396,113)				(5,298,991)	(8,097,122)
Financial products	97,570,251				(5,655,739)	91,914,512
Financial income	84,174,138					83,817,390
Corporate tax	(10,656,720)		(2,203,415)			(12,860,135)
Net income from activities conducted						
Net income	106,939,463	43,919,872	(2,203,415)	(42,384,894)	(1,877,103)	104,393,923

(1) The reporting of the income statement has been reviewed in accordance with that of international standards in order to facilitate understanding of the reconciliation. The headings not taken into account by international standards have been placed in similar headings (see Index A to C)

List of reclassifications in the reporting of the SYSCOHADA net income in the IFRS reporting format	Index	Revised SYSCOHADA heading	IFRS heading
Reversal of provision	**A**	**Reversal of provisions**	**Depreciation and amortization and provisions**
Income EOA (excluding ordinary activity)	**B**	**EOA income**	**Operating income**

The summary reconciliation of the net income is presented below:

(In thousands XOF)

Net SYSCOHADA income at 31/12/2018	**106,939,463**
Income tax (IAS 12)	**(2,203,415)**
Other movements	**(342,125)**
Net income IFRS at 31 December 2018	**104,393,923**
NET IFRS INCOME AT 31/12/2018	**104,393,923**

- IAS 12 - Income tax in the context of the recognition in the IFRS consolidated accounts of deferred taxes related to restatements made and temporary differences between accounting and tax bases.

b) Options and exemptions offered by IFRS 1

IFRS 1 «First-time adoption of the international financial reporting standards» provides that a first-time adopter may in certain cases waive the retroactive nature of the application of IFRS standards.

Sonatel SA has examined all possible solutions and has opted for the following optional exemptions offered by IFRS 1 as follows:

- Presumed cost of tangible and intangible assets:

IFRS 1 provides that a new adopter may decide to use a revaluation of an item of tangible asset reported, according to the previous accounting framework, on or before the date of transition to IFRS, as cost presumed at the date of revaluation if, at that date, the reassessment was globally comparable:
- at fair value; or
- at cost or at amortized cost, under IFRS, adjusted, for example, based on variations of a general or specific price index.

The Sonatel Group has decided to use the cost established according to SYSCOHADA for the presumed cost of tangible and intangible fixed assets at the date of transition (01 January, 2018).

- Share-based payment transactions

Sonatel SA has partially used the exemption offered for retrospective processing of share-based payment transaction. Indeed, according to IFRS 1, a new adopter is encouraged, but not required, to apply IFRS 2 Share-based payment to equity instruments allocated after 7 November, 2002 and acquired before the later of the following dates: (a) the transition date to IFRS and b) 1 January 2005. The impact on the transition date (1 January, 2018) was 15 billion XOF.

- Share ownership in subsidiaries, joint ventures and associated enterprises

Sonatel SA, which measures its investments in subsidiaries at cost (IAS 27), has opted for the exemption offered by IFRS 1 enabling it to measure its investments in subsidiaries at their book value, on the transition date (01 January 2018) according to the previous accounting standard, in this case SYSCOHADA (presumed cost). The cost method having been adopted, an impairment test was carried out in accordance with IAS 36.

Note 3. Notes on the income statement headings

(In thousands of XOF)	2019	2018
Voice	23,400,759	25,142,065
Internet	18,780,170	15,660,293
Leased lines	98,831,929	72,221,525
Equipment	364,532	363,598
National traffic	34,740,582	35,421,588
Direct International Traffic	50,325,925	55,007,476
Consultancy	312,538	174,734
Energy sales	2,345,250	2,199,048
Other income	27,443,112	22,917,890
Total Turnover	256,544,797	229,108,217

Accounting principles

The bulk of the turnover is within the scope of IFRS 15 "Revenue from ordinary activities derived from contracts with customers". Orange products and services are offered to customers in service contracts only and in contracts that group the equipment used to access the services and / or with other service offerings. Turnover is recognized net of VAT and other taxes collected on behalf of Governments.

Provision of services

For General Public and Business customers, revenue from telephone subscriptions and Internet access are recognized on a straight-line basis over the duration of the subscription service and revenue from incoming and outgoing telephone communications, international roaming, or data exchanges billed to customers are recorded when the service is delivered. The Company offers its corporate customers tailor-made solutions: telecommunications network management, access, voice and data, migration. These contracts include contractual clauses relating to conditional commercial discounts which are recorded as a reduction in turnover according to the specific terms of each contract. The costs of migration contracts undertaken by the Company under these contracts are recognized in income on the date they are incurred, except when the contracts provide for compensation in the event of early termination.

For operator customers, wholesale subscription sales are recognized on a pro rata basis as this represents the best estimate of the consumption of the service, and wholesale of voice or data traffic (termination on the Orange network, international traffic) are recorded when the service is rendered. Between major transit operators (international carriers), the minute volumes exchanged are billed and recorded in gross (and most often paid on a net basis) and data volumes are not billed (Free peering).

For those involved in over-the-top (OTT) content (Google, Apple, Mi-crosoft, etc.) the volumes of data they send are not billed (Free peering and net neutrality) and are not recognized in figures business.

Revenue relating to the sale of transmission capacity on submarine and terrestrial cables as well as to offers of access to the local loop are recorded linearly over the contractual period.

The recognition of contracts for the sale of gross or net content of payments to the supplier depends on the analysis of the facts and circumstances related to each transaction.

Thus, revenues are recognized net when the suppliers are responsible for the supply of the content to the end customer and fix the retail prices. This principle is applied in particular for revenue from income numbers and at cost-sharing numbers (special rate numbers, etc.) as well as income from the sale or provision of content (audio, video, games, etc.) through the various communication means of the Company (mobile, PC, TV, landline, etc.).

The Company includes in all its commercial contracts, service level commitments (delivery times, recovery times). These service levels cover the commitments given by Sonatel SA for the ordering, delivery and after-sales service processes. Failure to comply with one of these commitments leads Sonatel SA to pay compensation to the end customer, which generally takes the form of a price reduction recorded as a reduction in turnover. These penalties are recognized as soon as it is probable that they will be paid.

Turnover is presented net of discounts granted. In the context of commercial offers relating to certain contracts including time commitments for customers, the Company grants by contract a free bonus or temporary price reduction. When these gratuities are conditional on a time commitment, the total income of the contract may be spread over the entire duration of the contractual commitment. The loyalty points allocated to customers are considered to be a separable element remaining to be delivered in the transaction which generated the acquisition of these points. Part of the income from invoiced services is allocated to these points on the basis of their fair value, taking into account an estimated rate of use, and deferred until the date of effective transformation of the points into benefits. The fair value is defined as the additional value of the premium granted to the loyal customer over the premium that would be granted

to a new customer. This principle is applied for the two types of programmes existing within the Company, those under condition of subscription of a new contractual commitment and those without condition of commitment.

Note 3.2. From turnover to restated EBITDA

The restated EBITDA turnover headings are summarized below:

(In thousands of XOF)	Sonatel SA IFRS accounts
2019	
Turnover	256,544,797
External purchases	(102,315,773)
Staff costs	(73,057,387)
Operating taxes and duties (excl IT)	(35,851,940)
Other operating expenses	1,041,663
Other operating revenue	47,188,391
Depreciation and amortization of the rights of use of leased assets	(784,690)
Interest charges on rental debts	(100,411)
EBITDAal	92,664,650
Income from disposals and other gains (losses)	4,590,989
Restated EBITDA	97,255,639

2018	
Turnover	229,108,217
Staff costs	(103,563,592)
External purchases	(73,157,484)
Operating taxes and duties	(12,596,668)
Other operating expenses	(22,135,388)
Other operating revenue	51,372,564
Depreciation and amortization of rights to use the leased assets	
Interest charges on rental debts	
Cost of restructuring and integration	39,889
Income from disposals and other gains (losses)	116,431
Restated EBITDA	69,183,969
Costs of restructuring and integration	
EBITDA	69,183,969

Note 3.3. From restated EBITDA to net income

The headings of restated EBITDA to net income are summarized below:

(In thousands of XOF)	IFRS Accounts Sonatel SA
2019	
Restated EBITDA	97,255,639
Depreciation and amortization	(34,066,874)
Interest charges on rental debts	100,411
EBIT	63,289,176
Cost of gross debt	(17,677,277)
Revenue and charges on assets constituting net debt	(606,881)
Other financial revenue and expenses	128,953,684
Interest charges on rental debts	(100,411)
Financial income	110,569,115
Corporate tax	(15,999,661)
Net income	157,858,630

2018	
Restated EBITDA	69,183,969
Depreciation and amortization	(35,747,301)
EBIT	33,436,668
Cost of gross debt	(8,097,122)
Revenue and charges on assets constituting net debt	13,783
Other financial income and expenses	91,900,729
Financial income	83,817,390
Corporate tax	(12,860,135)
Net income	104,393,923

Note 3.4. External purchases

The detail of the external expenses is summarized below:

In thousands XOF	2019	2018
Capitalized production - Goods and services	2,931,306	1,249,314
International backbone	(2,790,871)	(2,397,540)
Purchase satellite capacity	(2,738,306)	(3,007,006)
Roaming operations	(39,649,033)	(41,218,904)
Purchases from content publishers - Expense	(802,441)	(1,497,435)
Network management charges	(18,882,330)	(18,521,684)
Rent network sites, shops	(4,570,213)	(4,917,702)
Sales commissions	(1,049,205)	(723,529)
Fees	(4,239,087)	(4,005,270)
Communication costs (advertising)	(6,018,556)	(5,708,229)
Inventories Cost of equipment sold / leased	(8,160,547)	(6,720,535)
Training and Internship	(5,959,923)	(5,436,316)
Other external charges	(10,386,567)	(10,658,756)
Total	(102,315,773)	(103,563,592)

Note 3.5. Other operating revenue

Other revenues of Sonatel SA are summarized below:

(In thousands XOF)	2019	2018
Distribution commissions	9,372,753	10,080,863
Other operating income (1)	29,543,213	28,679,762
Other exploitation revenues	8,272,425	12,611,939
Total	47,188,391	51,372,564

Note 3.6. Other operating expenses

The other operating expenses are presented below:

In thousands XOF	2019	2018
Credit charges and losses	2,711,989	(10,335,786)
Corporate fees (1)	(1,539,809)	(1,560,822)
Universal service, charge	-	(9,919,070)
Other operating expenses	(130,517)	(319,710)
Total	1,041,663	(22,135,388)

(1) the corporate fees relate exclusively to the Orange brand

Note 3.7 Staff costs

The components of staff costs are detailed below:

In thousands XOF	2019	2018
Salaries and wages	**(44,716 514)**	**(38,315,905)**
Variable portion	**(10,843,965)**	**(10,662,236)**
Social costs, excluding retirement	**(1,446,200)**	**(1,502,991)**
Taxes based on salaries	**(1,895,249)**	**(1,604,062)**
Other allowances & benefits	**(8,829,289)**	**(7,753,213)**
Var provision paid leave	**(3,797,514)**	**(4,045,716)**
Free alloc. of shares - Equity plans	**1,174,532**	**(4,415,286)**
Post-employment benefits	**(2,736,039)**	**(4,836,652)**
Other staff benefits	**32,851**	**(21,423)**
Total	**(73,057,387)**	**(73,157,484)**

Remuneration of senior managers

The table below presents the remuneration, recorded by Sonatel SA, of the persons who are, or who were, during the financial year, members of the Board of Directors or of the management committee (MANCO):

In thousands XOF	12.2019	12.2018
Short-term benefits excluding employer charges (1)	**(2,503)**	**(3,182)**
Short-term benefits employer charges	**(91)**	**(116)**
Post-employment benefits	**(31)**	**(32)**
Total	**(2,626)**	**(3,330)**

(1) Gross salaries including the variable portion, bonuses, attendance fees and benefits in kind.

Note 3.8 Operating taxes and duties

Taxes and duties amount to 35.9 billion XOF, or + 84.61% compared to 2018 and are detailed as follows:

In thousands XOF	12.2019	12.2018
Frequency fees	**(11,282,168)**	**(9,200,608)**
Other taxes, excluding taxes on salaries	**(24,569,772)**	**(3,396,060)**
Total	**(35,851,940)**	**(12,596,668)**

Note 3.9 Depreciation and amortization

Depreciation charges for the 2019 financial year are detailed in the table below by category of fixed assets:

In thousands XOF	12.2019	12.2018
Depreciation and amortization of the rights of use of the lease assets	**(784,690)**	
Depreciation and amortization of fixed assets	**(34,066,874)**	**(35,747,301)**
Depreciation and amortization	**(34,851,564)**	**(35,747,301)**

Accounting principles

Depreciation is calculated according to the consumption rates of the economic benefits expected by asset on the basis of the acquisition cost, generally without deduction of a residual value. As such, the linear method is generally used. Depreciation periods are reviewed annually and are modified if they differ from previous estimates. These changes in estimate are accounted for prospectively.

For the depreciation period used for the main types of fixed assets, see note 4.1.

Note 3.10 Financial Income

The financial income experienced an upward variation of + 32% which is mainly explained by the variation in the cost of gross debt and other financial revenues and expenses.

Cost of gross debt

The cost of gross debt amounted to 17.7 billion, XOF up by 9.5 billion XOF compared to 2018, due to interest charges on short and medium term loans.

(In thousands of XOF)	2019	2018
Interest and similar charges on bank loans	**(16,168,167)**	**(8,097,122)**
Interest on other financial debts	**(1,509,110)**	**-**
Total	**(17,677,277)**	**(8,097,122)**

Other financial revenue and expenses

(In thousands of XOF)	2019	2018
Interests & similar expenses to other loans & deposits	**1,028,522**	**1,108,564**
Dividends received on securities and stakes Discounting long-term benefits	**129,260,533**	**92,563,893**
Actualisation des avantages à long terme	**(1,335,371)**	**(1,771,728)**
Total	**128,953,684**	**91,900,729**

Note 3.11 Corporate tax and proof of tax

Corporate tax is up 24% compared to 2018. It is detailed below:

(In thousands of XOF)	2019	2018
Expenses for the year	**(16,399,617)**	**(10,656,720)**
Variation from previous years	**(734,265)**	**-**
Variation in deferred taxes	**1,134,221**	**(2,203,415)**
Total	**(15,999,661)**	**(12,860,135)**

The proof of taxes is summarized as follows:

(In thousands of XOF)	2019	2018
Pre-tax Income (1)	**173,907,448**	**117,254,058**
Tax rate for Sonatel (2)	**30%**	**30%**
Corporate tax (3)	**15,999,661**	**12,860,135**
Theoretical taxes (4) = (1) * (2)	**52,172,234**	**35,176,217**
Difference (5)	**(36,172,573)**	**(22,316,082)**
Reconciliation items		
Effect of permanent differences and other reconciliation items	**36,300,549**	**24,394,992**
No-base tax effect impacting tax payable	**(142,722)**	**(2,078,910)**
No-base tax effects impacting deferred tax	**(14,747)**	
Effective tax rate	**9%**	**11%**

(1) pre-tax income: operating income and financial income
(2) the average rate for Sonatel SA
(3) Tax charge = current tax + deferred tax
(4) tax rate applied to operating income
(5) difference between the tax charge and the theoretical tax

Accounting principles

Sonatel SA assesses current tax and deferred tax at the amount it expects to pay or collect from the tax authorities of each country based on its interpretation of the application of tax laws.

Deferred taxes are recognized on all temporary differences between the book values of assets and liabilities and their tax bases, as well as on tax loss carryforwards, according to the variable carry-over method. Deferred tax assets are only recognized when their recovery is probable.

The IFRIC 23 interpretation “Uncertainty relating to tax treatments” clarifies the identification, assessment and recognition of uncertain tax positions relating to corporate taxes. This interpretation had no effect on the assessment of corporate tax liabilities, or on their presentation in the entity’s individual financial statements.

Note 3.12. Income per share

Net income

Sonatel SA's share of net income used to calculate basic and diluted earnings per share is determined using the following method:

(In thousands of XOF)	2019	2018
Net income-basic	157,858,630	104,393,923
Net income-diluted	157,858,630	104,393,923

Sonatel SA has not issued any dilutive shares, the basic and diluted iincome per share are identical.

Number of shares

The weighted average number of shares used to calculate basic net earnings per share and diluted earnings is presented below:

(In number)	2019	2018
Weighted average number of ordinary shares outstanding	100 000 000	100 000 000
Effect of dilutive instruments (i)	0	0
Weighted average number of outstanding and dilutive shares	100 000 000	100 000 000

(i) Sonatel SA has not issued any diluted shares.

Income per share

The income per share is as follows:

(In XOF)	2019	2018
Net income per basic share	1,579	1,044
Net income per diluted share	1,579	1,044

Accounting principles

IAS 33-Income per share applies to the individual financial statements of an entity and to the consolidated financial statements of a group with a parent company (individual and consolidated):

- whose ordinary shares or potential ordinary shares are traded on an organized market (stock market, etc.);
- which files or is about to file financial statements with a securities regulatory authority or other regulatory body, for the purpose of issuing common shares on an organized market.

Sonatel SA presents basic income per share and diluted income per share. Sonatel SA has not issued any diluted shares, the income per basic and diluted share are identical.

