
sonatel
Financial results
Q1 2021
orange

Thesaurus

1. IFRS : the indicators presented in this document have been established in accordance with IFRS. Q1 2020 figures have been restated using this same format.

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

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

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Highlights



Key financial figures

+9.9%

314.2 Billion
Turnover

+14.4%

132.2 Billion
Ebitdaal

+19.8%

94 Billion
Free Cash Flow

+26.5%

55 Billion
Net Profit

+1.6%

38.2 Billion
Ecapex*

Income

Good growth in turnover (+28.4 billion XOF) still driven by retail (data, orange money and fixed line services) in all countries and mainly in Guinea, Mali and Sierra Leone.

Ebitdaal

Growth of 16.6 billion XOF thanks to the advance on income which absorbs the 11.8 billion XOF increase in expenses.

Free Cash Flow

Improvement of 19.8% compared to 2020. Thanks to the good generation of margin combined with the reduction on Capex's achievements.

Net Profit

Growth of + 26.5% thanks to the performance on the operating margin reinforced by the control of depreciation despite the noted increase in financial expenses.

Ecapex

12% of the income is invested in capex, up 1.6% compared to Q1 2020.

Ebitdaal Ratio
42.1%

Net Margin
17.5%

Ecapex Ratio
12.1%

* eCAPEX = CAPEX excluding disposal of fixed assets

Key operational figures

+12.8%

37.4 Million
Customers (landline, Mobile and Internet)

+12.6%

36.8 Million
Mobile customers

+9.2%

13.2 Million
Data mobile customers

+25.2%

8.8 Million
Orange money customers

+37.4%

333.7 k
THD Landline (ADSL – Fiber Flybox - Wimax)

Despite the repercussions of COVID19 (restrictions on field actions), the customer base's growth continues (+10%). Recruitments are continuing in Mali thanks to the plan to boost the customer base.

A mobile customer base that exceeded predictions (+4.2%) at Group level, largely driven by good recruitment dynamics.

A mobile Internet base ahead of +10.6% compared to Q1 2020, driven mainly by Mali, Bissau and Sierra Leone, despite the negative impacts of a strong budgetary ambition in Sierra Leone, incidents on the Otarie platform (ITN upgrade in December), and finally the gap observed at the 2020 crossing point impacted by internet cuts in Q4 accompanied by a perception of an expensive price from customers in Guinea.

Good performance of the Orange Money customer base at the group level despite the delay observed in Senegal mainly under the impact of a difficult competitive environment.

Continued growth of the very high broadband customer base supported by Fiber and 4G LTE offers.

Data mobile penetration
35.9%
(-0.8 point)

Orange money penetration
23.9%
(+2.5 points)

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Highlights per country



Sénégal

Q1 strongly impacted by the continuation of the health crisis, political tensions and the strong competitive aggressiveness on mobile money which affected financial results. Implementation of a plan in response to competition with deflator effects on Orange Money turnover.

* eCAPEX = excluding disposal of fixed assets

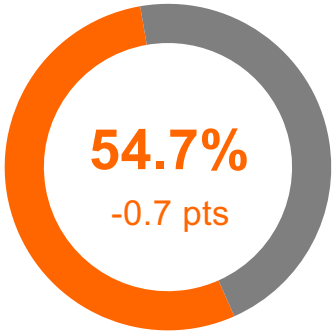
Customer base

FMI	Mobile	Data Mobile	Broadband Fixe	Orange Money	eCAPEX *
11.2 Million	10.7 Million	4.5 Million	267.7 K	2.9 Million	6.4 Billion
+8.1%	+7.6%	+1.6%	+30.8%	+12.9%	-58.2%

XOF

- Continued commercial offensive against mobile money competition in Senegal
- Commercial counter offensive by OFMS on the occasion of the 10th anniversary of Orange Money
- Reopening of agencies and shops ransacked during the latest riots;
- Benin Government awards to SONATEL a management contract of SBIN
- Sonatel offers a thriving ecological park to the city of Mekhe.
- The Sonatel foundation equips and rehabilitates the Mame Cheikh Mbaye high school for 500 million XOF.
- Renovation of the Tambacounda health center by the Sonatel foundation for 80 million XOF.
- Lull in the country's political situation;
- Significant decrease in the number of new covid cases.
- Health emergency lifted on March 19 after three months of restrictions linked to the pandemic
- Revitalization of value added services through the launch by the ARTP of a public consultation.
- The ARTP has put online the map of the antennas of the 2G, 3G and 4G mobile networks throughout Senegal
- New finance law in 2021: reduction of the deductibility of VAT on foreign services.
- The 3rd operator has obtained its 4G license and announces the launch of services.

Market share



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

Mali

Orange Mali continues to achieve good commercial and financial performance in a tense political, security context and health crisis. Good profitability trajectories compared to objectives and annual growth despite the downward adjustments in Orange Money withdrawal prices.

