

# AFROFUTURISM

## A WORD FOR THE LEAST MYSTERIOUS

Behind it lies more than an artistic or cultural movement. It alone crystallizes the emancipating will of an entire continent. Afro-futurists revisit history, biology, mythology and technology to reinvent Africa but above all, to give it the place it deserves in the world of tomorrow. Every day we work with you to prepare this world and prepare Africa to enter it. Tomorrow is getting prepared right now.



# SUMMARY

	LETTER FROM THE CHAIRMAN	7
	MESSAGE FROM THE MANAGING DIRECTOR	9
1	GOOD GOVERNANCE, PLEDGE FOR TRANSPARENCY: GOOD GOVERNANCE RULES BOARD OF DIRECTORS – AUDIT COMMITTEE	12
2	HUMAN RESOURCES	26
3	SONATEL'S CITIZEN ENGAGEMENT IN SENEGAL AND IN THE SUBSIDIARIES	32
	<ul><li>3.1 Corporate Social Responsibility</li><li>3.2 Philanthropy</li></ul>	34 42
4	OUR ACTIVITIES	52
	IN SENEGAL	54
	4.1 Mobile and Orange Money	54
	4.2 Fixed-lines and Internet 4.3 Corporate Services	57 57
	4.4 Contents: development and innovation	58
	4.5 Commercial Service Transformation	60
	4.6 Customer relation Transformation Project	64
	IN THE SUBSIDIARIES	66
	4.7 Orange Mali	66
	4.8 Orange Guinea	69
	4.9 Orange Bissau 4.10 Starting of the activities in Sierra Leone	70
5	NETWORKS AND INFORMATION SYSTEMS	74
6	SONATEL IN THE WORLD	80
7	KEY NUMBERS AND SONATEL IN THE STOCK EXCHANGE	88
8	FINANCIAL REPORT	108
9	FINANCIAL STATEMENTS	140
10	APPENDIX	172
	AUDITORS' GENERAL AND SPECIAL REPORTS	174
	AGENDA OF THE ORDINARY GENERAL MEETING	207

## LETTER FROM THE CHAIRMAN



Mr. Bruno METTLING
Chairman of the board

5

onatel Group confirmed in 2016, its leadership and its good operational and financial results. In all of its markets, our company offers innovative services through last generation infrastructure and skilled human resources.

This year was marked by the renewal and extension of Sonatel' licenses for 17 years, which gives our company a great opportunity to invest in digital development.

Mr. Bruno METTLING Chairman of the board

The company also invested in the acquisition of an operator in Sierra Leone, a country with good mobile development potential and is now present in five countries.

Despite the acceleration of the decline in international revenues and the decline in fixed-lines activity, the Group's turnover grew by 4.8 percent, thanks to data revenues, value-added services and Orange Money. Net income decreased by 2.4 percent due to the introduction of new taxation and regulatory measures.

The Sonatel Group is preparing for the future by maintaining a high level of investments with an amount of 154 billion XOF in 2016. The renewal or deployment in rural areas of the access network, the densification of 3G mobile networks with the usage development and the expansion of service platforms accounted for the bulk of these investments.

Moreover, Sonatel intends to continue its investment efforts in order to increase the coverage of populations and to accelerate the transition of the network towards the latest generation of equipment and technologies. The successful launch of 4G in Guinea Bissau and Senegal is a demonstration of this, pending its extension to the other major cities of these countries. The Group intends to pursue this policy of acquiring 4G frequencies in Mali, Guinea and Sierra Leone.

The Sonatel Group affirms its willingness to be a powerful engine to accelerate the development of the countries where it is present through the digital. It is committed to helping the economies' growth and the well-being of the people. To do this, it has chosen to invest in new solutions for energy, agriculture and the contents. Thus, in Senegal, for example, the Group wishes to contribute to the success of the 2025 Senegal Digital Plan and has already begun to work on this in the decrease in Internet prices.

In a context of development of the stock market at the Regional Stock Exchange Securities, the price of the Sonatel share has stabilized at the level of before dividends payment over the 2015 fiscal year, thus in May 2016.

The Board of Directors congratulates all the employees of the Sonatel Group in the five countries for its good results and all its encouragement for the future. Their commitment and their mobilization to serve customers have enabled these great performances.

Sonatel will be able to count on the support of the Board of Directors to remain a major player in the development of the digital economy and digital transformation in West Africa. For my part, I would like to take the opportunity given to me, after this first year together, to express my satisfaction and enthusiasm to participate in the further development of digital technology through the Sonatel Group in the sub region.

## LETTER FROM THE MANAGING DIRECTOR



Mr. Alioune NDIAYE

Managing Director

**T** 

he Sonatel Group has maintained good operational and financial performance.

Continued sustained investment by the Group has maintained its leadership in all countries of presence.

During the year 2016, the Sonatel Group began the last phase of its project «United toward 2016».

Thus, several actions were taken towards the success of major projects, in particular:

• Improved customer relationship,

• Different Certification processes,

• Technical and commercial transformation projects.

The company has thus consolidated its leadership in terms of Quality of Service and intensified the development of its growth drivers, but also continues the dynamic of preserving its revenues while controlling its expenses.

The good sales momentum around mobile data usage (+ 64 percent of turnover), Orange Money activities (+ 82 percent of turnover) and value-added services have permitted to maintain this leadership both in value and in volume in all its markets, thanks to the dynamics of conquests, despite regulatory constraints on the identification of subscribers (slowing growth of mobile subscribers).

Indeed, the Group's mobile data base amounted to 6.3 million subscribers, representing 22.6 percent of the mobile customer base, while Orange Money's active portfolio is constantly increasing to close to 3.1 million subscribers (60 percent growth and generating a transaction volume of 3,148 billion XOF).

The Group's turnover reached 905 billion XOF, representing a 4.8 percent increase given by mobile revenues, thanks to the monetization of data usage and value-added services and the development of Orange Money services. The net result is for its part of 216 billion XOF, a decline by -2.4 percent compared to 2015 fiscal year, explained by the impact of the new fiscal and regulatory measures introduced in 2016 and by the decline in international balances.

The Group continues to be a major contributor to wealth creation and has contributed more than 473 billion XOF to the budgetary revenues of the countries of presence. As part

of the development of the local private sector, the Group's activities have generated over 236 billion XOF in sales for the benefit of local businesses, including nearly 144 billion for businesses in Senegal. In terms of the balance of payments, the Group contributed positively to all of its countries of presence through trade balances representing net exports for over 182 billion XOF, of which 82 billion XOF for Senegal only. To these contributions, we should add the actions carried out in the field of Corporate Social Responsibility, particularly through its various Foundations. In 2017, the Sonatel Group intends to continue its investment efforts to increase coverage in all countries and accelerate the transition of the network to the services of the future.

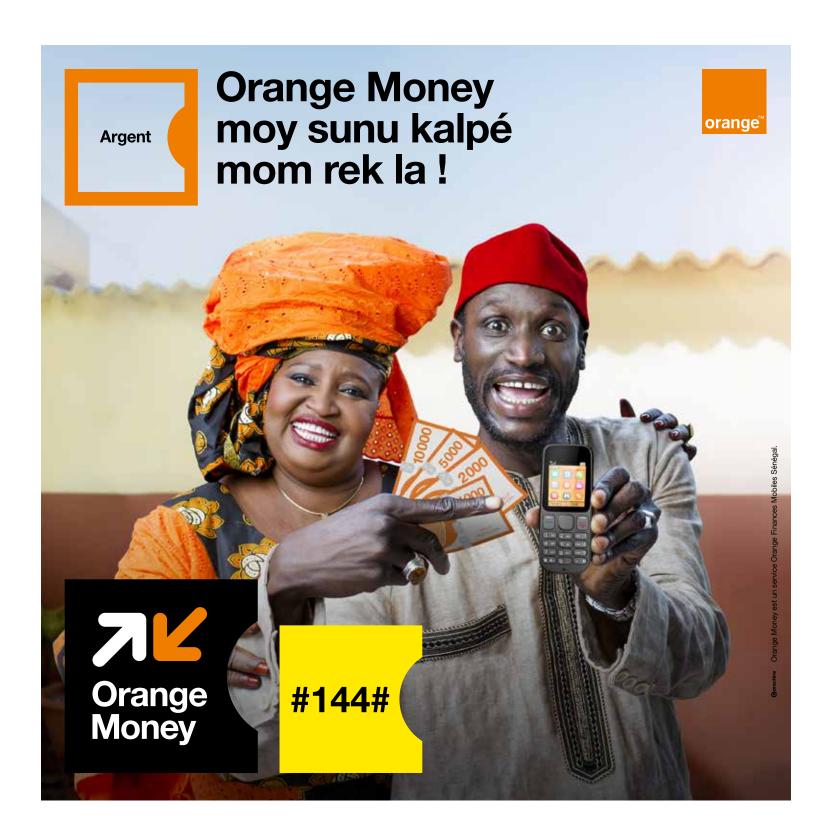
The Group will also continue the deployment of 4G in Guinea Bissau and in Senegal, through the progressive coverage of regional capitals, as well as its policy of acquiring 4G frequencies in Mali, Guinea and Sierra Leone.

It will maintain the momentum of its actions around mobile data, value-added services and Orange Money services and strengthen its diversification strategy. In order to limit the impact of unfavorable regulatory and taxation decisions, the exchange rate effects linked to the depreciation of the Guinean Franc and the Leone, and the effects of the OTT phenomenon acceleration on incoming international traffic, the Group will pursue its transformation and adaptation projects of its cost structure in order to maintain its profitable growth momentum.

The new movements anticipated in the competition field with the arrival of new ISPs (Internet supply provider) and the announced takeover of our main competitor in Senegal should boost this market a little more. The Group will continue to strengthen its investments in order to better support its conquest and leadership.

The strong growth momentum of mobile data, value-added services and financial services through Orange Money are expected to continue and to drive up growth in the Group's turnover. The integration into the scope of consolidation starting in 2017 of the new acquisition of Airtel Sierra Leone should also improve growth trajectories.

Finally, the Sonatel Group will mobilize its staff through its Strategic Plan «Horizons 2020», to accompany the countries for a digital emergence of the territories and to reinforce its civic engagement through its policy of Corporate Social Responsibility.



# GOOD COVERNANCE

RULES OF GOOD GOVERNANCE – BOARD OF DIRECTORS – AUDIT COMMITTEE





## FEW WORDS ON GOVERNANCE.....

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

These new rules are laid down in Articles 547-1, 831-2 and 831-3 of the above-mentioned Uniform Act.

SONATEL did not wait for the implementation of these provisions to inform its stakeholders on its governance.

Thus, as usual, SONATEL shares with its shareholders the following information.

# 1-1 TERMS OF PARTICIPATION OF SHAREHOLDERS AT A GENERAL MEETING OF SONATEL

he right to participate in Shareholders' meetings is subject to the registration of the shareholder's name in the register of registered shares, 5 days before the meeting.

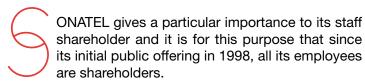
The registration of the shares on behalf of the shareholder or the interim on his behalf registered in his/her account, on the third business day preceding the Meeting at midnight local time in the share bearer records held by the Stock Exchange (BRVM) also justifies the right to participate in general meetings.

Any shareholder (or group of shareholders) representing at least one hundred (100) shares may participate or be represented at Annual General Meetings. Regardless of the number of shares held, any shareholder may participate or be represented at Extraordinary General Meetings.

Any shareholder may be represented by his spouse or by a representative of his choice, shareholder or nonshareholder himself.

Every shareholder has as many voting rights as shares he owns and represents. The representative of a shareholder has the voting rights of its mandate under the same conditions and the same limit.

# 1-2 UPDATE ON THE STATUS OF EMPLOYEES 'SHARE INVESTMENTS AT 31 DECEMBER 2016



The staff shareholder of Sonatel Group is now cited as an example, with each staff feeling more involved in the future of his company. This example is now replicated in many companies.

As of 31 December 2016, SONATEL had 1,768 employees in Senegal (foreign subsidiaries not taken into account).

On 31 December 2016, 2,737 employees of the SONATEL Group are shareholders representing a stake in the share capital of 8.5 percent.

## 1-3 COMPOSITION OF THE BOARD OF DIRECTORS OF SONATEL

As at December 31, 2016, the Board of Directors of SONATEL is composed of the following 10 members (09 directors and one representative of the Financial Controller):



Mr. Bruno METTLING
Chairman of the Board



Mr. Cheikh Tidiane DIOP

Director



Mr. Abdoulaye DIOP

Director



Mrs. Fatoumata SARR DIENG

Director



Mr. Thierry BRETON

Director



Mr. Fabrice ANDRE

Director



Mr. Mamadou Aïdara DIOP



Mr. Hugues FOULON

Director



Colonel Thierno FALL Director



Mr. Abdoulaye KAMARA State Financial Controller

# 1-4 MANDATES AND FUNCTIONS EXERCISED BY EACH SONATEL DIRECTOR

As at December 31, 2016, the following offices and functions are exercised by the 09 Sonatel Directors:

### Mr. Bruno METTLING

Offices and positions held at Sonatel: Chairman of the Board of Directors Other offices and positions held in Senegal: None

### Mr. Mamadou Aïdara DIOP

Offices and functions held at Sonatel : Director Other offices and positions held in Senegal : None

### Mr. Hughes FOULON

Offices and functions held at Sonatel:
Director, Member of the audit committee
Other offices and positions held in Senegal:
None

### Mrs. Fatoumata SARR DIENG

Offices and functions held at Sonatel : Director Other offices and positions held in Senegal : None

### Monsieur Abdoulaye DIOP Mr. Abdoulaye DIOP

Offices and functions held at Sonatel:
Director
Other offices and positions held in Senegal:
Director at Sovereign Strategic Investment Funds (FONSIS)

### Mr. Cheikh Tidiane DIOP

Offices and functions held at Sonatel:
Director, Member of the audit committee
Other offices and positions held in Senegal:
Director at SENELEC

### Monsieur Fabrice ANDRE

Mr. Fabrice ANDRE
Offices and functions held at Sonatel:
Director
Other offices and positions held in Senegal:
Director at Sonatel Mobile

### Mr. Thierry BRETON

Offices and functions held at Sonatel: Director Other offices and positions held in Senegal: None

### Colonel Thierno FALL

Offices and functions held at Sonatel:
Director
Other offices and positions held in Senegal:
Director at ADIE, member of the National cryptology
committee in Senegal

## 1-5 COMPOSITION OF THE GROUP EXECUTIVE COMMITTEE



Mr. Alioune NDIAYE

Managing director



Mr. Thierry MARIGNY
Deputy Managing Director



Mr. Alassane DIENE Managing Director Orange Mali



Mr. Eric BOUQUILLON
Managing Director Orange Guinea



Mr. Seydi Ahmed Sy SARR Managing Director Orange Bissau



Mr. Sékou DRAMÉ Managing Director Orange Sierra Leone



Mrs. Aminata NDIAYE
Managing Director of Sonatel Mobiles
Consumer Marketing Director



Mr. Omar Gueye NDIAYE
Managing Director of Sonatel Multimedia
Strategy and Development Director



Mrs. Gisèle Pouye GUEYE CUSTOMER SERVICES DIRECTOR



Mr. Ousmane DIENG
Corporate Director



Mrs. Rokhaya GUEYE Regulatory and Legal Affairs Director



Mr. M. Ibrahima TRAORÉ
Sales Director



Mrs. Racky Sada WONE Information Systems Director



Mr. Amadou DEME Logistics and Procurement Director



Mrs. N. Thérèse TOUNKARA Networks and platforms Services Director



Mr. B. Moctar BEYE International Operations and Operators Director



Mrs. Afissatou Sall GAYE Audit Risk and Quality Director



Mr. Gana NDOYE
Human Ressources Director



Mr. Abdou Karim MBENGUE Corporate Communications and External Relations Director



Mr. Aboubacar Sadikh DIOP
ACCOUNTING AND FINANCIAL DIRECTOR

# 1-6 CONDITIONS FOR THE PREPARATION AND ORGANIZATION OF THE SONATEL BOARD WORK

he rules governing the preparation and organization of the Board's work are set by the statutes and the rules of procedures of Sonatel. Actions of continuous improvement are also promoted on the sidelines of these texts.

Thus, the President establishes henceforth, before the beginning of each year, the annual calendar of meetings of the Board of Directors.

Previously, a biannual schedule was established before the start of the semester.

Notices of board meetings, specifying the agenda shall be made by registered mail, by e-mail of the President, at least fifteen (15) days before the date of the meeting or at least three (3) days before the date of the meeting in case of an emergency.

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 items on the agenda shall be communicated to the Directors at least:

- Ten (10) days prior to any meeting in the case of documents submitted for decision-making, and
- Five (5) days (including one weekend) prior to any meeting in the case of documents submitted for information purposes.

The Chairman of the Board of Directors may invite members of SONATEL management team, after consultation with the Managing Director, depending on the items to be dealt with in the agenda.

In any event, the Board of Directors may, in the event of an emergency, and at the proposal of the Chairman, deliberate any matter not on the agenda that is communicated to it.

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

## 1-7 APPLYING GOVERNANCE CODES ON THE ISA AND THE SCCP

onatel is referring since 2011 to the Business Governance Code developed by the Senegalese Institute of Directors (ISA).

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

The provisions of the code, inspired by the OHADA law are a set of rules of good conduct for companies.

The Sonatel Board of Directors has chosen to follow the rules defined by this code because these texts highlight the code of good governance practices. We can mention among the rules enacted:

- The relationship between Sonatel and its shareholders resulting in fair treatment of shareholders as well as the transparency and quality of the information transmitted,
- Rules relating to the roles, missions, composition, functioning of Board Committee,
- The relationship between the Board, the General Management and Executives,
- The Board and the auditors,
- •The Board and other stakeholders.

Sonatel since 2012 also refers to the Code of Conduct for Private Sector Enterprises in Senegal developed by the Private Sector Coalition against Corruption (SCCP) which was set up by the Government of Senegal and the World Bank which see corruption as a limiting factor for economic and social development of Senegal.

Sonatel has adhered to the Code of Conduct which:

- Establishes guidelines and rules of conduct destinies fight against corruption,
- Promotes ethics and good corporate governance in the private sector companies, and in relations between companies from the private sector, and between them and the government, customers, consumers.

This Code is based on three guiding principles:

- The Ethics by its definition and the implementation of policies and development strategies consistent with ethical principles,
- The social responsibility by a commitment beyond the purpose of profit, to build a responsible corporate citizen concerned about its social environment.
- Corporate governance by applying the basic principles of the Senegalese Institute of Directors (ISA), in particular the integrity of leaders, the respect of clear definition of roles between the Assembly of Shareholders, the Board of Directors and the General Management and finally the rights of shareholders and equality in their treatment.

The codes are available to these institutions.

# 1-8 PRINCIPLES AND RULES FOR THE DETERMINATION OF COMPENSATION AND BENEFITS GRANTED TO CORPORATE OFFICERS



he Remuneration and benefits of Corporate Officers are determined in accordance with the provisions of AUSCGIE. It is an initial decision of the Board of Directors

The duty allowances of the Directors set by the Board of Directors shall however be approved by the Annual General Meeting.

Upstream of this legal procedure, Sonatel has implemented since April 2008 a Nomination and Remuneration Committee whose responsibilities include making such proposals to the Board on:

- Duly allowances for the Directors,
- The remuneration policy for Sonatel corporate officers,
- Remuneration, mobility of executives and the Sonatel employee shareholding policy.

The Committee thus made a proposal to the Board who will make the decision.

The Board of Directors No. 141 dated on 2 February 2012 had fixed the duty allowances which are paid to Directors present at relevant meetings (Boards of Directors, Audit Committee). An overall budget was allocated by Sonatel General Assembly of 08 April 2009. This envelope is equal to 65 million XOF per year

# 1-9 REMUNERATION AND BENEFITS OF ANY KIND PAID TO EACH SONATEL DIRECTOR



uring the year 2016, the Sonatel Board of Directors met nine (9) times, the Audit Committee two (2) times.

During fiscal 2016, the duty allowances were paid to the Directors present at meetings (Board of Directors and Audit Committee) or their delegate in the following proportions:

Director	Board of Directors	Audit Committee	Total
M. Abdoulaye DIOP	2,400,000 F CFA		2,400,000 F CFA
M. Abdoul Aziz MBAYE	3,200,000 F CFA		3,200,000 F CFA
M. Thierno FALL	4,800,000 F CFA		4,800,000 F CFA
M. Birane DIOUF	1,600,000 F CFA		1,600,000 F CFA
Mme Fatoumata SARR DIENG	2,400,000 F CFA		2,400,000 F CFA
M. Cheikh Tidiane MBAYE	4,000,000 F CFA		4,000,000 F CFA
M. Mamadou Aidara DIOP	7,200,000 F CFA		7,200,000 F CFA
M. Cheikh Tidiane DIOP	2,400,000 F CFA		2,400,000 F CFA
M. Mamadou SARR	4,800,000 F CFA	800,000 F CFA	5,600,000 F CFA
M. Fabrice ANDRE	6,400,000 F CFA		6,400,000 F CFA
M. Hugues FOULON	6,400,000 F CFA	800,000 F CFA	7,200,000 F CFA
M. Bruno METTLING	7,000,000 F CFA		7,000,000 F CFA
M. Marc RENNARD	5,600,000 F CFA		5,600,000 F CFA
M. Thierry BRETON	5,600,000 F CFA		5,600,000 F CFA
General Total	63,800,000 F CFA	1,600,000 F CFA	65,400,000 F CFA

This allocation above exceeds by 400,000 XOF the overall annual budget of 65 million XOF allocated by the Sonatel Ordinary General Meeting of April 08, 2009.

This excess is due to the difficult regulatory environment

that required holding more Board meetings in 2016. In fact, 09 meetings of the Board of Directors meetings were held in 2016 (as of 06 in 2015 and 05 in 2014).

## 1-10 COMMITMENTS TAKEN IN FAVOR OF CORPORATE OFFICERS

No commitment was made by Sonatel for the benefit of its corporate officers for the 2016 fiscal year.

## 1-11 LIMITATIONS OF THE MANAGING DIRECTOR'S POWERS

The Managing Director 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 rules of procedure of the Board of Directors expressly attributed to him.

The Board, however, since 1997, has established a ceiling for commitments of the Managing Director beyond which prior approval of the Board is required. This limitation of the powers of the Managing Director also was also enshrined in Article 13bis of the Articles of Sonatel.

# 1-12 INTERNAL CONTROL PROCEDURES AND RISK MANAGEMENT IN FORCE

onatel has implemented for years a process of internal control and risk management. The activities, the results of this process of internal control and risk management are controls by the Audit Committee.

For effective and efficient management of this process, structures and follow-up committees exist in Sonatel:

- A dedicated department for risk management and internal control having as main responsibilities:
- The development and regular updating of risk mapping linked to the activities of all Sonatel processes (identification, treatment, assessment and prioritization of risks)
- Piloting the top risks (priority risks and unacceptable risks) defined by the General Management,
- Risks analysis related to strategic offers and projects,
- Systematic review of procedures to ensure the integration of the internal control systems covering risks.
- Support for businesses for the development and ownership of internal control,

- The annual verification of compliance with the financial security laws and the Sarbanes Oxley Act applicable to listed companies in the United States because of the ownership of Sonatel to the Orange Group (review of questionnaires on the internal control environment review by the Statutory accounts for validation).
- An Internal Audit department in charge of assessing the internal control system (tests to ensure the correct application and the effectiveness of the internal control system documented)

Internal Audit has as main responsibilities:

- The development and implementation of an annual audit program covering strategic issues and challenges of Sonatel in all areas including those exposed to critical and unacceptable risks.
- The monitoring of the implementation of recommendations of internal and external audits.
- A general inspection unit responsible for:
- Realizing the investigation missions following the

generating facts impacting Sonatel or a third party:

- Fraud or suspected internal or external fraud,
- Theft and diversions of assets.
- Non-compliance with laws, regulations, contracts, policies and procedures causing prejudice to Sonatel or a third party,
- Human or major technical failures.
- Follow up on the recommendations of the investigations,
- Ensure the reporting level group on investigations.
- A risk committee chaired by the Managing Director and consists of all Directors and Heads of safety, revenue assurance and risk management and internal control departments. This committee, which meets every semester has for missions to:
- Analyzing the top risks (priority risks and unacceptable risks) defined by executive management to ensure their control,

- Identification and impulse of the necessary synergies between the various functions involved in risk management
- The preparation of internal control reviews and followup to the review.
- A committee for risks review related to strategic projects and offers of Sonatel whose role is to:
- Ensure the consideration of the risk dimension in the projects or sites before they are reviewed by the validation committee,
- Ensure that projects must pass a validation milestone which incorporate adequate and necessary controls to achieve the various objectives and to circumvent, predict, correct or reduce the impact of identified risks. The results obtained to date are positive and ongoing monitoring is realized to effectively contribute to the sustainability of the activity of Sonatel.

# MUMAN RESOURCES

HUMAN CAPITAL TRANSFORMA-TION TO MEET SONATEL STRATEGIC CHALLENGES





# 2 HUMAN RESOURCES: CONTINUING THE TRANSFORMATION OF THE HUMAN CAPITAL TO BECOME A «DIGITAL AND HUMAN EMPLOYER»

016 was marked by the lunch of the Employee
Experience Plan and the promise of the company
« Working at Sonatel is living a unique experience,
human and digital at the height of the one we want for our
customers, to listen and to act".

In the continuity of our history and our values, we reaffirm and implement our fundamental conviction: there can be any economic performance without social performances.

Sonatel, in its perpetual quest for performance, defines the main orientations and demonstrates once again all the interest it has for its performance drivers: its human resources.

Thus, the employee Experience Plan will provide each employee a great experience like the one we want to offer to our customers through the three levers below:

- Guarantee necessary skills for tomorrow to the company.
- Develop the collective agility of employees,
- Promote the involvement of everyone.

Also, the new ambition in the pursuit of the transformation of our human capital will help us to increase our sustainability and reinvigorate our growth.

Sonatel remains convinced that the one of its biggest vectors of differentiations lies in the quality of its human resources.

As part of the "Unis vers 2016" Corporate project, the exceptional mobilization of human resources made possible the record of some great achievements in 2016 including:

- The promotion of well-being at work for staff
- The revitalization of the occupational health policy,
- Adjustment and execution of development programs skills, careers,
- A policy of mobilization and motivation of staff to achieve the strategic objectives of the company.
   It is also important to underline the decisive support that the Group Sonatel provides its subsidiaries with management of their Human resources.

# 2-1 DEVELOPMENT OF SKILLS: MORE RESOURCE ALIGNMENT TO THE ENTERPRISE STRATEGY

he policy of skills development and training is a major asset to meet the challenges of the group by guaranteeing the skills for today and tomorrow in the face of these paradigm shifts strongly driven by the digital revolution. The priority for training and skills development of the group is to provide everyone with a unique learning experience.

To this end, tools to strengthen training and collaboration have been implemented (e-learning, plazza, virtual library, Senkiosk, etc.). In 2016, an ambitious program for the development and reinforcement of the employees' skills, accompanied by important means, was carried out:

- 306 training sessions were conducted, 14,608 student days (JE) and 85,419 hours of training. This represents an increase of 683 JE, being 4.9 percent compared to 2015; And 3,608 hours more than in 2015, or 4.4 percent in relative terms.
- Particular emphasis was also placed on the development of managerial skills with the continuation of the Pack Manager.
- Professional certification courses have been intensified for technical, sales, marketing and communication teams.

## SKILL CENTER MEA SONATEL DAKAR

The Sales Academy of MEA Dakar is consolidating itself as an essential tool in the professionalization of trainers in the sales and customer relations of the French subsidiaries of Orange and a content distribution center dedicated to offering our customers an incomparable and unique experience.

## 2-2 FOR THE CAREER MANAGEMENT

onatel continued the implementation of the expertise sectors, the professional career reference framework, mobility mercato and the improvement of the Human Resources Information System (HRIS).

Major work is being carried out within the Human Resources Department, in particular:

- The vocational guidance guide, which will ultimately allow for an adjustment of skills in relation to the useful trades for today and tomorrow,
- The talent management program,
- HR digitization with the launch of the internal social network Plazza, SI RH (self-services employed in all HR domains).

## 2-3 HEALTH AND WELFARE AT WORK: SOURCE OF SOCIAL AND **FCONOMIC PERFORMANCE**

he occupational health and safety policy is implemented through curative and preventive programs dealing with the management of infirmaries, facilitation, increase awareness, sports practice sessions and extended medical visits to all staff and their staff families.

For example, in 2016, 27,839 acts, consisting mainly of general consultations, prenatal consultations, nursing care, immunization and family planning were recorded.

At the level of the Sonatel Disease Prevention Institution (IPM), with the extension of the Map O organizational and management changes have been implemented in order to enhance our operational efficiency.

As regards prevention, a thorough analysis was carried out on the risks and reasons medically. This analysis allows the following actions to be carried out:

- The organization, awareness and education by the Occupational Health and Safety Committee (OHSHC) of OHS risks, inspection visits to internal sites and restaurants, simulation of emergency situations in Relations with certain internal and external structures;
- Sports activities (construction of two sports halls with new equipment, hiking, fitness after work, yoga, zumba and shooting, etc.);

- The pursuit of the program «lightening to be at its best» with more memberships;
- The medical disease prevention and occupational hazards campaign (annual screening and surveillance of employees). This yearly medical examination of the whole of the territory recorded a rate of 99 percent;
- The seminar of the CHSCT with several symposiums on:
- Prevention musculoskeletal disorders of and management of personal protective equipment
- Health, Safety and Quality of Work Life
- The contribution of the social partners in improving health and quality of life at work: World Agreement and HIV / AIDS project UNi Africa / seca

In addition, in 2016, with a view of extending the management care of the health of its staff, Sonatel set up a health mutual in collaboration with the ANARS (National Association of Retired Sonatel). This retiree mutual insurance company will start operations in the first quarter of 2017.

The financing of this mutual is based in part on the principle of intergenerational solidarity between the active and the retired employees.

FINALIZATION OF THE COMPANY PROJECT "UNITED TOWARD 2016" AND LAUNCH OF THE NEW BUSINESS PROJECT 2020 TO BOOST STAFF MOBILIZATION IN ORDER TO ACHIEVE STRATEGIC OBJECTIVES OF THE COMPANY AND PROSE IN CHARGE OF THE ESSENTIALS OF OUR STAKEHOLDERS

nitiated by the Managing Director in 2013, the Enterprise Project «United Towards 2016» mobilized the Management Committee, the Coordination Committee and all the staff of the Sonatel Group.

Today, the excellent results achieved from 2013 to 2016 have achieved an exceptional level of achievement of the strategic objectives.

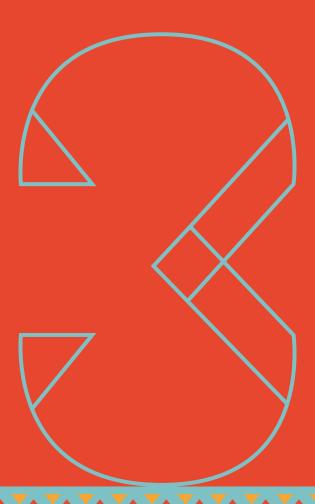
One of the key factors for success was the co-construction and involvement of all staff and the corporate partners. This great experience will be renewed with the new Enterprise Project 2020, which will be launched during the first quarter of 2017, taking into account the paradigm shifts and the breaks observed in our environment.

In response to these profound changes, a cultural transformation will be implemented in order to «give each of our stakeholders a unique and incomparable experience».