Note 4. Notes on the financial position headings - assets

Note 4.1 Tangible and intangible assets

Sonatel SA's tangible and intangible assets are as follows:

(in thousands of XOF)	2019	2018	01 jan. 2018
Other intangible fixed assets	**103,618,418**	**108,265,817**	**100,933,596**
Tangible fixed assets	**147,179,029**	**129,469,749**	**124,792,960**
Rights to use the leased fixed assets	**1,283,856**		**-**
Total	**252,081,303**	**237,735,566**	**225,726,556**

The table of variation of tangible and intangible fixed assets is presented as follows (in thousands XOF):

In thousands XOF	31/12/ 2018	Increase	De-crease	Reclassifi-cation	31/12/2019
Intangible and tangible assets					
Licences - Gross	**116,290,269**	**3,000,000**		**917,904**	**120,208,173**
Costs R&D - Intangible assets - Gross	**13,385**				**13,385**
Intangible assets - Gross	**41 581 721**	**1,620,798**		**(1,373,375)**	**41,829,144**
Licences - Depreciation	**(12,352,030)**	**(6,936,474)**			**(19,288,504)**
Costs R&D - Intangible assets-Depreciation	**(12,776)**				**(12,776)**
Intangible assets - Depreciation	**(37,254,752)**	**(1,876,252)**			**(39,131,004)**
Tangible fixed assets - Gross	**572,807,930**	**42,714,040**	**(983,288)**	**455,471**	**614,994,153**
Tangible fixed assets - Depreciation	**(442,665,321)**	**(25,401,086)**	**777,205**		**(467,289,202)**
Investment grants	**(672,860)**		**146,938**		**(525,922)**
Total	**237,735,566**	**13,121,026**	**(59,145)**	**-**	**250,797,447**

The breakdown of tangible fixed assets is as follows:

(in thousands of XOF)

2 019	Valeur Brute	Amort. cumulé	Valeur nette
Land and buildings	201,487,782	(167,470,851)	34,016,931
Networks and terminals	380,454,051	(279,996,103)	100,457,948
Other tangible fixed assets	33,052,320	(19,822,248)	13,230,072
Total	614,994,153	(467,289,202)	147,704,951
2 018	Valeur Brute	Amort. cumulé	Valeur nette
Land and buildings	195,075,052	(165,186,191)	29,888,861
Networks and terminals	348,052,736	(260,124,166)	87,928,570
Other tangible fixed assets	29,680,142	(17,354,964)	12,325,178
Total	572,807,930	(442,665,321)	130,142,609
2 017	Valeur Brute	Amort. cumulé	Valeur nette
Land and buildings	193,700,360	(160,883,411)	32,816,949
Networks and terminals	323,043,945	(241,897,267)	81,146,678
Computer equipment			-
Other tangible fixed assets	27,021,912	(15,370,280)	11,651,632
Total	543,766,217	(418,150,958)	125,615,259

The Intangible assets are mainly composed of licences and computer application software.

Accounting principles

Tangible fixed assets

Tangible assets mainly include technical installations and equipment related to networks and administrative buildings and equipment.

The cost used for assessing tangible assets at the date of transition to IFRS (01/01/2018) is the one used previously in the books.

On entry, tangible assets are valued at their cost including:

- the purchase price, including customs duties and non-refundable taxes, after deduction of trade discounts and rebates;
- any cost directly attributable to the transfer of the asset to its place of operation and to its preparation to allow its operation in the manner provided by Management;
- the initial estimate of the costs relating to the dismantling and removal of the asset and the restoration of the site on which it is located. The Company has the obligation to dismantle the technical equipment installed and to restore the technical sites it occupies. The valuation of the provision is based on a dismantling cost (unit for poles, terminals and payphones, per site for mobile antennas) borne by the Company to meet its environmental obligations, annual forecasts for the removal of assets and departures from the sites. The provision is estimated on the basis of the known costs for the current year, extrapolated for the years to come on the basis of the best estimate that will make it possible to settle the obligation. This estimate is revised each year and if necessary, the provision is adjusted with the counterpart of the recognized dismantling asset. The provision is updated at a rate determined by geographic area corresponding to the average risk-free investment rate for a 15-year government bond.

The acquisition cost of an asset is distributed among its various constituent elements, which are recognized separately when the different components have different useful lives or when they provide benefits to society at a different rate requiring the use of different rates and depreciation methods.

Depreciation is calculated according to the consumption rates of the economic benefits expected by asset on the basis of the acquisition cost. The depreciation method used is straight-line depreciation over the useful lives chosen by the Company are presented below:

Assets	Useful lives
Construction	**20 years**
Land development works	**40 years**
Office and housing furniture	**10 years**
Office equipment	**05 years**
Layouts, fixtures, installations	**10 years**
Transportation equipment	**05 years**
Switching equipment	**10 years**
Data Transmission equipment	**10 years**
Lines and network equipment	**10 years**
Energy equipment	**10 years**
Measuring devices	**03 years**
Other operating equipment	**10 years**

Intangible assets

Intangible assets are initially valued at cost. When an intangible asset is acquired as part of a business combination, the cost of this intangible asset is its fair value on the acquisition date, in accordance with IFRS 3.

The cost used for the valuation of tangible fixed assets, on the date of transition to IFRS (01/01/2018), is that previously used in the books.

For internally generated intangible assets:
- no intangible asset resulting from research (or from the research phase of an internal project) is recognized. These costs are recognized as expenses when incurred.
- an intangible asset resulting from the development (or the development phase of an internal project) is recognized if, and only if, the technical feasibility of completion (a), the intention to complete the asset and put it into service or sell it (b), the capacity to put it into service or sell it (c), the possibility of generating future economic benefits (d), the availability of technical, financial and other resources (e), and the ability to reliably assess attributable expenses (f) can be demonstrated.

The "dissociated" software which is billed separately from the computer hardware is also capitalized and depreciated over an estimated life of three years (3).

After initial recognition, the intangible asset is recorded at cost less accumulated depreciation and accumulated impairment losses.

Other intangible assets with indefinite useful lives are not amortized but are subject to an impairment test in accordance with IAS 36 at least once a year, and whenever there is an indication of impairment. .

Intangible assets with finite useful lives are amortized over their estimated useful lives.
In particular, licences are amortized over the contractual term.

Note 4.2 Financial assets

The detail of the financial assets is presented below:

(In thousands of XOF)	2019	2018	01 jan. 2018
Securities & stakes (1)	187,450,673	177,881,798	179,324,046
Loans, Associates & Indiv.	6,211,013	11,130,691	6,977,265
Loans, others (2)	98,275,258	98,669,020	95,841,245
Securities & Equity participation	(582,859)	(582,859)	(582,859)
Loans	(482,860)	(334,173)	(348,179)
Own shares - Gross	2,808,519	3,042,432	2,701,996
Current accounts	33,881,244	25,059,498	0
Interest receivable on Loans, Associates & indiv.	90,833	224,635	28,618
Own shares	(584,199)	0	0
Total	327,067,622	315,091,042	283,942,132
Incl. non-current liabilities	290,871,225	286,764,477	281,211,518
Incl. current liabilities	36,196,397	28,326,565	2,730,614

(1) Equity securities mainly consist of securities from Orange Sierra Leone, Orange Guinea and Orange Mali for respective amounts of 109,195,687 K XOF, 28,694,336 K XOF and 19,878,403 K XOF.

(2) This item mainly consists of loans to staff within the framework of share allocations for an amount of 75,370,947 K XOF.

Most of the companies in which Sonatel SA has holdings are as follows:

Countries	Companies	Percentage owned	Values of securit. in thous. XOF	Dividends receiv.in thous. XOF
Senegal	Sonatel Mobiles	100%	9,357,242	33,300,000
	Sonatel Multimedia	100%	2,164,563	4,250,000
	Sonatel Business Solutions	100%	2,365,613	
	Orange Finances Mobiles Senegal	100%	7,000,000	
Mali	Orange Mali	70%	19,878,404	60,565,981
Guinea Conakry	Orange Guinea	89%	28,694,337	30,136,761
Guinea Bissau	Orange Bissau	90%	3,639,090	898,541
Sierra Leone	Orange Sierra Leone	50%	109,195,687	
Côte d'Ivoire	Groupement Orange Services	47%	2,817,410	

However, Sonatel SA has not experienced any exposure to the risks related to its securities and thus has not recorded any provisions for loss.

Note 4.3 Inventories

The inventories of Sonatel SA are presented below:

(In thousands of XOF)	2019	2018
Stocks and work in progress, equipment sold - Gross	543,459	304,710
Stocks and work in progress, other products / services sold - Gross	22	22
Inventories and work in progress, other supplies - Gross	3,927,079	3,625,252
Gross value	4,470,560	3,929,984
Depreciation	(20,027)	(16,594)
Net value	4,450,533	3,913,390

Accounting principles

Stocks consist of network maintenance equipment and equipment intended for customers. Stocks are valued at the lower of their entry cost or of the probable net realizable value. The entry cost corresponds to the acquisition cost determined using the weighted average cost method. Inventories that have not recorded movements for more than a year are 100% depreciated.

Note 4.4 Customer receivables

Trade receivables are presented below:

(In thousands of XOF)	2019	2018	01 jan. 2018
Gross customer receivables	133,199,126	60,724,462	132,249,701
Depreciation based on seniority	(14,737,166)	(13,732,275)	(11,773,459)
Net customer receivables	118,461,960	46,992,187	120,476,242

The aged balance of trade receivables is as follows:

(In thousands of XOF)	Aged balance of receivables				2019
Gross customer receivables	Not expired	- 180 days	(180 and 360) days	+ 360 days	
Depreciation based on seniority	95,431,521	13,153,097	1,473,922	8,403,420	118,461,960

Accounting principles

IFRS 9 has three main components: classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

The standard requires taking into account expected credit losses from the first recognition of financial instruments. It provides practical facilities for trade receivables, contract assets and rental receivables. It allows the use of simplified methods for determining the amount of depreciation (e.g. the use of a provisioning matrix for trade receivables).

At Sonatel SA level, the elements concerned by the standard mainly consist of trade receivables.

Trade receivables, essentially short-term and without declared interest rate, are recorded in the statement of financial position for the nominal value of the receivable at the origin. Trade receivables relating to 12 or 24 month deferred payment offers offered to customers for the purchase of mobile phones are recorded in the statement of financial position for their discounted value, as current items. Receivables resulting from the rental of equipment to companies, are recognized as current operating receivables because they are part of the normal operating framework.

Impairment losses recognized for a group of receivables constitute the previous intermediate step in the identification of impairment losses on individual receivables. As soon as this information is available (customer in receivership or compulsory liquidation), these receivables are depreciated separately.

Note 4.5 Other assets

Other assets are presented below:

(In thousands XOF)	Gross	Provision	2019	2018	01 jan. 2018
Guarantee Deposits & bonds paid, gross	1,384,485		1,384,485	1,290,982	1,039,509
Staff, receivables	547,657		547,657	367,302	439,363
Other operating receivables (1)	34,854,906	(1,076,296)	33,778,610	69,436,103	80,569,919
Dividends receivable	592,186		592,186	2,316,723	-
Advances and deposits paid	78,654		78,654	1,246,910	72,829
Total	37,457,888	(1,076,296)	36,381,592	74,658,020	82,121,620
Incl. other non-current assets	1,384,485	-	1,384,485	1,290,982	1,039,509
Incl. other current assets	36,073,403	(1,076,296)	34,997,107	73,367,038	81,082,111

(1) This item mainly consists of the position of the accounts at the end of December at Sonatel Multimedia and Orange Mali for respective amounts of 12,841,143 K XOF and 11,037,847 K XOF.

Note 4.6 Deferred tax assets

Deferred tax assets (DTA) are presented as follows

(in thousands of XOF)	2019	2018	01 jan. 2018
Provision of long-term employee benefits	3,651,443	3,272,141	4,750,071
Other provisions	4,055,216	3,315,044	5,559,922
Other differences	591,543	-	-
Rental liabilities	399,904		
Total	8,698,106	6,587,185	10,309,993

Accounting principles

Deferred taxes

Sonatel SA assesses current tax and deferred tax at the amount it expects to pay or collect from the tax authorities of each country based on its interpretation of the application of tax laws.

Deferred taxes are recognized on all temporary differences between the book values of assets and liabilities and their tax bases, as well as on tax loss carryforwards, according to the variable carry-over method. Deferred tax assets are only recognized when their recovery is probable. A deferred tax liability is recognized for any taxable temporary difference.

Deferred tax assets and liabilities are not discounted.

Note 4.7 Operating taxes and duties

Operating taxes and duties on the liabilities side are as follows at 31 December, 2019:

(In thousands of XOF)	2019	2018	01 jan. 2018
State, excluding VAT & IT, debts	13,883,038	12,849,244	27,996,762
VAT, debts	2,571,570	8,251,159	3,192,632
Total	16,454,608	21,100,403	31,189,394

Note 4.8 Corporate tax claims

Corporate tax claims are as follows:

(In thousands of XOF)	2019	2018	01 jan. 2018
Corporate taxes, Receivables	2,715,317	2,011,632	2,097,853
Total	2,715,317	2,011,632	2,097,853

Note 4.9 Cash and cash equivalents

(In thousands of XOF)	2 019	2018	2017
Term deposits - Gross	137,464	6,597	819
Cash (1)	45,950,689	51,317,095	31,324,231
Cash and cash equivalents	46,088,153	51,323,692	31,325,050

(1) debit balances of bank accounts at the end of the period - cash accounts.

Note 5. Notes on the financial position headings - liabilities

Note 5.1 Financial liabilities

The details of the liabilities are as follows:

(in thousands of XOF)	2019	2018	01 jan. 2018
Other bank loans - long term	120,388,524	97,319,296	110,236,581
Other bank loans - short term	123,000,000	125,000,000	75,000,000
Debts, current accounts	17,394,346	13,758,515	-
Interest / costs payable on bank loans	5,663,818	2,634,470	4,449,107
Interest / costs payable on debts Associaes & Indiv.	1,509,110	-	1,509,110
Bank credit balances	10,518,761	32,186,327	11,005,078
Total	278,474,559	270 898 608	202,199,876
Incl. non-current liabilities	120,388,524	97,319,296	110,236,581
Incl. current liabilities	158,086,035	173,579,312	91,963,295

Accounting principles

A financial liability is a liability that is:
- a contractual obligation:
- to deliver cash or another financial asset to another entity, or
- to exchange financial assets or liabilities with another entity on terms that are potentially unfavourable to the entity, or,
- a contract which will be or may be settled as an equity instrument of the entity itself (non-derivative instrument or derivative instrument).

Note 5.2 Current and non-current employee benefits

In accordance with the laws and practices in force in Senegal, Sonatel SA has obligations in terms of employee benefits:
- retirement: most Sonatel SA employees are covered by specific contribution plans provided for by national laws or agreements;
- death of the worker: the wages of the worker, the leave allowance and allowances of any kind acquired at the date of the death revert to the beneficiaries;
- pre-retirement: for pre-retired employees, a bonus equivalent to a percentage of the last average annual salary multiplied by the time remaining to reach retirement in addition to the retirement allowance plus 15%.

The non-current staff benefits are presented below:

(In thousands XOF)	2019	2018	01 jan. 2018
Provision for post-employment benefits	17,776,379	16,692,126	20,902,150
Provision for disputes and social risks	2,002,784	2,035,635	2,014,212
Staff, debts	5,301,309	4,782,828	6,880,805
Staff charges payable, paid leave	3,294,846	3,188,254	2,876,296
Social organizations, debts	473,983	478,120	467,577
Other benefits, debts	12,003	39,224	77
Total	28,861,304	27,216,187	33,141,117
Incl. non-current liabilities	19,779,163	18,727,761	22,916,362
Incl. current liabilities	9,082,141	8,488,426	10,224,755

Main assumptions used to determine the amount of commitments (IAS19)

The assessment of post-employment benefits and other long-term benefits is based in particular on the retirement age determined in accordance with the applicable provisions and the conditions necessary for entitlement to a full pension, which are often subject to legislative review.

The details of the IAS 19 assumptions are summarized as follows:

ACTUARIAL ASSUMPTIONS		
	2019	2018
Rate of increase of salaries	3.4	3.4
Discount rate	8	8
Inflation rate	1.5	1.5
Probability of being present in the entity on the date of retirement (past experience)	99.92	99.92

In order to assess the present value of future benefits, several assumptions must be made. IAS 19 specifies that actuarial assumptions must be objective and mutually compatible. It is also indicated that the actuarial assumptions are the best estimates made by Sonatel SA of the variables that will determine the final cost of its obligations. Thus, the choice of valuation hypotheses is the responsibility of Sonatel SA. The assumptions include:

- the legal retirement age
  - demographic assumptions regarding future characteristics of staff members: mortality, staff turnover and pre-retirement rate
  - financial assumptions, which relate to elements such as the following: the discount rate, the salary increase rate.

