

**SUMMARY OF THE
MANAGEMENT REPORT
SONATEL GROUP
SEPTEMBER 2020**

Introduction

The spread of the Covid-19 pandemic and the measures taken by public authorities to contain it have resulted in unprecedented health, economic and financial repercussions on a global scale.

Economic activity in sub-Saharan Africa has deteriorated since the first quarter of 2020. It has been hit by the pandemic among its main trading partners, the disruption of international travel and supply chains, and of the collapse of commodity prices.

Growth rates in the region in recent years are expected to contract sharply compared to the latest forecasts.

In Countries where Sonatel is present, the latest growth forecasts stand at 1.1% in Senegal against a forecast of 6.9%; 0.9% in Mali in 2020 against 4.7%; 1.3% in Guinea against 6% initially, -2.9% in Bissau against 5% and -3% in Sierra Leone against 3.5% (source World Bank).

Nevertheless, the SONATEL GROUP was able to maintain solid operational and financial performance. It remains the benchmark operator in West Africa and leader in all its countries of presence except Bissau, with respective volume market shares of 55.9% in Senegal, 55.5% in Mali, 59% in Guinea, 47.4% in Guinea Bissau and 50.8% in Sierra Leone.

Sonatel Group's revenues increased by 3.2% compared to September 2019 and the operating margin increased by 9.6% over the same period. We noticed a greater growth than the turnover despite a difficult context and tougher competition.

Thus, the group continues to reap the beneficial effects of strengthening the contribution of growth drivers, in particular mobile data, Orange Money and fixed broadband. An increase linked to the growing number of customers and the increase in 4G penetration rates, and orange money.

Maintaining revenues is accompanied by a cost control policy, which significantly improves the EBITDA margin.

The Sonatel Group is deploying a Corporate Social Responsibility (CSR) policy in all its countries of presence. This is how it is firmly committed to the health authorities in the fight against covid19, through donations and subsidies, the provision of medical and protective equipment, the setting up of GFUs with the medical services, free access to certain financial services as well as the facilitation and encouragement of teleworking and distance education through free passes and more abundant offers.

The Sonatel group mobilized during this worrying period to guarantee the quality of the network and its services. The Group's commitment remains resolutely customer-oriented. The ambition is to provide our customers with an incomparable experience, through recognized

quality of technical and commercial services while providing solutions to changes in society through the development of new digital practices.

Group DATA

Good increase of the customer base: 7.3% GROWTH

The Fixed-line, Mobile and Internet customer base grew by + 7.3% compared to 2019 and reached 34.9 million thanks to the maintenance of the recruitment dynamic, despite the slowdown observed in the second quarter of 2020 with the end of commercial events during the first days of the COVID19 health crisis.

Fix - Mobile - Internet subscribers	Actual 2019	Actual 2020	2020 / 2019
Senegal	9 342 950	10 345 062 ↑	10,7%
Mali	12 018 479	12 196 975 ↑	1,5%
Guinea	7 588 257	8 172 400 ↑	7,7%
Bissau	731 200	760 188 ↑	4,0%
Sierra Leone	2 440 802	2 918 699 ↑	19,6%
Mobile	32 121 688	34 393 324 ↑	7,1%
Fixed line	207 159	220 912 ↑	6,6%
Broadband	217 387	291 845 ↑	34,3%
TOTAL BASE	32 546 234	34 906 081 ↑	7,3%

The mobile customer base totals 34.4 million customers, up 7.1% driven by good sales momentum in all countries because of sales promotion, price redesigns, the launch of new offers (Bundle), 'increase in the number of sites improving network coverage.

The number of the Group's mobile data customers stands at 12.1 million an increase of 8.1% over one year. At the same time, the active 4G base reached 4.1 million customers, an increase of + 77.5% compared to 2019, while the penetration rate of Data services is stable at around 35.1%.

Orange Money's active customer base stands at 7.9 million customers, an increase of + 25.5% over one year (+ 1.6 million active customers and + 3.7 million registered customers vs. 2019 in Senegal, in Mali and Bissau thanks to the BCEAO decision to authorize the opening of accounts for all clients). Almost 61% of customers are fully active (ceiling 2Million / month). Orange Money's penetration on the mobile subscriber base increased with 23% of customers using Orange Money's mobile financial services on a monthly basis.

The fixed broadband customer base has 291,845 customers (including 171,518 fiber and Flybox customers), an increase of 34.3% thanks to the acceleration of the deployment of Fiber

in Senegal, Mali and good progress recruitments around the Flybox, more particularly in Senegal and Mali. In addition, at the end of September, nearly 59% of our broadband customers had either a Fiber or Flybox offer and more than 23.6% of the potential fiber connections had been connected.

Financial results as of September 30, 2020

In million XOF

	Actual 2019	2020-2019	2020/2019
Revenue	894 987	+27 736	↑ 3.2%
Direct costs	-180 253	-11 750	↓ -7.0%
% revenue	-20.1%	-0.7pt	
Direct margin	714 734	+15 986	↑ 2.3%
% revenue	79.9%	-0.7pt	
Indirect costs	-334 765	+17 263	↑ 4.9%
% revenue	-37.4%	+3.2pt	
EBITDAaL	379 969	+33 249	↑ 9.6%
% revenue	42.5%	+2.5pt	
eCapex	143 620	-4 840	↓ -3.3%
% revenue	16.0%	-1.1pt	
Operating Cash Flow	236 349	+38 089	↑ 19.2%
% revenue	26.4%	+3.5pt	
Organic Cash Flow (*)	186	+14	↑ 7.9%
Transformation rate	0.1%	-0.0pt	

Group turnover

The turnover of the Sonatel group amounts to 895 billion, an increase of 3.2% (+28 billion) compared to 2019. This growth has been achieved despite of a more aggressive competitive environment in Senegal and Bissau and the COVID pandemic.

Retail revenues rose 3.8%, mainly because **Data mobile, Orange Money, and Fixed Broadband growth drivers**. The latter generate the bulk of the revenue growth and are up **21.2%, 23.7% and 18.6%** respectively compared to September 2019.

Wholesale revenues continued to decline (-15.9%) compared to 2019 at a slower pace thanks to the revival of hubbing and national interconnection, particularly in Senegal.

Management Balances

3 times EBITDA growth higher than turnover with a margin gain of 2.5 points:

The group's consolidated EBITDA amounted to 380 billion in September 2020 and recorded a growth of + 9.6% or +33.2 billion XOF, thanks to good control of indirect costs which is added to a stable direct margin.

Operating income rose 4.6% thanks to operational performance despite the increase in depreciation in Senegal resulting from investment efforts in recent years.

Investments

Sonatel group's investments amounted to 143.6 billion at the end of September 2020, down 3.3% (-4.8 GXOF). The CAPEX / turnover rate was down 1.1 points, around 16%. The major challenges are centered around better customer addressing (capacity expansion, densification), Very High Speed for all with the acceleration of FTTX and 4G, 4G + and 4.5G deployments to meet the strong demand of populations, varied fixed connectivity, abundance of Voice and Data and digitization to facilitate the implementation and access to our services while maintaining a modern, agile and optimized network.