# CHTHZEN ENGAGEMENT

IN SENEGAL AND IN THE SUBSIDIARIES





# 3-1 SONATEL, OPERATOR COMMITTED TO ECONOMIC AND SOCIAL DEVELOPMENT IN ITS COUNTRIES OF PRESENCE



ur corporate social responsibility policy has been embodied since its inception by a set of principles and values that are in line with our development, to the benefit of stakeholders.

With this responsible commitment, Sonatel works to meet the expectations of our stakeholders, after listening to their concerns through an established process of thematic dialogues along the lines defined: Community well-being, Good Governance, Growth and economic development, and Environment Protection.

As a result, the Sonatel Group has continued this year in several actions and initiatives within the framework of its Corporate Social Responsibility (CSR) approach, both in Senegal and in its other countries of presence. Among the actions carried out in 2016 in Senegal, we note:

### Member founder of CCIT Dakar

Following its mission to be one of the key players in the digital technology emergence in Senegal, Sonatel Group has worked on a daily basis to promote SMEs and startups in the field of CIT, by being present at their different stages of creation or financing.

Thus, Sonatel has participated in the creation and is one of the member founders of CCIT Dakar, the first CIT incubator in Senegal and francophone Africa. The Group has invested 250 million XOF since its launch in April 2011, contributing significantly to the creation of jobs (more than 200 jobs created) and the development of the digital economy in our country (75 companies incubated with a survival rate of 85 percent).

Through the new partnership agreement between Sonatel and CCIT Dakar, signed on 21 July 2016, the Group is renewing and strengthening its support for CCIT, which

will triple the number of incubators and multiply the incubator's income by seven.

### ■ MLouma:



Sonatel has chosen to contribute to the development of one of the pillars of the national economy: agriculture, a major focus of the Senegal Emerging Plan.

It is in response to this orientation that Sonatel supports the initiative of a local startup, winner of OPSEA (2014 Orange Prize for Social Entrepreneurship in Africa) and the API Challenge, for the deployment of a mobile offer Agri.

MLouma is a mobile application accessible to # 112 # allowing not only to dispose of the prices of the products and the products on the various markets (loumas) of Senegal, but also to connect easily and in a secure way, producers and buyers.

Via a simple and user-friendly menu, all Orange customers can access the practical information on fruits and vegetables on the market, their availability and their respective prices. Moreover, every buyer is given the opportunity to contact producers in order to realize his purchase.

### ■ Karangue

As part of its Corporate Social Responsibility policy, Sonatel is supporting the 2S Technology Company for the deployment of the Karangue project on the technical (Web hosting and service deployment) and financial aspects.



vec your pour your Sonate

The Karangue service is an automatic alert system, via the mobile, of the vaccination appointments and the reminders of pre and post-natal visits.

These reminders are made by SMS and by voice call in French as well as in the different local languages (Wolof, Toucouleur, Serer, etc.).

Thus, registration can be done by the health posts staff or directly by the persons interested with the use of the USSD # 112 #.

The Karangue project has won numerous national and international awards such as:

- 1st Orange Developer Challenge 2015 Prize
- 1st Orange Code Camp Emerginov Prize 2015

This has motivated the accompaniment of Sonatel which reaffirms its deep commitment to improve the social and health conditions of the populations.

## ■ Linguere Digital Challenge: Women in ICT in the spotlight!

Sonatel devoted "Les Gourmandises de Karelle", Aawdi and Signare Express to the Linguere Digital Challenge 2016. These three start-ups were awarded the trophies of the best Senegalese women-led companies using the new technologies in their activity among the postulants Lingère Digital Challenge this year.

This prize is part of the company's social responsibility, one of the pillars of Sonatel's strategy and is the second edition of its Prize for Digital Female Entrepreneurship (PENF) launched in 2015.

Sonatel presented the first 2016 LDC prize, with 10 million XOF (Pack start-up included) to the young company "Les Gourmandises de Karelle". "Les Gourmandises de Karelle" is a culinary blog created and directed by Mrs Karelle Vignon-Vullierme, who has already been closely followed on social networks. According to the great laureate of the 2016 LDC, «this accompaniment



of Sonatel comes at the right time» because it has the ambition to «launch the service of «lunch box light» to be delivered to the customer» but also «the production of videos course and reports culinary in the African countries through the kitchen. «

Aawdi, a web-based and mobile platform to facilitate access to seeds, was awarded the second 2016 LDC Prize consisting of 5 million XOF (Pack start-up included), while the 3rd Prize, with 4 million XOF (Pack start-up included), was awarded to Signare Express, a delivery and express courier service that employs women in the field.

The start-up package, for each winner, includes a year's support by Sonatel and its partners COFINA, Go media and SMEDFA (small and medium enterprises development and follow-up agency) with the provision of coaching, mentoring, services and technology that can help the development of its activity.

### National Conference on Sustainable Development

Sonatel, in collaboration with the Ministry of Environment and Sustainable Development, participated in the second edition of the National Conference on Sustainable Development (CNDD) which took place in October 2016.

The CNDD was deployed in preparation for COP 22 and presented the list of sustainable development objectives set by Senegal for its effective participation in the global effort to combat climate change.

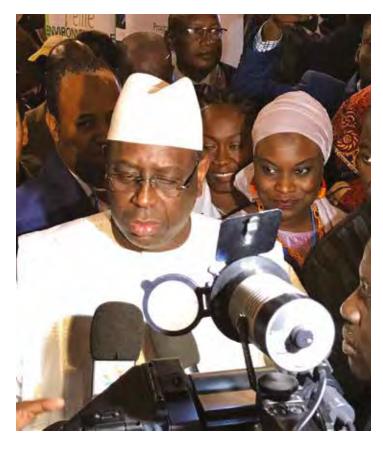
The objectives of this conference focus on the following two points:

- carry out an inventory on renewable energy issues and CSR;
- sharing and exchanging experiences for territorial development and green governance in Senegal;
- follow up on the recommendations of the first edition.

### ■ Sonatel at the time of the COP 22

As part of its commitment to being a major player in environmental issues, Sonatel participated in the 22nd Climate Change Conference, commonly known as COP22, held in Marrakech from 07 to 18 November 2016.

CThis presence of the company at the official stand of Senegal gave him the opportunity to share his CSR strategy.



As a reminder, more than 150 States participated in the COP and there are 20 to 25 000 visitors throughout the conference. Sonatel's presence at this international event is a consequence of its participation in the national conferences on sustainable development organized by the Ministry of the Environment in 2015 and 2016.

These actions are part of the partnership with the Government of Senegal in the field of sustainable development,

#### ■ Sonatel Clean Cities: « And Defar Sunu Gox »

Supporting local authorities in the fight against insalubrity and improving the living conditions of populations, Sonatel has continued its program «Sonatel cities clean» or «and defar sunu gox» which consists of accompanying local authorities in cleaning operations, installing stationary trash cans and planting trees. The localities of Yoff,



Popenguine, Touba, Tivaouane and Ziguinchor benefited from this program this year.

"And defar sunu gox" helped to make a link to the Ministry of Local Governance, Development and Regional Development through its National Program for Waste Management.

# ■ ISO 26000: how Sonatel contributed to sustainable development

Sustainable development responds to the needs of the present without compromising the ability of future generations to meet theirs. Sonatel, having understood that, was really involved in responsible actions. This contribution reflects Sonatel's strong will to take responsibility for the impacts of its decisions and activities on society, the environment and the need to report on them.

Thus, Sonatel, through the international ISO 26000 related to corporate social responsibility (CSR) standard, has asked itself seven central questions, the aim of which is to identify the relevant fields of action on which it will be able to base itself to set priorities and put in place places its own actions.



## Certificat Certificate

#### N° 2012/51834.6

AFNOR Certification certifie que le système de management mis en place par : AFNOR Certification certifies that the management system implemented by:

#### **GROUPE SONATEL**

pour les activités suivantes for the following activities:

ETUDE. REALISATION ET MAINTIEN EN CONDITIONS OPERATIONNELLES D'INFRASTRUCTURES RESEAU POUR L'ACCES A LA TELEPHONIE FIXE, AU TRANSPORT IP ET AU TRANSIT INTERNET A HAUT DEBIT.

- ETUDE, REALISATION ET COMMERCIALISATION DE SOLUTIONS DE TELEPHONIE FIXE,
  DE TELEPHONIE MOBILE, ADSL ET SERVICES ASSOCIES,
  EN DIRECT AUX CLIENTS UTILISATEURS PAR LES AGENCES ORANGE
  ET EN INDIRECT AUX BOUTIQUES ET DISTRIBUTEURS PARTENAIRES.
- ETUDE, INTEGRATION, COMMERCIALISATION DE SOLUTIONS ET SERVICES INTERNET ET MULTIMEDIA A VALEUR AJOUTEE SUR ADSL ET TELEPHONIE MOBILE.

- ETUDE, INTEGRATION ET COMMERCIALISATION
DE SOLUTIONS DE COMMUNICATIONS PRIVEES D'ENTREPRISE.

- PRODUCTION DES INFORMATIONS FINANCIERES ET COMPTABLES ET PILOTAGE DES RISQUES ET DU CONTROLE INTERNE.

- DEVELOPPEMENT ET REALISATION DE LA POLITIQUE DE RESPONSABILITE SOCIETALE DE L'ENTREPRISE.

(Traduction en anglais en annexe n° 1) (English traduction on appendix n°1)

a été évalué et jugé conforme aux exigences requises par : has been assessed and found to meet the requirements of:

ISO 14001: 2015

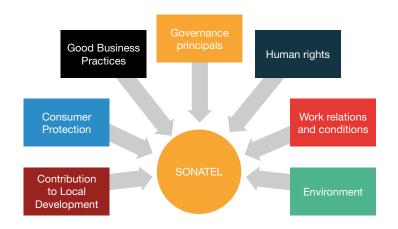
2015-10-12

2018-09-09

Directeur Général d'AFNOR Certification

F. LEBEUGLE





#### Diagnostic

In 2016, the diagnosis of the standard practices was the starting point of this approach, a true growth levy for the company, with relevant and realistic progress objectives.

Sonatel became aware of its impacts, recognized all its stakeholders, measured its strengths and weaknesses and focused on its priorities. The training of the concerned actors and the awareness of the employees were also key actions that have taken place.

#### Prospect

In 2017, Sonatel intends to evaluate these practices to measure its progress and performance according to the external evaluation model from the French Quality Assurance (AFAQ) 26000.

This evaluation model, a true operational translation of the International Organization for Standardization (ISO) 26000, demonstrates its ability to identify its social responsibility issues, deploy appropriate managerial and operational practices and manage the associated results in order to improve its performance, in relation to the expectations of its stakeholders.



## Better Internet for Kids (BIK)

In January 2016, Sonatel launched a stakeholder dialogue on youth and the Internet. As a result of this dialogue, the priority of our stakeholders and of the authorities towards Sonatel is to support young people in the safe and responsible use of the Internet.

The Better Internet for Kids is the program set up to address this issue with the main objectives of protecting children from the dangers of the internet through several frameworks of animation and exchanges which will begin in early 2017 and involve all actors (educators, parents, children, etc.).

## M Diabetes: Review of the pilot phase

Senegal is one of the pilot countries of the global "Be Healthy Be Mobile" program launched by the World Health Organization (WHO) and the International Telecommunication Union (ITU). The goal is to demonstrate that it is now possible to scale up an effective chronic disease control program through mobile telephony. In Senegal, the Ministry of Health and Social Welfare is carrying this program as part of its policy to combat diabetes.

The objective of the pilot phase in 2016 was to carry out a qualitative and quantitative evaluation to measure the impact of the program before its generalization in Senegal and the countries of the region.

The Ramadan period has been targeted as it is a delicate period during which the advice provided can be very beneficial for diabetic patients or those at risk.

The M-Diabetes campaign ran in 3 phases from 24 May to 16 June 2016:

- A phase of sending push sms to all the pre-paid subscribers' base of Orange with the following message:
   «Ramadan is approaching. Send DIAB to 21214 to receive health advice or PRO at 21214 to receive information for healthcare professionals. Stop # 111 # «;
- A registration phase for those who wish to receive advice;
- A final phase of regular sms advices.

52,437 people enrolled in M-Diabetes to benefit from an informed advice, with a target of 50,000 enrollments from the Ministry of Health and Social Action.

#### **■** Framework for exchanges with stakeholders

To strengthen its relations with the state and institutions, Sonatel regularly organizes exchange meetings with its stakeholders. Strong moments of dialogue whose objectives are to listen, to inform, to animate and to create a community around subjects of news that may impact the sector or the life of the nation.

Several meetings were held with, among others: the Ministry of Posts and Telecommunications during the workshop on cyber security organized in November 2016, the International Conference of the Network of Parliamentarians for Population and Development, the State Ombudsman, the National Assembly, etc.

Similarly, we can cite local communities. Indeed, the exchange workshops with the Association of Departments and the Association of Mayors of Senegal organized in July 2016 were opportunities to strengthen ties with elected officials, but also to present all IT solutions to support the digital development of local communities.

With Consumer Associations, Sonatel has set up periodic meetings. Three (3) were held in 2016, with the following main objectives:

- informing them of the main activities of the company and exchanging on topical subjects such as the fine imposed by the ARTP;
- share information on strategic decisions that impact the

company, such as the 4G license, concession renewal, transformation projects, taxation, etc.;

• to carry out their claims through the implementation of an efficient management and management process.

#### ■ 1st Edition of the Digital Society Forum

As part of its dialogues with the stakeholders, Sonatel invited stakeholders from the digital ecosystem to a collaborative reflection, through a round table of experts named the Digital Society Forum (DSF).

Indeed, beyond its role as a player in the digital revolution with its technologies, networks and services, Sonatel has set up this space to reflect with the actors on the consequences of digital technology on our lives, the society, the individuals, the families.

The Digital Society Forum, an open collaborative platform, helps to give everyone a better understanding of our digital lives. It brings together sociologists, economists, academics and civil society actors, around major themes of everyday life. This shared vision is then shared in participatory public workshops in the regions, in order to propose courses of action for all and for all.

The 1st Digital Society Forum (DSF) was held on Thursday 1 December 2016, under the theme "Digital Impacts on Employment".



Young people, graduates or not, project promoters, entrepreneurs, start-ups, students and high school students met and traded with ICT and Enablers professionals, and various stakeholders in the digital ecosystem.

A beginning of a better understanding of the changes induced by the digital and some tracks were noted, to make it a positive element of transformation.

Sonatel, which wants to be the first digital partner of the State within the framework of the PES and as a citizen company, is thus involved in the digital transformation of the Senegalese economy.

#### ■ Sonatel accompanies the « Senegal digital 2025

Sonatel responded to the government of Senegal policy, through its new strategy «Senegal Digital 2025», which, by accelerating the development of the sector, aims at the access of the greatest number to a more affordable and better internet.

Sonatel participated actively in the seminars and workshops for the elaboration of the Senegal 2025 digital strategy and provided comments and contributions to enrich the document.

Through this accompaniment, Sonatel will contribute to realize the ambition of this strategy of the Senegal Government to be among the top five best connected 5 African countries.

# 3-2 PHILANTHROPY: CITIZEN COMMITMENT TO DISADVANTAGED POPULATIONS

#### ■ In Senegal...

ince its inception in 2002, the Sonatel Foundation has worked tirelessly throughout Senegal in three key areas that are essential to the development of any country, namely Health, Education and Culture.

In 2016, the Sonatel Foundation has made major achievements in these three areas.

# ■ 3.2.1 Because health is our most precious commodity

The Sonatel Foundation carries out numerous actions in the six priority areas of fighting chronic and non-communicable diseases, costly medical care, equipment and modernization of the medical conditions, free medical care for the elderly, disability support, Support for research and education / training for health.

# ■ Establishment of medical excellence awards of 1/4 billion over 4 years

Having found a shortage of specialists and their high concentration in the Senegalese capital (70 percent), as well as a medical profession aging, the Sonatel Foundation very sensitive to this situation decided to set up a scholarship program specialized in the field of health for the benefit of medical students. More than 1/4th of Billion XOF has been mobilized by the Sonatel Foundation for the financing of excellence grants for medical specialization in the fields of surgery, gynecology-obstetrics, pediatrics, nephrology, emergencies and geriatrics.

In order to strengthen the number of specialists in public health structures and to enable the populations of remote communities to have access to quality health with specialists well distributed throughout the national territory. The partnership with the Ministry of Health and Social Action was signed on Monday 08 February 2016.



# ■ State-of-the-art medical equipment for Senegal's health facilities for more than 100 million XOF

Since medical equipment and the modernization of health facilities are a priority for the Sonatel Foundation, it is committed, as it does every year, to improving access to quality care for the population. The Sonatel Foundation has equipped the Fann Neurological Clinic, the Bogal Health Post, the Tambacounda Regional Hospital, the Tambacounda and Koumpemtoun Sanitary Districts and the Health Districts of Tambacounda as part of its equipment and modernization program.

Among other donations offered, there are materials for Neurology, Pediatrics, Cardiology, Maternity, General Medicine, Sanitary Evacuation ...



Ambulance offerred to Regional hospital of Tambacounda



As a pioneer in the free medical care of the elderly, the Sonatel Foundation has organized, as part of its annual program, free medical consultations, in collaboration with the Health Districts of Tambacounda and Velingara. A medical team composed of doctors, nurses, senior technicians and specialists in cardiology, neurosurgery, Oconto-stomatology, radiology, ophthalmology and ultrasound was mobilized to provide first aid, referral and treatment for 1,329 elderly patients of called localities.

In addition, various structures are organized for free medical consultations for the benefit of the populations of Pire, Guinguineo, Nimzatt Hallar, Kebemer, Darou Mousty, Touba, Joal Fadiouth and Dakar.

In order to improve the health of the elderly, the Sonatel Foundation organized, in partnership with the National Program for the Promotion of Eye Health (PNPSO), free cataract surgery campaigns for elderly people in the localities of Thies, Bounkiling and Joal Fadiouth. In total, close to 300 cataract surgeries were performed with the



Image intensification apparel offerred to the neurological clinic of Fann

elderly in these localities, thus enabling them to regain their sight.

Sonatel Women's Association (AFSON) and the Sonatel Foundation together to improve the living conditions of populations with reduced mobility



In 2016, the Sonatel Women's Association (AFSON), together with the Sonatel Foundation, took part in an action to support the Association 2AP2M to accompany the mobility-impaired or mentally handicapped people of Rufisque. Twenty members of the so-called Rufisque Association were able to benefit from such equipment as: articular orthotic, articulated and non-articulated splints of postures, palmar splints wheelchairs, orthopedic shoes, pedal and pendulum pedals, and femoral prostheses among others.

■ 3.2.2 In the field of education: the Sonatel Foundation is mobilizing for quality education for all and the promotion of excellence

The Sonatel Foundation's commitment in the field of education aims to promote access to and retention of girls in school, excellence in academic achievement, and support for illiterate or illiterate children, disadvantaged childhood and early childhood.

In 2016 the Sonatel Foundation celebrated Excellence both in Dakar and in the regions.

## **■ General Competition Edition 2016**

True to its vocation to promote the culture of Excellence among students, the Sonatel Foundation accompanied the Ministry of National Education to organize the 50th edition of the Solemn Ceremony of Distribution of Prizes of the Senegalese General Competition. The winners were received at the headquarters of Sonatel by the Sonatel

CHECHT CADEAU CONDOLING GENERAL 2011

CHECHT CADEAU CONDOLING GENERAL 2011

F.CFA 500.000

Managing Director and Board of Foundation Chairman, Mr. Alioune NDIAYE to be congratulated, rewarded and encouraged in the voice of Excellence.

■ The 24th edition of the Pan-African Mathematical Olympiads (OPAM 2016):



This prestigious competition, considered as the «African Cup of Nations in Mathematics» and which has gathered for ten (10) days the best mathematics students of the Secondary Education less than twenty (20) years old, coming from 08 African countries.

■ The 5th Edition of « Miss mathematics and Miss Sciences » Contest»

Organized by the Ministry of National Education, its main objective is to encourage girls to embrace and excel in the scientific and technical series





#### For several years,

The Sonatel Foundation rewards girls from the Goree's Mariama Ba School of Education (32 laureates in the 2015 competition) and the best schools at CFEE (10 best schools).



Various local accompaniments such as the 4th Edition of the pedagogical Olympiads called «Palmes du Sud»

Which competing the best students of Casamance, the solemn ceremony of distribution of prizes of the Prytanee Militaire, the 25th edition of the National Dictation Paul Gérin LAJOIE, the sponsorship of orphaned children,

the complete equipment of the computer room of the Association of West African Women (AFAO) in Gorom (department of Rufisque), as well as the financing of specialized teaching materials to improve the educational conditions of residents of the National Institute of Education and Training Of the Blind Youth in Thies.

### ■ 3.2.3 Because we have a rich cultural heritage

The Sonatel Foundation participated in its promotion and its influence throughout Senegal by supporting actions related to vocal music / cultural festivals, to the training for the professions of the culture and promotion of the young talents

#### Support to cultural festivals

True to its vocation to accompany projects that contribute to the spread of Senegalese cultural heritage, the Sonatel Foundation has supported for the 2nd consecutive year, the 8th edition of the Bakel Integration Waves Festival, the 1st edition of the Tambacounda Festival, 9th edition of the National Festival of Arts and Cultures (FESNAC), the only national cultural event hosted by the Government, the exhibition of the renowned photographer Ms. Angele Etoundi Essamba who is a Cameroonian photographer based in Amsterdam for 33 years who has chosen to dedicate his art to the representation of African women.

# ■ Support to the Preservation of Heritage and Memory

Since the preservation of heritage and memory is a pillar of the Culture axis of the Sonatel Foundation, in 2016 it accompanied:

• The Manufactures of the Decorative Arts of Thies, national flagship of the Senegalese cultural economy, for the commemoration of their 50 years, through an exhibition at the headquarters of Sonatel.



- The Commemoration of the fiftieth anniversary of the 1st World Festival of Negro Arts,
- the «Xam sa Goxx» project, which makes Senegal better known through historic sites, heritage sites, streets and neighborhoods through the use of ICTs,
- The 12th Biennial of African Contemporary Art, Dak'Art 2016,
- International Writer's Day.

#### ...in Mali...

# Orange Mali Foundation: 10 years of patronage and solidarity commitments

ince its creation in 2006, the Orange Mali Foundation has been working with authorities, public and private social actors and NGOs to alleviate the suffering of the Malian people.

In 2016, Orange Mali, the flagship of citizen action, also marks the 10th anniversary of the Orange Mali Foundation, ten years of commitment and many solidarity actions in favor of the populations in the fields of health, education, culture and also solidarity of the first necessity. From 2006 to 2016, the foundation has supported 451 projects benefiting more than 100,000 people with a budget of more than 4.5 billion XOF.

In 2016, numerous actions were carried out for a total of 700 million XOF, including more than 100 million XOF in donations from the Orange France Foundation. Inkind donations from Orange (broadcast, bonus credit) represented more than 800 million XOF.

#### ■ In the domain of Health

- The construction of a reception and shelter center for women with obstetric fistula
- Development and equipment of a neonatology unit at the Point G teaching hospital
- The equipment of medical materials of six reference health centers in Bamako and in the regions
- Support for the Handicap International Mali program for the detection and prevention of disability among children under 6 in Bamako and Sikasso
- Organization of the Ophthalmic Caravan with 4,184 consultations and 526 cataract surgeries in Douentza, Nioro du Sahel, Bafoulabe and Bamako.

- The creation of 5 rural maternity units in the Mopti region bringing to 15 the total number of maternity units built in partnership with the Aga Khan Foundation
- The donation of essential medicines to centers for the care of the mentally, hearing and visual impairment and to the detention center for women and minors
- Supporting the fight against endemic, tropical and infectious diseases (malaria, sickle cell disease, diabetes, AIDS, etc.).

#### ■ In the field of Education

- The creation of two new «Orange Villages» within the framework of the Village Project in Binatomabougou (Marka- la) and Fignan (Koulikoro) bringing the total number of villages built in Mali to 3. To remind you, an Orange village is a school, a water point and a health center, 3 essential elements to the development of the community
- The creation of 3 multimedia rooms in Bamako and regions in public schools for students and teachers



 Support for the preservation of the Malian cultural heritage through educational materials with the production of school books designed on the basis of Mali's representative cultural property. Funding

of 10,000 booklets out of 20,000 printed materials distributed to pupils from disadvantaged backgrounds across the country, in partnership with UNESCO

- School sponsorship of 1,410 students from disadvantaged families, including mentally, visually and hearing impaired. Sponsorship is for tuition fees and school kits
- Support for the National Spelling and Reading Contest,
   3rd edition with prizes awarded to the various winners
- Support for the tenure of the Segou Book Fair, 3rd edition.

#### ■ In the field of culture and solidarity

- Support for several festivals and other cultural events (dance, music) organized across the country.
- In the framework of the month of solidarity and the fight against social exclusion, the Orange Mali foundation, a partner of the Ministry of Solidarity and Humanitarian Action, organized its Solidarity Day on 20 October 2016 at the Sport Palace). It was coupled this year with the presentation of the 10 years of foundation actions.
- During the day, the foundation donated large donations in kind to health structures, women's associations, childcare centers and people with disabilities for over 116 million XOF. The donations consisted of medical equipment, foodstuffs, impregnated mosquito nets, school kits, multifunctional mills, market gardening kits, clothing and motorcycles for ambulances and tricycles.
- Invaluable assistance to the activities of the Samu Social, the Civil Protection and the reception centers for children in socially and socially insecure situations (UMAV, AMALDEME, POUPONNIERES, etc ...) in Bamako and in the regions.

...in Guinea...

# ■ The philanthropy marked by the launch of Project Village

he inauguration of the «Village Orange» of Dabiss (Boke), first in the framework of the «Village Project» already initiated in Senegal and Mali, marked the start of activities of the Orange Guinea Foundation in 2016.

Located about 50 Km from the border with Guinea Bissau, Dabiss benefited from the renovation of its health center as well as the construction of a borehole. Similarly, the Tambidje village, less than 5 km away, was able to take advantage of the construction and layout of its first school, in partnership with the NGO "Aide et Action".



It is also the place chosen by the President of the Foundation, to launch a vast program of Digital Schools. The Tambidje school was thus the first in a long list (30 at the end of 2016) to receive the kit consisting of shelves, servers, video projectors and screens, more than 45,000 books made available to Faculty and students.

The 30 schools of the program, sponsored by the employees of Orange Guinea, are in Conakry, Lower Guinea, Middle Guinea, Upper Guinea and Forest. In this latter region, in addition to employee sponsorship, the Orange Guinea Foundation is accompanied by Plan International Guinea, whose strong presence in the region is of crucial support to the communities.

It is also in Forest that the second Orange Village was inaugurated, precisely in Nona, in the prefecture of Nzerekore.

The two Orange Villages deployed by the foundation are valued at nearly 200 million XOF.

In 2016, the Orange Guinea Foundation also implemented various programs of solidarity commitment which it intends to strengthen in 2017 on its key axes: education, maternal and child health and culture:

- Nearly 18,000 pupils involved in the Numeric school Program (1,500 tablets distributed);
- Several actions of solidarity with the communities, in particular the distribution of foodstuffs to the orphanages;
- The strengthening of school and health facilities through the provision of school benches and the financing of consumables for health centers.
- Citizen Engagement for Digital Emerging in Guinea

In 2016, Orange Guinea reaffirmed its commitment to being a committed operator in the fields of entrepreneurship, employability and digital inclusion.

Several major actions have been carried out:

- Three national prizes awarded to projects selected under the Orange Prize for Social Entrepreneurship;
- partnership with rural radio stations in Guinea, strengthened by the supply of electricity, thus guaranteeing the use of facilitators and, better, the transmission of information in more or less isolated areas;
- the inauguration of the Saboutech incubator financed and supported by the Guinean leader in the same business model as with the CTIC Dakar incubator, proving once again the Sonatel Group's expertise in this field;
- the connection of about 100 schools to 3G as part of the Guinean Government's program aimed at guaranteeing high schools access to the digital world,
- Participation in several thematic fairs: employment, digital, etc.

Of course, Orange Guinea intends to increase its commitment in 2017 by proposing solutions, especially for women, now a priority in its CSR strategy.

#### ...in Guinea Bissau...

# Development of the Corporate Social Responsibility (CSR) policy

This year, Orange Bissau has strengthened its citizens' activities through major CSR initiatives. In particular, it has supported important programs in the areas of health, education and social peace:

• The construction in Gabu of a reception center for



#### malnourished children;

- The sponsorship of events organized for the Independence Day on 24 September;
- The sponsoring of the Women's Armed Forces Friendly Association:
- The collecting donations for disadvantaged children on the occasion of International Children's Day;



- The launch of the Orange Social Entrepreneurship Prize in Africa in Bissau to encourage private initiatives to use ICTs for the benefit of the population;
- The support for the initiatives of the First Lady for the Christmas of disadvantaged children.

#### ...and in Sierra Leone

#### **Citizen Engagement Continues**



Corporate Social Responsibility policy was implemented in 2016 in line with the company's initial commitments.

In Sierra Leone, for example, Corporate Social Responsibility has focused on actions in the field of health and education:

- The assistance to SOS Children, an association that helps orphans whose parents have died from Ebola,
- The construction of an elementary school in Freetown,
- The contribution to educational programs in schools

# OUR ACTIVITIES IN SENEGAL AND IN THE SUBSIDIAIRIES





# In Senegal...

# 4-1 MOBILE: SONATEL MAINTAINS ITS LEADERSHIP IN THE MOBILE MARKET WITH MORE THAN 52 PERCENT MARKET SHARE

espite a high penetration of the mobile market and the context of identification, the Orange brand retained its leadership in the mobile market with more than 52 percent market share and a mobile subscriber's base of around 8,000,000 subscribers.

The identification was thus a success with more than 95 percent of our customers correctly identified and exits of subscriber's base controlled.

To meet the expectations of its customers in terms of abundance and generosity, in the year 2016, Sonatel launched several strong marketing initiatives.

## Launch of the first 4G network in Senegal

Since 11 July 2016, Sonatel has been the only operator in Senegal to have deployed the 4G technology to enable its

customers to enjoy the best of broadband Internet without having to pay more (4G at the same price as 3G).

In addition to the full range of Internet Passes and Packages that are 4G compatible, two new Internet Passes (5GB at 10,000 XOF, 20GB at 25,000 XOF) and two new internet packages have been created (20GB at 20,000 XOF without tax, 60GB at 40,000 XOF without tax) to give more comfort and abundance respectively to our individual and professional customers. For customers already equipped with phones4G, 4G SIM is offered. For the rest of the customers the SIM 4G is available at the price of 1000 XOF in the branches and Orange shops. Finally a 1Go internet pass valid for 1 month is also offered to all customers when acquiring the 4G SIM. A catalog of 4G smartphone «accessible» was launched to accompany the launch of the 4G

 The Rise 51 with a 1GB Pass offered at 49,900 XOF => 46,500 XOF (current rate)



•The J1 A LTE with a 1GB pass offered at 63,900 XOF => 59,000 XOF (current rate)

The Domino Mw40 and Y858 each with a 10GB Pass offered at 35 000 XOF => 30 000 XOF (current price)

The Pixi 3 8P tablet at 99,900 XOF with 1 Pass 10 GB offered

The 4G is available for the moment in Dakar, Touba and on the small Coast and the deployment will continue in 2017.

#### Application Orange and Me

The year 2016 saw the deployment of the totally native version of the application Orange and me which sets an important milestone in the digitization of customer relations.