Accounting principles

Post-employment benefits governed by IAS 19 are offered through:

- specific contribution plans: contributions, paid to external organizations which provide their administrative and financial management, are recognized as expenses for the year in which the services are rendered;
- specific benefit plans: the amount of future commitments representative of these plans is assessed on the basis of actuarial assumptions using the projected unit credit method: - their calculation includes demographic (staff turnover, mortality, gender equality, etc.) and financial (future salary increase, inflation rate, etc.) hypotheses defined at the boundaries of each of the entities concerned, - the discount rate, defined by country or geographic area, is determined by reference to the yield on long-term first-class private bonds (or government bonds if there is no assets market). It is assessed on the basis of external evidence commonly used as a reference for the euro zone, - actuarial differences relating to post-employment benefits are fully recognized in other comprehensive income items. Payment of the capital is made in one instalment upon retirement.

Also, Sonatel SA does not have dedicated hedging assets for post-employment benefit payment commitments.

Note 5.3 Trade payables

The details of trade payables are as follows:

(in thousands of XOF)	2019	2018	01 jan. 2018
Other (in)tangible fixed asset suppliers	**7,218,221**	**12,302,209**	**7,113,690**
Trade payables excl, fixed assets	**56,009,786**	**50,637,952**	**65,993,111**
Total	**63,228,007**	**62,940,161**	**73,106,801**

Accounting principles

Trade payables on other goods and services from commercial transactions and settled in the normal operating cycle are classified as current items. They include those that the supplier may have assigned with or without notification to financial institutions in the context of direct or reverse factoring, including those for which the supplier has proposed an extended payment term and for which the company confirmed its payment agreement at the agreed time.

SONATEL SA considers that these financial liabilities retain the characteristics of a supplier debt, in particular due to the persistence of the commercial relationship, payment periods in fine in line with the operational cycle of a telecom operator in particular for the purchase of the main infrastructures, the autonomy of the supplier in terms of price reduction relationship and a financial cost borne by Sonatel SA which corresponds to the supplier's remuneration for the additional payment period granted. Trade payables with no specified interest rate are assessed at the nominal value of the debt if the interest component is negligible. Interest-bearing supplier debts are recognized at amortized cost.

Note 5.4 Other liabilities

The details of the other liabilities are as follows:

(in thousands of XOF)	2019	2018	01 jan. 2018
Other risks / charges - LT	1,698,660	9,369,593	2,974,955
Guarantee Deposits & bonds received	126,100	129,050	131,078
Universal service, debts	146	-	3 018 050
Other operating debts	25,928,430	12,411,727	26,874,832
Dividends payable	40,207,956	2,155,019	1,391,511
Total	67,961,292	24,065,389	34,390,426
Including other non-current liabilities	1,824,760	9,498,643	3,106,033
Including other current liabilities	66,136,532	14,566,746	31,284,393

Accounting principles

Provisions are recognized when at the end of the financial year there is an obligation on the part of the company towards a third party resulting from a past event, the settlement of which is likely to result for the company in an outflow of resources representing economic benefits. More specifically, these are provisions for litigation, provisions for dismantling and restoration of sites, provisions for retirement, etc.

The estimate of the amount appearing in the provision for risks and charges corresponds to the outflow of resources that the company will probably have to bear in order to settle its obligation.

The provisions for dismantling are not significant and do not impact the consolidated financial statements.

Note 5.5 Operating taxes and duties

The detail of the operating taxes and duties are presented below:

(In thousands of XOF)	2019	2018	01 jan. 2018
State debts	15,889,035	14,481,682	11,455,551
VAT, debts	3,042,587	528,122	3,610,387
Total	18,931,622	15,009,804	15,065,938

Note 5.6 Evolution of tax disputes and controls

This note presents all of the significant disputes in which Sonatel SA is involved, with the exception of any disputes related to disagreements between related parties and the tax or social administration concerning taxes, company taxes or social security contributions. .

As of 31 December, 2019, the provisions for risks recognized by Sonatel SA for all of its disputes amounted to XOF 2 billion and covers the risks relating to all pending disputes.

Tax controls

Sonatel SA was subject to tax audits for the years 2017 to 2019, the results of which as recorded do not have any significant future accounting impact on the accounts of the entity.

Four local authorities are asking Sonatel SA to pay the fees for occupying public lands.
As of 31 December, 2019, the entity made a provision pending a final court decision.

Note 6. Description of the free share allocation plans

The details and description of the free share allocation plans are as follows:
- Distributions from 2009: non-transferable free shares including welcome shares

These are shares granted to staff as part of their staff loyalty and to attract high quality resources.

These shares are only transferable on the date of retirement or early retirement.
- Allocation of free shares for the Business Plan (AGA PEE 2013-2016)

These are shares linked to the achievement of a certain number of objectives of the 2013-2016 Strategic Plan in the following stages: 100 shares for 2013, 2014 and 2015, 200 shares for 2016.

These shares are non-transferable until retirement, with the specificity that resigning and laid off employees keep their shares, receive dividends, but cannot transfer them until retirement age.

The amount of the plan on the closing dates is as follows (in thousands XOF):

(in thousands of XOF)	2019	2018	01 jan. 2018
Free shares	**28,261,853**	**29,091,998**	**25,021,099**

The accounting effects on free share allocation charges amounted to XOF 1,174 million for the year.

Note 7. Leases (IFRS 16)

Accounting principles

Sonatel SA describes a contract as a lease or rental contract as soon as it gives the owner the right to control the use of a specific asset for a given period, including when a service contract contains a rental component.

Sonatel SA has defined the main types of rental contracts:

- Land and buildings: these contracts mainly relate to commercial leases (points of sale) or tertiary (offices) or the rental of technical buildings not owned by the entity. The real estate rental contracts concluded within Sonatel SA relate mainly to average terms (commercial leases of 5 years with option of early termination at 3).
- Networks and terminals: Sonatel SA is called upon to rent a certain number of assets as part of its mobile activities. This is particularly the case for land intended to accommodate the installation of antennas, mobile sites rented to a third-party operator as well as certain contracts with "Tower-Cos" (companies operating telecommunications towers).

The recognition of all rental contracts is reflected in the balance sheet by the recognition of an asset under the right to use the leased assets in exchange for a liability for the associated rental obligations. In the income statement, a depreciation charge for user rights is presented separately from the interest expense on rental debts.

In the cash flow statement, the cash outflows relating to interest expense affect the flows generated by the activity, while the reimbursement of the principal of rental debts affects the flows related to financing operations.

Finally, Sonatel SA applies the two exemptions proposed by IFRS 16, that is to say contracts whose duration is less than or equal to 12 months and those whose replacement value of the underlying asset is less than approximately 3.5 million XOF. These rental contracts for which one of these two exemptions applies are recognized in "external purchases" in the income statement. For the period prior to 2019, Sonatel SA has chosen not to effect any retrospective restatement on the one hand due to the unavailability of the information necessary for restatement and on the other hand due to the insignificant nature of the impact on equity.

From January 1, 2019, Sonatel SA accounts for all of its rental contracts (as a lessee) according to a single model in which an asset will be recognized in the balance sheet under the right to use the assets leased in return for a liability for associated rental obligations.

Rental debts

Rental debts, which represent the impact of applying IFRS 16 for the year, are presented as follows by sector:

(In thousands XOF)	2019
Other long-term rental debts	**989,962**
Other short-term rental debts	**343,051**
Total	**1,335,032**

Right of use

Sonatel SA accounts for all of its leases (as a lessee) according to a single model in which an asset in respect of the right to use the leased assets will be recognized in the balance sheet in exchange for a liability for associated rental obligations.

The impact on the balance sheet for the year, which amounts to XOF 1,283 million, results from the recognition of the rental obligation and the right of use associated with leases. In addition, Sonatel SA has taken the option of recognizing deferred taxes when the right of use and the rental obligation are recognized upon transition.

(In thousands XOF)	2019
Rights of use of leased assets	**1,283,856**
Total	**1,283,856**

Note 8. Off-balance sheet commitments

Investment commitments

In addition to the commitments expressed in monetary terms, Sonatel SA has made commitments to the national regulatory authorities in terms of the extent of population coverage by its fixed or mobile networks, subscribed in particular within the framework of licensing, or quality of service. These commitments impose investment costs in future years to deploy and improve the networks, but they are not repeated below when they have not been expressed in monetary terms, which is generally the case.

When allocating the 4G licence and renewing the 2G and 3G mobile license, the commitments below are made by Sonatel SA

- an obligation to cover 90% of the population within 3 years;
- an obligation to cover the territory of all inhabited border areas with a number of inhabitants greater than or equal to 200 within 5 years;
- obligation to cover national roads and motorways within 2 years

In 2019, Sonatel SA received and gave the off-balance sheet commitments detailed below:

Commitments received

(In thousands of XOF)	2019	2018	01 jan. 2018
Supplier guarantees	55	377	294
Staff actions pledge	702	743	843
Total	757	1,120	1,137

Commitments given

(In thousands of XOF)	2019	2018	01 jan. 2018
Customs credit deposit	700	700	700
Bid bond	9,199	4,121	6,691
Rent guarantees	1 055		794
Total	10,955	4,821	8,185

Note 9. Transactions with companies and related parties

Sonatel SA does not buy goods or services with Governments except for the use of spectral resources. These resources are allocated at the end of a competitive process.

The main transactions with related companies (Government and Orange France) are summarized below and are part of current operations. They mainly concern the two main shareholders:
- claims held against the Government within the framework of annual invoices for a value of 6.1 billion XOF at 31 December, 2019. These receivables are settled by netting;
- services billed to Orange France, the majority shareholder, amounted to XOF 5.3 billion for the year.

The various agreements and amendment with Orange France and the Government can be summarized as follows:
- cooperation agreement signed on 18 December, 2013 between SONATEL SA and Orange SA for a period of three (3) years and extended for a period of three (3) months from 1 January, 2017 by amendment No. 1 signed on 27 July, 2017.
- amendment No 2 signed on 27 July, 2017 which, on the one hand, extended the duration of the cooperation agreement signed between SONATEL and Orange SA on 18 December, 2013, over three (3) years from 1 April, 2017, and on the other hand extended the scope of the SONATEL Group to Orange Finances Mobiles Senegal and Orange Sierra Leone.
- amendment No. 3 signed on 20 December, 2017 to effect the sale of the Orange SA agreement to its Orange-MEA SA subsidiary as of 1 January, 2018. SONATEL SA accepted the transfer, from January 1, 2018 by Orange SA to its subsidiary Orange-MEA SA of all of its rights and obligations arising from the agreement of 18 December, 2013 extended until 31 March, 2020.
- Memorandum of Understanding for the renewal of the 4G frequency concession and allocation agreement signed on 18 June, 2016.

Note 10. Financial risk management

Interest rate risk

Sonatel SA is not exposed to the risk of changes in market interest rates which is related to the entity's long-term financial debt, all debt being at a fixed rate.

Exchange rate risk

Most of Sonatel SA's turnover is made in XOF.
The possible impact on the entity of exchange rate variations suffered is very low.
It does not use hedging instruments.

Credit risk

Sonatel SA only maintains commercial relations with third parties whose financial health is proven. A significant part of its turnover is made with local authorities and public sector organizations.

For the rest of the turnover, Sonatel SA's policy is to check the financial health of all customers who wish to obtain credit payment terms. In addition, customer balances are continuously monitored and therefore the entity's exposure to bad debts is not significant.

As for cash and cash equivalents, they are mainly composed of term accounts.

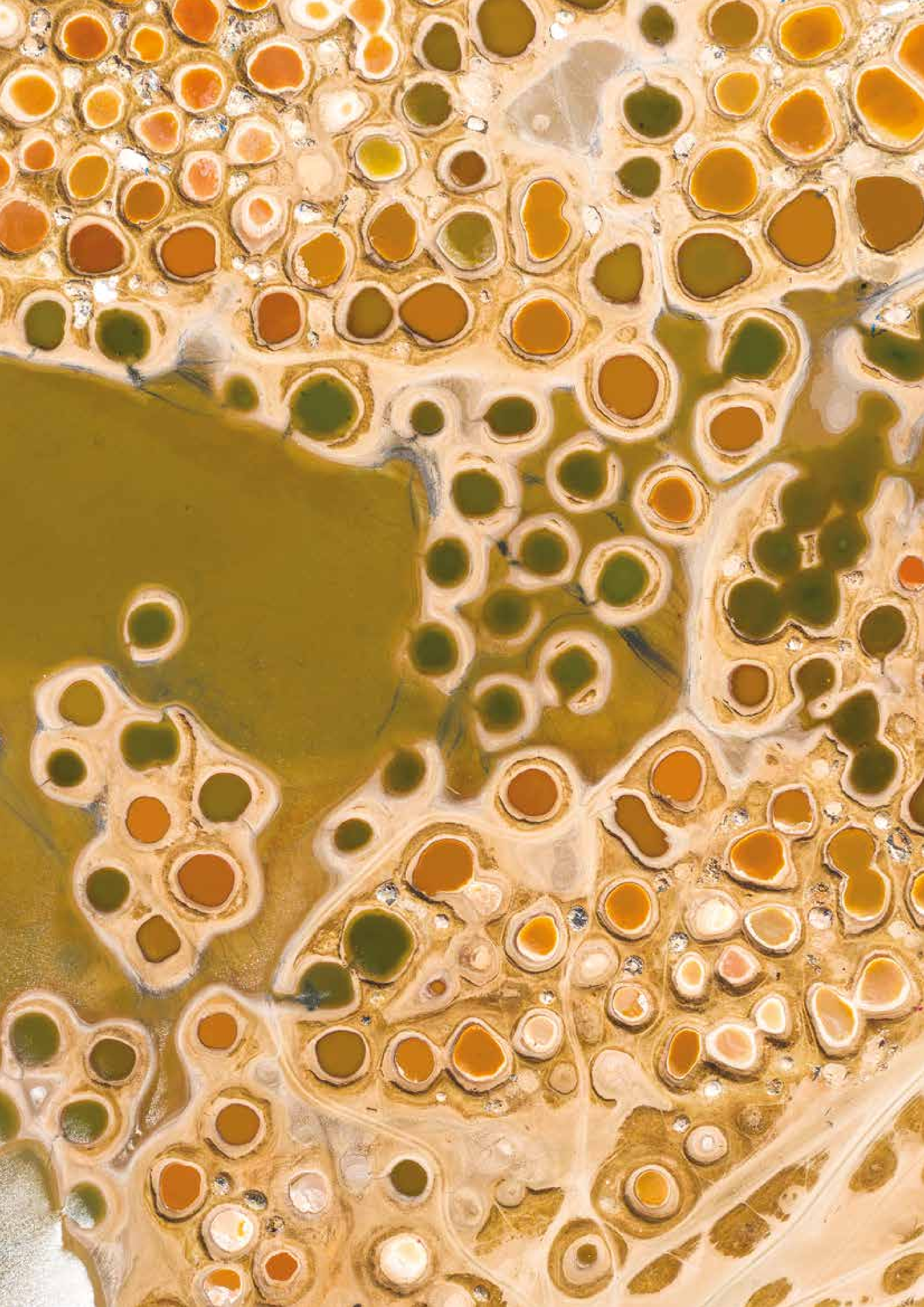
Note 11. Post-closing event

In the context of the spread of the COVID-19 epidemic, the Government of Senegal decreed from 24 March 2020 a state of emergency on the national territory with a certain number of accompanying measures aimed at strongly limiting the movement of people. The state of emergency was extended on 03 April, 2020 for a period of three months.

Sonatel SA has initiated aid and support actions to support the fight against the spread of the epidemic.

These measures will have a definite impact on the initial forecasts for the 2020 financial year of inestimable income and expenses at that date.

Thus, the estimation of the financial impacts on the 2020 figures cannot be made given the difficulty of forecasting the development of this health crisis.



9 ANNEXES

GENERAL REPORT OF THE STATUTORY AUDITORS-IFRS CONSOLIDATED ACCOUNTS

Year ended 31 December, 2019

Ladies and Gentlemen, Shareholders

Opinion

We audited the SONATEL Group's IFRS consolidated accounts (SONATEL, SONATEL Mobiles, Orange Mali, SONATEL Multimédia, SONATEL Business Solutions, Orange Guinea, Orange Bissau, Orange Sierra Leone, Orange Money Sierra Leone Limited, Orange Finances Mobiles Senegal, Orange Finances Mobiles Mali and Orange Finances Mobiles Guinea, Orange Services Group) including the statement of financial position, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year and the notes to the consolidated financial statements of SONATEL as of 31 December, 2019, as attached to this report.

In our opinion, these consolidated financial statements are regular and fair and give a true picture of the results of operations for the past financial year, as well as the financial situation and the assets of all of the companies included in the consolidation at the end of this fiscal year, in accordance with the IFRS standards issued by the IASB.

Basis for opinion

We carried out our audit in accordance with IAASB international standards on auditing (ISA) in accordance with Regulation No. 01/2017 / CM / OHADA on the harmonization of the practices of accounting and auditing professionals in the OHADA member countries. Our responsibilities under these standards are indicated in the "Auditors' Responsibilities for Auditing Financial Statements" section of this report.

We are independent of the company, in accordance with the Code of Ethics and Professional Conduct for Chartered Accountants and the rules of independence which govern the statutory auditors, and we have satisfied the other ethical responsibilities incumbent on us according to these rules. We believe that the audit evidence we have gathered is sufficient and appropriate to provide a basis for our audit opinion.