* eCAPEX = excluding disposal of fixed assets

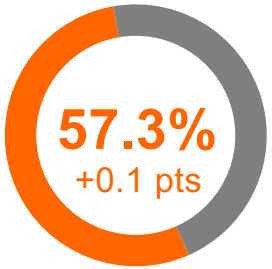
Customer base

FMI	Mobile	Data Mobile	Broadband Fixe	Orange Money	eCAPEX*
13.2 Million	13.1 Million	5 Million	51.2 K	2.9 Million	17.5 Billion
+13.9%	+13.7%	+15.8%	+76.1%	+22.5%	+41.7%

XOF

- Implementation of a second measure to lower OM cash out fees combined with a revision of the P2P billing grid.
- Donation from the Orange Mali Foundation of 17 hospital beds and 11 ventilators to the Ministry of Health and Social Development worth 160 million XOF as part of the fight against Covid-19.
- Renewal of QSE certification.
- Health situation in deterioration with an increase of Covid 19 cases.
- Continued attacks in the central and northern areas of the country.
- Official visit of the President of the Transition to France.
- New symmetrical interconnection tariffs with MALITEL at 2.5 FCFA / min.
- AMRTP's favorable response of the 10 MHz request in the 800 MHz band.

Market Share



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

Guinea

A quarter marked by the acceleration of fiscal & regulatory pressure in a difficult economic environment (inflation and currency exchange). Despite these difficulties, Guinea has maintained solid financial and operational performance thanks to good commercial momentum supported by marketing activities and the extension of network coverage.

* eCAPEX = excluding disposal of fixed assets

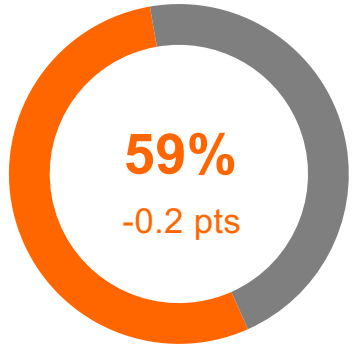
Customer base

FMI	Mobile	Data Mobile	Orange Money	eCAPEX *
9 Million	8.9 Millions	3 Million	1.7 Million	151.7 Billion
+12.4%	+12.3%	+16.8%	+21.9%	+46.6%

GNF

- Good operational performance and commercial positions.
- Launch of several broadband and Orange Money offers.
- Publication of 03 new decrees impacting the telecom sector:
  - extension of the interconnection charge to On net traffic to 20 GNF per minute,
  - supervision of activities on electronic transactions by the ARPT
  - regulation of infrastructure sharing
- Liberalization and opening of USSD codes to service providers.
- Suspension of Guinea's membership of free roaming as of May 1, 2021.
- Modification of the method of calculating FH frequency fees with an upward impact on operators' costs.
- Mobile advertising levy increased by 60%.
- 12-month extension of the simplified measures for opening Orange Money accounts.
- Adoption of new regulations on subscriber identification to fight fraud and cybercrime.
- Continued depreciation of the Guinean franc.

Market Share



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

Bissau

Solid financial results in a difficult environment thanks to sales and marketing actions
Maintained leadership in value and continued recovery in volume market share
Deployment of a vast program to modernize the network and extend rural coverage

Customer base

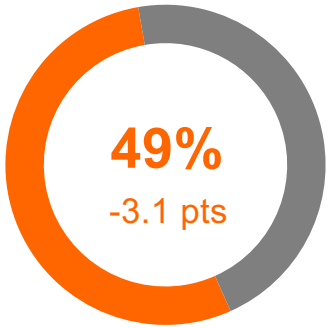
* eCAPEX = excluding disposal of fixed assets

FMI	Mobile	Data Mobile	Broadband Fixe	Orange Money	eCAPEX*
881.9 K	874.4 K	275.9 K	2.2 K	167 K	2.7 Billion
+20%	+20%	+64.7%	+205%	+131.4%	+232.9%

XOF

- New restrictive measures including the ban on gatherings following the increase in positive Covid 19 cases.
- Launch on April 7of the cashew campaign, the main driver of the economy.
- Lull after some political tensions following the return to the country of the losing candidate in the presidential elections.
- Strike in the public service for several months.
- Qualification of Guinea-Bissau for AFCON 2022.
- New telecom tax applied on April 1st (5fcfa / minute, 3Fcfa / SMS and 5% on other income).
- Relaunch of the ECOWAS free roaming project.

Market Share



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

Sierra Leone

Continued strong growth in operating and financial results driven by the Data and Orange Money growth drivers. This growth is supported by good commercial momentum, thus strengthening its positioning on the market. The fiscal and regulatory pressure is still heavy.

Customer base

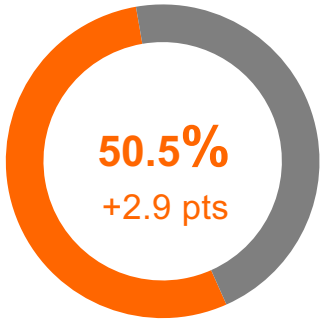
* eCAPEX = excluding disposal of fixed assets

FMI	Mobile	Data Mobile	Broadband Fixe	Orange Money	eCAPEX*
3.1 Million	3.1 Million	548.2 K	0.2 K	1.1 Million	65.5 Billion
+26.9%	+26.8%	+41.2%	+470.0%	+79%	-0.5%

SLL

- Orange is stepping up its 4G campaign with more abundance.
- Strong competitive intensity with abundant offers from competitors.
- Natcom's request for the suspension of all free roaming services to Guinea.
- Validation of the parliamentary session held during the deployment of the new law on cybercrime 2020.
- The law now imposes a fee of $ 0.005 on all electronic transactions.
- Based on the new 2021 finance law, financial institutions (Orange Money) will no longer have to charge GST.
- The Orange Foundation offered a maternal care center as well as a nursery school in Kambia.
- Launch of the Bank to Wallet service in partnership with Rokel Commercial Bank.
- Slowdown in the depreciation of Leone against the euro.

Market Share



2G / 3G / 4G



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Thanks

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