The application embeds the following features:

Consumption tracking



- Purchase and credit transfer
- Purchase of Internet passes
- Sargal, SOS Credit, Illimix, Orange Money

The Orange and I application is available to all prepaid and postpaid customers who have either Android or IOS devices. Since November 2016, the web version of the application (www.orangeetmoi.sn) allows access from any browser.

## Launch of the Orange Rise Smartphone in partnership with Google

In 2016, in partnership with Google, Sonatel launched the Orange Rise 31 SE terminal. It is a 4-inch smartphone, under android 6 with Google pre-embedded services (YouTube, Google Search, Google Maps) and Orange applications (Orange and Me, SenMap, Sen Kiosk, Ndamli ...). This smartphone, sold at 27,500 XOF, is packaged with a 3 GB free pass and valid for 3 months.

Its launch was accompanied by the installation of six digital villages in Dakar and regions to support customers in the use of their smartphones with demo corners, tutorials and video on the terminal in addition to Presence of mobile coaches.

## Orange Money continues its development and innovations

Sonatel continued its innovations in the field of mobile banking and mobile payment, notably at the level of invoice payment services, money transfer, electronic banking and merchant.

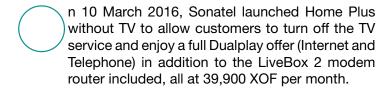
- Woyofal: Buy Senelec prepaid electricity via Orange Money
  - Customer profit: purchase of electricity according to the means of the customer, no need to move to pay the electricity bills
  - Partner profit: decongesting agencies, dematerialization of collections, reduction of fraud and recovery on unpaid invoices
  - Country profit: increase in the rate of access to electricity
- Internet payment: Orange Money's referencing on online payment methods (visa, paypal ...)
  - Customer benefit: Diversification of means of payment and simplification of the customer journey
  - Partner benefit: addressing unbanked and potential market customers
  - Country profits: Development of e-commerce
- Family Fellowships: distribution of food grants / subsidies by Government or Organizations via Orange Money to 45,000 families distributed throughout the territory
  - Client benefit: instant receipt of vouchers / grants on the Orange Money account of all beneficiaries of the family purse
  - Partner benefit: Administrative process lightened by automatic, mass and distance payment.
  - Country benefit: contribution to the reduction of social inequalities
- Kalpe Orange Money card: customers can withdraw money from their Orange Money account at the automated banking machines of the GIM UEMOA network (8 countries, 3000 automated teller machines) with their 24/7 Kalpé Orange Money card
  - Customer benefit: Service available in almost all automated teller machines in Senegal in all discretion and security
  - Partner profit: Additional flows and turnover for banks
  - Country profitability: traceability of the operations of sending and receiving money throughout the territory and part of the international, financial inclusion.
- Transfer France (receipt of funds from France): the possibility for Orange Money customers in Senegal to receive a transfer (international) from France
  - Client benefit: receipt of an international transfer from France lands on a secondary account (sub account) with cheaper withdrawal rates.
  - Partner profit: flow of transactions.
  - Country profitability: traceability of the operations of sending and receiving money throughout the territory and part of the international, financial inclusion.

\*<u>^</u>\*^\*

٧



## 4-2 FIXED AND INTERNET: DEVELOPMENT OF USES



Thus new ADSL customers who do not want access to TV benefit from a generous offer that meets the needs of the whole family:

 A connection via Wi-Fi that allows the whole family to connect;

- The innovative features of the LB2: Wi-Fi, file sharing, setting of connection ranges and Orange service for more peace of mind:
- Up to 10 megabytes of data transfer rate, allowing you to discover all Internet uses (YouTube, Facebook, etc.) with optimal connection speed;
- Unlimited on landline and mobile to call without constraint.

## 4-3 BUSINESS SERVICES

# New Brand Platform and Commitments: B2B Communication by connecting each to its core

he group interviewed and listened to its customers to identify what is essential for them and to be able to answer it. From now on, our approach of product design and our communication charter install a new language in the form of expressed need in relation to the answers given.

In order for our customers to be able to easily find their way around our product universe, so that they can find straightforward clear answers to their expectations, Sonatel, through its brand dedicated to Orange Business Services, has selected four essentials in line with its market: connectivity, security, performance and work.

In 2016, Sonatel also has a strong and clear ambition in the B2B market: listening and acting in order to get to the heart of things, to give life to each of its customers, whatever the size of its company or activity sector, an incomparable experience. We are committed to providing our clients with personalized services. We are going to introduce them to new digital uses at the cutting edge of innovation, to improve their productivity and working conditions. We want to accompany them in their digital transformation, with an exemplary quality of service. Our new approach is resolutely focused on their expectations and the quality of their experience.

## ■ 4.3.1 Launch of structuring B2B offers

#### Our 4G offers

To enable our customers to benefit from the best Internet experience, we have created 2 packages of 20GB and 60GB at very competitive rates. We have also deployed the «4G office» concept, which consists of moving to our B2B customers to:

• Equip them with 4G SIM card

• offer them a wide range of 4G compatible handsets sold in the All In One Pack (4G smartphone + Voice / SMS + internet flat rate) and staggered over 12 months.

This major operation was a great success and will continue in 2017.

#### Wi-Fi Zone

The offer Wi-Fi Zone or Managed Wi-Fi is an offer that offers our customers Wi-Fi coverage of their premises or public places of excellent quality.

The offer includes a rental of equipment (access point, routers, firewall and Internet filtering tools), access to the internet via internet links (ADSL, LS, etc.) and also support on equipment (Preventive and curative maintenance).

The offer also allows our corporate customers to collect information such as (email addresses, phone number, sex, age, etc....) through the captive portal on which the users fall before they can connect to the internet.

#### ■ 4.3.2 Our accreditations and certifications

LThe year 2016 was remarkable in terms of certification of technical resources, sales and pre-sales. Sonatel Business Solutions succeeded in achieving an achievement by achieving the highest level of certification at Cisco: the Cisco Certified Internetwork Expert in Unified Communications. Rising competence is also made on the solutions of the main strategic partners and this in different areas:

- 1 CCNP Networks
- 4 ACFE: Alcatel-Lucent Enterprise Certified Field
- 2 ACSE: Alcatel-Lucent Enterprise Certified System Expert
- 3 NSE 4: Fortinet Network Security Expert
- 1 PMP: Project Management Professional
- 9 HP certifications: ASE, One view, Enterprise solutions ...
- Etc.

## 4-4 CONTENT: DEVELOPMENT AND INNOVATION

n 2016, Sonatel, through its subsidiary Multimedia, has positioned itself as a leading actor in the field of content. Our main challenges have revolved around two axes. On the one hand on the B2C, detain a most innovative and rich content offering on the market and, on the other hand, is the reference application partner for B2B customers in their digital transformation.

## 4.4.1 The digital Event of the year: the Dakar **Digital Show (DDS)**

Among the emblematic achievements of 2016, we noted the Dakar Digital Show. Placed under the theme «Digital, a strong growth relay for Africa», the event had a record attendance with 799 visitors. Several activities revolved around the DDS, including Demos and B2B meetings in the stands, exchanges at thematic workshops and Live Talks on topics of rupture. Related events were also held in the margin such as the Hackathon, Orange Fab and the Pitch Production contest.

- In Genre category: Ouroul Ayni and AppWoman
- Smart City Smart Life: Easy Repair and Dimbali
- In the category Games and Entertainment: Jambaar Fight and Lakaal
- And the crush: Wolofise

### Two (2) Orange Fab startups were awarded:

- "Carrapide tech" with its solution Talibi: a route application available on the mobile and the web; and
- «Ouicarry»: an intermediary solution of E-commerce which allows to buy abroad and to be delivered at home.

Moreover, this was the opportunity to send 18 projects in pitch production.

## **Innovation challenge**

After Orange Developer Challenge 2015, Sonatel organized a development challenge this year aimed at discovering and animating the local digital ecosystem, supporting start-ups through Open Innovation and promoting its APIs to enrich the clients' offers.

The Orange Innovation Challenge was open to all Senegalese start-ups with innovative service ideas that integrate its Billing, USSD and SMS APIs.

3 start-ups were awarded.

 4.4.2 Six new services launched, a TV series produced and some thirty animations made on our offers and content services

In 2016, In order to better satisfy our customers, we have enriched the catalog content of Sonatel Multimedia and promoted various promotional activities to offer more entertainment and services to our customers and at a lower cost.

- Launches
- · Day pass on certain contents
- Cooking Recipes and General Culture
- Evening prayers Service
- Services «News Africa Youth» «Africa Foot»
- Diamond House Series
- Orange Live 3 with Orchestra Baobab.
- Promotions and animations
- Different Commercial Periods (Perco) held: Valentine's Day, Essentials Generosity, Fun and New Year
- Animation and promotion on contents such as: Actu Foot; Young Africa; Jokes; Horoscopes; Women's Advice; Career Advice
- Animation of the Gameloft gaming offer through the organization of Battles Asphalt
- The launch of the Game Megawin
- Production and acquisition
- Enrichment of the VOD catalog (films, recent films, series, Bollywood, youth) and the production and distribution of the exclusive Diamond House series.
- the enrichment of the RBT and CMS catalog through the production of Dalal Mother's Day and Dalal Ethnic, Muslim Hours of Prayer and Love
- Production of Orange Live 4 with Sidiki Diabate
- Acquisition of new newspapers / magazines for Senkiosk (Brune, So Foot, So Press, Your health, Declic Car, Sidwaya, The Spark, etc ...)

#### ■ 4.4.3 Launch of energy driver

It is a program for people in rural non-electrified areas by enabling them to access solar energy in order to light up, charge their cell phones and entertain themselves through the TV included in one of the 2 offers. The pilot phase took place in the Fatick region and again demonstrates the group's commitment to citizenship.

#### ■ 4.4.4 Mobile Applications

- Orange Money Partner is an attractive and intuitive interface that helps you easily and quickly process transactions (withdrawal, deposit, transfer and purchase of goods). Any customer can access his operations via the menus in a few clicks.
- Senkiosk version ios is an application for purchasing newspapers online via an iphone or ipad terminal.

# 4-5 CONTINUED TRANSFORMATION OF THE COMMERCIAL SERVICE/ DIGITAL AND HUMAN

he year 2016 was marked by an acceleration of the transformation of the commercial activity by a technical aspect materialized by the beginning of the digitization project of the agencies and a human component based on more proximity with the customers in their localities.

Four major actions marked the course of the Sonatel Sales Department in 2016:

#### ■ 4.5.1 The Agencies digitization works

#### Smart Table

The deployment of smart tables in all 37 agencies and our

airport shop to allow our customers to test the different functionalities of our terminals before purchase

#### Kiosk

The commissioning of interactive kiosks in the 15 level 1 agencies and the regional capitals to allow our customers to choose the best offer according to their needs



#### TV Led

The installation of LED TV to inform our customers and broadcast advertising and educational spots on our different solutions



#### • Dynamic Totem

The deployment of dynamic totems in the 10 agencies of Dakar to inform our customers and broadcast advertising and educational spots on our different solutions

### ■ 4.5.2 Client experience in agencies



#### Right Queue Management (RQM)

It is a global technological solution of queue management with the measurement of customer satisfaction as soon as it leaves the sales office with the following specifications:

- Tool compatible with all operating systems (android, windows phone, IOS, etc.);
- Customization and knowledge of the customer at first contact;
- Measurement of real-time customer satisfaction;
- Scheduling remotely;
- Dynamic display and communication;
- Multi-site and multi-site management;
- System for taking rank by SMS;
- Web and mobile solution / tablet;
- · Cloud system;
- Flexible deployment.

Three (3) sites are already equipped with RQM: the Jet d'Eau, Guediawaye and Cheikh Anta agencies with a generalization in progress in the main agencies.

#### Mystery shopping study

In a context of strong competition, Sonatel must deliver an excellent quality of service in order to act on the preference and thus become the operator preferred by the customers.

The way agency staffs interact with clients is crucial because:

- Agencies are the primary distribution channel and good service performance helps attract new customers;
- Fast and immediate reactions to customer requests and complaints increase fidelity, repurchase, up selling and cross selling.

For these reasons, Sonatel carries out Mystery shopping studies in order to measure the Quality of Service of its agencies and to collect valuable lessons on its customers, directly in its points of sale.

- 4.5.3 Strengthening PRO addressing and implementing web distribution
- Shop in Shop Jumia: launch of a shop on the site of the online sale Jumia.sn

With the emergence of the electronic commerce market in Senegal, Sonatel launched in 2016 an online shop on the site Jumia.sn

This «shop in shop» allows a customer to buy Orange terminals and have them delivered to their homes.

Sonatel has benefited from Jumia's expertise and online sales services to make life easier for customers and provide them with a new buying channel.

> Improved addressing of SMEs with the strong evolution of professional spaces and prestigious VIP and professional structures

In March 2013, professional market addressing began with the installation of four (4) professional positions. Today, the network is based on 13 positions, including 03 corners (the latter are reinforced in human resources

and after sales tools). Their installation at the level of the Dakar agencies and in the regions has enabled standardized management of professional clients, as well as state and large accounts clients on virtually the entire national network.

In addition, the development of the roadmap for the organization of recruitment and loyalty actions (business days, after-work, Salon prestige, etc.) by these positions

Lastly, two structures are responsible for addressing VIP customers and Prestige Professionals, and ensure customized follow-up of some of our clients.

 Establishment of a professional appointment system (SIRA)

Since mid-2015, an appointment system has been put in place to free the salespeople from this task and allow them to exclusively devote themselves to sales and visits from these appointments. Thus, all the phoning operations (appointments, invitations to events, update of the database ...) are now provided by a structure.

SoHo in Retail Acquisition (SIRA) is a program designed to specifically and proactively address business customers. The objective of SIRA is to increase the value generated by professional customers by offering them different offers from the general public and a suitable course.

### ■ 4.5.4 Enhanced ground animation

#### New concept Andando \_ JAPO

The implementation of a new field animation concept, the Andando\_JAPO (Days of Animation and Proximity Orange) days, was a highlight of 2016 in the proximity between the Orange commercial brand and its customers.

They took place over five days in a targeted area: regional sales offices in the East, North, Central, South and Dakar areas.

The main objectives of these days were achieved:

- getting closer to clients and partners;
- recruit new customers, partners and points of

#### sale;

- improve visibility;
- improve the sale of our products.

The feedback of all the regions furrowed in 6 months is equally eloquent. Indeed, over 300 localities were visited, that is to say more than 4 500 km traveled in total distance for 400 participants per edition.



## 4-6 CUSTOMER SERVICE TRANSFORMATION PROJECT: REINVENT CUSTOMER RELATIONSHIP, THE FIRST SIGNIFICANT RESULTS FOR THE YEAR 2016

t the end of 2013, Sonatel launched its transformation project on the scope of Customer Service, with the ambitious vision of «offering customers a quality of service that is among the best international standards and better than that of our competitors wherever we are».

The first results obtained in 2016 are significant:

• The award in February 2016 of the valuable Customer Operations Performance Center Inc. (COPC) label in a perimeter that concentrates more than 96 percent of customer service contacts made possible for us to become the 5th Orange subsidiary certified COPC, the 3rd African operator certified COPC and the 1st French COPC certified operator worldwide.

The work we did in a short period of time to conform to business approaches, associated measures and the requirements of an internationally renowned repository unquestionably brought us closer to our ambition to offer our clients an incomparable experience, 2016 Indicators and certain methodological achievements.

The new challenge now is to perpetuate and consolidate the virtuous practices of this standard.

• The launch of the digital platform in June 2016, in line with the strategic axes of digitization and multichannel: the target vision is to make it the privileged channel of contact for customers by providing them with a new accessibility experience, availability, efficiency at the slightest effort, speed of response and quality of care.

Digitization is an axis that is the most strategic because it is also a major axis for controlling charges.

Measuring performance over the first 6 months of activity gives very promising results in terms of customer satisfaction, the residual challenge residing in the popularized use of this new channel by customers.

In addition to the ambitious program of CoPC certification, other structuring actions were carried out in 2016:

#### Customer Service Transformation Program

This program, called Happy, has seen significant progress on several projects and streams. It has also enriched itself with new perspectives in the context of updating the master plan for customer service for the period 2017-2020.

#### Cultural Transformation Program

Several quick win actions (strategic deliverables design, listening and awareness caravan, training sessions on the Culture Client Orange in Touch, pilot on front office / back office targets, etc.) were carried out. The ambitious culture of customer service program will be officially launched in 2017 on the perimeter of the directions in strong interaction with customers (technical, distribution and customer service), as well as their support departments and external partners.

#### Tools Contact Centers

The year 2016 saw the continued deployment of high-tech tools. This deployment will continue in 2017, in particular with a CRM allowing a 360° view of customers and online chat and messaging tools.

#### Preventing malfunctions

The prevention approach was reinforced by the regular steering of quality improvement groups on impacting and / or recurrent dysfunctions:

• The monthly animation of a mechanism to prevent the repetition of claims,

- Monthly tracking of the top five complaints Fixe Mobile Internet TV.
- Monthly monitoring of the performance of the Supports in handling customer complaints, etc.

#### Monitoring customer satisfaction

The monitoring system has grown to include a number of tools: customer centrix dashboard, hot client interaction survey in Front Office and Back Office, quality grid produced by advisors, analysis of client satisfaction and dissatisfaction attributes and customer verbatim, dissatisfied customer recall tray, quality loop, etc.

2017 will be a continuation of the ambitious vision of reinventing the customer relationship.



## In the subsidiaries...

# 4-7 ORANGE MALI: GROWTH AT RENDEZVOUS DESPITE A DIFFICULT ECONOMIC AND SECURITY CONTEXT

range Mali has experienced a year 2016 growth, despite a difficult economic and security context for Mali.

Orange Money has developed exceptionally well. The distribution of recharging has continued to strengthen to ensure the availability of recharge cards everywhere and all the time. The business market has opened up new opportunities by developing bandwidth for "data" solutions.

## ■ 4.7.1 A company in the heart of Mali

#### Investments in the business sector

Orange Mali invested close to 497 billion XOF from 2002 to 2016 of which 49.5 billion XOF in 2016 in the densification and improvement of the service quality of its network, bringing to 1,557 the total number of radio sites built to date. Orange Mali is thus the first network of Mali:

- more than 46 percent coverage rate; More than 13,000 covered villages out of 18,000 in Mali;
- 1,557 radio sites built to date;
- 3,147 km of optical fiber deployed for the opening up of Mali;
- Deployment of 3G in all regional capitals;
- 15 million USD invested to ensure Mali's access to the ACE submarine cable jointly owned by Orange.

#### Investments in human resources

Orange Mali invests constantly in the development of the skills of all its employees. Through sustained training programs, the company professionalizes each of its employees and prepares them for the new growth business activities of its activities. Orange Mali also invests in safety and medical coverage for each employee and family.

#### Investments in the economic fabric of Mali

About 124 billion XOF were paid to the Treasury this year for taxes, duties and contributions. Support for local suppliers has resulted in the payment of over 35 billion XOF of invoices and more than 29 billion XOF of commissions paid to distributors.

#### Development of financial inclusion

The banking rate is estimated at 14.67 percent (source BCEAO 2015). Orange Money has enabled many Malians to benefit from financial services thanks to:

- The accessibility and strength of our distribution network,
- The rich range of services available

At the end of 2016, Orange Money in Mali represents 3.5 million accounts and an effective presence of more than 25,000 drop-off points throughout the country from North to South.

### Solutions appreciated by 11 million customers, individuals or companies

- Prepaid and postpaid offers for voice and data mobile,
- Internet offers for everyone, for both home and business: Fiber-optic access to the subscriber's home has been deployed at speeds exceeding 100 Mbits;
- A catalog of offers and services with all the integration solutions dedicated to professionals and companies, SMEs, NGOs and institutional structures.

# Mobile: more than 7 percent increase in voice revenue

With a population coverage rate of more than 95 percent, we strive to ensure that every Malian finds an offer adapted to his needs. We offer our customers a wide range of products and services.

#### An Internet solution for every Malian

- 3G +: access via smartphones and tablets, 3G + keys, Wimo (portable WIFI for all), Flybox;
- Wimax: unlimited offers for consumer customers:
- radio-relay systems: rates of up to several Mbits possible throughout Mali;
- fiber optic: access from several mbits to more than 100 Mbps for companies.

#### • Fixed lines: call for lower costs

The Livebox and the Flybox can also equip homes with a fixed line at very competitive rates (calls to USA, Canada and Europe at 50F / min, calls to fixed lines Orange at 10F / min and between free Livebox phones).

#### Business solutions: focus on innovation

- Integration of Services: end-to-end turnkey solutions (engineering, links, equipment, services, etc.);
- International site interconnection offer (RAFIA);
- Enterprise telephony offering with Micro PBX (Business Orange Box) functionality;
- Machine 2 Machine offers: geo-localization and security offer;
- Information offers and alerts via SMS (Web SMS).

# • Terminals: more than 1,570,000 smartphones connected to our network in 2016

Orange Mali offers its customers a wide range of tablets and smartphones: Iphone 6S, IPhone 6S Plus, Samsung Galaxy, Tablets, Pixi 2, Pixi 2 Max, Idol mini, IdolAlpha, YUV smart, Pop7, Pixi 7 ...

## ■ 4.7.2 Orange Mali encourages innovation

Our ambition is to improve the lives of Malians on a daily basis by creating simple and innovative services that help them to better communicate and to share.

#### CREATEAM, Developer Center and Enterprise Talent Accelerator in Mali

The ambition of this first incubator of its kind in Mali is to offer Malian entrepreneurs a unique environment to develop, accelerate, growth and perpetuate their businesses. It is also a question of collectively constructing a place and a reference project that can be used as a model and replicated in regions or other key sectors of the country's economy (agro-industry or building and public works, for example).

#### Sandji: rainfall forecasting service for farmers

Orange Mali, in partnership with Ignitia, launches SANDJI, the most accurate tropical rainfall forecasting service in the world. This service will enable farmers to make informed decisions to carry out several categories of dependent farming activities, such as planting, fertilizing, chemical spraying and harvesting.

Farmers can register for free at the Sandji Service at # 222 # 2 # ok.

Every morning at 7am, the farmer receives an SMS in French or Bambara which gives a 48-hour forecast (the day and the next day) of the expected rainfall, its intensity and the probability of the time slot at a cost of 25 XOF.

In addition, a seasonal forecast is given twice to farmers during the crop year, forecast supplemented by monthly outlooks and which gives weekly weather trends of the month.

# Senekela: technological innovation at the service of agriculture

Senekela is a service that works in partnership with the Institute of Rural Economy, IICD and Rongead. It is a call center for farmers whose calls are taken care of by agronomic engineers.

The service relies on a network of collectors in two regions, which sending daily the prices of 12 agricultural products. Thus, farmers can have information in French and Bambara on all their everyday questions: planting methods, seeds, sowing time, fertilizers...

Two channels are proposed:

- Number 37333, tariff: 50F / mn;
- USSD menu # 222 #, rate: 75F / request.

#### Sini Tonon: saving for everyone

Sini Tonon is a remunerated savings system offered by

NSIA in partnership with Orange Money, including:

<u>^</u>

- life insurance available from savings of 40,000F; and
- Medical coverage in case of difficult delivery.

#### ■ 4.7.3 Citizen actions: transforming the lives of Malians

# A voluntarism and demanding corporate social responsibility policy

Corporate Social Responsibility reflects our awareness, our desire to ensure the most positive impact on people, society and the environment.

- More than 350 solar sites installed to avoid the emission of thousands of tons of CO2 each year;
- 1879 isolated villages, connected by the Djamaa Phone community telephone;
- Support for the development of ICT: delivery of GSM equipment for the opening of 2 GSM laboratories in the UFTI and ENI schools:
- Entrepreneurship support: 62 Malian files submitted to the Orange Prize for Social Entrepreneurship in Africa, launch of an incubator project;
- Dialogue Stakeholders of the «connected migrant» Diaspora in Bamako, Kayes and Paris.

#### Orange first supporter of sport in Mali

For the past 10 years, Orange Mali has supported sport in the country through the support of several sports federations, local clubs, sporting events and various sponsorships.

Approximately 960 million were invested in sport by Orange in 2016 (Sponsoring of the Football Federation and Basketball).

## 4-8

## ORANGE GUINEA MAINTAINS ITS LEADER POSITION IN 2016

or Orange Guinea, the year 2016, marked by the strong devaluation of the Guinean Franc (GNF), has maintained its position as a leader in the mobile telephony market and the development and anchoring of Orange Money.

Investments of nearly 401 billion GNF were made in 2016 and have essentially allowed to:

- develop network coverage with good quality of service by opening up several villages;
- intensify and pursue the deployments of the 3G network, thus enabling the obligations to cover the specifications for the 304 sub-prefectures to be completed; and
- to facilitate access to the telephone by contributing to its extension with more than 6 million Orange Guinea customers by the end of 2016.

The market development resulting from these investments enabled Orange Guinea SA to increase its contribution to government revenue, with 1,800 billion Guinean francs (GNF) paid in respect of taxes, fees, social security contributions and customs authorities in 2016.

The Guinean operator has also contributed significantly to the creation of more than 15,000 jobs (refill sellers, managers and employees of orange money outlets, specialized agents for site construction, temporary staff), including 374 permanent direct jobs , employees of Orange Guinea.

Similarly, Orange Guinea SA's activity generated over 395 billion Guinean Francs (GNF) of export earnings paid by foreign telecommunications operators for the year 2016, thus contributing favorably to the trade balance of Guinea.

Flagship events marked the year 2016 of Orange Guinea SA:

- the continued development of the Orange Money business:
- the excessive aggressiveness of competitors in terms of bonus promotion;
- the increase in international rates;
- the introduction of an FH tax:
- the extension of the TCT on Data;
- the closing of the tax dispute (passage of the fine of 250 billion to 5.7 billion GNF);
- the launch of 222 new sites.

## ORANGE BISSAU, LEADING OPERATOR IN GUINEA BISSAU

he year 2016 was a year rich in innovation for Orange Bissau who was the first operator to commercially launch the 4G in Guinea Bissau. The year was also marked by the launch of the new brand identity that is even more focused on our customers and what is essential to them.

Despite very strong social challenges, Orange Bissau remained the leader in terms of volume and value and managed to maintain the same level of growth as the previous year. At the end of the year, the number of active customers rose to just over 600,000.

2016 was completed by the launch of Orange Money in Bissau, which became the Group's 17th country to take this important step for the development of growth drivers.

# ■ 4.9.1 Orange: 1<sup>st</sup> operator to launch 4G in Guinea Bissau

The year 2016 was marked by the commercial launch of Guinea-Bissau's first 4G network, the opening of 30 new sites to cover 90 percent of the population, as well as emblematic offers such as:

#### Orange Money

- Mobile internet services
- Djudan na Internet (Emergency data)
- Purchase pass data via Orange and me and USSD menu
- Smartphone 3G + Rise 31
- Smartphone 4G Tecno N9
- Flybox and 4G dongle

- value-added services
- Orange Radio
- Orange Fixed (SMS kiosk)
- Orange Feeling (call signature)
  - B2B services
  - M-Click (bulk SMS)
  - Swap Wimax to 4G.

The year was also marked by the organization of several events among which can be cited :

- the 2016 Innovation and New Technologies Show;
- the series of concerts and roadshows for the promotion of Orange Rise 31 in Bissau and in the regions;
- Orange Ferias ao Vivo, which brought together young people throughout the summer;
- Orange Bola na Bantaba which gave rise to football tournaments in the districts of Bissau, but also in the regions;
- signing for the first time a sponsorship contract with the Guinea Bissau Football Federation.
- 4.9.2 Significant investments to improve the quality of service of the mobile network (voice and data)

Investments in the network and outside network of more than 5.5 billion XOF were realized by Orange Bissau in 2016, bringing the total investment since its creation in 2007 to more than forty (45) billion XOF.

These investments have enabled:

- The densification and improvement of the network's quality of service on 2G, 3G and 4G;
- The deployment of an optical fiber allowing the country to access the same submarine cables as Senegal:
- The deployment of a Wimax Internet network in Bissau and in the main cities;
- securing the international network by an FH backbone via Conakry;
- The deployment of new innovative offers;
- Transition to a new numbering plan (07 to 09 digits);
- Reduction of energy costs through the annual solar program.

Orange Bissau is the first operator to launch the 3G network in Guinea Bissau in May 2015 and the first operator to launch 4G in the UEMOA zone in December 2015. This technology enabled Orange Bissau customers to discover the very high speed mobile.

These investments contributed greatly to the growth of the activities and allowed for the year 2016

To strengthen the contribution to government revenue:

• +5.8 billion XOF paid in respect of taxes, fees, licenses, social security contributions and customs duties. They account for about 4.8 percent of the tax revenue and 4 percent of the total revenue of the government budget of 2016, to note the Guinean State budget Bissau depends on more than 55 percent of the aid and loans abroad.

To contribute to the creation of wealth for the benefit of local private companies:

- +4 billion XOF paid to local suppliers
- +2 billion XOF of commissions paid to our partners distributors of refills.

To contribute significantly to job creation with more than 203 direct jobs created (including 88 permanent and 135 temporary workers) and over 10,413 indirect jobs (wholesalers, semi-wholesalers and retailers).

To generate more than 4.9 billion XOF of export earnings paid by foreign telecommunications operators for the year 2016, thus contributing favorably to the trade balance of Guinea Bissau.

## 4-10 START-UP OF ACTIVITIES IN SIERRA LEONE: ACQUISITION IN CO-SHARFHOLDING WITH ORANGE SA OF AIRTEL SLON JULY 19th AND START OF TRANSFORMATION ACTIONS FOR INTEGRATION IN SONATEL

n July 19, 2016, Bharti, on the one hand, and Sonatel, in partnership with the Orange Group, concluded a transaction to acquire 100 percent of the shares of Airtel Sierra Leone. This date marks the entry into the Sonatel Group of the new subsidiary which will be controlled and fully consolidated by Sonatel

## ■ 4.10.1 An operational review needed to identify the essential actions to be taken to transform the company

An audit of the company launched after the acquisition to identify weaknesses and quickly start the transformation actions.

The main objectives were:

- To identify the tools and methods to be implemented in order to be able to offer Orange services and solutions and ensure the quality of service expected in the context of the Horizon 2020 Strategic Plan of the Sonatel Group,
- To make a thorough diagnosis of the network and the systems to finely identify the necessary investments.
- Rapidly discontinue certain old contracts. particularly in the Information Systems, International Interconnection and Marketing Support segment,

 To begin to prepare the rebranding of the activities towards the «Orange» brand, this will be realized in 2017.

## A reinforcement in the second half of the operational management of the company:

- · Boost plan to boost sales and reclaim lost customers before completion of the buyout via regular and thematic animation (in particular the Bomba Millionaire campaign launched in late November),
- setting up new agreements with indirect distributors.
- Negotiation with Ericsson for the modernization of the network in 2017 and preparation of the 2017 investment plan,
- Use of the expertise of the Sonatel and Orange groups to accelerate certain transformation activities.

## ■ 4.10.2 Significant contribution to the economy of Sierra Leone

A major investment plan has been put in place in several areas:

#### Modernization and extension of the network

Airtel Sierra Leone has invested over € 16 million in preparations for the upgrading of the network, which will take effect from mid-2017 (acquisition of 33 new towers, replacement of energy systems at all radio sites, replacement of obsolete generators) and in setting up a new data center.

The main achievements of 2016 are:

- 11 sites put into service in the first half,
- 86 new extensions 3G,
- continued integration of the nodes of the new data center for migration (scheduled for April 2017)

#### • Human resources development

Eleven employees joined Airtel in 2016 (for a total of 177 employees at the end of the year). The company has also improved the situation of temporary contract agents in order to provide them with better personal coverage through a temporary agency.