Key audit points

The key audit points are the points which, in our professional judgment, were the most important when auditing the consolidated financial statements for the current period. These points were dealt with in the context of our audit of the consolidated financial statements taken as a whole and when we formed our opinion on them. We do not express a separate opinion on these points.

Key audit points

The key audit points are the points which, in our professional judgment, were the most important when auditing the consolidated financial statements for the current period. These points were dealt with in the context of our audit of the consolidated financial statements taken as a whole and when we formed our opinion on them. We do not express a separate opinion on these points.

Key points of our audit	Answers provided during our audit
Recognition of the income of telecommunications SONATEL's telecommunications activities are characterized by numerous commercial offers that evolve frequently evolving and a large volume of data to process. This makes it necessary to apply different turnover recognition principles depending on the nature of the products or services sold and the use of complex information systems for turnover recognition, including the correct connection to the fiscal year. The breakdown of turnover is presented in Note 4.1 of the annex to the financial statements. Given the complexity of the information systems and the judgments and estimates used in the determination of the turnover, we considered that the recognition of the turnover from telecoms activities is a key point of our audit.	Regarding telecommunications activities, we gained an understanding of the process of accounting for different revenue streams from contract conclusion and initiation of a transaction to billing, receipt of payments and recognition. As part of our work, we have in particular: - identified the main controls put in place by the group and relevant to our audit, including general controls and then tested their effectiveness by sampling; - performed tests on the functionalities of business and commercial applications systems, which are part of the process for preparing accounting and financial data as well as tests on the configuration of accounting systems; - performed analytical procedures, comparing our own estimates of turnover with the recognized turnover; - examined a selection of manual end-of-period entries by comparing these entries with our own calculations and estimates and obtaining their justification; - examined the post-closing period entries on a sample and studied their connection.

Responsibilities of management and those charged with corporate governance relating to the financial statements

Management is responsible for the preparation and fair presentation of the financial statements, in accordance with IFRS standards, as well as for the internal control that it considers necessary for the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for evaluating the Company's ability to continue as a going concern to present in these accounts, as appropriate, the necessary information relating to the continuity of operations and apply the going concern accounting policy unless it is intended to wind up the company or cease operations or if there is no other realistic alternative available to it.

The Audit Committee is responsible for following the financial reporting process and for monitoring the effectiveness of the internal control and risk management systems and, where applicable, internal audit, in procedures relating to the preparation and processing of accounting and financial information.

Responsibilities of the statutory auditors relating to the audit of the financial statements

Our objective is to obtain reasonable assurance that the consolidated financial statements as a whole do not contain material misstatements. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit performed in accordance with professional standards will systematically detect any material misstatement. Anomalies may arise from fraud or error and are considered material where it can reasonably be expected that they, taken individually or in combination, may influence the economic decisions that account users take in their business based on these.

As part of an audit conducted in accordance with applicable standards and throughout, we exercise our professional judgment and are critical. Further:

- We identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, the definition and implementation of audit procedures in response to such risks, and the collection of sufficient and appropriate evidence to support our opinion. The risk of not detecting a material misstatement due to fraud is higher than that of a material misstatement resulting from an error, as the fraud may involve collusion, forgery, voluntary omissions, misrepresentation or circumventing internal control.

- We take cognizance of the internal control relevant to the audit in order to define appropriate audit procedures in the circumstances, but not to express an opinion on the effectiveness of the internal control of the company.

- We assess the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as the information provided by them.

- We conclude with respect to the appropriateness of management's application of the going concern accounting principle and, based on the audit evidence gathered, whether or not there is significant uncertainty related to events or any condition that casts significant doubt on the company's ability to continue as a going concern. If we find material uncertainty, we are required to draw the attention of readers of our report to the information provided in the financial statements about this uncertainty or, if this information is not adequate, to express an amended opinion. Our conclusions are based on the evidence gathered up to the date of our report. However, future conditions or events could cause the company to cease operation.

- We appreciate the overall presentation, structure and content of the financial statements, including the information provided in the financial statements, and assess whether the financial statements reflect the underlying transactions and events in such a way that they give a sincere presentation.

- We collect sufficient appropriate audit evidence concerning the financial information of the Group's entities or activities to express an opinion on the consolidated financial statements. We are responsible for leading, supervising and conducting the Group audit. We take full responsibility for the audit opinion.

We disclose to the persons constituting corporate governance the scope of the planned audit work and schedule and important findings, including any significant weaknesses in internal control identified in our audit.

We also provide the persons charged with corporate governance with a statement that we have complied with the relevant rules of ethics regarding independence, and disclose to them, as the case may be, all relationships and other factors that may reasonably be considered to have an impact on our independence and related safeguarding measures.

Among the points communicated to those charged with corporate governance, we determine which ones were most important during the audit of the financial statements of the current period, which are therefore the key points of the audit. We describe these points in our audit report, unless the law or regulation prohibits their publication or if, in extremely rare circumstances, we determine that we should not disclose a point in our audit report because the reasonably expected adverse consequences of the communication of this point exceed the benefits to the public interest.

Specific verifications and information

The other information is the responsibility of the Board of Directors. Other information consists of the information contained in the management report of the consolidated group but does not include the consolidated financial statements and our auditors report on these consolidated financial statements, and other information.

Our opinion on the consolidated financial statements does not extend to other information and we do not express any form of assurance on this information.

As part of our statutory audit mandate, our responsibility is, on the one hand, to carry out the specific verifications required by law and regulations, and in so doing, to verify the fairness and consistency with the consolidated financial statements of the Company. the information given in the Group's management report and in the documents addressed to the shareholders with respect to the financial position and the consolidated financial statements, and to verify, in all material respects, compliance with certain legal and regulatory requirements. On the other hand, our responsibility is also to read the other information and, consequently, to assess whether there is a material inconsistency between these and the financial statements or the knowledge that we have acquired during the audit, or if the other information seems to contain a material misstatement.

We have nothing to report in this regard.

The Statutory Auditors

GARECGO
MEMBER OF JPA NETWORK
INTERNATIONAL

Mamour FALL, Partner

RACINE
MEMBER OF ERNST
& YOUNG

Makha SY, Partner

Dakar, 30 April, 2020

GENERAL REPORT OF THE STATUTORY AUDITORS

SYSCOHADA INDIVIDUAL ACCOUNTS

Year ended 31 December, 2019

Ladies and Gentlemen, Shareholders

Opinion

We have audited the individual SYSCOHADA accounts of SONATEL SA including the balance sheet, the income statement, the cash flow table and the notes to the notes at 31 December, 2019, as they are attached to this report.

In our opinion, these financial statements are regular and fair and give a true picture of the results of operations for the past financial year as well as the financial position and assets at the end of this financial year in accordance with the accounting rules and methods of the OHADA Uniform Act relating to accounting law and financial reporting.

Basis of opinion

We carried out our audit in accordance with the international standards of auditing (ISA) of the IAASB in accordance with Regulation No. 01/2017 / CM / OHADA on the harmonization of the practices of accounting and auditing professionals in the member countries of OHADA. Our responsibilities under these standards are set out in the «Auditors' Responsibilities for Auditing Financial Statements» section of this report.

We are independent of the company, in accordance with the Code of Ethics and Professional Conduct for Chartered Accountants and the rules of independence which govern the statutory auditors, and we have satisfied the other ethical responsibilities incumbent on us according to these rules. We believe that the audit evidence we have gathered is sufficient and appropriate to provide a basis for our audit opinion.

Key audit points

The key audit points are the points which, in our professional judgment, were the most important when auditing the financial statements for the current period. These points were dealt with in the context of our audit of the financial statements taken as a whole and when we formed our opinion on them. We do not express a separate opinion on these points.

Key points of our audit	Answers provided during our audit
Recognition of the income of telecommunication SONATEL's telecommunication activities are characterized by numerous commercial offers that evolve frequently and a large amount of data to process. This makes it necessary to apply different turnover recognition principles depending on the nature of the products or services sold and the use of complex information systems for turnover recognition, including the correct connection to the fiscal year. The breakdown of turnover is presented in Note 21 to the financial statements. Given the complexity of the information systems and the judgments and estimates used to determine turnover, we considered that the recognition of turnover from telecommunications activities constitutes a key point in our audit.	With respect to telecommunication activities, we gained an understanding of the process of accounting for different revenue streams from contract conclusion and initiation of a transaction to billing, receipt of payments and recognition As part of our work, we have in particular: - identified the main controls implemented by SONATEL SA and relevant to our audit, including general controls, then we tested their effectiveness by sampling; - carried out tests on the functionalities of business and commercial application systems, which are part of the process of preparing accounting and financial data as well as tests on the configuration of accounting systems; - performed analytical procedures, comparing our own estimates of turnover with the recorded turnover, - examined a selection of manual end-of-period entries by comparing these entries with our own calculations and estimates and obtaining their justification; - examined the post-closing period entries on a sample and studied their connection.

Responsibilities of management and those charged with corporate governance relating to the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting rules and methods of the OHADA Uniform Act on Accounting and Financial Reporting and internal control it considers necessary to prepare financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, it is management's responsibility to evaluate the ability of the Company to continue as a going concern, to present in these accounts, as appropriate, the necessary information relating to the continuity of operations and apply the going concern accounting policy unless it is intended to wind up the company or cease operations or if there is no other realistic alternative available to it

The Audit Committee is responsible for following the financial reporting process and for monitoring the effectiveness of the internal control and risk management systems and, where applicable, internal audit, in procedures relating to the preparation and processing of accounting and financial information.

Responsibilities of the Statutory Auditors in the auditing of financial statements

Our objective is to obtain reasonable assurance that the consolidated financial statements as a whole do not contain material misstatements. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit performed in accordance with professional standards will systematically detect any material misstatement. Anomalies may arise from fraud or error and are considered material where it can reasonably be expected that they, taken individually or in combination, may influence the economic decisions that account users take in their business based on these.

As part of an audit conducted in accordance with applicable standards and throughout, we exercise our professional judgment and are critical. Further:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, the definition and implementation of audit procedures in response to such risks, and the collection of evidence sufficient and appropriate to base our opinion. The risk of not detecting a material misstatement due to fraud is higher than that of a material misstatement resulting from an error, as the fraud may involve collusion, forgery, voluntary omissions, misrepresentation or circumventing internal control.

- We take cognizance of the internal control relevant to the audit in order to define appropriate audit procedures in the circumstances, but not to express an opinion on the effectiveness of the internal control of the company.

- We assess the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as the information provided by them.

- We conclude with respect to the appropriateness of management's application of the going concern accounting principle and, based on the audit evidence gathered, whether or not there is significant uncertainty related to events or any condition that casts significant doubt on the company's ability to continue as a going concern. If we find material uncertainty, we are required to draw the attention of readers of our report to the information provided in the financial statements about this uncertainty or, if this information is not adequate, to express an amended opinion. Our conclusions are based on the evidence gathered up to the date of our report. However, future conditions or events could lead the company to cease operation.

- We appreciate the overall presentation, structure and content of the financial statements, including the information provided in the financial statements, and assess whether the financial statements reflect the underlying transactions and events in such a way that they give a sincere presentation.

We disclose to the persons constituting corporate governance the scope of the planned audit work and schedule and important findings, including any significant weaknesses in internal control identified in our audit.

We also provide the persons charged with corporate governance with a statement that we have complied with the relevant rules of ethics regarding independence, and disclose to them, as the case may be, all relationships and other factors that may reasonably be considered to have an impact on our independence and related safeguarding measures.

Among the points communicated to those charged with corporate governance, we determine which ones were most important during the audit of the financial statements of the current period, which are therefore the key points of the audit. We describe these points in our audit report, unless the law or regulation prohibits their publication or if, in extremely rare circumstances, we determine that we should not disclose a point in our audit report because the reasonably expected adverse consequences of the communication of this point exceed the benefits to the public interest.

Specific verifications and information

Responsibility for other information rests with the Board of Directors. Other information consists of the information contained in the management report of the consolidated group but does not include the financial statements and our auditors report on these financial statements, and other information.

Our opinion on the financial statements does not extend to other information and we do not express any form of assurance whatsoever on this information.

As part of our statutory audit mandate, our responsibility is, on the one hand, to carry out the specific verifications required by law and regulations, and in so doing, to verify the fairness and conformity with the financial statements of the information in the management report, and in the documents addressed to shareholders on the financial position and the financial statements, and to verify, in all material respects, compliance with certain legal and regulatory requirements. On the other hand, our responsibility is also to read the other information and, consequently, to assess whether there is a material inconsistency between these and the financial statements or the knowledge that we have acquired during the audit, or if the other information seems to contain a material misstatement.

We have nothing to report in this regard.

The Statutory Auditors

GARECGO
MEMBER OF JPA NETWORK
INTERNATIONAL

Mamour FALL, Partner

RACINE
MEMBER OF ERNST
& YOUNG

Makha SY, Partner

Makha SY, Partner

GENERAL REPORT OF THE STATUTORY AUDITORS
IFRS INDIVIDUAL ACCOUNTS

Year ended 31 December, 2019

Ladies and Gentlemen, Shareholders

Opinion

We carried out the audit of the individual IFRS accounts of SONATEL SA including the statement of financial position, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year and the notes to the financial statements as of 31 December, 2019, as attached to this report.

In our opinion, these financial statements give a true and fair view of the results of the operations for the past financial year as well as of the financial position and assets at the end of this financial year in accordance with IFRS standards.

Basis of opinion

We conducted our audit in accordance with the IAASB's International Standards on Auditing (ISA) in accordance with Regulation No. 01/2017/CM/OHADA on the harmonization of the practices of accounting and auditing professionals in OHADA Member States. Our responsibilities under these standards are set out in the «Auditors' Responsibilities for Auditing Financial Statements» section of this report.

We are independent of the company, in accordance with the Code of Ethics and Professional Conduct of Accountants and the rules of independence that govern our statutory audit, and we have fulfilled the other ethical responsibilities incumbent on us according to these rules. We believe that the audit evidence we have gathered is sufficient and appropriate to provide a basis for our audit opinion.

Key audit points

The key audit points are the points which, in our professional judgment, were the most important when auditing the financial statements for the current period. These points have been addressed in the context of our audit of the consolidated financial statements as a whole and when forming our opinion on them. We do not express a separate opinion on these points.

Key points of our audit	Answers provided during our audit
Recognition of the income of telecommunications SONATEL's telecommunications activities are characterized by numerous offers frequently evolving and a volume of important data to process. This makes it necessary the application of principles of recognition of different turnover depending on the nature of products or services sold and the use of sys- complex information topics for accounting turnover stabilization, including correct attachment to the accounting year. The breakdown of turnover is presented in note 3.1 of the notes to the financial statements financial. Given the complexity of information systems incoming training and judgments and estimates in determining the turnover, we considered that the recognition of the figure telecommunication business is a key point in our audit.	Regarding telecommunications activities, we got an understanding of the process related to the accounting of different turnover flows since the conclusion of the contract and the initiation of a transaction until invoicing, receipt of payments and accounting. As part of our work, we have in particular: - identified the main controls put in place by the SONATEL SA and relevant to our audit, including general controls then we tested their effectiveness by sampling; - performed tests on system functionality business and commercial applications, entering the process for developing accounting data and as well as tests on the configuration of accounting systems; - performed analytical procedures, bringing our own turnover estimates with the figure recognized business; - examined a selection of manual entries at the end of period by comparing these scriptures with our own calculations and estimates and obtaining their justification; - examined the post-closing period entries on a sample and studied their connection.

Responsibilities of management and those charged with corporate governance of the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting rules and methods of the OHADA Uniform Act on Accounting and Financial Reporting and internal control it considers necessary to prepare financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, it is management's responsibility to evaluate the ability of the Company to continue as a going concern, to present in these accounts, as appropriate, the necessary information relating to the continuity of operations and apply the going concern accounting policy unless it is intended to wind up the company or cease operations or if there is no other realistic alternative available to it.

The Audit Committee is responsible for following the financial reporting process and for monitoring the effectiveness of the internal control and risk management systems and, where applicable, internal audit, in procedures relating to the preparation and processing of accounting and financial information.

Responsibilities of the Statutory Auditors in the auditing of financial statements

Our objective is to obtain reasonable assurance that the consolidated financial statements as a whole do not contain material misstatements. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit performed in accordance with professional standards will systematically detect any material misstatement. Anomalies may arise from fraud or error and are considered material where it can reasonably be expected that they, taken individually or in combination, may influence the economic decisions that account users take in their business based on these.

As part of an audit conducted in accordance with applicable standards and throughout, we exercise our professional judgment and are critical. Further:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, the definition and implementation of audit procedures in response to such risks, and the collection of evidence sufficient and appropriate to base our opinion. The risk of not detecting a material misstatement due to fraud is higher than that of a material misstatement resulting from an error, as the fraud may involve collusion, forgery, voluntary omissions, misrepresentation or circumventing internal control.

- We take cognizance of the internal control relevant to the audit in order to define appropriate audit procedures in the circumstances, but not to express an opinion on the effectiveness of the internal control of the company.

- We assess the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as the information provided by them.

- We conclude with respect to the appropriateness of management's application of the going concern accounting principle and, based on the audit evidence gathered, whether or not there is significant uncertainty related to events or any condition that casts significant doubt on the company's ability to continue as a going concern. If we find material uncertainty, we are required to draw the attention of readers of our report to the information provided in the financial statements about this uncertainty or, if this information is not adequate, to express an amended opinion. Our conclusions are based on the evidence gathered up to the date of our report. However, future conditions or events could lead the company to cease operation.

- We assess the overall presentation, structure and content of the financial statements, including the information provided in the financial statements, and assess whether the financial statements reflect the underlying transactions and events in such a way that they give a sincere presentation.

We disclose to the persons constituting corporate governance the scope of the planned audit work and schedule and important findings, including any significant weaknesses in internal control identified in our audit.

We also provide the persons charged with corporate governance with a statement that we have complied with the relevant rules of ethics regarding independence, and disclose to them, as the case may be, all relationships and other factors that may reasonably be considered to have an impact on our independence and related safeguarding measures.

Among the points communicated to those charged with corporate governance, we determine which ones were most important during the audit of the financial statements of the current period, which are therefore the key points of the audit. We describe these points in our audit report, unless the law or regulation prohibits their publication or if, in extremely rare circumstances, we determine that we should not disclose a point in our audit report because the reasonably expected adverse consequences of the communication of this point exceed the benefits to the public interest.

The Statutory Auditors

GARECGO
MEMBER OF JPA NETWORK
INTERNATIONAL

Mamour FALL, Partner

RACINE
MEMBER OF ERNST
& YOUNG

Makha SY, Partner

Dakar, 30 April, 2020

SPECIAL REPORT OF THE STATUTORY AUDITORS ON THE SPECIAL REMUNERATIONS AND REFUNDS FOR DIRECTORS PURSUANT TO ARTICLE 432 OF OHADA

Year ended 31 December, 2019

Ladies and gentlemen, Shareholders,

Pursuant to the provisions of article 432 of the Uniform Act of OHADA relating to the law of commercial companies and of economic interest groups, the Board of Directors of SONATEL SA, at its meetings on 9 April 2008 and 13 October, 2009, authorized the refund of hotel and travel expenses of directors between their normal place of work and the place where Board meetings or Board Committee meetings were held.

We inform you that the company paid an amount of XOF 15 million as special remuneration for the missions and mandates entrusted to the directors as well as the travel, travel and expenses incurred by them in the service of the company during the year ended 31 December, 2019.

The Statutory Auditors

GARECGO
MEMBER OF JPA NETWORK
INTERNATIONAL

Mamour FALL, Partner

RACINE
MEMBER OF ERNST
& YOUNG

Makha SY, Partner

Dakar, 13 April, 2020

AD HOC REPORT OF THE STATUTORY AUDITORS ON THE COMBINED FINANCIAL STATEMENTS

Year ended 31 December, 2019

Ladies and gentlemen, Shareholders,

Pursuant to the law, we inform you that the Orange Group based in France has several subsidiaries in the UEMOA region, including SONATEL. These entities are subject to the obligation of preparing combined financial statements as stipulated by article 103 of the Uniform Act of OHADA relating to accounting law and financial reporting and each of these subsidiaries is required to mention in its annual financial statements the name of the entity responsible for preparing the combined accounts.

SONATEL has not given us the name of the entity in charge of preparing these Orange Group combined accounts and has not mentioned in the notes to the financial statements, the identity of the entity in charge of preparing combined accounts.

The Statutory Auditors

GARECGO MEMBER OF JPA NETWORK INTERNATIONAL	RACINE MEMBER OF ERNST & YOUNG
Mamour FALL, Partner	Makha SY, Partner

Dakar, 13 April, 2020

CERTIFICATE OF THE STATUTORY AUDITORS ON THE INFORMATION REPORTED UNDER ARTICLE 525-5 OF THE UNIFORM ACT OF OHADA ON COMMERCIAL COMPANIES AND EIGS

Year ended 31 December, 2019

Ladies and gentlemen, shareholders,

In our capacity as statutory auditors of your company and pursuant to article 525-5 of the Uniform Act of OHADA relating to the law of commercial companies and economic interest groups, we have prepared this certificate on the information relating to the total amount of compensation paid to the ten (10) best paid corporate officers and employees for the year ended 31 December, 2019, appearing in the attached document.

This information has been prepared under the responsibility of the Chairman of the Board of Directors. It is our responsibility to certify this information.

We have implemented the due diligence that we deemed necessary. These procedures, which do not constitute either an audit or a limited examination, consisted in carrying out the necessary reconciliations in order to verify the consistency between the total amount of the remuneration paid to the highest paid managers and employees and the annual accounts at 31 December 2019.

On the basis of our work, we have no comments on the consistency of the total amount of compensation paid to the highest paid corporate officers and employees appearing in the attached document and amounting to XOF. 1,734,328,887.

This certificate serves as a certification of the accuracy of the total amount of compensation paid to the highest paid senior managers and employees within the meaning of article 525-5 of the OHADA Uniform Act relating to the law of commercial companies and economic interest groups.

The Statutory Auditors

GARECGO
MEMBER OF JPA NETWORK
INTERNATIONAL

Mamour FALL, Partner

RACINE
MEMBER OF ERNST
& YOUNG

Makha SY, Partner

Dakar, 13 April, 2020

SPECIAL REPORT OF THE STATUTORY AUDITORS ON THE REGULATED AGREEMENTS

Year ended 31 December, 2019

Ladies and Gentlemen, Shareholders

In our capacity as statutory auditors of your company, we present to you our report on regulated agreements.

It is our responsibility to communicate to you, on the basis of the information provided to us, the essential characteristics and terms of the agreements of which we have been informed, without having to comment on their usefulness and their merits. It is your responsibility, under the terms of articles 440 et seq of the Uniform Act of OHADA relating to the law of commercial companies and economic interest groups, to assess the interest attached to the conclusion of these agreements for their approval.

Furthermore, it is our responsibility, where applicable, to provide you with information relating to the execution, during the past financial year, of the agreements already approved by the general meeting.

We have been informed of the execution of the following agreements, concluded during the year and previously authorized by the Board of Directors.

We have carried out our work in accordance with the standards of the profession; these standards require that we plan and perform the audit to ensure that the information provided to us is consistent with the source documents from which it is derived.

AGREEMENTS SUBJECT TO APPROVAL OF THE GENERAL ASSEMBLY

Agreements authorized during the 2019 financial year by the Board of Directors

1. AMENDMENT N° 1 ASSISTANCE AGREEMENT OF 1ST MARCH 2018 WITH ORANGE SIERRA LEONE

Directors, Directors General, Deputy Directors General or shareholders concerned

- Mr. Sékou DRAME.

Nature and purpose

Sonatel and Orange Sierra Leone are bound by a regulated agreement dated 1 March, 2018. On the basis of the said agreement, Sonatel supports Orange Sierra Leone in the transfer of know-how, the provision of qualified personnel, etc. These services are billed according to rules stipulated in the agreement.

This amendment, signed on 1st December 2019, clarifies the terms of implementation of this assistance from Sonatel to Orange Sierra Leone, particularly with regard to management fees. It was authorized by the Board of Directors on 14 February, 2019.

Terms and effects

The payment of the know-how transfer fee provided for in article 3.2 of the agreement of 1 March, 2018 is suspended for the 2019, 2020 and 2021 fiscal years.

Orange Sierra Leone undertakes to guarantee Sonatel from all possible tax implications, in particular from any tax adjustment resulting from the application of this amendment.

All other provisions of the assistance agreement of 1st March 2018 remain valid and applicable.

In fiscal 2019, no product related to management fees was recorded.

2. AMENDMENT N°2 ASSISTANCE AGREEMENT OF 1ST MARCH 2018 WITH ORANGE SIERRA LEONE

Directors, Directors General, Deputy Directors General or shareholders concerned

- Mr. Sékou DRAME.

Nature and purpose

Sonatel and Orange Sierra Leone are bound by a regulated agreement dated 1st March 2018. On the basis of the said agreement, Sonatel provides support to Orange Sierra Leone, in particular by providing qualified personnel, etc. This service is billed according to rules stipulated in the agreement.

The signing on 31 December, 2019 of this amendment authorized at the 185th meeting of the Board of Directors on 17 April, 2019 modifies the setting of expatriation costs for Sonatel employees.

Terms and effects

The cost of the personnel made available to Orange Sierra Leone in accordance with article 4 of the agreement of 1st March 2018 will be billed during the period from 1st January 2019 to 31 December, 2021 as provided in the "billing formulas" appended to this agreement.

All the other provisions of the assistance agreement of March 1, 2018 remain valid and applicable.

As of 31 December, 2019, an amount of XOF 513 million was recognized under this agreement.

3. AMENDMENT No 1 ASSISTANCE AGREEMENT OF 25 DECEMBER, 2015 WITH SONATEL BUSINESS SOLUTIONS (SBS)

Directors, Directors General, Deputy Directors General or shareholders concerned

- Mr. Fabrice ANDRE.

Nature and purpose

SONATEL and SBS are bound by an assistance agreement dated 28 December, 2015. On the basis of the said agreement, SONATEL provides support to SBS in the transfer of know-how, secondment of qualified personnel or efficient management tools, etc. These services are billed according to rules set stipulated in the agreement.

After several years of application and following the re-examination of billing between Sonatel and SBS.

The signing on 20 December, 2019 of this amendment No. 1 was previously authorized during the 188th Sonatel Board of Directors meeting of December 18, 2019 and at the 62nd meeting of the SONATEL Business Solutions Board of Directors of 5 December, 2019.

Terms and effects

This new agreement applies from 1st January 2019. The parties agree to review the billing concerning the transfer of permanently seconded personnel, the rental of equipment and the use of management tools (Oracle, etc.).

- Article 3.2 of the initial agreement is replaced by a new version, drafted as follows: "the costs of the staff made available to SBS on a permanent basis, namely the costs relating to the post of Director General, Administrative Manager and Financial and Commercial Director will be fully borne by SBS. SONATEL will thus bill SBS for the real gross cost of all staff permanently seconded, plus a margin of 8%.

The billing of staff seconded on a permanent basis is different from the billing of «seconded expert» provided for in Annex 1 to the agreement.»

- Article 4.7 is amended as follows: "equipment rental: Sonatel rents equipment to SBS.
This rental is billed according to the following methods: [(acquisition cost before tax / amortization period in days) x number of loan days] x 1.08.

- The billing of the management tools as provided for in the appendix attached to the assistance agreement is modified. The applicable mark up is 8%

All other provisions not contrary to the assistance agreement of 28 December, 2015 remain valid and applicable.

The effect of this agreement is mentioned in point 24 of this report.

4. LOAN AGREEMENT WITH ORANGE GUINEA

Directors, Directors General, Deputy Directors General or shareholders concerned

- Mr. Sékou DRAME.
- Mr. Fabrice ANDRE

Nature and purpose

This agreement, signed on 31 December, 2019, relates to the deferral of the payment of dividends in the form of a loan. SONATEL is entitled, by resolution of the Ordinary General Meeting of 15 April, 2019, to the payment of dividends for the 2018 financial year on the basis of an amount of 158.005 GNF per share. The amount due in this respect is 426,978,700,371 GNF.

Orange Guinea has made a partial payment of GNF 216,893,000,000. Sonatel agrees to lend the balance of the dividends due to it for the 2018 financial year (the 2018 balance).

Terms and effects

The balance for 2018 corresponds to the amount of GNF 216,893,000,000 or 19,528,877 Euro. The balance being due since 30 September, 2019, it will bear interest at the rate of 4.5% per annum from this date (included) until the day of full effective payment of the 2018 balance (excluded).

The loan will be repaid in euros. The applicable Euro / GNF exchange rate is that of 22 November, 2019, i.e. 10,757.6948.

Payment will be made over a period of 8 months, i.e., until 31 May, 2020 at the latest in accordance with the amortization schedule.

For the 2019 financial year, the amount of interest on this loan amounted to XOF 65 million.

5. AMENDMENT N° 2 TO THE ASSISTANCE AGREEMENT OF 21 JUNE, 2007 WITH ORANGE GUINEA

Directors, Directors General, Deputy Directors General or shareholders concerned

- Mr. Sékou DRAME.
- Mr. Fabrice ANDRE.

Nature and purpose

SONATEL and its Orange Guinea subsidiary are signatories to an assistance agreement dated 21 June, 2007. The said agreement was already the subject of an amendment dated 23 December, 2011, the purpose of which was to review the billing terms.

The parties have agreed to modify this method of billing management fees to take account of the evolution of Orange Guinea which has created an Orange Finance Mobiles Guinea subsidiary to manage Orange Money activity.

The signing of this amendment is authorized by the Board of Directors of SONATEL SA meeting of 18 December, 2019.

Terms and effects

Article 2 of the agreement of 23 December, 2011 has been modified as follows: “in return for the transfer of its know-how as defined in article 2.1 Orange Guinea shall pay SONATEL SA an annual fee equivalent to 3% of the net turnover of intra-group activities within the scope of consolidation constituted by Orange Guinea and its subsidiaries and after deduction of management fees paid directly to Orange in accordance with amendment 1 signed between Orange Guinea and Orange on 27 July, 2017. This new agreement shall take effect from 1 January 2019.»

All the other provisions of the assistance agreement of 21 June, 2007 remain valid and applicable.

The effect of this agreement is explained in point 20 of this report.

6. AMENDMENT N ° 4 TO THE COOPERATION AGREEMENT OF AUGUST 2002 WITH ORANGE MALI

Directors, Directors General, Deputy Directors General or shareholders concerned

- Mr. Sékou DRAME.
- Mr. Fabrice ANDRE.

Nature and purpose

SONATEL and its subsidiary Orange Mali are signatories to a cooperation agreement dating from August 2002. The said agreement has already been the subject of 3 amendments.

The parties have agreed to modify the method of billing management fees to take account of changes in Orange Mali, which has created an Orange Finance Mobiles Mali subsidiary to manage Orange Money activity.

The signing of this endorsement was previously authorized by the Board of Directors of SONATEL SA meeting on 18 December, 2019.

Terms and effects

Article 2.2 of the cooperation agreement between SONATEL and Orange Mali of August 2002 is amended as follows: “In return for the transfer of know-how as defined in article 2.1 Orange Mali shall pay Sonatel SA an annual fee equivalent to 3% of the net turnover of intragroup activities within the scope of consolidation constituted by Orange Mali and its subsidiaries and after deduction of the management fees paid directly to Orange in accordance with endorsement No. 1 signed between Orange Mali and Orange on 27 July, 2017.

This new billing shall apply from 1st January 2019.»

All the other provisions of the August 2002 cooperation agreement remain valid and applicable.

The effect of this agreement is mentioned in point 18 of this report.

7. TECHNICAL ASSISTANCE AGREEMENT WITH ORANGE MOBILES SENEGAL (OFMS)

Directors, Directors General, Deputy Directors General or shareholders concerned

- Mr. Sékou DRAME.
- Mr. Fabrice ANDRE.

Nature and purpose

The purpose of the contract signed on 26 November, 2019 is to define the terms and conditions under which SONATEL provides technical assistance to OFMS. This agreement was previously authorized by the SONATEL Board of Directors meeting held on 23 October, 2019 and that of OFMS on 14 October, 2019.

SONATEL reserves the right, as OFMS expressly acknowledges, to use third parties to provide the Services or some of them.

Technical assistance covers the following «services», «activities» or «benefits» (detailed in Appendices 1-A to C of the agreement):

- Planning, engineering and operating services for networks and service platforms;
- Planning, engineering and operation of applications, software and IT security solutions (Studies, integration of OFMS applications, exploitation of OFMS applications, Availability of infrastructure for OFMS, OFMS application security, reporting, decision-making and business, OFMS empowerments on current activities and empowerment of certain processes);
- Management of application development and digitalization projects (coaching-design thinking, design sprint…, course screen design, development, MCO, data analysis and reporting, IT services, use of applications and IS, Network and service platforms)

Terms and effects

The services will be subject to real cost billing to which will be added a mark-up of 8%. Travel costs and disbursements are billed to OFMS in addition.

SONATEL sends an invoice to OFMS at the end of each quarter, drawn up in accordance with the legislation in force.

OFMS undertakes to settle the invoices within sixty calendar days of receipt, by transfer to the SONATEL bank account.

The contract is concluded for a period of 5 years from the date of signature. It is renewable by tacit agreement for successive periods of 5 years subject to prior validation by the Boards of Directors of the Parties, unless notice of non-renewal notified by one of the Parties by hand-delivered letter against a liability release or registered letter with acknowledgment of receipt, at least three months before the end of the current period.

This agreement, which came into force from November 2019, has had no effect.

8. SERVICE PROVISION AGREEMENT WITH OFMS - AREA: COMMERCIAL ACTIVITIES (Marketing, CBM, Communication study, distribution, animation, customer service, ...)

Directors, Directors General, Deputy Directors General or shareholders concerned

- Mr. Sékou DRAME.
- Mr. Fabrice ANDRE.