Airtel SL also began integration into the Sonatel Group and Orange. The starting point was an «Orange Day» event in November bringing together all the employees. Medical coverage for employees on missions abroad was set up via the Orange Group solution.

Lastly, Airtel SL launched the International Social Barometer with a high contribution rate of employees (83 percent) demonstrating the momentum of the company's integration into the Group.

- Solutions for the 1.5 million customers, individuals or companies
- Prepaid and postpaid offers for voice and data mobile.

- Internet offers for all and fixed-lines company offers.
- Revenues up 7 percent

- Growth was supported by the international entrant (in a context of liberalization of international communications in April 2016), local voice, valueadded services and Airtel Money.
- Voice remains the heart of growth in terms of both international usage and local usage.
- Data offers launched in April 2016 represent growth potential even if revenues do not compensate for the decline in voice revenues.

#### Significant growth in Mobile Money's business

With revenue growth of 86 percent, Airtel SL's Money activity shows the potential in a country with low bankers. It also marks Airtel's lead on its main competitor who did not launch its Money business until November 2016.

The 2016 growth is based on:

- a subscribers' base growing by more than 50 percent,
- High-growth uses,
- Growth in average revenue per transaction (+ 70 percent).

As the Bank of Sierra Leone enacted new rules governing the Money mobile activity in 2016, a mobile money license was obtained through a subsidiary created for this purpose (Airtel Money Transfer). The operational transfer of the activity to this new structure will be finalized at the beginning of 2017.

# NETWORK ANDINFORMATION SYSTEMS



























### MODERNIZATION OF THE MOBILE NETWORK

onatel is keen to have a mobile network that is always at the forefront of technology and has launched major projects to modernize and expand the Mobile Access Network through the ambitious project RAN Renewal. With the RAN RENEWAL of the latest generation equipment ready to support the 4G are deployed. These new equipment have reduced energy consumption and contribute to Sonatel's environmental policy.

This project also introduces the UMTS 900 technology, which promotes the development of the mobile data network.

Modernization covers 1905 sites between 2014 and 2016 throughout the national territory and will be continued in 2017.

#### 5-2

#### **DEBIT INCREASE FOR 3G**



he year 2016 is characterized by the continued development of HSPA+ technology with coverage from 840 to 945 sites.

This technology allows three times the debits of 3G+technology, with speeds up to 42 Megabits per second.



### OPTICAL FIBER DEPOLYMENT FOR 3G/4G COLLECTION



he year 2016 is also characterized by the deployment of 234 fiber optic sites spread over the religious cities of Touba and Tivaouane and

the regional capitals of Kaolack, Thies and Saint - Louis. The deployment will continue in 2017 for the rest of the regional capitals.



onatel successfully commercial launched the 4G in 2016. This strengthens Sonatel in its leadership position on mobile and corporate data at the forefront of telecommunications technology.

4G is present on 123 sites in the region of Dakar, 10 sites on the small coast in Saly and 7 sites in Touba. The extension of 4G coverage will be continued in 2017 with a total of 366 sites at the end of the year.

By delivering ten (10) times higher rates on up and down links than on the 3G + network and greater flexibility in terms of traffic capacity, 4G will revolutionize the customer experience on mobile broadband. For example, downloading a 5MB music file lasts 2 minutes on the 3G, 8 seconds on the 3G + and 1 second on the 4G. To download a 50 MB album, it takes 19mn30 on the 3G, 1mn15 on the 3G + and 10 seconds with the 4G. The same goes for the movie download: for a movie with a capacity of 650MB, the client will wait more than 4H on the 3G, 16mn on the 3G + and 2mn only with the 4G.

Sonatel's customers who access this 4th generation network will be able to:

- Benefit from today essential functions, combining quality and speed: consult a website, listen to online radio, watch a video, download a file or an application, etc.
- Simultaneous access to multiple internet services without quality degradation, such as: watching video while browsing the Internet;

• explore new uses such as: mobile cloud computing, which offers the possibility of working while on the move, as if I was in the office; Cloud gaming that allows you to play HD video games from your mobile or tablet anywhere and on any device; HD video from mobile to mobile, such as videoconferencing from mobile, with excellent picture and sound quality, and the ability to view documents directly on mobile displays.

All Orange mobile data offers are already 4G compatible and can be used by customers who meet the prerequisites: Mobile TV, Internet Mobile (browsing, streaming), Mobile E-mail, Business Everywhere, Internet Everywhere, BlackBerry,



### EVOLUTION OF THE HEART OF THE IP NETWORK, MOBILE VOICE, NATIONAL AND INTERNATIONAL TRANSMISSION AND PLATFORMS SERVICE

he network has experienced many other important developments during this year such as:

- The continuing modernization of the core multiservice IP network in all areas with high traffic potential or strategic for «all-IP» migration;
- The continued modernization of the Data mobile Network Heart to support traffic growth and the move towards LTE (4G);
- The gradual migration of subscribers' base to the new TV Platform with advanced features and a full IP head end;
- The continuing modernization of the transmission network with the replacement of aging fibers

on the North / Central loop in order to increase from 2.5 Gbit/s to 10 Gbit/s; Thus a 36 FO cable between Goudiry and Thilogne for a distance of approximately 373 km is being laid;

- The fiber-optic security in the religious sites of Popenguine, Ndiassane and Tivaouane;
- The capacity extension of value-added services platforms: CRB, SMSC, and USSD.
- An extension of Internet Bandwidth with a capacity of 40Gbps to accompany the explosion of Internet traffic.

#### Sonatel has launched the construction of a Tier-III Data Center +

Construction of a Datacenter Tier III + in Rufisque is being finalized. This project will promote the development of the Cloud in Senegal and the sub region with a «green» solution that optimizes the use of energy and allows companies to access at a lower cost a very rich range of cloud services.



### Inauguration of the Global Network Operating Center (GNOC)

DAs part of its transformation project, the Sonatel Group and its strategic partners, the Orange Group and Huawei, inaugurated the headquarters of the Joint Network Monitoring Center (GNOC) on the Almadies Road. The ceremony took place on 23rd November in the presence of the authorities (Ministry of Posts and Telecommunications) and the Managing directors of the main entities concerned (Sonatel, Orange and Huawei).

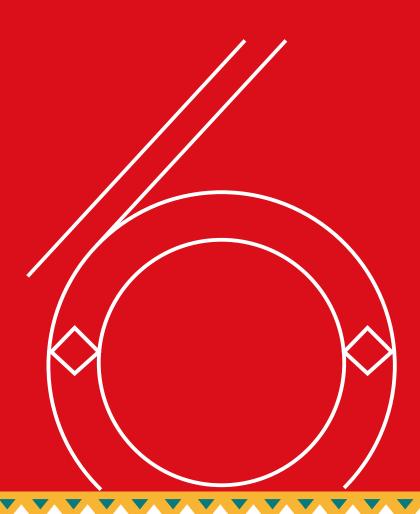
For several years, the Sonatel Group has embarked on a transformation project aimed at strengthening its competitiveness in an ever-changing telecommunications sector. This commitment was materialized in particular by the setting up of this pooling center since 1 February 2016.

The approach of this transformation project responds to a major tendency of the telecommunications sector in Africa, which sees most operators pooling the supervision of their network. This project has an interesting impact for Senegal and the Sonatel Group:

- New opportunities for job creation in Senegal;
- Better monitoring of the pace of technological change through a rapid increase in competence in mastering the tools and processes of major equipment manufacturers;
- Strengthening the competitiveness of the Sonatel Group;
- Strengthening Sonatel's leadership in the sub region by maintaining its position as an innovative operator and first mover; and
- Refocusing on customer service through the implementation of actions to limit customer inconvenience.

In Africa, most telecom operators have already outsourced the operation of their network.

### SONATEL ABROAD





### 6-1 CONTINUOUS DECREASE OF REVENUES ALWAYS THREATENED BY SIMBOX FRAUD AND OTTS BYPASS

he negative impacts of the simbox fraud and VOIP service bypass known as OTTs (over the top) on revenues from international activity in recent years have been exacerbated in 2016. Sonatel nevertheless succeeded to limit the reduction of its revenues on the international market by strengthening the anti-fraud mechanism, a commercial policy optimized to maintain the attractiveness of the destination Senegal and the performance achieved with the corridor offers launched with our subsidiaries and WIND operator for the diaspora in Italy.

Sonatel remains a privileged transit plate for international operators to complete their traffic to the countries of the West African sub region.

Simbox On-Net fraud is still well mastered with the implementation and the perpetuation of an organization and the tools allowing to track down, daily, types of fraud increasingly sophisticated and to follow the evolutions of the traffic. On the other hand, there was an upsurge of Simbox Off-Net fraud, well detected but automatic suspension measures will have to be authorized by the regulator.

### 6-2 CONTROL OF INTERNATIONAL OUTGOING AND ROAMING EXPENSES

n 2016, Sonatel maintained its strategy of controlling its expenses, particularly on international departure and roaming. This allowed an enviable margin in a still unfavorable international environment (fraud, increasing use of VoIP, general tariff increases in the sub region).



### CAPACITIES AND SERVICES OF QUALITY, AVAILABLE AND SECURE

In 2016, Sonatel reinforced its policy of securing its Internet bandwidth from 28, 12 to 40 Gbits with the first upgrade in September of the last submarine cable, ACE, commissioned in 2012. Sonatel also contributes to all actions to strengthen and secure

connectivity at the sub regional and international level, both terrestrial and underwater. The commissioning of the first ACE upgrade is part of this framework as well as the Cross Gambia project in partnership with The Gambia.

### 6-4 CONTINUOUS DECREASE OF REVENUES ALWAYS THREATENED BY SIMBOX FRAUD AND BYPASS OTTS

Since August, Sonatel has completely revised its Roaming rates. Through agreements with mobile operators in more than 165 countries, the roaming has permitted to our customers to travel with their mobile without changing their phone number. They can call, be joined on their usual Orange number, exchange SMS and surf the internet when travelling outside Senegal. The goal of Sonatel is to democratize roaming and make it accessible.

#### ■ 6.4.1 Orange Travel Pass

The «Travel Passes» are voice, sms packages and internet packages that can be used in three zones abroad, including 23 countries:

• Countries Orange West Africa,

- Countries Orange Rest of Africa, Middle East, Asia,
- Countries Orange Europe
- And a few preferred destinations preferred by our customers.

Just type the short code # 166 # and follow the instructions on the menu to choose the package voice / sms or the desired Internet package.

#### ■ 6.4.2 The Corridors

The Corridors are offers designed to boost incoming international traffic. These are promotions between two countries allowing the diaspora to communicate at a lower cost. In 2016, Senegal made corridors with Mali, Guinea Bissau, Guinea and Italy.

#### SONATEL ACCOMPANIES PILGRIMS TO HOLY PLACES

Sonatel accompanied this year the Senegalese pilgrims to the Holy places (Mecca, Vatican, Jerusalem and Lourdes). A cash contribution, phones with Sims and charging cards, t-shirts, caps, string bags, etc. were given to the organizers, received in the Sonatel offices, for the great happiness of the pilgrims.





Thanks to "Orange Travel Pass" and Roaming Sonatel agreements, and presence at the airport for departures to explain to the pilgrims how to use the telephone and the roaming, Sonatel gave them to benefit from competitive rates during their stays. A permanent Sonatel technical support also accompanied them throughout their stay.

With the help of the Sonatel Corporate Medicine and the Ministry of Health, a health guide was prepared to enable them to make all necessary arrangements.

### 6-6 SOURCES OF GROWTH: ENGINEERING CONSULTANCY

onatel's expertise in telecommunication services often prompts operators in the sub region to regularly solicit it in various areas of engineering consultancy and assistance.

In 2016, Sonatel was solicited by the Republic of the Comoros to bring its expertise in the field of legal

regulation and Orange Niger to fight against Simbox fraud and support for Roaming.

Sonatel has a catalog of services and various training courses and in 2016 it has been updated by integrating the Customer Service activities.

### 6-7 APPRECIATED PRESENCE IN INTERNATIONAL EVENTS

Sonatel contributed again this year to the success of Senegal's participation in various international events in Africa and outside the continent. These include:

: sub-regional forum on «the problem of setting up a sub-regional free roaming in West Africa». Sonatel, which encourages such an initiative, contributed greatly to the success of the works of Dakar with a delegation led by the Director of Operators and International Relations (DOI). The Group's experience in this area was presented to the delegates as well as the conditions for the success of such a project;

: Sonatel participated again this year in West Africa, which brings together every year the telecom community in Africa, Asia, America and Europe. Sonatel was once again asked to conduct panels to share experiences in

different professions:

led by the Director of Strategy and Business Development at Orange Business Services Sonatel;

lackbox lackbox

, hosted by the Managing Director of Orange Finances Mobiles Senegal (OFMS)

The Sonatel Operations and International Relations Direction also took this opportunity to deploy an important bilateral schedule with various operators and suppliers partners, participants in this event.

The Deputy Managing Director had previously delivered the opening statement on behalf of Sonatel, who had been appointed as guest of honor this year;

- : Sonatel contributed actively to the success of the 8th meeting of the Conference of Telecommunication Services Operators and Suppliers of the UEMOA Member States (COFTEL-UEMOA) with a contribution on the issue of "Alternative Call Procedures, Fraud, counterfeiting and income protection ";
- : Sonatel has contributed to the success of various international meetings organized in particular by the International Telecommunication Union (ITU) and the African Telecommunications Union (UAT).

Sonatel thus actively participated:

- The Regional Economic and Telecommunication / ICT Forum for Africa of Abidjan;
- The preparatory meetings for the World Radio communication Conference (WRC-19);

(WTSA-16): preparatory meetings and Yasmine-Hammamet World Conference in Tunisia, where Senegal obtained three positions as committee vice-president (ARTP at COM 12, working on issues related to QoS; the Ministry of Posts and Telecommunications at COM20, which takes charge of the IOT & Smart Cities and Sonatel

in COM 3, which is active on costs issues, tariffs and regulation of international services;

- 2016 ITU World Telecom in Bangkok;
- Various preparatory meetings of the Africa Group for the World Telecommunication Development Conference (WTDC-17);
- The meetings of Study Group 3 in which Sonatel is one of the largest contributors and chairs the working group on international Internet connectivity. For example, the operator contributed this year to the validation of the recommendation authorizing the establishment of Internet Exchange Points (IXP-Internet Exchange Points);
- The meeting of Kigali telecom / ICT ministers and regulators on the "One Network AREA" initiative

Sonatel is a member of the three sectors of the International Telecommunication Union (ITU) and has passed this year to the ATU from observer status to that of Associate Member.

#### 6-8

### DAKAR WELCOMES THE BOARD OF DIRECTORS AND THE ASSEMBLY OF RASCOM PARTIES

Dakar hosted this year, and for the second time, the Board of Directors of RASCOM (Regional African Satellite Communication Organization). The RASCOM Council held its 66th meeting, followed by the 14th Assembly of the Parties of this African organization of the satellite communication system. SONATEL has been a signatory member of RASCOM since 1992 and sits on the Board of Directors. In Dakar, Rascom witnessed the unprecedented participation of eleven countries and the Assembly of Parties validated the resolutions, the prospects for recovery and the development of the strategic plan for the future development of the organization.

RASCOM is a pan-African telecommunications project whose feasibility study was adopted in Abuja in February 1991 by all the African administrations responsible for telecommunications and culminated in May 1992 with the creation of the executive body based in Abidjan.

Sonatel is now Vice-President of Engineering and Technology at RASCOM.



## Sonatel actor of the digital transformation



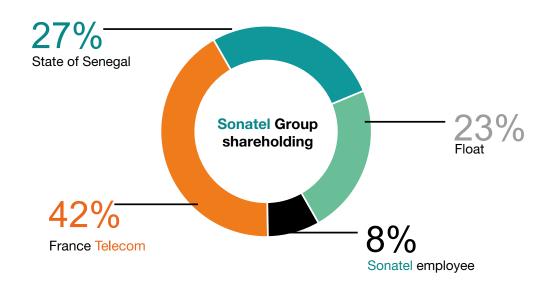


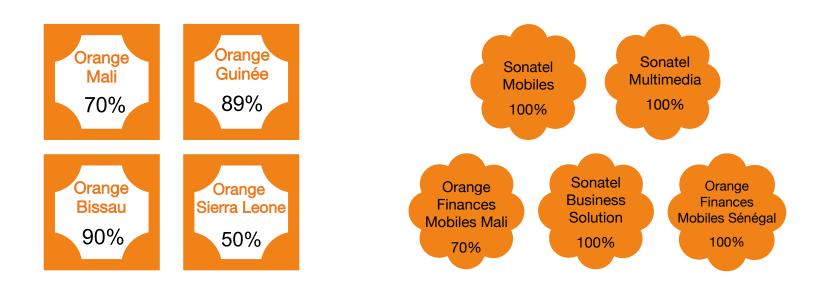
### SONATEL GROUP IN NUMBERS





#### SONATEL: INTEGRATED TELECOMMUNICATION OPERATOR





### MAINTAINING OUR LEADERSHIP IN ALL COUNTRIES OF PRESENCE



#### Senegal

GDP: 6.6% Inflation: 1.2% Population: 14.8 million Penetration: 98.4% Market share: 52.2% Position: Leader Network: 2G/3G/4G

### sonatel

#### Guinea

GDP: 3.8% Inflation: 7.9% Population: 11.1 million Penetration: 94.9% Market share: 57.6% Position: Leader Network: 2G / 3G

#### Mali

GDP: 5.3%
Inflation: 1%
Population: 16.8 million
Penetration: 116.7%
Market share: 59.3%
Position: Leader
Network: 2G / 3G

#### Sierra Leone

GDP: 4%
Inflation: 8%
Population: 6.6 million
Penetration: 55%
Market share: 44%
Position: Second
Network: 2G / 3G

#### Bissau

GDP: 4.8% Inflation: 2.6% Population: 1.7 million Penetration: 61.7% Market share: 55.2% Position: Leader Network: 2G / 3G / 4G











fixe - mobile - internet - télévision - données - mobile banking - contenus

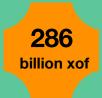
### GOOD FINANCIAL RESULTS DESPITE A DIFFICULT ENVIRONMENT AND IMPACTFUL REGULATORY AND TAX DECISIONS





49 %





#### **Turnover**

905 billion Xof

- + 6.5% comparative base\*
- +8.9% reprocessed\*\*

### EBITDA margin

- Ebitda: 440 billion Xof -1.7% / 2015
- +0.1% comparative
- base\*
  51.2%
  reprocessed\*\*

### Net margin

- 216 billion Xof -1.7 points
- -2.4% Vs 2015
- -1.8 % comparative base\*

#### Free Cash Flow

- -1% Vs 2015
- +0.5% comparative base\*











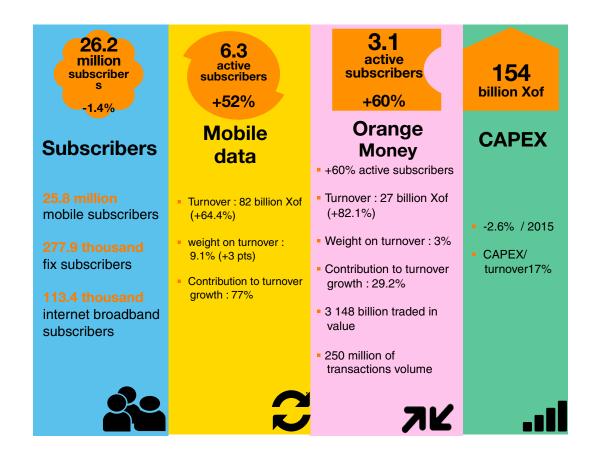
<sup>\*</sup>Comparative base: 2015 Orange Guinea consolidated figures valued at the 2016 GNF / XOF closing price

<sup>\*\*</sup> reprocessed : consolidated 2016 figures reprocessed from tax and regulatory impacts

### STRONG GROWTH OF MOBILE DATA AND ORANGE MONEY ACTIVE SUBSCRIBERS



Evolution of subscriber base impacted by new regulatory measures on our main market

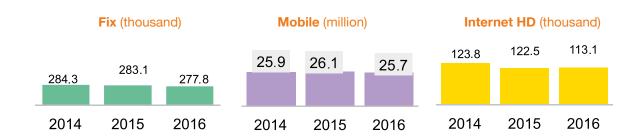


#### SUBSCRIBERS BASE REACH 26.2 MILLION SUBSCRIBERS



Parc	2014	2015	2016	15/14	16/15
	284 306	283 140	277 859	-0.4%	-1.9%
	25 942 396	26 145 620	25 795 855	+0.8%	-1.3%
	123 846	122 521	113 114	-1.1%	-7.4%
	26 350 548	26 551 281	26 187 128	+0.8%	-1.4%

Légère baisse de-1,4 % impactée par les opérations de mise en conformité règlementaire



**Mobile:** 1.4% subscribers base decline due to:

lead by decrease in Mali and Senegal following compliance policy on subscribers base; attenuated by the maintenance of the recruitment dynamics in Guinea thanks to animation activities around new covered areas; and in Bissau thanks to the 3G and the extension of the network to new localities.

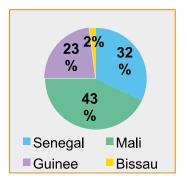
Fix: 1.9% decline despite the pace of recruitment around HOME offers

**Internet broadband :** decline of 7.4% following gradual switching of residential customers and B2B (Mali, Guinea) from WIMAX to 3G-based solutions (FLYBOX)

### MOBILE BASE HIGHLY IMPACTED BY COMPLIANCE POLICY FOLLOWING REGULATORY MEASURES IN OUR MAIN MARKETS



Parc mobile	2014	2015	2016	15/14	16/15
SENEGAL	8 097 673	8 413 127	7 900 150	3.9%	-6.1%
MALI	12 825 680	11 898 450	11 262 654	<del>-</del> 7.2%	<b>-</b> 5.3%
GUINEA	4 506 012	5 275 668	6 032 667	17.1	14.3%
BISSAU	513 031	558 375	600 384	8.8%	7.5%
	25 942 396	26 145 620	25 795 855	0.8%	<b>-</b> 1.3%



**Senegal:** regulatory measures of subscribers base compliance policy highly impacted its evolution with the cancellation of more than 650K active subscribers resulting in a 5.3 percent point decline in market share compared to 2015 (52.2% vs 57.5%).

**Mali**: decrease of the park of subscribers following compliance policy of subscribers base with positive effects on the market share evolution at 59.3% (+1.4 pts / 2015) because of higher effects on the competitor.

**Guinea :** resumption of pace of recruitment led by combined actions of new sites opening and sustained commercial animation despite identification requirements constraints and preventive actions against SIMBOX fraud. 3.1 points improvement on market share (57.6%).

**Bissau:** good momentum on recruitment slowed by constraints of identification of subscribers. launching of 4G and Qos associated improvement having served as leverage for the acceleration of rhythm of recruitment and again in market share of 6.4 pts / 2015 (from 48.8% to 55.2%.

#### SUBSCRIBERS BASE REACH 26.2 MILLION SUBSCRIBERS



AR monthly b		2014	2015	2016	15/14	16/15
Senegal	Fix	102 245	100 672	95 084	-1.5%	-5.6%
XOF	Prepaid mobile	2 784	2 627	2 661	-5.6%	+1.3%
Mali XOF	Prepaid mobile	1 778	1 667	1 912	-6.2%	+14.7%
Guinea GNF	Prepaid mobile	2 957	2 550	2 601	-13.8%	+2%
Bissau XOF	Prepaid mobile	3 025	2 892	2 842	-4.4%	-1.7%

Growth of ARPUs in all countries of our presence excepted in Bissau due mainly to larger increase of subscribers bases than income. The performance of Senegal, Mali and Guinea stems from the positive contribution of growth relays (mobile data, Orange money) combined with the slowdown of the subscribers base.

#### ORANGE MONEY: STRONG GROWTH ACTIVITY







#### <u>Senegal</u>

Turnover: 3.5 billion

Total subscribers: 3.5 million
Active subscribers: 1.1 million (31%)
Transactions volume: 63.9 million
Transactions value: 542.2 billion
Transactions value / GDP: 6.2%

#### Mali

Turnover: 21.6 billion

Total subscribers: 3.5 million

Active subscribers: 1.6 million (44%)

Transactions volume: 142.4 million Transactions value: 2.175.8 billion Transactions value / GDP: 26.2%

#### Guinea

Turnover: 2.1 billion

Total subscribers: 1.6 million Active subscribers: 0.5 million (33%)

Transactions volume: 43.5 million
Transactions value: 429.8 billion
Transactions value / GDP: 10.8%

### MOBILE DATA : STRONG GROWTH OF SUBSCRIBERS AND USAGE





#### **Contribution per country**

#### Senegal

Contribution to growth: 298.0%

Turnover growth: 81.6% subscribers: 2.2 million
Turnover (billion): 41.6
Traffic (To): 18,729
AUPU monthly (Mo): 836
ARPU monthly (XOF): 1,857

#### <u>Mali</u>

Contribution to growth: 25.7%

Turnover growth: 55.8% Subscribers: 2.4 million Turnover (billion): 24.5 traffic (To): 5,157

AUPU monthly (Mo): 190 ARPU monthly (XOF): 906



#### Guinea

Contribution to growth: 30.1%

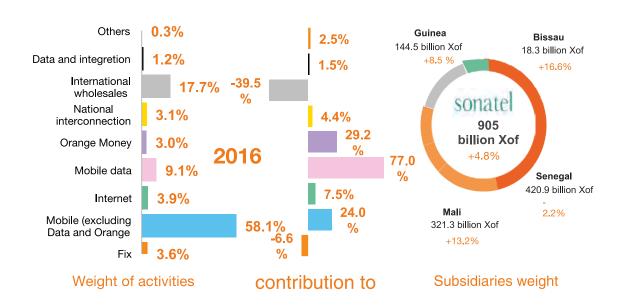
Turnover growth: 27.1% Subscribers: 1.7 million Turnover (billion): 14.2 Traffic (To): 11,979 AUPU monthly (Mo): 599 ARPU monthly (XOF): 706

#### **Bissau**

Contribution to growth: 204.8% Turnover growth: 168889.0%

subscribers: 58,177 Turnover (billion): 1.6 GROWTH IN REVENUES THANKS TO STRONG COMMERCIAL POSITIONS BUT SLOWED BY THE DECREASE IN INTERNATIONAL TRAFFIC (SENEGAL) AND CURRENCY AND TAX EFFECTS IN GUINEA.

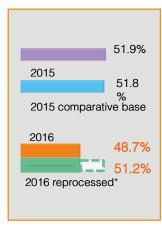


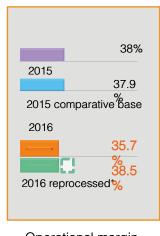


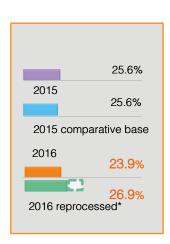
+4.8% growth in mobile revenues through the monetization of data uses and value-added services and the development of Orange Money services. There was also an increase in fixed internet revenues and data as well as interconnection revenues. This development is however slowed by the acceleration of the decline in international revenues and the decline in fixed activity.

### EXCLUDING EXOGENOUS IMPACTS (CURRENCY, TAX AND REGULATION), MARGIN ARE MAINTAINED WITH AN EBITDA MARGIN ABOVE 50%









EBITDA margin

Operational margin

Net margin

Slight decrease led mainly by the impacts of new taxes and currency in Guinea but also by the strengthening of the line of income with low margin (mobile data, Orange Money and value added services)

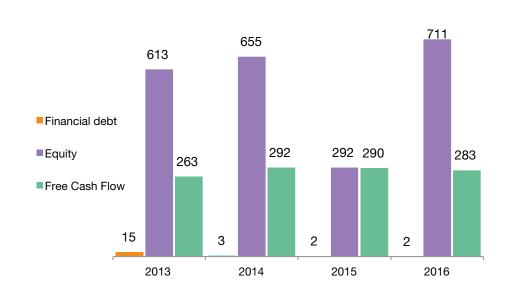
<sup>\*</sup> Comparative base: 2015 Orange Guinea consolidated figures valued at the 2016 GNF / XOF closing price

<sup>\*\*</sup> reprocessed : consolidated 2016 figures reprocessed from tax and regulatory impacts



( en milliards FCFA)	2013	2014	2015	2016
Financial debt	15	3	2	2
Equity	613	655	692	711
Free Cash Flow	263	292	290	286
Debt ratio	2.4%	0.5%	0.3%	0.2%
Debt / Free Cash Flow	9.5%	5.1%	0.9%	0.3%

Good cash generation



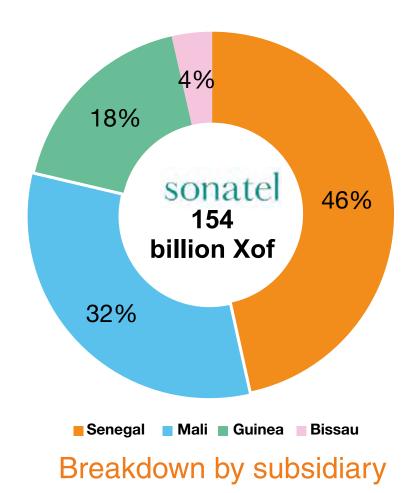


Groupe Sonatel	2013	2014	2015	2016	2015/ 2014	2016/ 2015
SENEGAL	1 787	1 751	1 807	1 788	3.2%	-1.0%
MALI	487	530	540	583	1.9%	7.9%
GUINEE	275	324	354	374	9.3%	5.6%
BISSAU	69	85	85	88	0.0%	3.5%
TOTAL	2 618	2 690	2 786	2 833	3.6%	1.6%

### SUSTAINED LEVEL OF INVESTMENTS (17% OF TURNOVER) DESPITE A SLIGHT DECREASE FROM 2015



Investments	2015	2016	Variation 15/16
Network	144.5	135.6	-6.1%
Others	13.6	18.3	34.5%
Total	158.1	153.9	-2.6%
Capex rate	18%	17%	



Network investments represent for 88% of total investments. The renewal of the access network, the densification of 3G mobile networks with the development of data usage and the extension of services platforms are the bulk of these investments.