Nature and purpose

The purpose of this agreement is to define the terms and conditions under which SONATEL provides OFMS with the services described in Annex 1 to the agreement and comprising:

- CBM Marketing and Studies, communication and Go to Market services;
- Sales, distribution and animation services (recruitment, training, piloting and reactivation, visits, Piloting of the availability of UV and the liquidity of the points of sale, animation and loyalty of the network, audit on request from OFMS;
- Service levels and annual targets (or on demand) must be negotiated between Sonatel and OFMS. A note must be drawn up to validate and formalize them;
- Customer service: Management of requests for information, assistance and complaints (processing of requests for information, assistance Level 1, processing of requests for information, assistance and complaints Orange money level 2, unassisted channel - application Orange money and USSD, traceability of requests received from customers).

The agreement was previously authorized by the SONATEL Board of Directors meeting on 23 October, 2019.

Terms and effects

The contract comes into force from the date of signature for a period of one year.

The royalties due to SONATEL are billed in accordance with the provisions annexed to the agreement on a quarterly basis and in proportion to the resources allocated plus a mark up of 8%.

OFMS undertakes to pay the invoice issued by SONATEL within 30 calendar days of receipt by wire.

The effect of this agreement is XOF.14 million and is detailed as follows as of 31 December, 2019 (in million XOF):

	Amount
Distribution service	**13**
Mark up of 8%	**1**
Total	**14**

9. SERVICE PROVISION CONTRACT WITH ORANGE FINANCES MOBILES SENEGAL (OFMS) - AREA: GENERAL AFFAIRS

Directors, Directors General, Deputy Directors General or shareholders concerned

- Mr. Sékou DRAME.
- Mr. Fabrice ANDRE.

Nature and purpose

The purpose of this agreement, authorized by the Board of Directors on 23 October, 2019, is to define the terms and conditions under which SONATEL provides OFMS with the services described in Appendix 1 of the agreement, including:

- Legal and judicial assistance services;
- Human resources management services (acquire, manage, develop human resources and promote health and safety at work)
- Logistics purchase and insurance services;
- Integrated management system, audit and investigation
- Service provision: physical security
- Corporate communication services and corporate social responsibility

OFMS acting in a sector regulated by the BCEAO and subject to a specific legal framework, the parties agree

to execute this contract in accordance with the regulations governing electronic money establishments.

Terms and effects

This contract comes into force from 6 November, 2019 for a period of 5 years renewable by tacit renewal.

The services will be billed in real terms to which will be added a mark-up of 8% in accordance with the table appearing in appendix 3 of the agreement.

OFMS undertakes to pay within 60 calendar days of receipt of the bill.

As of 31 December, 2019, the effect of this agreement was 188 million XOF and can be broken down as follows (in millions of XOF):

	Amount
Management of purchasing and logistics Operating costs	28
Administrative building and site	8
Administrative site Energy	2
Physical security	3
IPM access	2
Access Corporate medicine	2
Legal assistance	5
Litigation	18
Management of accounting and tax activities	72
Human resource management	24
Integrated audit/investigation management	10
8% Mark up	14
Total	188

AGREEMENTS ALREADY APPROVED BY THE GENERAL ASSEMBLY

Agreements authorized during previous years, the execution of which continued during the past year

Furthermore, in application of article 440 of the OHADA Uniform Act relating to the law of commercial companies and economic interest groups, we have been informed that the execution of the following conventions, referred to in article 438 of this Act and approved in previous years, continued during the last year.

10. LOAN AGREEMENT WITH ORANGE GUINEA

Directors, Directors General, Deputy Directors General or shareholders concerned

- Mr. Sékou DRAME.
- Mr. Fabrice ANDRE.

Nature and purpose

This loan agreement, authorized at the 179th meeting of the SONATEL SA Board of Directors on 17 April, 2018, was signed between Orange Guinea and SONATEL SA on 18 April, 2018.

This is a short-term loan of 29,239,437 Euros intended to allow Orange Guinea to have a cash facility for the payment of dividends due to SONATEL SA for the year ended 31 December, 2017.

Terms and effects

The loan is granted for a period of six (6) months, at the rate of 9% per year.

As of 31 December, 2019, the interest recorded by SONATEL SA amounted to XOF 393 million.

11. LOAN AGREEMENT WITH ORANGE GUINEA

Directors, Directors General, Deputy Directors General or shareholders concerned

- Mr. Sékou DRAME.
- Mr. Fabrice ANDRE.

Nature and purpose

This loan agreement, authorized during the 173rd meeting of the SONATEL SA Board of Directors on 18 April, 2017, was signed between Orange Guinea and SONATEL SA on 22 May, 2017.

This is a short-term loan of 22,635,460 Euros with a duration of 10 months and which begins to run from 20 April, 2017. This loan is exclusively intended to allow Orange Guinea to have a liquidity facility for the full payment of the net dividends due to SONATEL for the year ended 31 December, 2016.

Terms and effects

The loan is granted for a period of ten months, at the rate of 7.5% per year. Thus, the loan will have to be repaid by Orange Guinea in two (2) tranches:

The first tranche on 20 September, 2017 for an amount of 12,038,562 Euros including interest which amounts to 720,832 Euros.

The second tranche on 20 February, 2018 for an amount of 11,678,146 Euros including interest of 360,416 Euros.

Even if this loan has matured, interest totalling 166 million XOF was recorded by SONATEL SA over the period under review.

12. COOPERATION AGREEMENT BETWEEN SONATEL AND ORANGE SA

Directors, Directors General, Deputy Directors General or shareholders concerned

- Mr. Alioune NDIAYE.
- Mr. Ludovic PECH.
- Mr. Jérôme HENIQUE.
- Mr. Fabrice ANDRE.
- Mr. Hugues FOULON.

Nature and purpose

This is a cooperation agreement signed on 18 December, 2013 between SONATEL SA and Orange SA for a period of three (3) years and extended for a period of three (3) months from 1 January, 2017 by amendment N° 1 signed on 27 July, 2017. This agreement was the subject of an amendment No. 2 signed on 27 July, 2017 which, on the one hand, extended the duration of the cooperation agreement signed between SONATEL and Orange SA on 18 December, 2013, for three (3) years from 1st April 2017, and on the other hand extended the scope of the SONATEL Group to Orange Finances Mobiles Senegal and Orange Sierra Leone.

This agreement was also the subject of an amendment No. 3 signed on 20 December, 2017 to effect the sale of the Orange SA agreement to its subsidiary Orange-MEA SA from 1er January 2018. SONATEL SA has accepted the transfer, from 1st January 2018 by Orange SA to its subsidiary Orange-MEA SA of all of its rights and obligations arising from the agreement of 18 December, 2013 extended until 31 March, 2020.

Orange-MEA SA has therefore, from 1st January 2018, taken over from Orange SA for the execution of the agreement.

Through this agreement, Orange-MEA SA delivers know-how to SONATEL SA and its Senegalese subsidiaries and provides the following services to SONATEL SA and all its subsidiaries:
- transfer of know-how in all areas of the operation and development of a telecommunications company (strategic, technical planning, regulation, financial, information system, purchasing, etc.);
- technical assistance on a permanent basis with the provision of experts on a permanent basis who will participate in the leadership and management of the company and its subsidiaries;
- one-off technical assistance with the realization of ad hoc and specific studies, the resolution of problems related to its organization or its operation.

Terms and effects

In return for the transfer of know-how and the services rendered, SONATEL SA will pay Orange-MEA SA an annual fee equivalent to 0.31% of the turnover of the Senegal scope (Sonatel SA, Sonatel Mobiles, Sonatel Multimédia, Sonatel Business Solutions, Orange Finances Mobiles Senegal) net of intra-group activities.

For the 2019 financial year, the fees recognized under this agreement and its amendments amounted to 1,528 million XOF.

In respect of the cost of providing staff, SONATEL SA billed Orange-MEA SA for costs relating to expatriates borne by SONATEL SA and which are outside the fixed price set by Orange SA. The amount of costs rebilled by SONATEL SA amounted to 89 million XOF as of 31 December, 2019.

13. MEMORANDUM OF UNDERSTANDING BETWEEN SONATEL SA AND ORANGE SA

Directors, Directors General, Deputy Directors General or shareholders concerned

- Mr. Alioune NDIAYE.
- Mr. Ludovic PECH.
- Mr. Jérôme HENIQUE.
- Mr. Fabrice ANDRE.
- Mr. Hugues FOULON.

Nature and purpose

A memorandum of understanding was signed on 18 December, 2013 (with effect from 1 January, 2014) between SONATEL SA and Orange SA for a period of three years, until 31 December, 2016. An amendment No. 1 was later signed on 27 July, 2017 to extend the term for three (3) months from 1st January 2017.

This memorandum was the subject of an amendment N° 2 signed on 27 July, 2017 to extend the duration for three (3) years, with effect from 1st April 2017, and to extend the SONATEL group's scope to Orange Finances Mobiles Senegal and Orange Sierra Leone. This protocol was also the subject of an amendment No. 3 signed on 20 December, 2017 to effect the transfer of the Orange SA memorandum to its subsidiary Orange-MEA SA from 1 January, 2018. SONATEL SA has accepted the transfer, from 1 January, 2018 by Orange SA to its subsidiary Orange-MEA SA of all of its rights and obligations arising from the memorandum of 18 December, 2013 extended until 31 March 2020.

In this memorandum, Orange SA and SONATEL SA agreed that the know-how transfer fee of 0.31%, applied to the annual turnover of the Senegal scope net of intra-group activities, is calculated in such a manner that the sum of the Orange brand fees applied on the Orange Senegal scope (Sonatel SA, Sonatel Mobiles, Sonatel Multimedia, Sonatel Business Solutions) and the total fees for the transfer of know-how and assistance services from SONATEL Group does not exceed 1.43% of the consolidated turnover of the SONATEL Group for the financial year 2013.

Orange-MEA SA has therefore, from 1st January 2018 taken over from Orange SA the execution of the memorandum.

Terms and effects

In the event that this fee exceeds 1.43% of the consolidated turnover of the SONATEL Group for the 2013 financial year, it will be adjusted so as not to exceed the amount corresponding to 1.43% of the turnover of the SONATEL Group.

This fee may not be less than 0.20% of the annual turnover of the Senegal scope net of intra-group activities.

The SONATEL Group means SONATEL SA and its existing subsidiaries at 1st November 2011. New subsidiaries registered outside Senegal that would join the SONATEL Group scope after this date are excluded from the mechanism for adjusting know-how transfer fees.

As of 31 December, 2019, the excess royalty was 542 million XOF with an effect of equal amount on SONATEL SA products.

14. SHAREHOLDER LOAN AGREEMENT WITH GROUPEMENT ORANGE SERVICES (GOS)

Directors, Directors General, Deputy Directors General or shareholders concerned

- Mr. Sékou DRAME.
- Mr. Fabrice ANDRE.

Nature and purpose

This loan agreement authorized by the 172nd meeting of the Board of Directors of SONATEL SA on 16 February, 2017, was signed on 8 January, 2018 with retroactive effect to 25 April, 2017.

It is a loan without disbursement which frees the GOS from overdue debts held by SONATEL SA up to 1,000 million XOF which is thus transformed into shareholder loans. The parties will agree on the terms of repayment of the balance due to SONATEL SA.

Terms and effects

This shareholder loan of 1,000 million XOF at an interest rate of 7.5% per year is granted for a period of 24 months with a grace period of 12 months in accordance with the amortization schedule.

In the 2019 financial year, even though this loan has matured, interest of 91 million XOF has been recorded.

15. ASSISTANCE AGREEMENT WITH ORANGE (SL) LTD

Directors, Directors General, Deputy Directors General or shareholders concerned

- Mr. Sékou DRAME.
- Mr. Fabrice ANDRE.

Nature and purpose

This is an assistance agreement between SONATEL SA and Orange (SL) Ltd authorized during the 171st meeting of the Board of Directors of SONATEL SA on 18 September, 2016, signed on 1 March, 2018 with retroactive effect from 19 July, 2016.

The purpose of the agreement is to determine the terms and conditions under which SONATEL will transfer know-how to Orange (SL) Ltd and render the services to Orange (SL) Ltd with a view to enabling it to develop its activities in their competitive context and to sub-regional development and benefit from all the synergies available within the framework of the SONATEL Group. This agreement provides in particular:

- a transfer of know-how from SONATEL SA in the field of strategic, regulatory, financial, technical planning, innovation, commercial, quality and process optimization, administrative, purchasing, human resources, management control, fraud and insurance income;
- assistance services on a permanent basis through the provision of experts on a permanent basis as well as the provision of all or part of its financial, commercial, technical or operational management tools and software within the limits of the telecommunications regulations and rules defined in Senegal and Sierra Leone;
- ad hoc assistance services at the request of Orange (SL) Ltd.

Terms and effects

In return for the transfer of know-how and personnel, Orange (SL) Ltd pays SONATEL SA an annual fixed fee calculated on the basis of 3% of turnover net of tax and net of the amount of management fees paid directly at the Orange Group.

The director's services will be billed at XOF. 9 million / man month.

Experts seconded on a permanent basis will be invoiced up to XOF. 7 million / man month.

The billing of temporary experts is established at XOF 350,000 / man-day excluding transport and accommodation costs.

The use of SONATEL SA software and management tools will be billed in proportion to the resources used.

Base: (depreciation + maintenance costs) + 15%.

This agreement was the subject of two amendments:
- amendment number 1, signed on 1 December, 2019 relates to the suspension of payment of the know-how transfer fee provided for in article 3.2 of the agreement of 1 March, 2018 for the 2019, 2020 and 2021 fiscal years;
- amendment number 2 signed on 31 December, 2019, provides for a revision of the cost of the personnel made available to Orange Sierra Leone in accordance with article 4 of the agreement of 1 March, 2018. These costs will be billed during the period from 1 January, 2019 to 31 December, 2021 as provided in the "billing formulas" appended to the amendment.

These amendments are part of SONATEL's support for its Orange Sierra Leone subsidiary.

In fiscal 2019, this agreement generated revenue for a total amount of XOF 552 million, which breaks down as follows:

	In millions of XOF
Seconded personnel	513
One-off service	-
Management fees	-
IS Network	39
Total	552

16. ASSISTANCE AGREEMENT WITH ORANGE MOBILES SENEGAL (OFMS)

Directors, Directors General, Deputy Directors General or shareholders concerned

- Mr. Sékou DRAME.
- Mr. Fabrice ANDRE.

Nature and purpose

This is an agreement authorized by the 166th session of the Board of Directors which was held on 14 April, 2016. It was signed on the same date between OFMS and SONATEL SA. This agreement was the subject of two endorsements signed on 23 December, 2016 and 22 May, 2017, respectively. This agreement and its amendment No. 1 took effect retroactively from 1 January, 2016. Endorsement No. 2 took effect retroactively from 1 January, 2017.

Terms and effects

All costs borne by SONATEL for maintenance and innovation of information systems for the needs of the Orange Money service, will be billed to OFMS.

This agreement and its riders N° 1 and N° 2 provide in particular:
- a transfer of know-how from SONATEL in the following areas:
    - strategic planning,
    - financial,
    - technical,
    - commercial,
    - management control,
    - Human Resource Management,
    - purchasing;

- management assistance services, provided by SONATEL to OFMS through the provision of experts permanently;
- occasional assistance at the request of OFMS. These include services in the following areas:
    - legal advice and studies,
    - litigation,
    - finance and accounting,
    - use of SONATEL management tools,
    - SONATEL expertise in the setting up of high-tech equipment…,
    - supply of services for its telephone, specialized lines and operating services;

- distribution of the Orange Money product to wholesalers,
- cash in and cash out services for Orange Money customers at SONATEL SA branches,
- management of the customer hotline,
- assistance in the field of marketing,
- marketing of the Orange Money service
- maintenance and innovation of information systems and particularly of the Tango via NOVA+ platform.

Terms and effects

In return for the transfer of know-how and personnel, OFMS pays SONATEL SA an annual fixed management fee calculated on the basis of 1% of OFMS' annual turnover excluding tax.

The costs of staff seconded on a permanent basis participating in the leadership and management of OFMS will be fully borne by the latter. SONATEL SA will bill the real gross cost of all staff permanently seconded with a margin of 15%.

The seconded experts will be billed up to XOF. 7 million / man-month The billing of temporary experts amounts to XOF. 350,000 / man-day.

Legal advice and studies services will be billed by SONATEL SA for a lump sum of XOF. 5 million. In the event of recourse to advice external to SONATEL, OFMS must bear or repay all the fees and costs incurred for such service.

The assistance services in the area of litigation billed by SONATEL SA concern the reimbursement of the costs of lawyers, notaries and bailiffs on the production of invoices. If it requires the intervention of consultants external to SONATEL SA, OFMS must bear or reimburse all of the fees and costs incurred for such service.

The management of accounting and tax activities will be billed for an annual lump sum of 20 million XOF

The management of purchasing and logistics activities will be billed annually in proportion to the resources allocated.

The management of fraud and revenue insurance activities will be billed for an annual lump sum of 20 million XOF.

The use of the building, the energy and the security of the administrative sites will be billed annually according to the square meter used.

Technical and IT services will be billed annually in proportion to the resources allocated.

The use of applications and IS will be billed annually in proportion to the licences operated by OFMS (base = ((depreciation + maintenance costs) + 15%).

- Distributor commissions:
- 0.24% for volumes ≤ XOF. 100 billion,
- 0.20% for volumes > XOF. 100 billion.
- Hotline: in proportion to the resources allocated.
- Marketing Assistance: in proportion to the resources allocated.

Commercial contracts may be signed between the parties and will be billed in accordance with the price list for each party.

A total amount of XOF 2.521 million was recognized in 2019 for the execution of this agreement. This amount breaks down as follows:

	In millions of XOF
Management fees	302
Seconded personnel	55
Legal assistance, regulatory, recovery	4
Accounting and tax management	17
Fraud and revenue assurance management	20
Purchases and logistics management	1
IS Management	639
Distributor commissions	754
Hotline	325
Management of purchase and logistics activities	139
Administrative building and site	33
Administrative site Energy	9
Physical security	17
IPM access	9
Access Corporate medicine	26

	In millions of XOF
Legal assistance	-
Management of accounting and tax activities,	2
Human resource management	156
Integrated audit/investigation management	56
Distribution service	102
Marketing assistance	(142)
Total	2.521

17. CONCESSION RENEWAL AGREEMENT

Directors concerned

- Mr. Coly FAYE.
- Mr. Abdoulaye DIOP.
- Mr. Abdoulaye SAMB.

Nature and purpose

An agreement was signed on 21 June, 2016 between the Government of Senegal and SONATEL SA, for the renewal of the concession which expired on 8 August, 2017. This agreement also provides for the 4G frequency allocation procedures.

This agreement was previously authorized by the Board of Directors of SONATEL SA at its 167th session on 20 June, 2016.

The renewal of the concession relates to the establishment and operation of public telecommunications networks and the provision of telecommunications services for a period of 17 years, with effect from 9 August, 2017.

Further, the Government of Senegal undertakes to allocate 4G frequencies to SONATEL SA for a period of 17 years with effect from the signing of the frequency allocation decision on 3 August, 2016.

Terms and effects

The renewal of the SONATEL SA concession agreement as well as the allocation of 4G frequencies are made subject to the payment of a total amount of XOF 100 billion distributed as follows:
- XOF.68 billion for the renewal of the global 2G / 3G fixed licence;
- XOF.20 billion for the allocation of 2x10Mhz frequencies in the 1800 Mhz band;
- XOF.12 billion for the allocation of 2x10 Mhz frequencies in the 800 MHz band.

This amount is paid according to the following terms:
- payment of XOF.50 billion in July 2016, after publication in the official Gazette of the Republic of Senegal of the new versions of the Concession Agreement and the specifications and signature of the decision to allocate 4G frequencies. This first payment concerns the payment of XOF.32 billion for the allocation of 4G frequencies and the payment of XOF.18 billion for the deposit on the renewal of the global fixed 2G / 3G licence;
- payment of the remainder of XOF.50 billion in January 2017 for the remainder of the renewal of the global fixed 2G / 3G licence.

The amount of the concession was paid in full by SONATEL in previous years.

18. COOPERATION AGREEMENT WITH ORANGE MALI

Directors, Directors General, Deputy Directors General or shareholders concerned

- Mr. Sékou DRAME.
- Mr. Fabrice ANDRE.

Nature and purpose

This is a technical cooperation agreement signed in August 2002 between SONATEL and Orange Mali in the following areas:

- transfer of know-how from SONATEL SA to Orange Mali,
- permanent assistance services by SONATEL SA in the fields of operational management, technical assistance, engineering and training,
- ad hoc assistance services at the request of Orange Mali for ad hoc and specific studies,
- SONATEL supply, at Orange Mali's request, of technical and commercial management tools,
- use by Orange Mali of new SONATEL SA software.

This agreement was the subject of three amendments signed respectively on 18 November, 2005, 23 December, 2008 and3 December 2, 2011. The second amendment supplements the services provided for in the cooperation agreement and in amendment No. 1 signed between the parties in 2002 and in 2005.

The third amendment was signed on 23 December, 2011 with retroactive effect from 1st January 2011 and aims to modify article 2.2 of the agreement signed in August 2002 relating to the payment of «management fees».

In addition to the services already provided for in these two initial contracts, the parties agree to grant each other loans and borrowings.

These management fees were the subject of an amendment No. 4 (see point 6) previously authorized by the board of directors of SONATEL SA of 18 December, 2019. This addendum modifies the billing method for management fees to take account of changes in Orange Mali, which has created an Orange Finance Mobiles Mali subsidiary to manage Orange Money activity. The annual fee is equivalent to 3% of the net turnover of intra-group activities within the scope of consolidation constituted by Orange Mali and its subsidiaries and after deduction of the management fees paid directly to Orange.

Terms and effects

In return for the services provided, Orange Mali will pay SONATEL SA a fee amounting to 3% of turnover net of the amount of «management fees» paid directly to Orange SA in accordance with the contract signed between Orange SA and Orange Mali .

The services provided on a permanent basis by seconded staff are billed up to XOF. 7.5 million per month and per staff for the posts of general manager and director and up to XOF. for other positions.

Temporary expert missions are billed at the rate of XOF 350,000 per man day.

The use of SONATEL SA software will be billed in proportion to the licences operated by Orange Mali according to a base (depreciation amount + maintenance costs) x 15%.

Under amendment No. 2, the amount of loans granted by a party may not exceed at the time of the loan more than 60% of the average monthly cash flow for the last 6 months.

The interest rate corresponds to the average rate on the last three TDs from which the lender benefits plus 0.25 points.

If, as a result of the loan of the agreement, the lender contracts a debt, the rate to be applied will be the exit rate of the said debt plus 0.25 point.

The amounts billed by SONATEL SA for the 2019 financial year totaled XOF 8,472 million and are broken down as follows:

	In millions of XOF
Annual fee	**7.437**
Seconded personnel	**496**
IT	**536**
Occasional assistance	**-**
Total	**8.472**

19. ASSISTANCE AGREEMENT WITH GROUPEMENT ORANGE SERVICES

Directors, Directors General, Deputy Directors General or shareholders concerned

- Mr. Sékou DRAME.
- Mr. Fabrice ANDRE.

Nature and purpose

This is a management assistance agreement through the permanent provision of SONATEL SA experts to the Groupement Orange Services (GOS). This agreement was validated at the 155th meeting of the SONATEL Board of Directors on 18 September, 2014 and at the 14th meeting of the GOS SA Board of Directors.

The agreement was concluded for an indefinite period. It has a retroactive effect and starts to run from 1st January 2014.

Terms and effects

In the case of a seconded expert, the bill will be XOF. 7 million / man month (employee) and XOF. 9 million / man month if the employee occupies a post of DG or DDG.

In the case of a temporary expert, the bill will be XOF 350,000 / man-day. This billing does not include travel, subsistence and living expenses.

In the case of other assistance services, billing must be agreed between the two parties before the effective start of the execution of the requested service.

As of 31 December, 2019, the effects produced by this agreement only concern the permanent assistance services of experts, which amount to a total of XOF. 67 million.

20. ASSISTANCE AGREEMENT WITH ORANGE GUINEA

Directors, Directors General, Deputy Directors General or shareholders concerned

- Mr. Sékou DRAME.
- Mr. Fabrice ANDRE.

Nature and purpose

This is an assistance agreement between Orange Guinea and SONATEL SA signed on 21 June, 2007 and which provides in particular for:

- the transfer of know-how from SONATEL SA to Orange Guinea in the areas of strategic planning, purchasing, human resources, financial, technical and commercial management control;
- assistance services on a permanent basis by SONATEL SA with the provision of highly qualified personnel, in particular to exercise management functions;
- ad hoc assistance services at the request of Orange Guinea for one-off and specific studies;
- provision of management tools by SONATEL SA to Orange Guinea

An amendment was signed on 23 December, 2011 with retroactive effect to 1st January 2011 and modifies article 2.2 of the agreement signed on 21 June, 2007 relating to the payment of management fees.

Terms and effects

In return for the services provided, Orange Guinea will pay SONATEL SA a fee amounting to 3% of net sales of the amount of «management fees» paid directly to Orange SA in accordance with the contract signed between Orange SA and Orange Guinea.

These management fees were the subject of an amendment authorized by the Board of Directors of SONATEL SA of December 18, 2019, which applies from 1st January 2019 and mentioned in point 5 of this report.

The agreement of 23 December, 2011 has been modified as follows: “in return for the transfer of know-how as defined in article 2.1 Orange Guinea will pay SONATEL SA an annual fee equivalent to 3% of the turnover net of intra-group activities of the consolidation scope constituted by Orange Guinea and its subsidiaries and after deduction of management fees paid directly to Orange.

Regarding permanent assistance services, Orange Guinea will bear the full cost of expatriate staff made available by SONATEL and will pay an amount of XOF. 7 million / man month.

Occasional assistance services will be billed by SONATEL SA to Orange Guinea at the rate of XOF 350,000 / man-day.

The use of SONATEL SA software will be billed in proportion to the licences operated by Orange Guinea according to a base (depreciation amount + maintenance costs) x 1.15.

The amount recognized for the 2019 financial year under this agreement amounts to XOF 5.138 million and breaks down as follows:

	In millions of XOF
Seconded personnel	**639**
Management fees	**4,296**
Occasional assistance	**-**
IS Network	**203**
Total	**5,138**

21. ASSISTANCE AGREEMENT WITH ORANGE BISSAU

Directors, Directors General, Deputy Directors General or shareholders concerned

- Mr. Sékou DRAME.
- Mr. Fabrice ANDRE.

Nature and purpose

This is an assistance agreement between Orange Bissau and SONATEL SA signed on 6 August, 2007 and which provides in particular for:
- the transfer of know-how from SONATEL SA to Orange Bissau in the areas of strategic planning, purchasing, human resources, financial, technical and commercial management control;
- assistance services on a permanent basis by SONATEL SA with the provision of highly qualified personnel, in particular to exercise management functions;
- ad hoc assistance services at the request of Orange Bissau for occasional and specific studies;
- provision of management tools by SONATEL SA to Orange Guinea

This agreement was the subject of an amendment N° 1 signed on 9 July, 2008 with the aim of modifying and deleting the terms of the agreement of 6 August, 2007 relating to the costs of the permanent staff made available to Orange Bissau by SONATEL SA.

Article 2 of amendment N° 1 to the agreement specifies that SONATEL SA will bill Orange Bissau for the real gross cost of the staff made available on a permanent basis, without applying a margin as long as the latter's EBITDA is negative.

An amendment was signed on 23 December, 2011 with retroactive effect from 1 January, 2011 and modifies article 2.2 of the agreement signed on 6 August, 2007 relating to the payment of management fees.

Terms and effects

In return for the services provided, Orange Bissau will pay SONATEL SA a fee amounting to 3% of turnover net of the amount of «management fees» paid directly to Orange SA in accordance with the contract signed between Orange SA and Orange Bissau.

As part of the permanent assistance services, Orange Bissau will bear the full cost of expatriate staff made available by SONATEL SA. SONATEL SA will invoice Orange Bissau for the real gross cost of the staff made available on a permanent basis, without applying a margin as long as the latter's EBITDA is negative.

The occasional assistance services will be billed by SONATEL SA to Orange Bissau at the rate of XOF 350,000 / man-day.

The use of SONATEL SA software will be billed in proportion to the licences operated by Orange Bissau according to a base (depreciation amount + maintenance costs) x 1.15.

The amount recognized for the 2019 financial year under this agreement amounts to XOF 737 million and breaks down as follows:

	In millions of XOF
Seconded personnel	**157**
Management fees	**522**
Network and IT management	**58**
Total	**737**

22. ASSISTANCE AGREEMENT WITH SONATEL MOBILES

Directors, Directors General, Deputy Directors General or shareholders concerned

- Mr. Fabrice ANDRE.
- Mr. Sékou DRAME.
- Mr. Ludovic PECH.

Nature and purpose

This is an agreement signed on 21 December, 2012 (with retroactive effect from 1st September 2012) between SONATEL SA and SONATEL Mobiles. This agreement cancels and replaces the agreement signed on 23 September, 2008 and its amendments 1 and 2 of 11 February, 2010 and 20 July, 2010. This agreement provides in particular for:

- the transfer of know-how from SONATEL SA in the field of strategic planning, technical, commercial and control;
- the transfer of staff from SONATEL Mobiles to SONATEL SA;
- management assistance services provided by SONATEL SA to SONATEL Mobiles by making experts available on a permanent basis;

- occasional assistance services at the request of SONATEL Mobiles. These include services in the following areas:
  - legal, regulatory and debt collection,
  - commercial,
  - technical and IT,
  - use of SONATEL SA management tools and software,
  - SONATEL SA expertise in the setting up of high technology equipment…,
  - management of the marketing and communication activity,
  - One Card management (prepaid cards),
  - management and centralization of SONATEL Mobiles' cash by SONATEL SA,
  - management of accounting and tax activities,
  - management of purchasing and logistics activities,
  - management of roaming and interconnection activities,
  - various services (use of sites, materials, energy, etc.).

This agreement was the subject of an amendment authorized by the Board of Directors of SONATEL SA of 19 April, 2014. The purpose of this amendment is to complete the billing procedures for a service provided for in the assistance agreement.

Terms and effects

In return for the transfer of know-how and personnel, SONATEL Mobiles pays SONATEL SA an annual fixed fee calculated on the basis of 5% of annual turnover.

The costs of permanently seconded personnel participating in the leadership and management of SONATEL Mobiles will be borne entirely by SONATEL Mobiles.

Experts seconded on a permanent basis will be billed XOF. 7 million / man month.

The billing of temporary experts amounts to XOF 350,000 / man-day.

Legal, regulatory and recovery assistance services will be billed by SONATEL SA for a lump sum of XOF 250 million.

Distributions of top-up cards and SIM cards will be billed respectively up to 4% and 10% of the turnover made with the distributors.

The parties agree that SONATEL SA will re-bill SONATEL Mobiles annually, the shared management of the technical network as follows: (depreciation of shared equipment + maintenance costs of shared equipment + shared staff costs) x 1.15.

The use of management software and tools (Oracle and Business Intelligence, etc.) from SONATEL SA will be billed in proportion to the resources used.

For the management of its marketing and communication activities, SONATEL SA will bill SONATEL Mobiles an annual lump sum equal to 1% of the annual turnover of SONATEL Mobiles outside the group. SONATEL Mobiles will charge the communication costs (including advertising taxes) paid on behalf of SONATEL SA. The advertising tax will be rebilled in proportion to the turnover for year N (excluding whole sale turnover).

The parties agree that SONATEL Mobiles will pay for the services of the external technical hotline. It will bill SONATEL SA for its share.

As part of the One Card management (prepaid cards), the costs of managing the purchases are borne and accounted for by SONATEL Mobiles. The costs of managing the purchases of these cards will be rebilled according to the following method: number of cards used on fixed line services x average of unit management costs (WAUC) for the previous year.

SONATEL Mobiles will transfer to SONATEL SA the share of turnover accruing to the latter.

Regarding the management and centralization by SONATEL SA of the cash flow of SONATEL Mobiles:

- the cash collected at the cashing counters of SONATEL SA and their recognition will be re-billed by SONATEL SA to SONATEL Mobiles at up to 2% of the total amount collected;
- loans granted and borrowings from each other will be remunerated at a rate defined according to the nature of the loan. The costs generated by the operations on the SONATEL SA bank accounts on behalf of SONATEL Mobiles will be rebilled in proportion to the operations carried out;
- remuneration for current accounts will be paid by SONATEL Mobiles according to the amount of surplus and overdrafts from SONATEL Mobiles.

The management of accounting and tax activities will be billed for an annual lump sum of XOF 623 million.

The management of purchasing and logistics activities will be billed for an annual lump sum of XOF 300 million.

The management of roaming and interconnection activities will be billed for an annual lump sum of XOF 50 million.

The costs related to the 4G licence will also be billed to SONATEL Mobiles.

In fiscal 2019, this agreement generated revenue of a total amount of XOF 46,731 million, which breaks down as follows:

	In millions of XOF
Management fees	**16,702**
ATM receipts	**-**
Marketing and communication	**3,275**
One Card Management	**-**
Legal assistance, regulatory, recovery	**250**
Distribution of recharge cards and SIM cards…	**8,489**
Network and IT management	**10,453**
Use of software	**-**
ACL hotline management	**3,335**
Roaming and interconnection	**50**
Accounting and taxation	**623**
Purchasing and logistics	**300**
4G fees	**2,165**
LT 2X10 license	**1,089**
Total	**46,731**

23. COOPERATION AGREEMENT WITH SONATEL MULTIMEDIA

Directors, Directors General, Deputy Directors General or shareholders concerned

- Mr. Fabrice ANDRE.

Nature and purpose

This is a technical assistance agreement signed on 21 December, 2012 (with retroactive effect from 1st September 2012) between SONATEL SA and SONATEL Multimedia. This agreement cancels and replaces the agreement signed on 17 December, 2007 as well as its amendments 1, 2 and 3 of 3 March, 2009, 15 October, 2009 and 11 February, 2010. This agreement provides in particular for:

- the transfer of know-how from SONATEL SA in the fields of strategic, technical, commercial planning and management control;
- ad hoc assistance services (legal advice and studies, assistance in litigation, collection of customer receivables, marketing of services, use of management tools, vehicles and SONATEL SA expertise, building rentals, accommodation in technical premises, supply of services, management of the telephone hotline, marketing and communication activity, technical and IT activity, management and centralization of cash, management of purchases, accounting and taxation, single billing management).