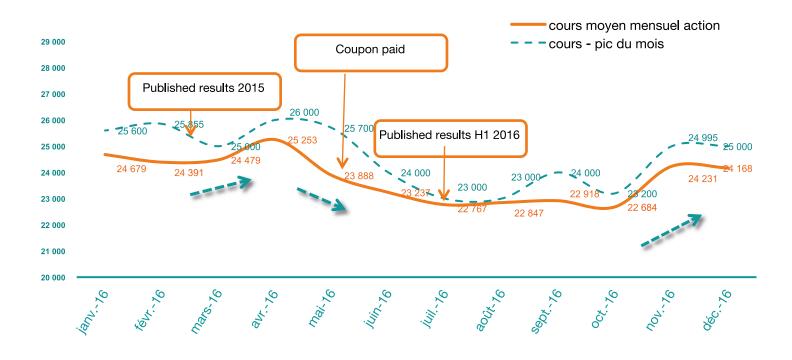
### THE GROUP, MAJOR ACTOR AND GROWTH MOTOR FOR THE ECONOMIES OF THE COUNTRIES OF OUR PRESENCE



+ 473 billion Xof + 236 billion Xof + 100.000 + 473 billion Xof indirects jobs +11% / 2015 +11% / 2015 +33% / 2015 3.500 directs jobs paid in terms of Of Turnover generated through a wide generated for local businesses commercial income taxes, social contribution at the taxes, fees, social distribution and level of balance of security contributions, dynamic partners payments by foreign customs duties and telecommunications' dividends operator **Exports State budgetary Private sector Job creation** development income



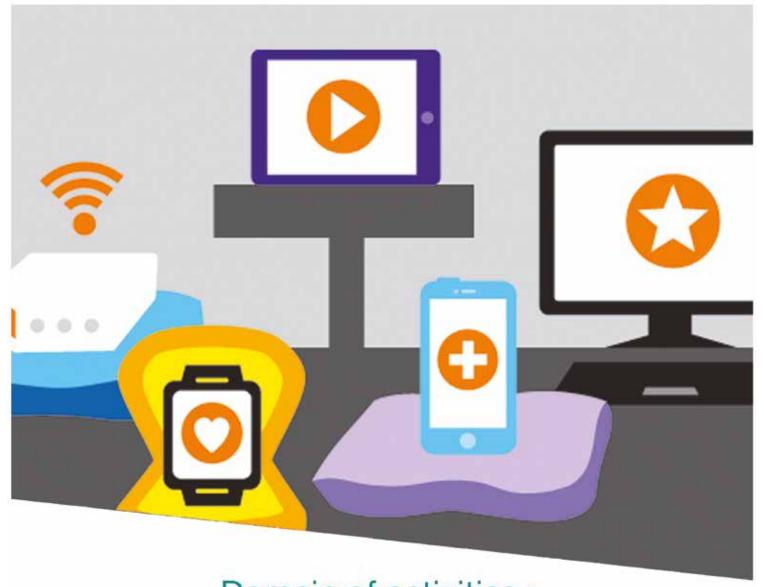
#### STOCK MARKET



Slight decline in stock price compared to December, 2015 caused by a renewed activity on newly introduced stock at the BRVM. However, the price stabilizes at the level of coupon pre-detachment



	Exercices	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
	Share on 12/31	9 100	17 500	13 000	12 000	15 400	12 000	14 500	20 050	22 800	25 000	25 000
	Dividend ( in billion XOF)	88,3	110	130	135	140	145	150	155	160	167	167
	Net dividend per share	794	990	1 170	1 215	1 260	1 305	1 350	1 395	1 440	1 500	1 500
	Dividend growth rate	28%	25%	18%	3.85%	3.7%	3.6%	3.5%	3,3%	3.2%	4.2%	0%
	Dividend yield	9%	6%	9%	10%	8%	11%	9%	7%	7%	6%	6%
	Pay-out rate	60%	68%	83%	73%	76%	94%	88%	82%	93%	105%	106%



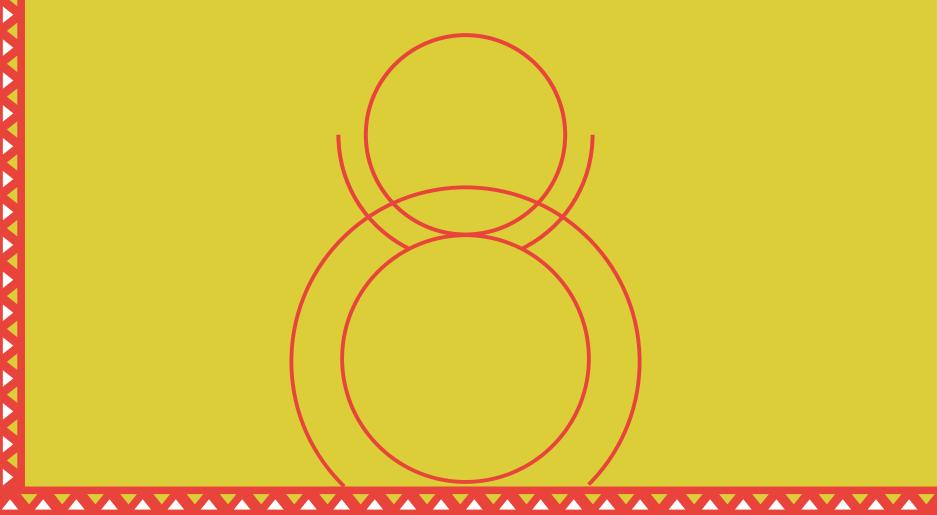
#### Domain of activities:

Fixed line • Mobile • Internet • Television • Data Mobile Banking • Contents





### FINANCIAL REPORT





## NOTE TO READERS



he scope of consolidation of Sonatel Group includes Sonatel SA and its subsidiaries:

- Sonatel SA, the parent company
- Sonatel Mobiles, 100 % subsidiary under Senegalese law
- Orange Mali, 70.0467% percent under Malian law
- Sonatel Multimedia, 100% subsidiary under Senegalese law
- Sonatel Business Solutions, 100% under Senegalese law
- Orange Conakry, 89.37% subsidiary under Guinean law
- Orange Bissau, 90% subsidiary under Bissau-Guinean law
- Orange Finances Mobiles Senegal, 100% subsidiary under Senegalese law
- Orange Finances Mobiles Mali, 70.0467% subsidiary under Malian law

Orange Sierra Leone, formerly Airtel Sierra Leone, was acquired on July 19, 2016 and does not enter the consolidation scope.

The 2016 consolidated financial statements of Sonatel Group are commented on this text.



## INTRODUCTION

he year 2016 dedicates again the strong operational and financial performance of Sonatel Group in a particularly challenging competitive and regulatory environment and a generally favorable macroeconomic environment in its countries of presence.

In 2016, the Sonatel Group signed two major operations to consolidate its activities in the future through the renewal of the concession, the acquisition of frequencies for the 4G operation in Senegal for a period of 17 years, and the acquisition in partnership with Orange SA of the subsidiary Airtel in Sierra Leone, which will be fully consolidated in the accounts of the Sonatel Group from 2017.

The Group has been able to maintain its leadership and strong sales positions in all countries of presence thanks to operational excellence, customer relations, improvement of the quality of service and a strong commercial presence around animation of the mobile market facing an intense competitive aggression.

Growth in turnover, although slowed by external factors particularly damaging in Guinea (fiscal and regulatory measures, changes in the Guinean franc), remains satisfactory, registering growth of + 4.8% compared with 2015 thanks to the sustained development of the mobile activity driven by the use of mobile data, value-added services and Orange Money services.

However, the evolution of the profitability and growth trajectories was impacted, on the one hand, by new tax provisions and unfavorable regulatory measures, by the exchange rate effects of the Guinean franc in the consolidation of results in XOF, and on the other hand, by the increase in operating expenses correlated in part with the change in revenue mix in favor of low margin lines (Orange Money, Data mobile, Hubbing, equipment, etc.) or involving more value-sharing (SVA, Content ...) with other actors in the ecosystem. The Group's EBITDA rate excluding tax and regulatory impacts has been maintained above 50% but shows a slight decrease compared to 2015 due to external penalizing factors mentioned above. Overall, the operating and financial results for the financial year 2016 remain satisfactory.

The structural changes in the business model observed around the decline of core business activities centered on voice, the rise in the size of services positioned in growth relays (mobile data, Orange Money, SVA ..), the transition from a mode from fee-for-service to «package or bundle» mode, accelerated in 2016 under the impetus of intense competition around free access to mobile data. The explosion of mobile data usage due to the popularization of smartphones, the proposed level of abundance and the development of 3G networks, while contributing to the maintenance of revenues through better monetization, acceleration of the OTT phenomenon and their unfavorable impact on international incoming traffic revenues, which is a major contributor to the generation of EBITDA margins.

In addition, the upsurge in SIMBOX fraud in Senegal, favored by weaknesses in the inter-operator harmonized control system and the absence of a regulatory framework conducive to the eradication of the phenomenon, also affected the loss of income in the international segment. The compliance requirements of customer subscribers' bases (mobiles, mobile money) reinforced by the regulatory bodies of all the countries of presence have occasionally led to a decline in the number of subscribers (Mali and Senegal). However, the group succeeded in bringing all of its client subscribers' bases into compliance with the identification criteria.

The Group also transferred the mobile finance activities to the EMIs in Senegal and Mali created for this purpose. The increase in awareness of Orange Money services has been reinforced, reflected in the strong growth in the number of registered and active customers and the significant increase in revenues.

In Senegal, it is to note the renewal of Sonatel's concession and the acquisition of frequencies for the 4G operation for a period of 17 years. Moreover, an important step towards realizing Orange's commitment to the delivery of an «incomparable customer experience» was achieved with the COPC certification.

Maintaining leadership in the mobile market was confirmed by the latest publications of the regulator (4th guarter of 2016). However, the mobile market share in terms of volume (52.2%) is down by -5.3 points compared to 2015 in favor of competitors due to the development of multisim and the slowing down effects associated with the obligation of customers' identification with a termination of 650,000 active customers. On the Mobile Internet market, leadership was maintained through a relatively stable (-0.1 point) market share (65.4%) compared to the fourth guarter of 2015 despite the impact of competitive aggressiveness on the free services offered on the Data uses. Thus, the strict compliance of the Orange mobile customer subscribers' bases according to the identification criteria has been effective since the beginning of December 2016.

Revenue growth was marked by a strong decline in international incoming traffic (highly negative volume effect) and fixed revenues, despite the significant offsetting effects generated by growth drivers (Data, SVA, Orange Money) and the internet connection. The decline in international incoming traffic volumes accelerated in 2016 (-24% compared to 2015 or -159 million minutes) due to the development of alternative routes amplified by the OTT phenomenon, and SIMBOX fraud from networks of competitors sustained by the absence of a harmonized mechanism of intraoperative struggle and the absence of a regulatory framework on the ways of eradicating the phenomenon via a convergent inter-operators device.

The strong growth in Data Mobile usage continued (+82% compared with 2015 in data revenue growth with a 31% smartphone penetration rate, i.e. +13 points compared to 2015), but also the use of Orange services Money, with the notable achievement of crossing the bar of the million active monthly subscribers (1.088 million at the end of December 2016) hanks to the increase in the penetration rate of the uses of pay services.

In Mali, the volume market share is increasing (59.3%, i.e. +1.4 points compared to 2015) thanks to field actions for the recruitment and identification of subscribers. The subscriber identification campaign was successful with a large delta subscribers' base realized thanks to the land acquisitions which allowed maintaining an active subscribers' base above 11.2 million customers. The market has regained momentum thanks to promotional offers (recharges, Data Mobile and SIM), which were the subject of animation supported by the various players.

The strong increase in data usage continued, with a growth of 42% compared to 2015 and an increase in revenues of + 56% over the period, representing 26% of Orange Mali's revenue growth in 2016. Even Orange Money has surpassed 1.6 million monthly active customers, an increase of 30% compared to 2015, contributing to a 63% increase in revenues compared to 2015.

However, revenues from international incoming traffic recorded an 8% decrease due to the impact of OTTs and SIMBOX fraud; despite the launch of corridors and the increase in interconnection tariffs with international operators (+ 12F on average compared to 2015), which partially offset the negative volume effects.

In the Republic of Guinea, Orange strengthened its leading position with the crossing of 6 million subscribers and a 57.6% volume market share, up + 3.1 points compared to 2015 thanks to a delta subscribers' base of + 757,000 subscribers realized despite the constraints linked to the identification. Leadership has also been strengthened in value, with a market share of 63% according to the latest publications of the Regulatory Authority (Third quarter of 2016).

The already strong competitive aggressiveness has been reinforced with the multiplication of ultra-abundant promotional offers, in a context of taxation enhanced by the TCT extension to the Data usages. The pending question concerns the conditions for the collection of this tax based on free and chargeable consumptions, which for the time being does not seem to affect competition in view of the pace of deployment of its ultra-abundant promotional offers.

Orange Guinea has redesigned its mobile data and FH links in order to integrate the TCT impacts, the new fee for the FH and the increase in the VAT rate.

It is to note the strong growth of the Orange Money activity with the crossing of the level of 500 000 active monthly subscribers in December 2016.

The strong growth in the Mobile Data business continued in 2016 with the 1.6 million active subscribers exceeding the 1.7 million level (+ 97% compared to 2015, i.e. + 798,000 subscribers), and growth of + 27 % on income generated.

However, these operating results were largely offset by the significant currency effects resulting from the strong depreciation of the Guinean franc against the US dollar (-15%) and the euro (-10%).

In Guinea-Bissau, Orange is strengthening its leadership with its market share (55.2%), up + 6.4 points from 2015, and its market share value stands at 54.5%. The reconquest of the Guinean Bissau market following the 2015 subscriber base compliance operations was made possible by extending network coverage, improving quality of service and deploying 3G / 4G.

For example, in 2016 there was a strong increase in Broadband revenues (1.6 billion XOF,  $\pm$  12% of Orange Bissau's revenues) and Data Mobile usages, with the number of active subscribers increasing by 58,000 subscribers i.e. 115% compared to 2015 thanks to the deployment of 3G / 4G.

The improvement in QoS perceived by the client resulted in NPS leadership (scoring by customers based on a survey on the perception of the technical and commercial quality of service for several items) required in the first semester of 2016 with a spread of 3 points in favor of Orange Bissau in the fourth quarter of 2016.

Sonatel's 2016 financial year will be marked by:

- Continued leadership and strong market positions in all countries of presence through operational excellence, customer relations, quality of service improvement and leadership.
- The continued development of Data Mobile uses, facilitated by the extension of the network, through the animation and penetration of smartphones.
- The rising awareness of Orange Money services reflected in the strong growth in the number of registered and active customers and the significant increase in revenues.

Maintaining the EBITDA rate above 50% excluding tax and regulatory impacts but slightly decreases compared to 2015 due to exogenous factors.

- The acquisition of the 4G license and the renewal of Sonatel's concession in Senegal after Bissau in 2015. Discussions around 4G and the renewal of the current concession in Mali and Guinea.
- The completion of the acquisition of Airtel SL as a shareholder with Orange SA, which will be fully consolidated in the accounts of Sonatel Group.
- The start-up of EMI activity in Senegal and Mali and transfer of Orange Money activities to EMIs

## Senegal

- Acquisition of 4G frequencies and the renewal of the Sonatel concession for a period of 17 years for an amount of 100 billion XOF;
- Passing an important milestone in strengthening the customer experience with COPC certification;
- The start-up of GNOC activities (outsourced supervision center);
- The launch on 12 March of Orange brand evolution around the new brand signature «Bring you closer to the essentials»;
- Confirmation of the ISO 9001 version 2015 quality certification, Health / Safety (OHSAS 18001) and Environment (ISO 14001 version 2015) following the AFNOR Follow-up Audit 1:
- The start-up of operations of the subsidiary OFMS (EMI) in June 2016.

#### Mali

- Strong growth in data usage (+ 42% on revenues, 22% growth in turnover), a 51% increase of subscribers' base compared to 2015
- Breakthrough of 1.5 million active Orange Money customers (+ 25% compared to 2015), + 64% increase in turnover compared to 2015

A slight increase in incoming international traffic (+ 1.3% compared to 2015) despite the impact of OTTs and SIMBOX fraud; Thanks to the launch of the corridors.

• The start of the ANO project on 1 January 2016

- Successful launch of the neo-box «Confort» O and Premi'O residential Internet offer
- The 10 XOF increase in incoming international termination rates in February (+ 12F compared to 2015);
- Over 2.3 million subscribers active on Mobile Data
- Launch of the subsidiary Orange Finances Mobiles Mali (OFMM)

#### Guinea

- the introduction of new taxes, including:
- An increase in the VAT rate from 18% to 20% on all goods and services;
- The extension of the TCT to the Data (5% of the price of the data turnover) and the SMS (10 GNF per SMS);
- The introduction of a levy on FH (56 billion GNF / year);
- The redesign of mobile data offers and FH offers to integrate the TCT impacts, the new fee and the increase in VAT.
- ANO launch in early January
- Improving the supply of electricity through the Kalta Dam
- The application of billing per second since 01 January 2016
- High GNF volatility

## Bissau

- Improved QoS perceived by the client translated by NPS leadership (3 points spread in favor of Orange Bissau in the fourth quarter of 2016);
- The maintenance of the commercial dynamics around the refills:
- The opening of 30 new sites;
- Better 3G coverage compared to the competitor;
- Implementation of Corridor promo with Sonatel.

# THE SONATEL GROUP, A MAJOR PLAYER AND A GROWTH ENGINE IN THE ECONOMIES OF THE PRESENCE COUNTRIES

Through its activities, the Sonatel Group is a pillar of the economy in all its countries of presence.

It contributes significantly to the economic development of countries through:

- Budgetary revenues: over 473 billion in taxes, royalties, social security contributions, customs duties and dividends, up 11% from 2015.
- Private sector development: more than 236 billion turnover generated by local businesses, up 33% compared to 2015.

- More than 3,148 billion in value of transactions made through Orange Money services.
- Job creation: 100,000 indirect jobs through a greater involvement of dynamic partners in retail distribution and marketing and more than 3,500 direct employees.
- Exports with close to 182 billion in contribution to the strengthening of balances of payments in relations with foreign telecommunications operators.
- Philanthropic actions in the areas of Culture, Education and Health of the Orange Sonatel Foundations in Mali and Senegal.

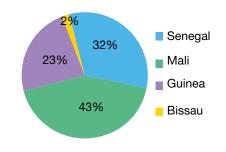
## 1. OPERATIONAL ELEMENTS

The evolution of operational data was marked by the significant impact of the regulatory constraints of subscribers identification on the pace of customer recruitment, particularly in Senegal and Mali. The mobile Internet subscribers' bases and Orange Money services companies registered strong growth, driven by good sales momentum and sustained animation around these two services. The continued increase in traffic volumes from the networks is favored by a high level of

abundance on voice usage mainly. The acceleration of the decline in volumes of international incoming traffic observed in 2016 is the consequence of the development of the usage of alternative routes amplified by the OTT phenomenon. At the end of 2016, the subscriber base of the Sonatel Group (fixed-lines, mobile, and internet) reached 26.2 million subscribers, a slight decrease of -1.4% compared to 2015.

SUBSCRIBERS' BASE ON 31 DECEMBER 2016	REEL 2014	REEL 2015	REEL 2016	∆ 2015/2014	△ 2016/2015
Fixed-lines	284 306	283 140	277 859	-0.4%	-1.9%
Mobile	25 942 396	26 145 620	25 795 855	+0.8%	-1.3%
Internet HD	123 846	122 521	113 414	-1.1%	-7.4%
Total	26 350 548	26 551 613	26 187 128	+0.8%	-1.4%

Mobile subscri- bers' base	2014	2015	2016	2015/2014	2016/2015
Senegal	8 097 673	8 413 127	7 900 150	3.9%	-6.1%
Mali	12 825 680	11 898 450	11 262 654	-7.2%	-5.3%
Guinea	4 506 012	5 275 668	6 032 667	17.1%	14.3%
Bissau	513 031	558 375	600 384	8.8%	7.5%



#### **Mobile**

The Group's mobile subscribers' base is 25.795 million customers, a slight decrease of -1.3% compared to 2015. This evolution is mainly due to the cancellations recorded in Mali and Senegal as part of our customer subscribers' bases conformity with the subscriber identification requirements issued by the regulatory bodies. At the same time, recruitment dynamics in Guinea and in Bissau have helped to reduce the number of subscribers' bases following massive cancellations in Senegal and Mali.

#### **Fixed-lines**

The number of fixed-line customers (exclusively in Senegal) amounted to 277,859 at the end of 2016. Fixed-line turnover were down compared to 2015 (-1.9%) due to the reduction in recruitments (targeted on value customers around HOME offers) combined with an increase in cancellations (ADSL broadband customers).

#### Internet

The number of internet customers connected by ADSL and via WIMAX solutions totaled 113,414 subscribers at the end of 2016. The internet subscribers' base is down by -7.4% compared to 2015 due to the gradual switching of Wimax customers in Mali and Guinea towards solutions

backed by the 3G (flybox). It is also noted the decline in the residential and B2B Internet subscribers' base in Senegal (-2.2%) impacted by the development of 3G and 4G mobile internet.

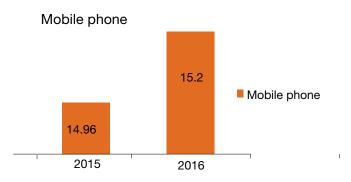
## Senegal

#### Macroeconomic indicators

	2016	2015	2014
Population (in million) (1)	14.8	14.4	13.9
GDP growth (in %) (2)	+6.6%	+ 5.1 %	+ 4.7 %
GDP per capita (USD) (2)	2 578	2 426	2 352

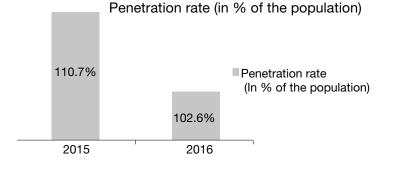
Sources: (1) ANSD - (2) FMI Oct. 2016

Number of mobile customers' country (million), mobile penetration rate (as% of population)



Source: ARTP publication Mobile Market Observatory Quarter 4 of 2016.

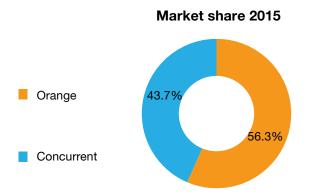
The mobile market reached 15.2 million SIM cards in 2016, a slight increase of + 1.5% (compared with 1.9% in 2015), or 227 000 additional customers. This relative stability can be explained by actions to bring subscribers into compliance, which led to the customer's cancellation who does not meet the identification criteria defined by the regulator. The mobile penetration rate thus rose from 110.7% in 2015 to 102.6%, an decrease of -7.6 points. The regulated call termination rates on mobile phones



further declined and an asymmetry reintroduced in 2016 (from 12 to 9 XOF per minute for Orange and from 12 to 10 XOF per minute for competitors). Sonatel benefited from the renewal of its license to operate its telecommunications networks in Senegal for a period of 17 years and acquired 4G operating frequencies for the same period.

#### The competitive environment

#### Mobile Market Share



Source: ARTP publication Mobile Market Observatory Q4 of 2016.

Three operators are present on the mobile market: Orange, Tigo-Sentel (subsidiary of the Millicom International Group), and Expresso Senegal, a subsidiary of Sudan Telecom (SUDATEL). The intensity of competition between operators was still very strong in 2016. Sonatel managed to maintain its leadership despite this competitive intensity focused on voice abundance and mobile data. This performance was boosted by the strengthening of mobile data offerings and animation, the continued recruitment of Orange and Kirene with

Orange, targeted campaigns and the customer loyalty program "Sargal", whose enrollment has surpassed 2.5 million customers. It is to note the strong explosion of mobile data usage favored by the extension of network coverage, QoS enhancement, and enhancement of offers and popularization of smartphones via a policy of more expansive terminals. The requirements for conformity with subscriber identification constraints have impacted the evolution of client subscribers' bases leading to a reduction in the penetration rate.

Orange

Concurrent

Market share 2016

52.2%

47.8%

#### **Activities of Sonatel perimeter Senegal**

Operational indicators	2016	2015	2014
Number of fixed-mobile-adsl customers (in thousands)	8 276	8 798	8 485
Fixed lines	278	283	291
Internet lines (ADSL)	98	102	105
TVO customers	24.3	19.4	13.5
Mobile customers	7 900	8 413	8 097
Internet Mobile Customers	2 183.3	1 525.1	1 132.1
Active Clients Orange Money	1 087.9	633.3	412.4
ARPU mobile prepaid global (monthly XOF)	2 661	2 582	2 784

Source: Sonatel scope Senegal

The number of mobile subscribers in Orange, which is almost exclusively composed of prepaid products, fell by 6.1% in 2016, following a growth of + 3.9% in 2015. This development follows the compliance operations of subscribers' bases leading to the termination of more than 650,000 non-compliant clients in early December 2016.

The number of fixed broadband Internet subscribers (ADSL) is down slightly (-2.2%) in 2016, due to competition due to the development of 3G and 4G mobile Internet offerings. The number of fixed lines is also down from 2015 (-1.9%). This quasi-stabilization, in spite of the strong competition from mobile activity, is linked to the development of the new fixed-line HOME packages offering Livebox with voice, Internet and TV packages.

Orange's mobile offers in Senegal consist mainly of prepaid packages structured around three types of offers: Diamono Classic, Diamono S 'Cool and Diamono Door Waar. In addition, the Kirene offer with Orange is a MVNO-type offer developed in partnership with Kirene. The mobile payment offer Orange Money has nearly 1.1 million active customers by the end of 2016, representing 14% of the mobile customer subscribers' base. The expansion of the partnership with new players in the payment of merchandise, the payment of invoices and the launch of new offers (bank cards, IRT France, internet payments, etc.) made it possible to increase the volume of transactions (+73% compared to 2015).

The development of the mobile internet offering is continuing around the 3G and 4G Internet passes with a subscribers' base invoiced by nearly 2.2 million by the end of 2016, an increase of 41.3% compared to 2015.

Most of the traffic departure from mobile phones goes to Orange mobile phones (effect club), voice traffic remains predominant with the +18 minutes increase in the monthly AUPU (133 minutes compared to 115 minutes in 2015), explained by the high level of gratuity resulting from ultra-abundant promotional actions and Orange Money bonuses and via the «Sargal» customer loyalty program.

There is a slight slowdown in the decrease in fixed-lines traffic compared to 2015, thanks to the stabilization of usages favored by the tenders refocusing around the flatrate promotion and the reinforcement of the abundance proposed in the new HOME fixed-lines formulas.

International traffic arrival continued to fall, with a decrease of -24% compared to 2015, linked in one hand, to the development of the use of alternative routes amplified by the OTT phenomenon and, on the other hand, by simbox fraud from Sims competitors. It is to note the slower impact on this structural decrease in traffic resulting from the corridors' opening with the main destinations of the sub-region.

Domestic traffic arrival recorded an important growth compared to 2015 (+ 50% growth in volumes received from competing mobile phones), resulting from the ultra-abundant offers from competitors (bonuses that can be used to all networks), which helped to mitigate the negative impact on turnover from the asymmetric decline in mobile interconnection rates (from 12 to 9 XOF for Orange and 12 to 10 XOF for competition).

There is a slight appreciation of the prepaid mobile monthly ARPU compared with 2015 (+ 3%) to 2,661 XOF due to the combination of several effects:

- The stabilization of the ARPU refill thanks to a better monetization of the usages of mobile data and VAS, despite the acceleration of the decrease of voice revenues impacted by the falling in average prices driven by the increased emphasis on the level of gratuity offered around the abundance offers;
- The decrease in subscribers' bases as a result of compliance operations (terminations);
- The development of Orange Money revenues, mobile data revenues and value-added services leading to the maintenance of the ARPU.

#### Mali

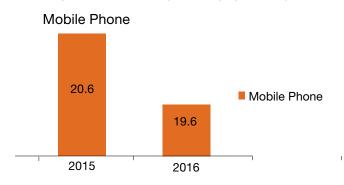
#### Macroeconomic indicators

	2016	2015	2014	
nillion) (1)	16.8	17.0	16.4	
	+ 5.3 %	+ 5.0 %	+ 7.2 %	
(3)	2 265	1 800	1 800	

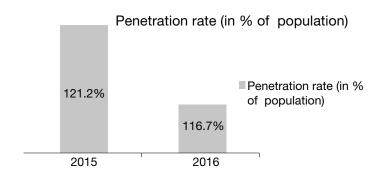
 $ext{$$}$ 

Sources: (1) Orange Mali - (2) FMI Oct. 2016

Number of mobile subscribers 'country (million), mobile penetration rate (as% of population)



Source: Orange Mali estimate
\* Penetration rate (as% of population).



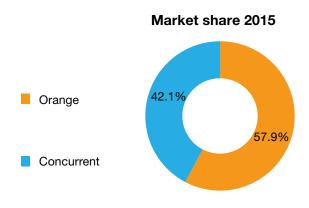
The mobile fleet experienced a slight decline of 0.6 million of SIM cards in 2016. This situation is due to the continuation of actions to bring subscribers bases into compliance with the identification criteria defined by the regulator combined with the induced effects of the discontinuation of acquisitions promotions on the pace of recruitment of new subscribers. As a consequence, the mobile penetration rate decreased by -8.2 points compared to the end of 2015 to be at 117%.

Despite this situation, Orange Mali has maintained its leadership, with a market share at the end of 2016 of 59.3%, up + 1.4 point from 2015 (57.9%). At the end of 2016, Orange Mali had a subscribers' base of 11.3 million active customers consisting of 99.9% prepaid.

The main mobile usages are voice and SMS, however, the use of mobile data and mobile broadband has grown in line with the continuation of the extension of 3G coverage (2.391 million active mobile Internet customers at the end of December 2016 , + 41.6% compared with 2015). Orange Mali continues to develop Orange Money. The service has nearly 3.5 million registered customers at the end of 2016, of which nearly 1.6 million are trading monthly. The broadband Internet subscribers' base, which includes 3G key users, WIMAX and flybox solutions, have over 190,000 subscribers at the end of 2015, growing by more than 15% thanks to the increase in VPN access and offers developed around the flybox.

#### The competitive environment

#### Mobile Market Share



Source: Orange Mali estimates

It should be noted that the third global license, issued in January 2013 is still not operational. The intensity of competition observed in 2015 between the two operators continued in 2016. This resulted in intense promotions on prepaid refills including significant levels of abundance centered on voice off net and Mobile data. The growth in mobile internet usage continued, driven

by improved service quality, 3G coverage, enhanced offerings and the popularization of smartphones. Orange has seen its market share increase in 2016 by  $\pm$ 1.4 points to 59.3%, thanks to better management of the operations of compliance of subscriber bases according to the requirements of compliance of the regulator.

Orange

Concurrent

Market share 2016

40.7%

59.3%

#### **Operational indicators**

	2016	2015	2014
Number of mobile-internet customers (in thousands)	11 276.8	11 928.5	12 851.1
Internet customers HOME-BUSINESS (WIMAX-FLYBOX)	14.1	30.0	25.4
Mobile subscribers	11 262.7	11 898.5	12 825.7
Internet Mobile customers	2 391.0	1 689.0	1 471.7
Orange Money Customers (active 30 days)	1 550.4	1 196.1	838.9
ARPU mobile prepaid global (monthly XOF)	1 912	1 667	1 778

^**`**^^^^

Source: Orange Mali

There is also an increase in ARPU in 2016 driven by revenue growth (positive contribution from data Mobile, Orange Money and SVA growth drivers, in addition to maintaining the growth dynamic on voice and sms uses) combined with a decrease in the average subscribers' base resulting from compliance actions.

The mobile payment offer Orange Money has nearly 3.5 million customers registered at the end of 2016, representing 31% of the active mobile subscribers' base. The total volume of transactions reached the level of 142 million in 2016 valued at over 1,555 billion XOF (about 26.2 percent of Mali's projected GDP in 2016).

The expansion of the mobile internet offer continues with the extension of 3G coverage.

The volume of traffic departure of Orange Mali subscribers

recorded a significant growth (+ 28.5%). This increase is mainly due to traffic on the net (82.8%) as a result of the development of bundles and the ultra-abundance resulting from the numerous promotional activities.

Domestic traffic arrival from competing mobiles also increased by 28.5% reflecting the level of abundance offered by the competitor through very aggressive offers.

The volumes of international arrival of Orange Mali are down slightly by -2.3% (against -10.3% in 2015). This reduction is due to the opening of new corridors, which reduce the impact of the development of alternative routes with the popularization of the use of OTT solutions supported by 3G penetration, the launch of 4G and smartphones.

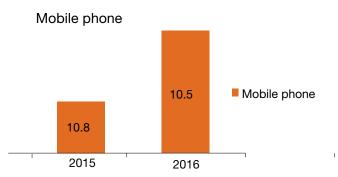
#### Guinea

#### Main macro-economic indicators

	2016	2015	2014
Population (in million) (1)	11.06	10.86	10.63
GDP growth (in %) (2)	3.8%	0.0%	+1.1%
GDP per capita (USD) (3)	1 271	1 300	1 300

Sources: (1) ARPT Guinea 2015, (2) IMF, October 2015, (3) CIA factbook (est 2015)

## Number of mobile customers' country (million), mobile penetration rate (as% of population)



Source: Orange Guinea 2015

The mobile market in Guinea experienced a decrease of 0.3 million SIM cards in 2016 impacted by measures on subscribers identification. At the same time, the mobile penetration rate decreased by 4.1 points compared to the end of 2015, reaching 95.0%. Orange Guinea consolidates its leadership by achieving a market share gain of 3.1 points in 2016. With a market share at the end of 2016 of 57.6%, Orange Guinea's subscribers' base amounted to 6.03 million subscribers, i.e. +757,000 subscribers compared to 2015, an increase of 14.3%.

penetration rate (in % of population)

99.4%

Penetration rate (In % of population)

94.9%

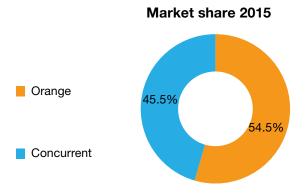
2015

2016

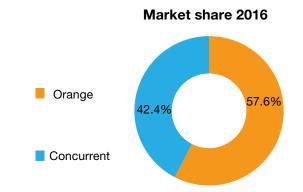
This performance is linked to the opening of new sites (214 deployed sites) and sustained commercial animation. The main mobile uses are voice and SMS, but the use of mobile broadband has grown in line with the continuation of the extension of 3G coverage (1.7 million active mobile internet customers at the end of December 2016, +86 and 8% compared to 2015). The financial service via mobile Orange Money continues to evolve and has nearly 1.6 million registered customers by the end of 2015, of which nearly 0.5 million carry out transactions every month.

#### The competitive environment

#### Mobile Market Share



Source : estimations Orange Guinée basée sur la publication ARPT Guinée T3 2016



<sup>\*</sup> Penetration rate (as% of population).

Orange Guinea strengthened its leadership in the Guinean market both in volume and value (ARPT Guinea publication in the fourth quarter of 2015), with a market share of 54.5%. It is to note the resumption of the recruitment pace driven by the combined actions of opening new sites and supported commercial activities despite the constraints of subscribers' identification

and preventive actions against simbox fraud. The voice continues to occupy an important place in the uses of the mobile. However, the use of mobile data is booming following the extension of the 3G coverage of the main localities, the improvement of the service quality and the popularization of smartphones.

#### **Operational indicators**

	2016	2015	2014
Mobile subscribers	6 032.7	5 276.0	4 506.0
Internet Mobile customers	1 672.3	895.2	646.6
Orange Money customers (active 30 days)	509	135	-
ARPU mobile prepaid global (monthly GNF / scale 1/10)	2 601	2 550	2 957

Source: Orange Guinea

The downward trend in the ARPU is continuing in 2016 as a consequence of the increased effects of the growth in subscribers bases which is greater than that of revenues recorded over the period following the decrease in average user prices (voice) under the effect of significant free market offer rates and the impact of TCT.

The Orange Money mobile payment offering, which is in its second post-launch year, already has close to 1.6 million registered customers by the end of 2016, i.e. 26% of the active mobile subscribers' base (+8 points).

Overall traffic for Orange Guinea's subscribers remained at a high level, with a strong growth of + 22.7% for traffic departure compared to 2015 and a consequent increase of 23.6% on traffic arrival on the same route period. The evolution of traffic departure is mainly driven by the traffic departure to the clean mobiles (club effect).

International traffic departure rose very slightly by 1.3%, while the downward trend in volumes sent to competing mobile phones continued to decline by -1.6% compared to 2015. The strong growth of traffic on net is the result of the combined effects of strong growth in the number of subscribers (+0.8 million subscribers), improved quality of service and continued expansion of network coverage to new locations.

The corridor offers make it possible to maintain the same level of international traffic arrival compared to 2015, despite the development of the use of alternative routes and simbox fraud. Traffic arrival from national third-party carriers experienced a strong growth of + 39.6% in 2016, following a downward trend of -5.5% in 2015. This performance is due to the overabundant offerings of competitors in off-net.

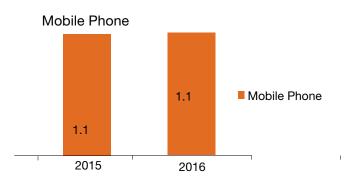
#### Bissau

#### Main macro-economic indicators

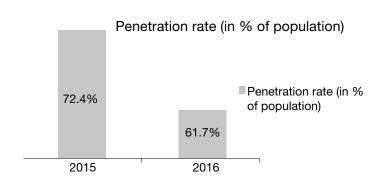
	2015	2014	2013
Population (in million)	1.76	1.50	1.47
GDP growth (in %) (2)	+4.8%	+4.7%	+2.5%
GDP per capita (USD) (3)	1 568	1 500	1 500

Sources: (2) FMI, octobre 2016,

## Number of mobile customers' country (million), mobile penetration rate (as% of population)



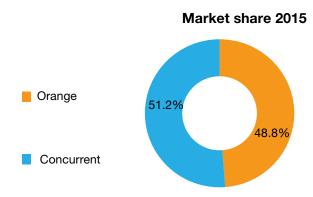
Source: Orange Bissau 2015
\* Penetration rate (as% of population).



The mobile market in Guinea Bissau has experienced a relative stagnation in the number of SIM cards, the growth of the Orange Bissau subscribers' base coincides with a decline of the subscribers' base in the competitor. Constraints related to subscribers identification measures have influenced the pace of recruitment of new subscribers. The stability of the mobile market in Bissau combined with the growth of the population led to a fall in mobile penetration to 62% (-10.7 points).

#### The competitive environment

#### Mobile Market Share



Source: estimations Orange Bissau

With a mobile subscribers' base of 600,384 active subscribers at the end of 2015 (+ 7.5% compared to 2015) and a market share of 55.2%, Orange has regained leadership in volume before MTN and consolidated its leading position in market share in value. The continuation of the dynamics of conquest, although slowed by the

constraints of subscribers identification, the launch of 3G and the improvement of the associated QoS, served as levers to accelerate the recruitment rate and enabled Orange Bissau to catch its market share lag in relation to the competitor.

Orange

Concurrent

Market share 2016

44.8%

55.2%

#### **Operational Indicators**

	2016	2015	2014
Mobile Clients	600	558	513
Internet Mobile Clients	58.2	27.1	3.6
ARPU mobile prepaid global (monthly XOF)	2 842	2 892	3 025

Source: Orange Bissau

The downward trend of the ARPU has slowed down considerably in 2016 despite a subscriber base that welcomes customers with lower contributions, the effects of multiple promotional actions on the decline in average prices of billed usages. In December 2016, Orange Bissau launched the mobile payment service «Orange Money».

The traffic departure of Orange Bissau subscribers increased sharply by + 9% compared to 2015. This growth was fostered by the growth of the subscribers' base, monthly commercial activities in Bissau and the regions and bonus promotions (50% and 100%). In addition, the positive trend in recharging (+ 12.7% growth in mobile

revenues) driven by abundant promotions, translated into an increase in usage with evolution direct of traffic. International mobile traffic outgoing decreased by -16.7%, partly explained by the readjustment of the international fare to certain destinations.

The traffic incoming continues to fall with -21% in 2016. This decrease is mainly the result of international traffic incoming impacted by the development of alternative routes and simbox fraud. Domestic traffic incoming from competing mobiles is also down by -26% in 2016.

#### **Staffing**

At the end of the financial year, the Sonatel group had 2,833 employees, an increase of 1.6%.

By entity, the workforce is distributed as follows:

Sonatel Group	2013	2014	2015	2016	2015/2014	2016/2015
Senegal	1 787	1 751	1 807	1 788	3.2%	-1.0%
Mali	487	530	540	583	1.9%	7.9%
Guinea	275	324	354	374	9.3%	5.6%
Bissau	69	85	85	88	0.0%	3.5%
Total	2 618	2 690	2 786	2 833	3.6%	1.6%

## 2. FINANCIAL RESULTS

The financial results of the Sonatel Group remain strong in 2016 despite the new slowing effects produced by external factors to the business (insecurity, currency fluctuations and taxation) and a difficult environment marked by increased competition and restrictive regulatory measures. The level of operating margin adjusted for tax and regulatory impacts was maintained at over 50%. However, the results are slightly down compared to 2015 despite the increase in revenues, which does not offset the increase in direct and indirect costs resulting from the transformation of the business

model, quality of service and customer compliance requirements, taxes, tax fines and regulatory measures imposed. Investments were maintained at 17% of turnover despite a decrease of 4.5 billion XOF in absolute terms compared to 2015.

The Group's turnover increased by +41.7 billion compared to 2015, driven by the data and SVA monetization and the development of Orange Money services (revenue growth of +82.1% compared to 2015). There is also an increase in income from fixed-lines internet services and data as

well as turnover from national interconnection favored by strong commercial positions allowing to benefit from the rewards of the «all networks» usages of the ultra-abundant bonuses offered by the competition. This trend is however slowed by the acceleration of the decline in international revenues due to the decline in incoming volumes (especially in Senegal, -24% compared to 2015); by the decrease in fixed-lines activity impacted by the reduction of the Government's invoice in Senegal and the exceptional revenues recorded in 2015 (specific projects on the integration activity); and by the decline in roaming IN activity due to lower average tariffs and the impact of the use of alternative solutions, in particular on voice usages invoiced.

The change in EBITDA on a comparable 2015 basis (application of the GNF's 2016 exchange rate) reflects a 52% continuation of the Group's operating margin.

The Group's net income declined by -2.4%, but remained relatively stable at -0.6% on a comparable basis (2015 figures converted at the GNF 2016 exchange rate).

The Group's cash flow from operating results for 2016 is down by 15.4 billion XOF compared to 2015, due to the significant currency impact (particularly in Guinea) combined with the reduction in operating margin.

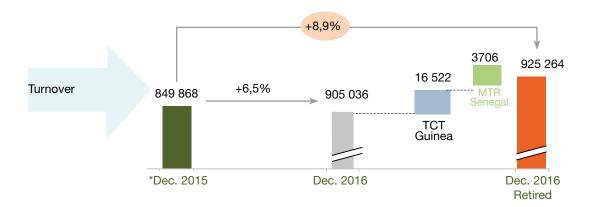
The Group's cash position after financing of operating and investment cycles, low repayment of borrowings and dividend distribution is decreasing as a result of large disbursements related to Sierra Leone's acquisitions and acquisitions / renewals of licenses in Senegal.

## 1. CONSOLIDATED GROUP

#### Turnover

The 2016 turnover is 905 billion FCFA, an increase of 4.8% compared to 2015 (+41.7 billion in absolute terms). This increase in turnover is mainly driven by mobile home revenues (+54.4 billion), driven by the monetization of data and SVA usages (11% of consolidated revenues, i.e. +38.7 billion compared to 2015), the development of Orange Money services (revenue growth of + 82.1% compared to 2015, i.e. 3% of consolidated revenues), growth in fixed-lines internet activity and data and revenues of national interconnection resulting from the significant increase in volumes received from competing operators. This trend is slowed, however, by the acceleration in the decline in international revenues (-16.1 billion compared to 2015, following the decline in incoming volumes (especially in Senegal, -24% or -159 million minutes), by the decrease in fixed-lines activity (-2.8 billion compared to 2015), which was impacted by the reduction of the Government's invoice in Senegal and the exceptional revenues of 2015 (integration), and by the decrease in the roaming activity (-1.1 billion compared to 2015) due to lower average tariffs and activity, resulting in a reduction in voice usage charged to the use of mobile data.

The evolution of the Group's revenue on a comparable basis in 2015 (reassessment of Orange Guinea's contribution to the GNF / XOF exchange rate for 2016) translates into an increase of + 6.5% compared to + 4.8% in Nominal exchange rate, i.e. 1.7 percentage points lower due to exchange rate effects. The increase in revenues is + 8.9% compared to the realized 2016 adjusted for the 2016 tax and regulatory impact on the comparable 2015 basis. Overall, external factors (currency, tax, regulation) impacted 4.16% growth in 2016 (4.8% in nominal terms compared to 8.9% retired).



The mobile business with 634.8 billion, or 70% of consolidated revenues, remains the main contributor to the Group's turnover. Revenues increased by 54.3 billion compared to 2015 thanks to sustained marketing and commercial activities contributing to the maintenance of a large subscriber base despite the significant cancellations made as part of subscribers' base compliance actions. In relation to the identification obligations laid down by the regulators, the use of mobile data, Orange money and value-added services is driving the growth of mobile activity, in the face of the acceleration of the fall in revenues derived from mobile (voice and SMS) traffic despite the increase in the average prices are strongly impacted downwards by the level of free offerings on the market.

Turnovers of international balances and incoming traffic totaled 147.2 billion, representing 16.2% of consolidated sales in 2016. It recorded a decrease of -9.9% compared to 2015, induced by a large negative volume following the acceleration of the decline in international traffic incoming amplified by the OTT phenomenon and simbox off-net fraud; and by decreasing traffic in transit (hubbing).

Fixed-line activities, mainly carried out in Senegal, contributed 3.6% (or 32.7 billion) to the Group's consolidated revenues in 2016, and recorded a 5.4% decrease in revenue compared to 2015 due to exceptional revenues recognized in 2015 on the specific

integration projects, the deployment of links for DTT; the extension of the effects resulting from the action plans implementation on the reduction of the Government's invoice; and the continuation of the decline in fixed-lines traffic revenues resulting from the decrease in usage and the related effects of the flat rate for fixed-lines services coupled with ADSL leading to a transfer of revenues to wire line internet activity.

National Interconnection revenues totaled 28.5 billion XOF, or 3.1% of consolidated group revenue in 2016. They recorded an increase in absolute value of +1.8 billion (+6.9 % compared to 2015) largely due to the increase in volumes received from national third-party operators higher than the decreases in mobile termination rates in Senegal and Mali.

Income from fixed Internet, Data and Integration activities amounted to 46.5 billion XOF, representing 5.1% of Group's turnover. They increased by 8.7% compared with 2015, thanks to the revitalization of ADSL offers around the HOME and HOME + offerings, an increase in the number of internet leased lines in Senegal, residential internet offerings around the Flybox in Mali and leased lines in Guinea.

Revenue from other wholesale revenues (leased lines, operator roaming) decreased by -2.8% compared to 2015 (or 372 million in absolute value), as a result of lower roaming IN revenues (-1.1 billion) impacted by

the decrease in average prices and voice roaming traffic for the benefit of roaming data uses; the resale of international capacities on the other hand recorded an increase of + 31% compared to 2015 (+614 million) thanks to leases of links to operators in the sub region.

## **Operational expenses**

The Group's operating expenses amounted to 626.1 billion at the end of 2016 and were up by +52.6 billion in absolute terms compared to 2015 (+ 9% in relative terms). Operating expenses increased by 51% of expense growth, trade expenses (29%), external expenses (21%) and staff expenses (17%), respectively. It is offset by the decrease in provisioned expenses, whose contribution to growth is -7%, as well as depreciation expenses (-6%) and operating expenses of -6%.

Network charges totaled 234 billion. They are up by 27 billion compared to 2015. The main items that have produced this increase are

- Network access expenses and operators' payouts, which increased mainly as a result of higher interconnection costs with international carriers, resulting in higher termination rates for several destinations.
- Rental and network expenses increased mainly in Senegal and Guinea following the increase in frequency expenses incorporating billing adjustments, the increase in the 3G expenses in Senegal correlated with the increase in mobile data usage; despite the reduction of network energy costs on the operating electricity and fuel of technical sites mainly in Senegal thanks to the control program of energy expenditure of the sites with the management resources policy implying a refined monitoring device for consumption and billing, combined with the effects of mobile access network renewal with the deployment of sites that consume less energy.
- the reclassification in the network expenses related to the outsourced services of the management

of the network passive infrastructures including elements of costs previously accounted for in the operating expenses (security guards, maintenance ...)

Commercial expenses amounted to 61.3 billion, an increase of 15.4 billion compared to 2015. This increase in commercial expenses is linked to the increase in equipment consumption expenses sold in connection with the increase in sales of smartphones and the deployment of residential internet offerings, and increased commissioning expenses on the distribution of Orange Money units value (UV) in line with the strong increase in usage. The Group's communication costs are generally down on all countries.

The group's external expenses stood at 71 billion. They are up by 11 billion compared to 2015 due to the increase in taxes, in Mali with the full year effect in 2016 of the application of the TARTOP enlargement and that of the Guinea TARTEL, and technical assistance fees and trademark royalties paid in relation to the growth in activity, banking and brokerage services correlated with the financing of external operations growth.

The group's operating expenses amounted to 31.1 billion in 2016 and are down by 3.2 billion compared to 2015 due to the reclassification in the networks expenses of the costs outsourced components within the framework of the outsourced projects of the network passive infrastructure management and, on the other hand, the increase in Senegal, of the call centers costs with the extension of the impacts of free hotlines, Compliance constraints including availability at after work hours (HNO) and overall efficiency of the customer service (90%), resulting in an explosion of volumes.

Staff expenses amounted to 83.6 billion, an increase of 9.2 billion resulting from increases in remuneration, notably in Senegal, indemnities related to the employees' retirement as compared to 2015, and the staffing increase.

Provisioned expenses totaled 30 billion, a decline of 3.7 billion compared with 2015, mainly in Senegal, following

a decrease in provisions expenses for function exits and social risks and an increase in Mali on customer depreciation expenses.

Depreciation expenses amounted to 117.3 billion, a decrease of 2.9 billion euros compared to 2015, notably in Senegal following the 2015 amortization adjustments related to the work on the five-year physical inventory; compared with an increase of 3.5 billion in Mali, 1.4 billion in Guinea and 0.4 billion in Bissau in relation to the level of commissioning induced by the large volume of investments.

## Main operational balances

The consolidated EBITDA of the group amounts to 440.5 billion in 2016, corresponding to a nominal EBITDA rate of 48.7% (-3.1 points compared to 2015). EBITDA, adjusted of tax and regulatory impacts in 2016, totaled 473.6 billion, with growth of + 8.9% / 2015 and a relatively stable margin of -0.6 point to 51.2%.

The Group's consolidated operating income was 323.2 billion, a decrease of 4.5 billion (-1.4%) compared to 2015 due to the 7.4 billion decrease in EBITDA, which was mitigated by the decrease in depreciation expense of 2.9 billion. Operating margin decreased by 2.7 percentage points to 35.7% compared to 2016, a decrease of 3.1 percentage points in the EBITDA rate.

The consolidated financial result of the group is -10.5 billion, a decrease of 13.2 billion compared to 2015, justified by the increase in exchange losses of 9.6 billion

linked to the depreciation of the Guinean franc and its effects on the foreign currency liabilities of Orange Guinea, the increase in financial expenses of 2.2 billion, correlated with the volume of spot credits mobilized in Senegal, and the decrease in foreign exchange gains of 2.1 billion, offset by financial products of +0.7 billion.

Consolidated net profit amounted to 215.9 billion in nominal terms and 249 billion in proforma, down 2.4% or -5.2 billion compared with 2015. Net income group share amounted to 186.3 billion at the end of 2016, a decline of -3.6% compared with 2015.

The Group's total self-financing capacity stood at 336.4 billion XOF, a decrease of 15.4 billion XOF compared with 2015. This decrease was mainly due to the decrease in EBITDA (-7.5 billion XOF) combined with a deterioration in the foreign exchange result (-11.7 billion) despite the reduction in corporate income tax compared with 2015 (-8.5 billion).

The level of organic cash flow generated by the financing of operation and investment cycles, already highly mobilizing in cash, was strongly impacted by external growth (Airtel Sierra Leone acquisition), renewal of the concession and acquisition of 4G frequencies in Senegal.

The change in free cash flow for the year was negative at -176.2 billion XOF, resulting in a total group cash position of 52.0 billion XOF at the end of 2016.

#### **Investments**

In 2016, the SONATEL Group invested 153.9 billion XOF, a decline of -4.2 billion XOF compared to 2015 (-2.6%), but in relative stability on a comparable basis 2015 (-0,7%). They are made up of 71.6 billion XOF for Senegal (46.5 percent), 49.5 billion XOF for Orange Mali (32.2 percent), 27.3 billion XOF for Orange Guinea (17.8 percent) and

5.5 billion XOF for Orange Bissau (3.6%). The level of investment in Senegal is growing, while Mali remains stable compared to 2015, while the Guineas recorded decreases compared to 2015 due to foreign exchange impacts in Guinea and the exceptional acquisitions of 3G / 4G licenses in Bissau.

IN BILLION OF XOF	REALIZED 2014	REALIZED 2015	REALIZED 2016	REAL 2015/ REAL 2014	REAL 2016/ REAL 2015
Senegal	50 198	68 989	71 569		
Network Information Systems Others	41 139 3 112 5 946	59 757 5 216 4 016	59 813 5 255 6 501	45% 68% -32%	0% 1% 62%
Mali	43 531	49 203	49 500		
Network Information Systems Others	39 739 1 449 2 343	46 365 2 137 701	44121 2709 2670	17% 47% -70%	-5% 27% 2181%
Bissau	5 729	5 920	5 519		
Network Information Systems Others	5 256 256 216	5 669 143 107	5242 82 195	8% -44% -50%	-8% -43% 82%
Guinea	35 854	33 982	27 319		
Network Information Systems Others	34 235 152 1 466	32 649 155 1 178	26 457 60 802	-5% 2% -20%	-19% -61% -32%
Total group investments	135 312	158 093	153 907		
in % of turnover	17%	18%	17%		

## 2. FINANCIAL RESULTS BY COUNTRY

The following figures and comments refer to the social amounts for each country.

## Senegal

## **Earnings**

The consolidated social turnover of Senegal amounted to 459 billion XOF. The decrease of -1,3% compared to 2015 in revenues is mainly due to the decrease in international activity, balance and hubbing, and the decrease in national interconnection, despite an increase in mobile, internet and data, other income and other wholesale revenues.

The Mobile business accounts for 58% of Senegal's turnover, up + 4% (+10.3 billion XOF) compared to 2015.

This growth of +10.3 billion is the result of the mix change in the mobile revenue around the Data / SVA usage increase in thanks to the maintenance of the high level of refill favored by favorable economic conditions, the maintenance of the refill subscribers' base by a sustained commercial animation, targeted promotions via the CBM; The contribution of new recruited subscribers, the beneficial effects of the offers and incentives tenderings developed through loyalty programs; The tariffs operated on the international market, better monetization of the data usage (redesign of internet passes).

- The increase in Orange Money revenues thanks to the rise in product awareness (over 1 million active monthly customers), the use of pay services (bill payment and cash out), which resulted in a strong growth in volume and value transactions;
- The increase in terminal sales with the pursuit of the expansive terminals policy with the extension of smartphones (Orange Rise, ..) in support of the development of mobile data usage;

• The decline in mobile voice and SMS usage reflecting the high level of free access to these usages despite the continued increase in traffic.

Revenues from international activity amounted to 87.4 billion XOF, down 16.3% from 2015. This significant decline in international traffic revenues was due to a decrease in volume minutes compared to 2015 due to the acceleration of the development of alternative routes amplified by the OTT phenomenon and an increase in off net Simbox fraud. In the same trend, incoming hubbing revenues register a decrease, resulting from a decrease in volumes.

Fixed-line activity followed the decline observed in recent years, with a decrease of -8% compared with 2015, due to the extension of the impact of the reduction in government bills, the non-replication of exceptional revenues in 2015 on the integration activity (TNT project, UCAD, BCEAO), to the induced effects of the HOME package billing around ADSL resulting in a transfer of fixed-lines revenues to the fixed-lines Internet.

Internet, data and integration revenues accounted for 7% of consolidated turnover in Senegal in 2016. It is increasing compared to 2015 thanks to the increase in fixed internet activity around ADSL with the maintenance of the subscribers' base of HOME and HOME + offers with a higher contribution to revenues, and to the integration and data business with the VPN maintenance and internet leased lines despite the strong offensive by competitors.

National Interconnection revenues were down -5.1% compared to 2015, following a further decline in regulated interconnection rates for mobile calls from 12F to 9F (asymmetric to Orange's disadvantage) and the impact of CSU billing catching up in 2015 and the suspension of its activities in 2016.

However, this decline was tempered by a favorable volume effect resulting from the increase in volumes received from third-party operators as a result of the explosion of usages towards third-party networks of their customers, favored by ultra-abundant promotions.

Components of the non-interconnected wholesale recorded an increase in turnover in 2016 compared to 2015. This increase in turnover was driven by international leased lines (resumption of sales to sub region prospects following the southern loop desaturation thanks to new Gambia cable cross) that neutralize the decrease in roaming operator impacted by the decline in activity (transfer of voice roaming to data roaming with use of alternative voices), by the regularization of credit notes 2015 and the decrease in average prices (IOT).

Growth in revenues from miscellaneous activities was up compared to 2015. It related to the management fees received from subsidiaries and the re-invoicing of mutualized services.

#### **Investment**

Investments in the networks in Senegal amount to 59.813 billion XOF in 2016 and are relatively stable (+ 0.1%) compared to 2015.

Investments in mobile networks account for 60% of the total network in 2016.

Mobile projects were carried out in relation to our objectives of:

- Continuing the network modernization through the Ran renewal.
- 2G / 3G Extension and densification radio
- LTE coverage

- Obsolescence energy
- Renewal and extension of service platform
- Support of marketing offers through TTM offers
- Mobile data network core extension,
- Acquisition of tools

The Senegal Investments in fixed-internet and data networks amount to 40% of network investments and have been made around the following objectives:

- Continued high-speed collection
- Restoration of the fiber optic network
- Extension and renovation of the wired access network.
- Modernization of the FIXED core with the IMS
- Preparing the network for AI IP migration
- Extension and obsolescence of energy,
- The data center.

The Senegal none-network and IT investments of 2016 represent 9.1% of investments made and are up compared to 2015. They covered:

- Acquisitions of land and buildings
- Purchase of operating and transport vehicles
- Other achievements include procurement of security equipment, office equipment and redevelopment of agency services

## **Earnings**

Orange Mali's social turnover amounted to 327.7 billion XOF at the end of 2016, an increase of 11.7% compared to 2015.

Mobile activity grew by +18% compared with 2015 and accounts for 72% of total revenues. This change in mobile revenues compared to 2015 breaks down as follows:

 Revenues from data / SVA traffic increased thanks to the extension of 3G coverage which promoted the popularization of mobile usage for internet purposes. It is to note the exceptional SVA growth of + 286.7% activity in 2016, unlike in 2015, where it registered a decrease of -71%.

- The Orange Money revenue performance of +63.3%, reflecting the 29.6% growth in the number of active services and the launch of several new offers.
- Voice / sms revenues in net progression relative to 2015, correlatively to the maintenance of the level of use and the preservation of value through the management of the level of gratuity.
- Revenue from sales of mobile and key handsets grew by 77.5%, driven by strong momentum in smartphone sales.

The international interconnection activity represents 20% of Orange Mali's revenues. It recorded for the first time a decline of -7.8% compared to 2015 due to the decrease in traffic due to the development of alternative routes accelerated by the OTT phenomenon and the fraud.

National interconnection turnover is up 16.5% from 2015, driven by higher volumes received from the competitor. However, this increase is less than of 2015.

Turnover for fixed, internet and data activities were up essentially on internet activity, an advance of +19.7 points on growth compared to 2015. This advance was driven by data links (VPN access) and the success of fly-box offers.

#### Investment

Network investments totaled 44.1 billion XOF in 2016, a decrease of - 5.9% compared to 2015 and can be summarized as follows:

- 2G / 3G access network: It focuses on acquisitions of BSC, BTS and Site constructions (GPON LTE project and residential: GC local supplies and GC & FO works).
- Transmission: Achievements include the acquisition of FH for the rural program (59 new routes), supply of complete VSAT stations and FO transmission equipment;
- Energy: The investment is made on solar sites, batteries and generators within the framework of the road project;
- Information system: Increase by 132.4% from 2015 due to the purchase of servers and office equipment.

None-network investments totaled 5.38 billion XOF and were used to purchase office furniture and commercial space (new locations). They increase by 125.9% compared to 2015, mainly relating to computer equipment: acquisition of office equipment with the project identification and development of new premises.

#### Guinea

#### Revenues

Orange Guinea's social turnover totaled 152.2 billion XOF, up by 7.1% from 2015. This growth was driven by mobile activity, followed by international interconnection, national interconnection, and roaming, in the face of declining Internet and data activities. It is to note the slowing of the turnover growth following the new impacts of the TCT extended to the uses which had a deflator effect of -16,5 billion XOF in 2016. Moreover the depreciation of the Guinean franc compared to the XOF (-10%) negatively impacted the evolution of Orange Guinea results expressed in XOF.

Mobile revenues include a TCT impact of 25 billion XOF (of which 16.5 billion are due to the new impacts of 2016 and the full year 2016 effect of its application). They represent 77% of Orange Guinea's 2016 global revenues and are up 6% from 2015. This increase in revenues, which reflects the leadership of Orange Guinea, was boosted by the growth of the mobile subscribers 'base of 14.3 % compared to 2015 (+757,000 subscribers having reached 6 million customers), by extending network coverage with 110 sites opened in 2016, by improving QoS through problem solving Energy and densification of the network through sustained investment programs. The Orange Money activity, launched at the end of 2015, has developed rapidly, with a monthly active fleet that has surpassed 500,000 customers.

International interconnection activity recorded growth of + 7% compared to 2015 due to a favorable price effect resulting from the increase in interconnection tariffs with international operators.

The national interconnection revenues increased by 26% compared to 2015, driven by the increase in traffic from third-party operators correlated with promotional offers including off-line bonuses offered by competitors. Increase of 84% compared to 2015 (price effect and dysfunction correction on pricing).

Internet, data and other revenues declined compared to 2015 due to the phasing-out of WIMAX and the still

modest evolution of Internet Home offers despite the promotional campaigns around the Flybox.

#### Investment

Network investments total 32.158 billion XOF in 2016, down by 18% from 2015 and consumed as follows:

- 3G hardware (delivery and delivery of NodeB for the coverage and densification of subprefectures and prefectures)
- Site construction (pylon deliveries & installations and survey costs for new sites linked to the delta subscribers' base)
- Energy equipment mainly relating to EDG connections, the 2016 solar energy project, the installation of generators and energy workshops.
- Transmission (Delivery and installation of Microwaves)
- Mobile access network mainly on 2G hardware (deployment of BTS)
- Network core (Downstream integration SDP V1.2, upgrade of the primary Zebra site, Dalein's MGW)
- Fiber optic (Equipment and services for customer connections)
- Other telecom elements (network calibration tools)
- NOVA

None-network investments are at 0.9 billion XOF mainly relating to the land development and mini-homes and agencies buildings, and equipment and furniture (acquisition of vehicles, equipment and office furniture).

#### Bissau

## **Earnings**

Orange Bissau's turnover amounted to 21.8 billion XOF at the end of 2016, an increase of 3.7% compared to 2015

Mobile business represents 68% of Orange Bissau's turnover in 2016. It is up by 12.7% compared to 2015, thanks to the increase in refill sales sustained by the increase in the number of subscribers 'base and uses fostered by the network coverage extension and an improved QoS. This increase in revenues also reflects the leadership of Orange Bissau with a +6.4 points improvement compared to 2015 of its market share thanks in particular to the sustained animation and the deployment of 3G / 4G.