Terms and effects

In return for the transfer of know-how, SONATEL Multimedia pays SONATEL SA a management fee amounting to 1% of annual turnover excluding taxes.

For legal advice and study assistance, SONATEL SA invoices an annual lump sum of XOF. 5 million excluding taxes.

In the area of litigation assistance, SONATEL SA bills an annual lump sum of XOF. 5 million excluding taxes.

SONATEL SA invoices an annual lump sum of XOF 200 million, excluding taxes, for accounting, cash flow, purchasing, inventories and tax management.

SONATEL Multimedia also pays:
- 2% of bill receipts made by SONATEL SA;
- a commission of 20% for access costs to ADSL and 15% for professional solutions;
- an annual lump sum of XOF 260 million for technical and IT activities;
- for the marketing and communication activity, an annual flat rate equal to 1% of annual turnover outside the group;
- XOF 350,000 per expert per day;
- for single billing, an amount equal to the proportion of the resources used and 3% of the amount billed for the services;
- for the use of management tools (Oracle, etc.), an amount equal to the proportion of resources committed;
- for the management of the telephone hotline, an amount equal to the proportion of the resources used;
- for internet communication costs, an amount equal to the share of the SONATEL Multimedia base in the global fixed fleet.

The depreciation of SONATEL SA vehicles used by SONATEL Multimédia will be rebilled in proportion to the use of each entity.

In fiscal year 2019, this agreement generated fees which amounted to XOF 1.465 million and which are distributed as follows:

	In millions of XOF
Management fees	128
Legal advice and research	5
Accounting, cash flow, purchases, stocks, taxation	200
Product marketing-cash collection	182
Management tools (Oracle…)	-
Management of the ACL hotline,	24
Technical and IT	260
Marketing and communication	109
Vehicle use	-
Single billing	264
Litigation	5
Network and IS sharing	288
Total	1,465

24. COOPERATION AGREEMENT WITH SONATEL BUSINESS SOLUTIONS

Directors, Directors General, Deputy Directors General or shareholders concerned

- Mr Fabrice ANDRE.

Nature and purpose

This is a technical assistance agreement between SONATEL SA and SONATEL Business Solutions signed on 28 December, 2015 with retroactive effect from 8 June, 2015 and which provides in particular for:
- the transfer of know-how between SONATEL SA and SONATEL Business Solutions;
- a management assistance service on a permanent basis with the provision of experts who will participate in the leadership and management of the company;
- ad hoc assistance services for the resolution of problems related to its organization (legal advice and research, assistance in litigation, collection of customer receivables, finance and accounting, use of SONATEL SA management tools, use of SONATEL SA expertise, service supplies, equipment rentals);
- management and centralization by SONATEL SA of the cash flow of SONATEL Business Solutions;
- management of accounting and tax activities.

Terms and effects

- In return for the transfer of know-how, SONATEL Business Solutions undertakes to pay SONATEL SA an annual fee equal to 1.5% of its turnover excluding taxes from the second year of operation.

Experts seconded on a permanent basis are billed at actual cost, to which is added a 15% margin.

The billing of temporary experts amounts to XOF 350,000 / man-day.

Legal advice and research services are billed by SONATEL SA for an annual lump sum of XOF 5 million.

Assistance in litigation is billed on production of invoices at the real cost of lawyers, notaries, bailiffs.

SONATEL SA will assist SONATEL Business Solutions in the execution of certain accounting or financial management work whenever the latter requests it. The use of SONATEL SA management tools is billed in proportion to the licences operated by SONATEL Business Solutions. (Base = (amount of depreciation + maintenance charges) * 15%).

Service supplies are billed in accordance with the price list of SONATEL SA products and services. The rental of equipment from SONATEL SA to SONATEL Business Solutions is billed according to the following terms: [(acquisition cost before tax / amortization period in days) x number of loan days] x 1.15. This agreement was the subject of an amendment No. 1 (see point 3 of this report) signed on 20 December, 2019, and previously authorized at the 188th meeting of the Sonatel Board of Directors on 18 December, 2019.

It applies from 1st January 2019. The parties agree to review the billing concerning the transfer of permanently seconded staff, the rental of equipment and the use of management tools:
- Article 3.2 of the initial agreement is replaced by a new version, drafted as follows: “the costs of the staff made available to SBS on a permanent basis, namely the costs relating to the post of Director General, Administrative and Financial Director and Commercial Director will be fully borne by SBS. SONATEL will thus bill SBS for the real gross cost of all staff permanently seconded, plus a margin of 8%.
- The invoicing of staff seconded on a permanent basis is different from the billing of «seconded expert» provided for in Annex 1 to the agreement».
- Article 4.7 is amended as follows: “equipment rental: Sonatel rents equipment from SBS. This rentalis billed according to the following methods: [(acquisition cost before tax / amortization period in days) x number of loan days] x 1.08 ”.
- The billing of the management tools as provided for in the annex attached to the assistance agreement is modified.

The applicable mark up is 8%

The amounts recognized by SONATEL SA for the 2019 financial year under this agreement amount to XOF 661 million and are detailed as follows:

	In millions of XOF
Accounting assistance	**38**
Management fees	**111**
Seconded personnel	**461**
Legal assistance	**5**
IT management	**26**
Guarding	**20**
Total	**661**

25. LICENSE AGREEMENT FOR THE USE OF THE ORANGE BRAND

Directors concerned

- Mr. Alioune NDIAYE.
- Mr. Ludovic PECH.
- Mr. Fabrice ANDRE.
- Mr. Jérôme HENIQUE.
- Mr. Hugues FOULON.

Nature and purpose

These are Orange brand licensing agreements between Orange Brand Services Limited, Orange SA and SONATEL SA.

These agreements, applicable from 2007, were the subject of an amendment N° 1 signed on 9 April, 2008 and provide in particular for:
- the granting, by Orange Brand Services Limited, of a non-exclusive license to use the “Orange” Brand;
- an authorization to manage and use the Orange brand internationally, including the right to sublicense the use of the Orange brand in their territory;
- pre-launch and brand renaming support services by Orange Brand Services Limited;
- support services in terms of marketing and communication in the form of know-how, training, assistance, brand expertise and other information and / or advice to help SONATEL SA and its subsidiaries.

Terms and effects

SONATEL SA undertakes to pay Orange Brand Services Limited, or any other entity designated by the latter, an annual fee equal to 1.6% of the turnover before tax of activities marketed under the “Orange” brand. .

The effect of this agreement on the 2019 financial year was XOF 12 million.

26. PARTICIPATION CONTRACT

Directors, Directors General, Deputy Directors General or shareholders concerned

- Mr. Alioune NDIAYE.
- Mr. Fabrice ANDRE.
- Mr. Ludovic PECH.
- Mr. Jérôme HENIQUE.
- Mr. Hugues FOULON.

Nature and purpose

This is a contract signed on 31 March, 2012, between JV (BUYIN SA), NatCo (SONATEL SA, SONATEL Multimédia, SONATEL Mobiles and SONATEL Business Solutions) and Orange SA.

The purpose of this contract is to lay down the general conditions for collaboration between the JV and NatCo concerning the purchasing activities included in the scope of JV.

The scope of JV purchasing activities concerns in particular:
- network technology,
- customer equipment,
- service platforms…

Terms and effects

This collaboration is conducted without financial compensation.

The Statutory Auditors

GARECGO
MEMBER OF JPA NETWORK
INTERNATIONAL

Mamour FALL, Partner

RACINE
MEMBER OF ERNST
& YOUNG

Makha SY, Partner

Dakar, 13 April, 2020

A GENDA OF THE MIXED GENERAL MEETING OF SONATEL

A/ RESOLUTIONS UNDER THE JURISDICTION OF THE EXTRAORDINARY GENERAL MEETING:

1. Free distribution of shares to the staff concerned,
2. Modification of the corporate object,
3. Consequential modification of the statutes,

B/ RESOLUTIONS UNDER THE JURISDICTION OF THE ORDINARY GENERAL MEETING:

4. Consideration and approval of the financial statements for the year ended 31 December, 2019,
5. Appropriation of the income for the 2019 financial year,
6. Ratification of the cooptation of Mr. Achirou NDIAYE,
7. Ratification of the cooptation of Mr. Abdoulaye SAMB,
8. Renewal of the term of director of Mr. Achirou NDIAYE,
9. Prior authorization for the setting up of a bond loan,
10. Approval of regulated agreements:
    - 10.1. loan contract signed with ORANGE Guinea,
    - 10.2. amendment 1 to the cooperation agreement signed with ORANGE Sierra Leone.
    - 10.3. amendment 2 to the cooperation agreement signed with ORANGE Sierra Leone.
    - 10.4. amendment n° 4 to the assistance agreement signed with ORANGE Mali,
    - 10.5. amendment n° 2 to the assistance agreement signed with ORANGE Guinea,
    - 10.6. licence agreement for the use of the ORANGE brand signed with ORANGE Brand Services Limited,
    - 10.7. amendment n° 1 to the assistance agreement signed with SONATEL Business Solutions,
    - 10.8. technical support contract signed with OFM Senegal,
    - 10.9. commercial activity service contract signed with OFM Senegal,
    - 10.10. general business contract signed with OFM Senegal.
11. Powers to carry out formalities.

Draft resolution 1: Free distribution of shares to the staff concerned.

Pursuant to the provisions of Articles 626-1 et seq. of the OHAD Uniform Act relating to Commercial Companies and IEG, the Extraordinary General Meeting, after taking cognizance of the reports of the Board of Directors and the Statutory Auditors:

- authorizes the Board of Directors, to proceed as follows:

- in one or more times, to distribute free shares numbering a maximum of 2,093,013 ordinary shares existing or to be acquired, for the benefit of the staff concerned,
- within a maximum of one (01) year, from the acquisition of each batch of shares, to allocate them free of charge to the staff concerned.

- decides that:

- this delegation may be used by the Board of Directors at any time for a period of thirty-six (36) months consecutive from the present Meeting,
- the duration of the vesting period, for each beneficiary employee, is equal to the time remaining between the date of allocation and the date of retirement / preretirement, negotiated departure. The final allocation cannot be confirmed before the end of this period except in the event of death or disability of the beneficiary who is unable to practise any profession. The minimum duration of the vesting period in any case, will be two (02) years minimum,
- the obligation to keep these shares is removed since the vesting period is at least four (04) years. The General Meeting therefore specifies that these shares may only be transferred upon retirement / early retirement, negotiated departure, death or invalidity of the beneficiaries,

- states that :

- the recipient (1) is entitled to dividends during the vesting period (2) and decides that in case of resignation or dismissal, the shares of the employee concerned will be taken back and allocated to another employee within one (01) year from the resignation or termination of the previous beneficiary in accordance with section 640 of the aforementioned Uniform Act,
- the acquisition of the shares will be made by direct debit, up to the amount of the shares to be allocated, on the portion of the profits from each fiscal year, during the acquisition period, as well as from the reserves, with the exception of the legal reserve,
- the free shares which will be allocated must be recorded in a registered account in the name of their beneficiary, mentioning, the unavailability and its duration, and to remove the unavailability of the shares for any circumstance for which this resolution or the applicable regulations would allow the lifting of unavailability,
- the maximum percentage of the share capital that can be allocated free of charge at 10%, at the discretion of the Board of Directors,

- gives full powers to the board of directors to:

- fix the final terms of the free share allocation plan within the limits of this authorization,
- modify the duration of the vesting period and the retention period of said shares in accordance with the aforementioned Uniform Act,
- more generally modify the terms of the free allocation of shares in accordance with this resolution and the applicable legal provisions.

- notes that:

- the tax regime for the free allocation of shares for the benefit of the staff concerned by the use of this authorization is based on the provisions of the General Tax Code and any related legal or regulatory text.
- in accordance with the above-mentioned provisions, a special report from the Board of Directors will inform the Ordinary General Meeting each year of the operations carried out in accordance with this authorization.

Draft resolution 2: Modification of the corporate object.

The General Meeting of shareholders decides to modify the corporate object of SONATEL by extending it to the exercise of any activity likely to promote its development.

Draft resolution 3: Consequential modification of the statutes

As a result of the previous resolution, the General Meeting decides to modify the last indent of article 2 of the articles of association relating to the corporate object as follows:
«... and generally, any transaction, in particular commercial, industrial, financial, movable, real estate, etc. likely to promote the development of the company.»

Draft resolution 4: Review and approval of the financial statements for the year ended 31 December, 2019.

The General Meeting, after hearing the reading:

1. of the Report of the Board of Directors on the activity of the company during the financial year ended 31 December, 2019 and on the accounts of that financial year,

2. the General Report of the Statutory Auditors on the financial statements for this financial year,

Approves the financial statements of SONATEL for the year ended 31 December, 2019 as presented, as well as the transactions recorded into these accounts and summarized in these Reports.

Consequently, taking note of the General Report of the Statutory Auditors, the Ordinary General Meeting gives full and unqualified discharge to the Directors and the Statutory Auditors for the execution of their mandate for the year ended 31 December, 2019.

Draft resolution 5: Appropriation of the income for the 2019 financial year.

The General Meeting notes the existence of a profit of 154.801.835.385 XOF.

The General Meeting, approving the proposal of the Board of Directors, decides to distribute the profit as follows:

Dividends	=	**136,111,111,111 XOF**
Other reserves	=	**18,690,724,274 XOF**
Total	=	**154,801,835,385 XOF**

Consequently, the General Meeting fixes the gross dividend for each share at 1,361 XOF. After deduction of the withholding tax of 10% in respect of the Income Tax on Movable Securities (IRVM), the net dividend of 1,225 XOF per share will be paid as from 05 May 2020.

Draft resolution 6: Ratification of the cooptation of Mr. Achirou Ndiaye.

On the proposal of the Board of Directors and after having deliberated on it, the General Meeting decides to ratify the cooptation of Mr. Achirou NDIAYE, coopted during the meeting of the Board of Directors of 17 April, 2019 in replacement of Mr. Mamadou AÏdara DIOP, resigned.

Following this cooptation, Mr. Achirou NDIAYE will maintain his term of office for the remainder of the term of his predecessor, i.e. until the Ordinary General Meeting which will consider in 2020 the accounts for the year ended 31 December, 2019.

Draft resolution 7: Ratification of the cooptation of Mr. Abdoulaye Samb.

On the proposal of the Board of Directors and following deliberation, the General Meeting decides to ratify the cooptation of Mr. Abdoulaye SAMB, coopted at the meeting of the Board of Directors on 23 October, 2019, to replace Mr. Bassirou Samba NIASSE, resigned.

Following this cooptation, Mr. Abdoulaye SAMB will maintain his term for the remainder of the term of his predecessor or until the Ordinary General Meeting which will decide in 2022 on the accounts for the financial year ended 31 December, 2021.

Draft resolution 8: Renewal of mandate Director of Mr. Achirou Ndiaye.

The General Meeting notes that the term of Mr. Achirou NDIAYE expires at the end of this Ordinary General Meeting.

It decides to renew the term of Mr. Achirou NDIAYE for a period of three (3) years which expires at the end of the General Meeting which will rule in 2023 on the accounts of the year ended 31 December, 2022.

Mr. Achirou NDIAYE whose term has been renewed declares that he accepts this renewal and speciifes that he is not subject to any incompatibility or prohibition likely to prevent him from exercising the functions of director.

Draft resolution 9: Prior authorization for the setting up of a bond loan.

The General Meeting authorizes the setting up of a bond loan by issuing bonds which are not exchangeable or convertible into shares for a maximum amount of one hundred (100) billion XOF.

The General Meeting further confers on the Board of Directors all the powers necessary to (i) issue the bonds in one or more times within 05 years and (ii) to set the relevant terms.

Draft resolution 10: Approval of regulated agreements.

Having heard the reading of the Special Report of the Statutory Auditors on the agreements referred to in Articles 438 et seq. of the OHADA Uniform Act relating to the Law of Commercial Companies and Economic Interest Groups, the Ordinary General Meeting approves the following agreements:

- loan contract signed with ORANGE Guinea,
- amendment 1 to the cooperation agreement signed with ORANGE Sierra Leone.
- amendment 2 to the cooperation agreement signed with ORANGE Sierra Leone.
- amendment n° 4 to the assistance agreement signed with ORANGE Mali,
- amendment n° 2 to the assistance agreement signed with ORANGE Guinea,
- licence agreement for the use of the ORANGE brand signed with ORANGE Brand Services Limited,
- amendment n° 1 to the assistance agreement signed with SONATEL Business Solutions,
- technical support contract signed with OFM Senegal,
- commercial activity service contract signed with OFM Senegal,
- general business contract signed with OFM Senegal.

Draft resolution 11: Powers for accomplishment of formalities.

The General Meeting confers all powers on the bearer of originals, copies or extracts of these resolutions in order to accomplish all the formalities prescribed by law.

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