International interconnection revenues decreased by - 8.3% compared to 2015 due to lower volumes from related effects of tariff re-adjustments by operators in the sub region (increase in ART) and the impacts Of the Simbox fraud.

National interconnection revenues are down from 2015. This decline is due to lower volumes received from third party operators in 2016.

#### **Investments**

Network investments amounted to 5.2 billion XOF. They were used to realize the network extension in all its components:

Heart of network:

- Purchased cards for MSC / VLR subscriber extension for more than 30,000 subscribers
- Software 8650 SDM HSS-LTE Activation
- Acquisition of switching hardware for the various TTM projects launched in 2016 (Call Signature project, poke call, CMS, Emergency Data Quotation Transfers data ...).



## FINANCIAL STATEMENTS





## CONSOLIDATED FINANCIAL STATEMENTS (IN MILLION OF XOF)

## Scope of consolidation - change in scope of consolidation

In order to develop Orange Money activities, electronic money institutions have been set up in Senegal (OFMS), in Mali (OFMM) and Guinea (OFMG). OFMS and OFMM have been included in the scope of consolidation.

As part of the external growth, Sonatel and Orange jointly finalized on 19 July 2016 the acquisition of Airtel Sierra Leone from the Bharti Group. The quote of the shares acquired by Sonatel amounted to XOF 74 billion. This amount is subject to change due to the contractual price adjustment clauses. Considering the negligible weight of the entity in the consolidated financial statements, consolidation is planned for 30 June 2017. This 50 per cent -owned entity will be fully consolidated in accordance with the terms of the shareholders' agreement.

## CONSOLIDATED FINANCIAL STATEMENTS: ASSETS (In million of XOF)

ASSETS	GROSS	AMORT/PROV	NET 31/12/16	NET 31/12/15
FIXED ASSETS				
FIXED CHARGES	1 200	1 200	13	13
INTANGILBE ASSETS	234 618	157 061	77 558	31 137
GOODWILL	-	-	-	-
OTHER INTANGIBLE ASSETS	234 618	157 061	77 558	31 137
TANGIBLE ASSETS	1 536 867	941 821	595 046	565 288
ADVANCES AND INSTALLMENTS PAID	-	-	-	-
ON FIXED ASSETS				
FINANCIAL ASSETS	256 514	978	255 536	141 977
DIFFERED TAXES	19 746	-	19 746	14 247
EAUITY AFFILIATES	-	-	-	-
PARTICIPATIONS AND LINKED DEBTS	84 567	583	83 984	7 685
LOANS AND OTHER FINANCIAL ASSETS	152 201	395	151 806	120 045
TOTAL FIXED ASSETS (I)	2 029 199	1 099 859	929 340	738 416
CURRENT ASSETS				
INVENTORY	16 819	676	16 143	15 645
RECEIVABLES AND ASSIMILATED FUNCTIONS	221 525	24 397	197 128	192 978
RECEIVABLES	152 372	24 155	128 217	114 983
OTHER RECEIVABLES	69 154	243	68 911	77 995
TOTAL CURRENT ASSETS (II)	238 344	25 073	213 271	208 623
	69 154	243	68 911	77 995
TOTAL CASH FLOW-ASSETS (III)	248 690	-	248 690	266 027
TOTAL ASSETS (I+II+III)	2 516 233	1 124 932	1 391 301	1 213 066
` ,				























LIABILITIES	2016	2015
EQUITY		
EQUITY		
EQUITY	50 000	50 000
PAID-IN-CAPITAL AND CONSOLIDATED RESERVES	410 697	380 803
CONVERSION VARIANCE	-5 699	838
NET RESULT (part of consolidated company)	186 331	193 259
OTHER EQUITY	-	-
PART OF CONSOLIDATED COMPANY	641 329	624 901
PART OF MINORITY SHARE	69 799	67 340
EQUITY OF TOTAL CONSOLIDATED (I)	711 128	692 241
FINANCIAL DEBTS AND ASSIMILATED RESOURCES		
DIFFERED TAXES	673	225
FIANCIAL LOANS AND DEBTS	1 923	2 191
FINANCIAL PROVISIONS FOR CONTINGENCIES AND CHARGES	59 225	53 404
FINANCIAL DEBTS AND ASSIMILATED RESOURCES (II)	61 821	55 820
TOTAL STABLE EQUITY (I + II )	772 949	748 061
CUBBENT LIABILITIES	7.12 0.10	7 10 00 1
ACCOUNTS PAYABLE AND RELATED ACCOUNTS	188 326	195 411
OTHER DEBTS	233 351	231 727
	421 676	427 138
TOTAL CARLET CIM LABRUTIES (II)		
TOTAL CASH-FLOW - LIABILITIES (III)	196 676	37 867
TOTAL LIABILITIES (I+II+III)	1 391 301	1 213 066



# CONSOLIDATED FINANCIAL STATEMENTS: INCOME STATEMENT

	2016	2015
TURNOVER	905 036	863 291
STOCKED PRODUCTION	-	-
IMMOBILIZED PRODUCTION	3 877	3 426
OTHER OPERATING INCOME	28 582	23 926
PRODUCTION OF THE YEAR	937 495	890 642
CONSUMED PURCHASES	53 420	52 334
EXTERNAL SERVICES AND OTHER CONSUMPTIONS	357 851	308 334
CONSUMPTION OF THE YEAR	411 271	360 668
VALUED ADDED OF THE ACTIVITIES	526 224	529 974
STAFF COSTS	83 449	74 119
GROSS OPERATING PROFIT (GOP)	442 775	455 856
DEPRECIATION AND PROVISIONS	131 426	138 736
REVERSALS OF PROVISIONS	11 809	10 671
OPERATING PROFIT	323 158	327 790
FINANCIAL PRODUCTS	9 879	11 522
FINANCIAL EXPENSES	20 305	8 510
ORDINARY OPERATING ACTIVITIES RESULT (O.O.A.)	312 732	330 801
E.O.A. RESULT	3 648	-1 811
RESULT BEFORE TAX	316 379	328 991
TAX DUE ON RESULT	101 655	110 105
DEFFERED TAX	1 156	2 203
NET RESULT OF INTEGRATED COMPANIES	215 880	221 089
SHARE IN NET INCOME OF EAQUITY AFFILIATES	-	-
NET RESULT OF THE CONSOLIDATED COMPANIES	215 880	221 089
MINORITY SHARE	29 549	27 829
PART OF CONSOLIDATED COMPANY	186 331	193 259

### CONSOLIDATED FINANCIAL STATEMENTS: TAFIRE I

#### **CASH GLOBAL FLOW (CGF)**

	AMOUNT		AMOUNT
		GOP	442 775
(SA) Financial fees	4 721	(TT) Operating ExpensesTransfer	2 894
(SC) Exchange rate loss	14 488	(UA) Financial Income	6 208
(SL) H.A.O. Expenses	46	(UE) Financial Expenses Transfer	1
(SQ) Participation	0	(UC) Exchange rate profit	3 585
(SR) Income tax	101 655	(UL) H.A.O. products	1 815
		(UN) H.A.O. expenses transfer	0
Total (I)	120 909	Total (II)	457 278

<u>^</u>

GCF: Total (II) - Total (I) 336 369

FINANCING FROM CASH FLOW (A.F.)

Dividends distributed during the fiscal year 192 757

AF = GCF – Dividends distribution during the fiscal year 143 612

WORKING CAPITAL NEED CHANGES (N.W.C.)

Changes N.W.C. = Inventory changes + Debt changes + Notes payable changes

INVENTORY CHANGES N - (N-1)	USES (INCREASE +)	RESSOURCES (DECREASE -)
(BC) Goods	0	0
(BD) Raw materials and other stocks	645	0
(DD) Haw materials and other stocks	040	O .
(BE) In-progress	0	0
(BF) Manufactured products	0	0
	CAF	0
(A) Global net changes in inventory	645	U

### CONSOLIDATED FINANCIAL STATEMENTS: TAFIRE I

**^** 

CHANGES IN RECEIVABLES	USES (INCREASE +)	RESSOURCES (DECREASE -)
	_	
Suppliers, Advances paid	0	5 280
Receivables	22 589	0
Other receivables	57 768	0
Conversion variance - Asset	3 014	7 252
TOTAL	83 372	12 532
(B) Global net change in receivables	70 840	0

CHANGES IN DEBT	USES (INCREASE +)	RESSOURCES (DECREASE -)
Customers, received advances	2 372	0
Operating suppliers	0	24 664
Tax liabilities	16 008	0
Social liabilities	534	0
Other liabilities	0	75 844
Conversion variance - Liabilities	0	582
Contingency provisioned	0	42
TOTAL	18 915	101 132
(C) Global net change in current debt	0	82 216

CHANGES IN N.W.C. = A + B- C	0	10 732

# OPERATING CASH SURPLUS (O.C.S.) OCS = GOP - NWC CHANGES - SELF CONSTRUCTED ASSETS

	2016	2015
G.O.P.	442 775	455 856
- CHANGES IN N.W.C.	10 732	27 695
- SELF CONSTRUCTED ASSETS	-3 877	-3 426
O.C.S.	449 629	480 125























		2016	2015	
	Uses	Ressources	E - ; R +	
I- INVESTMENTS ET DISINVESTMENTS				
Fixed charges			0	
(increase during the period)	1 489	0		
Internal growth				
Purchases/ transfer of intangible assets	54 559	0	-10 074	
Purchases/ transfer of tangible assets	148 446	1 804	-148 164	
External growth				
Purchases/ transfer of financial assets	129 646	16 815	-10 018	
INVESTMENT TOTAL	315 521	0	-168 257	
II- CHANGES IN NEED IN WORKING CAPITAL	0	10 732	27 695	
A- ECONOMIC USES TO BE FINANCED FF+ FG	304 789	0	-140 562	
III- USES/RESOURCES (B.F. ; H.A.O.)	18 473	0	4 569	
NA DECEMBER SINANGIAL LIGES				
IV – RESTRAINED FINANCIAL USES	500		0.500	
Reimbursement (based on payment schedule) of loans and financial debts	509		-3 568	
B- TOTAL USES TO BE FINANCIED	323 772	0	-139 561	
V- INTERNAL FINANCING				
Dividends (USES) / CAFG (resources)	192 757	336 369	168 399	
VI- EQUITY FINANCING				
Increase in equity by new contribution		3 734	0	
Investments from grants	0	0	0	
Equity withdrawals	0	0	0	
1 /				



# CONSOLIDATED FINANCIAL STATEMENTS: TAFIRE II

		2016	2015
	Uses	Resources	E - ; R +
VII- FINANCING FROM NEW LOANS			
Loans	0	221	2 521
Other financing debts	0	59	2 521
C – NET FINANCING RESOURCES	0	147 626	170 919
D – EXCESS OR SHORTAGE OF RESOURCES FUNDING			
(C - B)	176 146	0	31 358
VIII - CASH CHANGES			
Net Cash			
At the end of the period + or -	52 014	0	-228 160
A the beginning of the period + or -	228 160	0	-196 802
Cash changes ( + if uses ; - if resources )	0	176 146	-31 358

CONTROL (BASED ON N AND N+1 BALANCE SHEET VOLUMES	USES 2016	RESSOURCES 2016
Working Capital changes (W.C.): WC(N) – WC(N-1)	168 404	0
Working Capital Need Change (W.C.N.): WCN(N) - WCN(N-1)	7 741	0
Cash change: (T) T(N) - T(N-1)	0	176 146
TOTAL	176 146	176 146

# CONSOLIDATED FINANCIAL STATEMENTS: TABLE OF CHANGES IN EQUITY

			Social E	quity			Other			
	BALANCE BEFORE		Issuance o	f share					Account to account	Final balance after distribu-
	DISTRIBUTION	Cash distribution	In-kind distri- bution	Incorporated reserves	Decrease	Increases	Decrease	Conversion variance	transfer	tion
Equity	50 000							-2 311	2 311	50 000
Issuance, merger, contribution premium	3 873							-301		3 572
Re-evaluation variance	838								-6 537	-5 699
Legal reserve	23 384							-462	176	23 098
Statutory and contractual reserve	0									0
Other reserves	393 058						3 729	-2 450	30 106	424 444
Carried over balance	0						0	0	-166	-166
Previous year result not yet allocated	0									0
Result of the year	221 089					215 880	-192 757	-2 442	-25 890	215 880
Investment grant	0									0
Regulated provisions	0									0
TOTAL	692 241	0	0	0	0	215 880	-189 028	-7 966	0	711 128

# CONSOLIDATED FINANCIAL STATEMENTS: TABLE OF CHANGES AND CONSOLIDATED DEBTS AND OFF BALANCE SHEET FINANCIAL COMMITMENTS

	BALANCE BEGINNING OF YEAR (1)	INCURRED DEBTS (2)	PAYMENTS (3)		NET CONVERSION VARIANCE (5)	OTHER MOVE- MENTS (6)	BALANCE END OF YEAR (7)	COLLATERAL OF SECURED DEBTS
Convertible bonds debt								
Other bond debts								
Loan and debts from credit institutions	713	2	240		0		475	
Various financial loans and debts	1 478	278	-482		-790	0	1 448	
TOTAL	2 191	280	-242	0	-790	0	1 923	

#### STATEMENT OF OFF BALANCE SHEET FINANCIAL COMMITMENTS

	COMMITMENTS	
	Given	Received
	(1)	(1)
Secured commitments		
With real collaterals		1 146
Other secured commitments	58 549	655
Mutual commitments		
In terms of leasing		
Definite orders		























#### CONSOLIDATED FINANCIAL STATEMENTS: TABLE OF TURNOVER BREAKDOWN (In million of XOF)

	2	2016	
	Total Chiffre d'Affaires	% du CA	
A) Sales allocation by activity			
Fixed-lines	32 708	3,61%	
Mobile lines including data and Orange Money	634 791	70,14%	
Internet fixed-lines	35 482	3,92%	
Interconnexion nationale	28 490	3,15%	
Interconnexion internationale	147 243	16,27%	
Other wholesale (LL, Roaming, Operators)	12 839	1,42%	
Data and integration	11 068	1,22%	
Other income	2 415	0,27%	
Total	905 036	100%	
B) Sales allocations by geographic areas			
Africa (ECOWAS.)	621 913	68,72%	
Africa (Outside ECOWAS)	142 803	15,78%	
Asia	1 375	0,15%	
America	5 651	0,62%	
Europe	133 295	14,73%	
TOTAL	905 036	100 %	

#### CONSOLIDATED FINANCIAL STATEMENTS: WORKFORCE BY CATEGORY AS OF 31 DECEMBRE

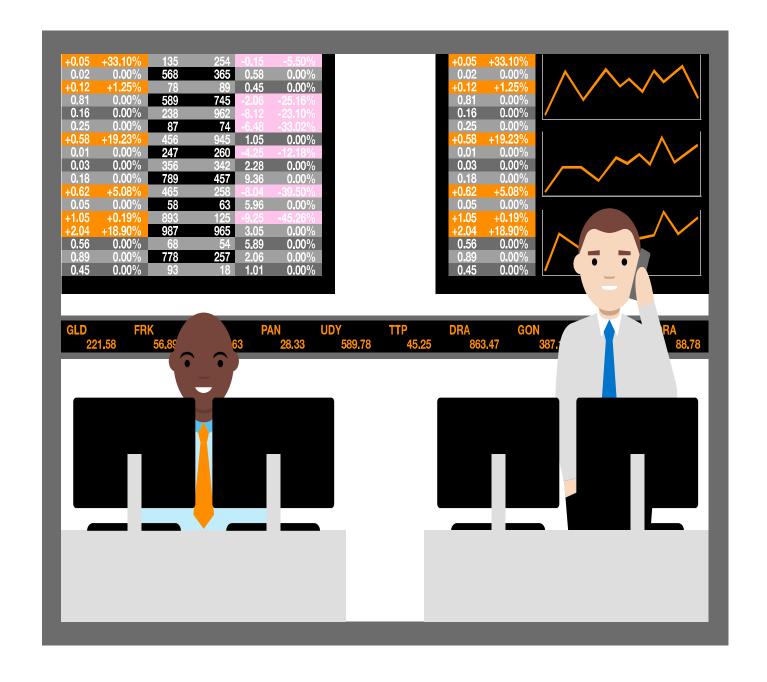
	2016		2015	
	Workforce	Payroll	Workforce	Payroll
Staff under payroll	2 840	76 553	2 786	67 660
Managers and senior executives	1 346	42 492	1 365	37 199
Middle managers	1 022	24 832	917	20 810
Foremen	425	8 242	445	8 472
Employees and workers	47	987	59	1 180
Temporary staff	1 257	6 897	1 391	6 458
TOTAUX	4 097	83 449	4 177	74 119







# SONATEL SA FINANCIAL STATEMENTS (In million of XOF unless specified otherwise)





# FINANCIAL STATEMENTS SONATEL SA: SUMMARIZED ASSETS

ACCET		2016		2015
ASSET	Brut	Amort/ Prov	Net	Net
FIXED ASSETS (1)				
Fixed charges	1 192		1 192	0
Set-up costs and deferred charges	1 192		1 192	Ö
oct up costs and deferred charges	1 102		1 102	O
Bond redemption premium	0		0	0
Intangible assets	88 617	35 316	53 301	3 187
Research and development charges	13	13	1	1
Patents, licenses, software	88 604	35 303	53 301	3 186
Goodwill	0	0	0	0
Other intangible assets	0	Ö	Ö	Ö
o inc. intaing.ord doorto		,	·	·
Tangible assets	514 664	395 286	119 379	107 978
Land	3 764	0	3 764	3 712
Buildings	36 277	19 412	16 865	21 892
Buildingo	00 211	10 112	10 000	21 002
Installations and fittings	18 398	12 895	5 503	2 883
Equipment	443 361	354 881	88 479	75 819
Transport equipment	12 864	8 098	4 766	3 673
Transport equipment	12 00 1	0 000	1700	0 070
Advances and installments paid on fixed assets	0	0	0	0
Advances and installments paid on liked assets	0	U	U	U
Financial assets	274 484	936	273 548	177 146
Equity securities	146 919	583	146 336	67 893
Other financial assets	127 565	353	127 212	109 253
TOTAL FIXED ASSETS (I)	878 957	431 538	447 420	288 311
CURRENT ASSETS				
	0.5	0	05	0
H.A.O. Current assets	25	0	25	0
			0.004	4.050
Inventory	3 039	55	2 984	1 956
Goods	0	0	0	0
Raw materials and other supplies	3 039	55	2 984	1 956
In-progress	0	0	0	0
Made products	0	0	0	0
Describeles and escivellated acceptables	017 400	10.001	007.400	174.014
Receivables and assimilated receivables	217 489	10 021	207 468	174 914
Suppliers, Advances paid	947	0	947	2 659
Account receivables	109 603	9 778	99 825	94 165
Other receivables	106 939	242	106 696	78 090
TOTAL CURRENT ACCETS (III)	000 554	10.070	010 477	170.000
TOTAL CURRENT ASSETS (II)	220 554	10 076	210 477	176 869
CASH FLOW - ASSETS	7.074	•	7.674	40 = 40
Marketable securities	7 671	0	7 671	10 516
Checks, bills awaiting collection	1	0	1	1 868
Bank, postal checks, cash on hand	57 368	0	57 368	121 168
TOTAL CASH FLOW - ASSETS (III)	65 040	0	65 040	133 552
Conversion variance - Asset (IV)	2		2	653
(probable exchange loss)				
GENERAL TOTAL (I + II + III + IV)	1 164 553	441 614	722 939	599 385
,				

## FINANCIAL STATEMENTS SONATEL SA: SUMMARIZED LIABILITES

LIABILITIES (BEFORE ALLOCATION)	2016	2015
CAPITAL AND ASSIMILATED RESOURCES		
Capital	50 000	50 000
Shareholders, uncalled capital	0	0
Premium and reserves	169 016	177 224
Share, Issuance, merger premium	0	0
Re-evaluation variance	0	0
Unavailable reserves	10 000	10 000
Free reserves	159 016	167 224
Carried forward balance	0	0
Net income for the year (gain + or loss -)	154 176	158 492
Other Equity	3 186	1 843
Investment grants	942	1 091
Regulated provisions and assimilated funds	2 244	751
Tragalacea providente and additiliated failed	2 277	701
TOTAL EQUITY (1)	376 378	387 558
FINANCIAL DEBTS AND ASSIMILATED RESOURCES		
TINANOIAE DEDTO AND AGGINILATED NEGOCITOES		
Loans	475	713
Lease liabilities and assimilated contracts	0	0
Various financial debts	129	19
Financial provisions for risks and expenses	52 906	48 503
TOTAL FINANCIAL DEBTS (II)	53 511	49 235
TOTAL SECURED RESOURCES (I + II)	429 888	436 793
,		
CURRENT LIABILITIES		
O.O.A. Debts and assimilated resources	5 742	8 980
Clients, advances received	365	665
	665	
Operating suppliers	62 557	53 766
Tax debts	50 538	58 550
Social debts	8 349	7 757
Other debts	44 368	30 544
Provisioned risks	2	653
TOTAL CURRENT LIABILITIES ( III )	171 921	160 915
LIABILITIES - CASH FLOW		•
Bank, discount credit	0	0
Bank, cash credit	115 138	0
Bank, overdraft	5 438	1 465
7		
TOTAL LIABILITIES – CASH FLOW ( IV )	120 576	1 465
	120 576 553	1 465 212
TOTAL LIABILITIES – CASH FLOW ( IV )		

# FINANCIAL STATEMENTS SONATEL SA: INCOME STATEMENT SUMMARY

INCOME STATEMENT SUMMARY	2016	2015
Works, sold services	291 756	311 152
Self-constructed assets	1 930	1 649
Accessory Products	33 070	32 821
TURNOVER	324 827	343 974
Operating grants	0	0
Other revenues	5 759	5 713
Other purchases	10 348	9 503
- Inventory change	66	1 835
Transportation	1 011	968
External services	122 855	124 027
Taxes and duties	9 096	7 507
Other expenses	6 067	3 327
ADDES VALUE	183 074	204 169
Staff costs	58 258	51 120
EBITDA	124 816	153 049
Provisions recovery	7 537	7 384
Expenses transfer	4 198	3 424
h		
TOTAL OPERATING REVENUES	344 251	362 143
Provisions and depreciation	33 039	42 566
Operating result	103 513	121 291
Financial expenses	2 406	684
Exchange rate loss	867	842
Provisions and depreciation	332	84
Total Financial Expenses	3 605	1 611
Financial revenues	88 032	83 028
Exchange rate gain	338	762
Provision recovery	84	275
Expenses transfer	0	0
Total financial products	88 454	84 064
Financial result	84 848	82 453
Total ordinary activities revenues	432 705	446 207
Result from ordinary activities	188 361	203 744
Accounting values of fixed assets transfer	63	723
O.o.a. revenues	23	42
O.o.a. Transfer	1 533	0
Total O.O.A. RESULT	1 620	765
Proceeds from disposal of fixed assets	1 733	78
O.o.a. Products	660	0
O.o.a. Transfer.	189	196
Expenses transfer	0	0
Total O.o.a. products	2 582	274
O.O.A RESULT	963	-491
Workers' participation	0	-491
Income Tax	35 148	44 761
General Total of revenues	435 287	446 481
NET RESULT	154 176	158 492
INCT NEOULI	104 176	100 492























### FINANCIAL STATEMENTS SONATEL SA: TAFIRE I

#### **GLOBALE CASH FLOW (G.C.F.)**

G.C.F. = GOP

- Remaining disbursable expenses
- + Remaining collectable revenues

#### (Excluding disposable of fixed assets)

		G.O.P.	124 816
(SA) Financial fees	2 406	(TT) Operating expenses transfer	4 198
(SC) Exchange rate loss	867		
		(UA) Financial income	88 032
(SL) Expenses outside ordinary activities	23	(UE) Financial expenses transfer	0
(SQ) Participation	0		
		(UC) Exchange rate profit	338
(SR) Income tax	35 148	(UL) Products outside ordinary activities	660
		(UN) Expenses transfer outside ordinary activities	0
Total ( I )	38 444	Total (II)	218 044

G.C.F. = Total (II) - Total (I) = 179 600

#### FINANCING FROM CASH FLOW (A.F.)

Dividends distributed during the fiscal year	166 700
AF = GCF - Dividends distributed during the fiscal year (1)	12 900

#### **WORKING CAPITAL NEED CHANGES (W.C.N.C.)**

Changes in W.C.N. = Inventory changes (2) + debt changes (2) + Notes payable changes (2)

Inventory changes : N-(N-1)	USES (IN- CREASE +)	RESSOURCES (DECREASE -)
(BC) Goods	0	0
(BD) Raw materials	1 028	0
(BE) In-process	0	0
(BF) Made products	0	0
(A) Variation globale nette des stocks	1 028	0

<sup>(1)</sup> Dividends paid during the fiscal year including dividends' advances.

<sup>(2)</sup> Excluding O.O.A. elements



# FINANCIAL STATEMENTS SONATEL SA: TAFIRE I (Next)

Changes in receivables : N - (N - 1)	USES (INCREASE +)	RESSOURCES (DECREASE -)
(BH) Suppliers, paid advances	0	1 712
(BI) Customers	5 660	0
(BJ) Other receivables	28 607	0
(BU) Conversion variance - Assets	0	651
(B) Variation globale nette des créances	31 904	

Changes in current liabilities : N - (N - 1)	USES (INCREASE +)	RESSOURCES (DECREASE -)
(DI) Clients, received advances	300	0
(DJ) Operating suppliers	0	8 791
(DK) Tax liabilities	8 012	0
(DL) Social liabilities	0	593
(DM) Other liabilities	0	13 824
(DN) Provisioned risks	651	0
(DV) conversion variance - Liabilities	0	341
• •		
(C) Global net changes in current liabilities	0	14 585
. ,	<u>'</u>	<u> </u>
	10.047	•

### CHANGES IN W.C.N. = (A) + (B) + (C) 18 347

#### **OPERATING CASH SURPLUS (O.C.S.)**

	2016	2015
Operating margin surplus	124 816	153 049
- Changes in W.C.N. (- if uses ; + if resources) (- or +)	-18 347	319
- Self constructed assets	-1 930	-1 649
OPERATING CASH SURPLUS	104 539	151 720

### FINANCIAL STATEMENTS SONATEL SA: TAFIRE II

	2	2015	
	Uses	Resources	(U-;R+)
LINIVECTMENTO ET DICINIVECTMENTO			
I. INVESTMENTS ET DISINVESTMENTS			
Fixed costs (increases during the year)	1 489		0
Internal growth			
Purchases/ transfers of intangible assets	52 476	0	-1 775
Purchases/ transfers of tangible assets	29 902	1 733	-25 706
External growth			
Purchases/ transfers of financial assets	120 478	23 828	4 554
TOTAL INVESTMENT	178 785	0	-22 927
II. CHANGES IN OPERATING FINANCIAL NEED			
(cf. Supra: Var.W.C.N.)	18 347	0	319
A Francis was to be financed (FF - FO)	197 132	0	-22 608
A – Economic uses to be financed (FF + FG)	197 132	U	-22 608
III. USES/RESOURCES (N.W.C., O.O.A.)	3 263	0	2 764
IV. RESTRAINED FINANCIAL USES (1)	240		-852
Loans and financial liabilities repayment (according to timetable)			
(1) Evaluding far anticipated renormants done in VIII			
(1) Excluding for anticipated repayments done in VII			
B – TOTAL USES TO BE FINANCED	200 635	0	-20 696

# FINANCIAL STATEMENTS SONATEL SA: TAFIRE II (Next)

				EXERCICE 2015
		Uses	Resources	(U - ; R +)
V . INTERNAL FINANCING				
Dividends (uses) / C.A.F.G. (Resources)		166 700	179 600	33 933
VI . EQUITY CAPITAL FINANCING				
Capital increase with new contribution			0	
Investment grant			0	
Deduction on capital (including operator's withdraws)		0		0
VII . NEW LOANS FINANCING				
Loans (2)		0	112	379
Other financial debts (2) (2) Anticipated reimbursements separately written in uses		0	0	0
C - NET FINANCING RESOURCES		0	13 012	34 311
O NETTIVINOING NEGOCIOES		U	10 012	04 011
D – SURPLUS OR INSUFFICIENCY OF FINANCED RESOURCES (C-B)		187 623	0	13 615
VIII. CHANGES IN CASH POSITION				
Net Cash Position				
At the beginning of the year + or -	-55 536			
At the end of the year + or -	132 087			
Changes in cash position: + if uses; - if resources		0	187 623	-13 615

Control: D = VIII with opposite sign

I, IV, V, VI, VII: in terms of flux; II, III, VIII: balance sheets differences».

Control (based on N and N-1 balance sheets volumes)	Uses	Resources
Changes in working capital (W.C.): W.C.(N) – W.C.(N-1)	166 013	0
Changes in working capital (w.c.) : w.c.(iv) = w.c.(iv-1)	100 013	U
Changes in net working capital (N.W.C.): N.W.C.(N) - N.W.C. (N-1)	21 610	0
Changes in cash position (T): T (N) - T (N-1)	0	187 623
	_	.0. 020
	187 623	187 623























	BALANCE	INCREASE	RECLAS-	RETIRE-	BALANCE
LABELS	ON		SIFICA-	MENT /	ON
	31/12/15		TION	DISPOSAL	31/12/16
Stock exchange entry expenses	0	0	0	0	0
Fixed expenses	0	0	0	0	0
Fixed assets purchasing expenses	0	0	0	0	0
EXPENSES ON MULTIPLE EXERCISES	0	1 192	0	0	1 192
FIXED COSTS	0	1 192	0	0	1 192
Studies and research	13	0	0	0	13
Patents and licenses	1 788	0	119	0	1 907
UMTS Licenses	0	0	32 000	0	32 000
Concession	0	0	0	0	0
4G License	0	0	0	0	0
Computer software	19 721	0	2 686	0	22 407
Switching software	3 154	0	251	0	3 405
Transmission software	4 513	0	0	0	4 513
Network and data software	3 844	0	127	0	3 971
Research and development expenses	1	0	0	0	1
Patents and licenses in process	365	0	-52	0	313
GSM LICENSE IN PROCESS	0	18 000	0	0	18 000
UMTS LICENSE IN PROCESS	0	32 000	-32 000	0	0
Software in process	2 251	2 476	-2 639	0	2 088
Other rights and intangible values in process	0	0	0	0	0
INTNAGIBLE ASSETS	35 646	52 476	492	0	88 617
Vacant lands	2 623	0 0	-7	Ö	2 617
Lands	763	Ő	Ó	9	754
Buildings allocated to technical sites	108	0	0	Ö	108
Land development	142	Ö	7	Ö	148
Land planning in process	75	61	0	Ō	136
LANDS	3 711	61	0	9	3 763
Industrial buildings	6 377	0	0	0	6 377
Administrative and commercial buildings	5 719	0	8 272	0	13 991
Buildings, administrative fixed assets	6 883	0	0 272	94	6 790
Buildings assigned to technical sites	1 972	0	0	0	1 972
Buildings allocated to housing	1 111	0	0	0	1 111
Trails and Routes	133	0	0	0	133
Other infrastructure works	439	0	Ö	Ö	439
Layout and Installation on floor p	0	0	216	0	216
General office facilities	3 556	0	208	Ő	3 765
Office equipment	42	0	2 889	0	2 932
Other adjustments, arrangements and installation	11 235	0	2 003	29	11 214
Buildings in process	17 825	1 786	-14 148	0	5 463
Arrangements, office installations in process	0	0	0	0	0
Infrastructure works in process	0	0	0	0	0
Adjustments, installations in process	286	-13	0	0	273
BUILDINGS, TECHNICAL INSTALLATIONS AND ADJSUTMENTS	55 577	1 773	-2 554	123	54 672
BUILDINGS, TECHNICAL INSTALLATIONS AND ADJSOTNIENTS	55 577	1773	-2 334	123	54 672
Sonatel switching equipment	33 482	0	1 337	56	34 764
Public switching equipment	0	0	0	0	0
Transmission equipment	124 315	0	12 557	0	136 872
Network access equipment	29 338	0	9 414	2 164	36 588



# FINANCIAL STATEMENTS SONATEL SA: TABLE 1 FIXED ASSETS CHANGES – 2/2 (In millions of XOF)

· ·	,				
Lines and public network equipment	128 298	0	2 450	0	130 748
Sonatel lines and network equipment	393	0	0	13	379
Energy equipment	35 225	0	7 817	3	43 038
Devices	3 003	0	568	0	3 570
Access network equipment	0	0	49	0	49
Other operating equipment	36	0	26	0	61
OPERATING EQUIPMENT	354 088	0	34 217	2 236	386 069
Office Equipment	1 018	0	947	4	1 961
Technical computer equipment	7 677	0	1 942	0	9 619
Office computer equipment	2 671	0	450	6	3 114
Office equipment	1 563	0	2 893	33	4 422
Housing Equipment	5	0	0	0	5
Housing furniture	2	0	0	0	2
EQUIPMENT AND FURNITURE	12 936	0	6 232	44	19 124
Light Vehicles	10 041	Ö	1 119	501	10 659
Heavy Vehicles	170	0	0	0	170
Motorcycles	143	Ö	0	0	143
TRANSPORTATION MATERIAL	10 354	0	1 119	501	10 972
Other fixed assets	2 258	0	280	1	2 538
OTHER FIXED ASSETS	2 258	0	280	1	2 538
	2 256 79	0	280	0	2 538 79
Operating equipment in process	393	1 930	-1 054	0	1 269
Public switching equipment in process SNT Equipment in process	0	1 930	-1 054	0	1 209
	12 557	8 435	-13 856	0	7 136
Transmission equipment in process 2G / 3G mobile network access equipment in process	0	0 433	-13 630	0	7 130
···	173	0	-173	0	0
Lines and public network equipment in process Lines and networks equipment in process	0	623	-1/3	0	623
	0	023	0	0	023
IP routers and giga switch equipment in process	8 193	4 357	-6 610	0	5 939
Energy equipment in process Service Platform equipment in process	2 227	292	-0 010	0	2 517
Measurement equipment in process	1 017	240	-606	0	651
Network equipment in process	4 778	1 685	-116	0	6 347
Network materials in process	11 936	4 724	-9 576	0	7 084
Other operating equipment in process	0	11	-9 370	0	10
Technical computer equipment in process	2 918	1 453	-3 005	0	1 366
Office computer equipment in process	219	377	-430	0	166
Office and housing furniture in process	154	115	-233	0	36
Office and housing equipment in process	0	0	0	0	0
Transportation material in process	642	2 356	-1 105	0	1 892
Arrangements and installation in process	24	2 330	0	0	24
Other fixed assets in process	1 110	1 440	-170	0	2 381
Customs on fixed assets in process	0	0	0	0	0
Other operating equipment in process	ő	Ö	0	0	0
FIXED ASSETS LITTERING	624	28	-652	Ő	Ö
MATERIAL IN PROCESS	47 042	28 068	-37 589	0	37 521
Advances, deposits on software	47 042	28 008	-37 369	0	37 521
Advances on buildings	0	0	0	0	0
Advances on transportation material	0	0	0	0	0
Advances and deposits on fixed assets	0	0	0	0	0
·					
ADVANCES AND DEPOSITS ON FIXED ASSETS	0	0	0	0	0
GENERAL TOTAL	521 615	83 570	2 197	2 914	604 468

# FINANCIALSTATEMENTSSONATELSA: TABLE2-DEPRECIATION CHANGES (In million of XOF)

**^** 

	BALANCE	INCREASE	RECLAS-	RETIRE-	BALANCE
LABELS	ON		SIFICA-	MENT /	ON
	31/12/15		TION	DISPOSAL	31/12/16
Depreciation research development	13	0	0	0	13
Depreciation patents, licenses	1 752	848	0	0	2 600
Depreciation software	30 697	2 005	0	0	32 702
TOTAL 281	32 462	2 853	0	0	35 315
Depreciation development works	0	0	0	0	0
TOTAL 282	0	0	0	0	0
Depreciation administrative and commercial buildings	17 057	273	0	54	17 276
Depreciation staff housing	1 019	23	0	0	1 042
Depreciation office installation and organization	38	579	0	0	617
Depreciation tracks ad roads	131	0	0	0	132
Depreciation other infrastructures works	327	22	0	0	348
Depreciation other installations and organizations	12 236	684	0	25	12 895
TOTAL 283	30 808	1 581	0	79	32 309
Depreciation Sonatel switching equipment	31 902	777	283	50	32 913
Depreciation public switching equipment	0	0	0	0	0
Depreciation public switching equipment	107 071	4 978	875	0	112 924
Depreciation public lines and networks	121 100	2 165	0	0	123 265
Depreciation Sonatel lines and networks lines	305	38	140	12	471
Depreciation energy equipment	31 622	3 279	400	3	471
Depreciation access network equipment	0	11	0	0	11
Depreciation network and data equipment	29 189	2 351	0	2 164	29 377
Depreciation other operating equipment	35	8	94	0	137
TOTAL 2841	321 222	13 608	1 790	2 228	334 395
Depreciation office furniture	1 477	607	0	32	2 052
Depreciation housing furniture	3	0	0	0	3
Depreciation office equipment	1 178	168	31	4	1 373
Depreciation housing equipment	5	1	0	0	6
Depreciation technical computer equipment	9 072	-259	328	0	9 140
Depreciation computer office equipment	2 087	626	30	5	2 738
TOTAL 2844	13 821	1 143	389	41	15 312
Depreciation light vehicles	7 086	1 253	0	501	7 838
Depreciation heavy vehicles	113	17	0	0	131
Depreciation motorcycles	125	6	0	0	131
TOTAL 2845	7 325	1 276	0	501	8 100
Depreciation arrangements, fixture and installations.	0	0	0	0	0
TOTAL 2847	0	0	0	0	0
Depreciation devices	3 199	174	0	0	3 374
Depreciation other fixed assets	1 618	164	18	1	1 800
TOTAL 2848	4 818	339	18	1	5 173
101/12 2010	7 010	000	10		0 170
TOTAL CENERAL	410 4EE	20.200	0.107	0.050	420,600
TOTAL GENERAL	410 455	20 800	2 197	2 850	430 602

### FINANCIAL STATEMENTS SONATEL SA: TABLE 3 TO 5

TABLE N° 3: DISPOSAL GAIN AND LOSSES - DISPOSAL VALUES

	GROSS AMOUNT A	DEPRECIATION DONE B	NET BOOK VALUE C = A - B	DISPOSAL VALUE D	+ GAIN OU - LOSS E = D - C
Intangible assets	0	0	0	0	0
Tangible assets	2 914	2 850	63	1 733	1 669
Financial assets	0	0	0	0	0
TOTAL	2 914	2 850	63	1 733	1 669

TABLE N° 4: PROVISIONS WRITTEN ON BALANCE SHEET

	Α		В			D = A+B+C		
	PROVISIONS AT THE BEGINING	INCREA	SES : DOTA	ATIONS	DECRE	ASES : RE	PROVI- SIONS AT	
	OF THE YEAR	Operational	Financial	0.0.A.	Operatio- nal	Financial	0.0.A.	THE END OF YEAR
1 . Regulated provisions	751	1 533		0	40		0	2 244
inancial provisions for risks     and expenses	48 503	11 951		0	7 547		0	52 906
3 . Provision for fixed assets depreciation	687	332		0	84		0	935
TOTAL I	49 941	13 816	0	0	7 672	0	0	56 086
4 . Inventory Depreciation	109	55		0	110		0	54
5 . Depreciations and provisioned risks (Third parties)	9 238	2 069		0	1 287		0	10 020
6 . Depreciations and provisioned risks (Cash)	1	0	2		0	0		1
TOTAL II	9 349	2 124	2	0	1 397	0	0	10 075
	50.000	45.044	•	•	0.000	0	•	00.101
TOTAL (I) + (II)	59 289	15 941	2	0	9 068	0	0	66 161

TABLE N° 5: ASSETS ACQUIRED THROUGH CAPITAL LEASE AND RELATED CONTRACTS

NONE























		AN	<u>ALYSIS BY</u>	MATURITIES		OTHER ANALY		YSIS
	Gross Amount	At leas	t 1 year	between 1 year and 2 years	More than 2 years	Amounts in foreign en devises	Amounts to affiliated companies	Amounts represented by promis-
	Amount		With whose due					sory notes
RECEIVABLES OF FIXED ASSETS (1)	127 565	38 778	0	10 637	78 150	0	0	0
Loans (1)	88 896	10 637	0	10 637	67 621	0	0	0
Receivables from participations	0	0	0	0	0	0	0	0
Other financial assets	38 669	28 140	0	0	10 529	0	0	0
CURRENT ASSETS RECEIVABLES (II)	217 516	217 516	0	0	0	0	0	0
Fournisseurs	947	947	0	0	0	0	0	0
Clients and associated accounts	109 603	109 603	0	0	0	0	0	0
Staff	578	578	0	0	0	0	0	0
Social security and other social agencies	0	0	0	0	0	0	0	0
State	12 999	12 999	0	0	0	0	0	0
International organizations	0	0	0	0	0	0	0	0
Shareholders and group	37 253	37 253	0	0	0	0	0	0
Various Debtors	56 075	56 075	0	0	0	0	0	0
O.O.A. Receivables	25	25	0	0	0	0	0	0
Prepaid expenses	36	36	0	0	0	0	0	0
TOTAL (I) + (II)	345 081	256 294	0	10 637	78 150	0	0	0





















# FINANCIAL STATEMENTS SONATEL SA: TABLE 7 – DEBTS MATURITIES AT THE END OF THE FISCAL YEAR (In millions of XOF)

		AN	ALYSE B	Y MATURI	ΤΥ	OTHER ANALYSIS		<b>YSIS</b>
	gross	At least	1 year	between 1 year and 2 years	More than 2 years	Amounts in foreign en devises	Amounts to affiliated companies	Amounts represented by promis-
	amount		With whose due					sory notes
FINANCIAL LIABILITIES AND ASSIMILATED RESOURCES								
Convertible bond debts (1)	0	0	0	0	0	0	0	0
Other bond debts (1)	0	0	0	0	0	0	0	0
Loans and debts from credit institutions (1)	475	239	0	237	0	0	0	0
Other financial debts (1) (2)	129	129	0	0	0	0	0	0
TOTAL (I)	604	368	0	237	0	0	0	0
Property leasing debts	0	0	0	0	0	0	0	0
Equipment leasing debts	0	0	0	0	0	0	0	0
Assimilated contracts debts	0	0	0	0	0	0	0	0
TOTAL (II)	0	0	0	0	0	0	0	0
CURRENT LIABILITIES DEBTS								
Suppliers and related accounts	62 557	62 557	0	0	0	0	0	0
Clients	365	365	0	0	0	0	0	0
Staff	7 918	7 918	0	0	0	0	0	0
Social security and social agencies	432	432	0	0	0	0	0	0
State	50 538	50 538	0	0	0	0	0	0
International Organizations	0	0	0	0	0	0	0	0
Shareholders and group	36 965	36 965	0	0	0	0	0	0
Various debtors	7 956	7 956	0	0	0	0	0	0
O.O.A. debts	5 742	5 742	0	0	0	0	0	0
Unearned income	0	0	0	0	0	0	0	0
TOTAL (III)	172 472	172 472	0	0	0	0	0	0

<sup>(1)</sup> Loans subscribed during the year:

<sup>(2)</sup> Total debts owed to shareholders individual persons)

# FINANCIALSTATEMENTS SONATELSA: TABLE 8: INTERMEDIARY CONSUMPTIONS OF THE FISCAL YEAR (In million of XOF)

NATURE	N° DE COMPTE	MONTANT
Water	6051	133
Electricity	6052	133
3 665	6053	0
Other Energy	6053	0
None stockable maintenance supplies	6054	2
None stockable office supplies	6055	0
Small equipment	6056	0
Transportation on behalf of third party	613	94
Staff transportation	614	583
Real estate maintenance and repair	6241	672
Equipment maintenance and repair of intangible assets	6242	99
Publicity, publication, public relations	627	9 058
Telecommunication expenses	628	2 509
Payments of intermediaries and advisers	632	9 058

# FINANCIAL STATEMENTS SONATEL SA: TABLE 9: INCOME ALLOCATION AND OTHER PARTICULAR ELEMENTS OF THE LAST FIVE YEARS (In million of XOF)

CONCERNED EXERCISES (1)					
NATURE OF INDICATIONS	2016	2015	2014	2013	2012
CAPITAL STRUCTURE AT THE END OF THE YEAR (2)					
Authorized Capital	50 000	50 000	50 000	50 000	50 000
Common share	100	100	100	100	100
Preferred dividends shares (A.D.P.) without voting rights	0	0	0	0	0
New shares to be issued	0	0	0	0	0
Through bond conversions	0	0	0	0	0
Through exercise of subscription rights	0	0	0	0	0
OPERATIONAL INCOME OF THE YEAR (3)					
Sales turnover net of taxes	324 827	343 974	355 643	346 392	318 238
Income from ordinary activities (R.A.O.) out of provisions and reversals (Operating and financial)	214 111	238 736	240 500	218 382	240 484
Workers' contribution to profits	0	0	0	0	0
Income tax	35 148	44 761	45 470	40 982	39 434
Net income (4)	154 176	158 492	173 666	147 513	172 132
INCOME PER SHARE					
Distributed income (5)	166 667	166 667	160 000	155 000	150 000
Dividend allocated to each share (in XOF)	1 667	1 667	1 600	1 550	1 500
STAFF AND WAGES POLICY					
Average number of workers for the period (6)	1 767	1 719	1 752	1 821	1 850
Average number of external staff	3	5	3	5	3
Payroll distributed during the period (7)	51 138	44 530	50 051	46 501	42 318
Benefits packages paid during the period (8) (Social security, charity works)	4 156	3 658	4 429	3 980	3 940
External staff billed to the company (9)	2 964	2 932	2 021	1 953	1 724

<sup>(1)</sup> Including the financial year for which the financial statements are subject to the approval of the Assembly.

<sup>(2)</sup> Indication in case of partial release of capital from the amount of uncalled capital.

<sup>(3)</sup> The items in this heading are those shown in the income statement.

<sup>(4)</sup> The result, when negative, must be enclosed in parentheses.

<sup>(5)</sup> Year N corresponds to the proposed dividend for the last financial year.

<sup>(6)</sup> Own staff.

<sup>(7)</sup> Total accounts 661, 662, 663.

<sup>(8)</sup> Total accounts 664, 668.

<sup>(9)</sup> Account 667























# FINANCIAL STATEMENTS SONATEL SA: TABLE 10 – 2016 FISCAL YEAR INCOME ALLOCATION PROJECT

ALLOCATION	AMOUNT (1)	ORIGINS	AMOUNT (1)
Legal reserves	0	Previous balance bought forward (losses)	0
Statutory and contractual reserves	0	Balance carried forward (recipient)	0
Other (available) reserves		Net income of the fiscal year	154 176
Dividends (2)	166 667	Deductions on free reserves (3)	12 491
Other allocations	0		
Balance carried forward	0		
TOTAL (A)	166 667	Control :Total A = Total B	166 667

<sup>1)</sup> The negative amounts are wearing brackets or proceeded by a sign (-).

# FINANCIAL STATEMENTS SONATEL SA: TABLE 11 – WORKFORCE, WAGES AND EXTERNAL STAFF

1/- Local Staff										(V)	/ages (in	million	of XOI	F)	
	LOCAL	CTAE		R STATES	s ou	TSIDE	Ē			OTHER :	STATES	OUT	SIDE		
	LOCAL	. STAF	OF ECOWAS		ECOWAS		TOTAL	LOCAL STAFF		F OF ECOWAS		ECOWAS		TOTAL	
QUALIFICATIONS	М	F	М	F	М	F		М	F	М	F	М	F		
Employed staff															
1. Senior executives	677	429	0	1	2	0	1 109	20 453	13 385	0	31	720	0	34 590	
Senior technicians and middle managers	285	205	0	0	0	0	490	8 913	6 411	0	0	0	0	15 325	
Technicians. Supervisors.     and skilled workers	124	25	0	0	0	0	149	3 878	782	0	0	0	0	4 660	
4. Employees. laborers. workers and apprentices	21	1	0	0	0	0	22	657	31	0	0	0	0	688	
TOTAL (1)	1 107	660	0	1	2	0	1 770	33 901	20 610	0	31	720	0	55 262	
PERMANENT SEASONAL	1 107	660	0	1	2	0	1 770	33 901	20 610	0	31	720	0	55 262	

<sup>2)</sup> If there are several categories of rights holders to dividends, indicate the amount for each.

<sup>3)</sup> Identify the reserves from which are made noncash



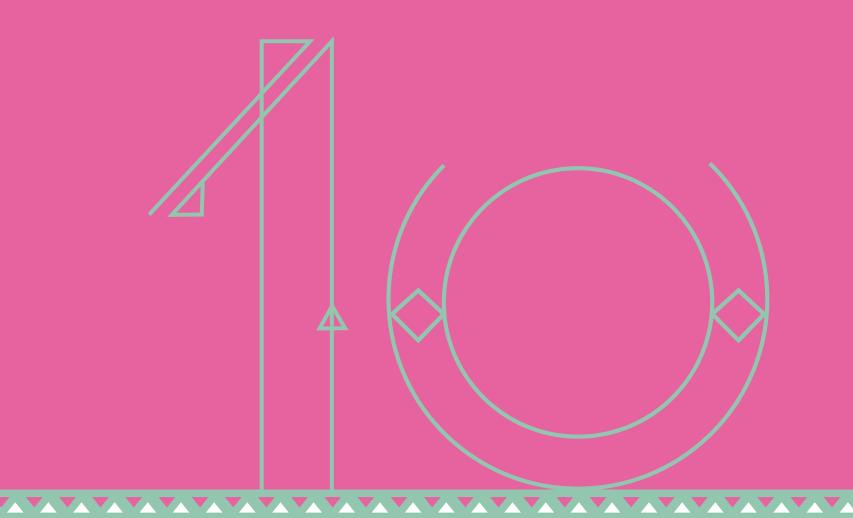
# FINANCIAL STATEMENTS SONATEL SA: TABLE 11 – WORKFORCE, WAGES AND EXTERNAL STAFF

#### 2/ - External Staff

	LOC STA		OTHER COUN- TRIES OF ECOWAS		OUTSIDE ECOWAS		TOTAL	INVOICED TO THE COMPANY	
	М	F	М	F	М	F		М	F
Senior executives	0	0	0	0	0	0	0	0	0
2. Senior technicians and	0	0	0	0	0	0	0	0	0
middle managers	0	0	0	0	0	0	0	0	0
3. Technicians, Supervisors,	0	0	0	0	0	0	0	0	0
and skilled workers	547	273	0	0	0	0	820	2 964	0
4. Employees, laborers	0	0	0	0	0	0	0	0	0
workers and apprentices	0	0	0	0	0	0	0	0	0
TOTAL (2)	547	273	0	0	0	0	820	2 964	0
PERMANENT									
SEASONAL									
TOTAL (1 + 2)	1 654	933	0	1	2	0	2 590	37 585	20 610

M = MALE F = FEMALE

# APPENDIX





## 10-1 AUDITORS' GENERAL REPORT CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ON 31 DECEMBER 2016

#### Dear Shareholders,

In compliance with the terms of our appointment entrusted to us by your General Assembly, we hereby present our report for the year ending on 31 December 2016, on:

- The audit of consolidated financial statements of the SONATEL Group (SONATEL, SONATEL Orange Mali, SONATEL Multimedia, Mobiles, SONATEL Business Solutions, Orange Guinea, Orange Bissau, Orange Finances Mobiles Senegal et Orange Finances Mobiles Mali).
- The specific verifications and information prescribed by the law

#### I. Opinion on the financial statements

We have audited the attached consolidated financial statements of SONATEL including the balance sheet, the income statement, the financial table of resources and uses, as well as the annex notes to the financial statements of SONATEL of your company for the period from January 1 to December 31, 2016.

#### Management's responsibility on financial statements

Management is responsible for the establishment and fair presentation of its financial statements, in accordance with OHADA accounting system and internal control it deems necessary for the establishment of financial statements do not contain material misstatement, whether due by fraud or error.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. Our audit was made in accordance with auditing standards applicable in Senegal. That we comply with those standards require us to comply with ethical requirements, to plan and to perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The choice of procedures performed, including assessment of the risks that the financial statements the financial statements contain material misstatements, whether due to fraud or error, depend on the auditor's judgment. In making this risk assessment, the auditor considers internal control of the entity relevant to the preparation and the fair presentation of the financial statements in order to design appropriate audit procedures in the circumstances, and not in the purpose of expressing an opinion on the effectiveness of internal control of the entity.

An audit also includes evaluating the appropriateness of accounting methods and methods, the reasonableness of accounting estimates made by management and the overall presentation of financial statement.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Opinion**

In our opinion, the consolidated financial statements including in this report are true and fair and give a true and fair view of the consolidated financial position, assets and results of the entities included in the consolidation in accordance with the rules and methods Accountants issued by the OHADA Accounting System.

We have no issue to report regarding the fair presentation and consistency of the financial statements of the information given in the report of the Board of Directors and in the documents submitted to shareholders on the financial position and the consolidated accounts of the SONATEL group.

#### II. Specific Verifications and information

We have also performed the specific verifications required by the OHADA uniform Act relating to Commercial Companies and Economic Interest Groups.

#### **The Auditors**

#### **GARECGO**

#### JPA INTERNATIONAL NETWORK MEMBER

Mamour FALL Partner **RACINE** 

**ERNST & YOUNG MEMBER** 

-

Makha SY Partner

On 20 March 2017



## ACCOUNTING POLICIES AND METHODS

#### **Consolidation principles**

Companies under exclusive control are fully consolidated.

The scope of consolidation includes:

- Sonatel SA,
- Sonatel Mobiles a wholly-owned subsidiary of 100 percent,
- Orange Mali, a subsidiary of 70.0467 percent,
- Sonatel Multimedia a wholly-owned subsidiary by 100 per cent,
- Sonatel Business Solutions wholly-owned subsidiary by 100 per cent,
- Orange Conakry subsidiary of 89.3704 percent,
- Orange Bissau subsidiary to 90 percent,
- Orange Money Senegal subsidiary at 100 percent, and
- Orange Mobiles Mali subsidiary to 70.0467 percent.

#### **Presentation of the financial statements**

The financial statements are presented in accordance with the SYSCOA model: Balance Sheet, Income Statement, Financial Table of Resources and Uses (TAFIRE).

#### Base for the establishment of the financial statements

The financial statements are prepared on the basis of historical costs and presented according to the principles and methods generally accepted in Senegal. They comply with the requirements of the West African Accounting System (SYSCOA) in force since 1 January 1998.

#### Immobilized expenses and intangible assets

The financing expenses relating to loans given for the

financing of major investment projects and supporting during the completion of these works until the end are capitalized. They are depreciated over a period of five (5) years.

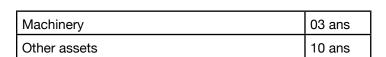
"Unbundled" software (which are subject of a separate invoicing of computer equipment) are also capitalized and depreciated over an estimated life of three (3) years.

Deffered foreign exchange differences to be amortised are assessed in accordance with the principles on foreign exchange currency operations.

#### **Immobilisations corporelles**

Elles sont évaluées à leur coût d'acquisition comprenant le prix d'achat et les frais d'approche et amorties selon la méthode linéaire en fonction de leur durée de vie estimée comme suit :

Buildings	20 ans			
Land enhancement work	40 ans			
Equipment, office furniture and fixtures	10 ans			
Fixtures, fitings and installations	05 ans			
Agencements, aménagements, installations	10 ans			
Transport equipment	05 ans			
Operating equipment:	10 ans			
Switching	10 ans			
Transmission	10 ans			
Energy	10 ans			



Current assets are recorded at cost of acquisition and are reclassified into definitive asset at the commissioning.

#### Other current assets

They concern advances and down payments for the purchase of tangible assets, housing and vehicles loans, the Government loans to staff for the acquisition of the company's shares (10 percent), deposits and guarantees paid on water and electricity subscriptions, but also the rents paid in advance, Government PBE securities (levy budget for equipment) and equity investments.

These assets are evaluated and recorded at historical cost. On securities, provisions for depreciation are recognized when the value at closing is less than the historic cost. The closing value is either the market price for quoted securities or the net asset value for unqoted securities.

#### **Inventories**

Inventories are valued at the weighted average cost of purchases. The values used for local purchases represent the real and final cost listed on the annex of the procurement contracts. The purchase cost of imported goods is the market price plus customs duties and transit fees.

Inventories that have not registered any movement for over a year are depreciated at 100 percent.

#### Receivables

#### Accounting services to local clients

The services to local customers are invoiced in XOF at the date of the issuance of the invoice and recorded in the accounts 41. The services not yet invoiced at the balance sheet date are recorded in the accounts 418 «Accrued income». Doubtful loans on private customers are depreciated as the following:

- For fixed-lines more than six months old at 100 percent.
- For the mobile lines more the 90 days old at 100 percent.

#### Accounting for revenue from international traffic

Traffic balances are established monthly, bimonthly or quarterly on the basis of statements recorded and, after acceptance by the concerned foreign correspondent relate in a debit or credit account different depending on the month, bimonthly or quarterly balance.

By year-end, a provision is calculated for all traffic balances not yet accepted. It is recorded in account 418300 «Customers, international operators, invoices not received» when the balance is in favor of Sonatel and the 408400 account "Suppliers international operators, invoices not yet received» otherwise.

Foreign currency traffic balances are recorded at the prevaling date of their recognition. Exchange rate differences arising during the settlement of a past due invoives are recorded as foreign exchange gains or loss.

Traffic balances established in foreign currencies are re-calculated at the prevailing rate at the balance sheet date when they are not settled, and the exchange rate differences are dealt with as follows:

- · Potential losses of exchange are recognized in expenses for the year;
- · Unrealized exchange gains are not recognized as income.

Foreign exchanges losses and gains are recognized in the the balance sheet in accounts 478 or 479 «conversion variance».

The claims on foreign operations are depreciated on a case by case, depending on the operator's creditworthiness.

#### **Foreign currency transactions**

Foreign currency accounts are converted at the exchange rate at the closing date of the year and the resulting amounts are thus reconciled with the values recorded on the basis of exchange rates at the date of completion of the transactions. The differences are treated as follows:

#### The balance sheet

Potential foreign exchange gains are not recognized as income but recorded in account 479 «conversion variance liabilities» in the balance sheet.

#### In the income statement

The unrealized exchange rate losses on transactions of more than one year are recorded as liabilities in the account "Provision for exchange rate losses" and the counterparty is included in the balance sheet in the account 478 "Exchange rate difference".

The unrealized exchange losses on transactions within one year are recorded in the account 679 «Expenses accrued on financial risks» for the credit of the account 499 "Provisioned risk on operating transactions".

Losses on cash accounts are recorded in the income statement through the account cash.

#### **Investment grants**

They are transferred in the account "Accruals and deferred income" in accordance with IASC standard 20. The amortized portion of the year is included in the income statement.

#### Provisions for risks and charges

#### Disputes

All potential risks of litigation with third parties are provisioned according to information provided by the

legal services of the company. Unjustified provisions are reported in the income statement.

#### Retirement benefits

The allowances due to staff at retirement or on a contractual basis are subject to a provision for risks and charges.

#### **Deferred taxes**

The entries of deferred taxes were written to offset the effect of the temporary lag in charges and income due to tax considerations. The variable carryover method was applied.

#### **Electronic currency**

Orange Money is the offer of payment by Mobile marketed by an electronic money institution «EME» approved by the BCEAO or the Central Bank of Guinea.

The offer consists of issuing and distributing electronic money or units of value «UV» which can be used in commercial transactions.

Currency in circulation is recorded in the 514xxx treasury accounts for debts entered in the 472xxx accounts by category (distributors, billers, merchants and final customers).

The issued and undistributed currency remains in the main cash account of the EME.

Commissions paid are recognized as an expense and the revenue portion as revenue.

### 10-3 AUDITORS' GENERAL REPORT (SONATEL SA)

# FINANCIAL STATEMENTS - FOR THE YEAR ENDING ON 31 DECEMBER 2016

#### Dear Shareholders,

In compliance with the terms of our appointment entrusted to us by your General Assembly, we hereby present our report for the year ending 31 December 2016, on:

- The audit of financial statements of the National Telecommunications Company of Senegal Sonatel; and
- The specific verifications and information prescribed by law.

#### I. Opinion on the financial statements

We have audited the consolidated financial statements including the balance sheet, the income statement, the financial table of resources and uses, as well as the annex notes to the financial statements of your company for the period from January 1 to 31 December 2016.

#### Management's responsibility on financial statements

Management is responsible for the establishment and fair presentation of its financial statements, in accordance with OHADA accounting system and internal control it deems necessary for the establishment of financial statements do not contain material misstatement, whether due by fraud or error.

#### **Auditor's responsibility**

NOur responsibility is to express an opinion on these financial statements based on our audit. Our audit was made in accordance with auditing standards applicable

in Senegal. That we comply with those standards require us to comply with ethical requirements, to plan and to perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The choice of procedures performed, including assessment of the risks that the financial statements the financial statements contain material misstatements, whether due to fraud or error, depend on the auditor's judgment.

In making this risk assessment, the auditor considers internal control of the entity relevant to the preparation and the fair presentation of the financial statements in order to design appropriate audit procedures in the circumstances, and not in the purpose of expressing an opinion on the effectiveness of internal control of the entity. An audit also includes evaluating the appropriateness of accounting methods and methods, the reasonableness of accounting estimates made by management and the overall presentation of financial statement.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Opinion**

In our opinion, the financial statements attached to pages 4 to 47 to this report are true and fair and present a true image of the financial position of the company on 31 December 2015, of its results, its wealth and on the changes in the financial position for the year that ended in accordance with the accounting rules and policies issued by the OHADA Accounting System.



#### II. Specifique verifications and information

Nous avons également procédé aux vérifications spécifiques prévues par l'Acte uniforme de l'OHADA relatif au droit des sociétés commerciales et du groupement d'intérêt économique.

Nous n'avons pas d'observation à formuler sur la sincérité et la concordance avec les états financiers des informations données dans le rapport du Conseil d'administration et dans les documents adressés aux actionnaires sur la situation financière et les comptes de la société.

#### **The Auditors**

**GARECGO** 

JPA INTERNATIONAL NETWORK MEMBER

Mamour FALL Partner

**RACINE** 

**ERNST & YOUNG MEMBER** 

Makha SY Partner

On 20 March 2017



### AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS

### Year ended 31 December 2016

As auditor of your company, we present our report on regulated agreements.

It is our responsibility to inform you, based on the information provided to us, of the characteristics and essential terms of the agreements that have been notified to us, without having to express an opinion on their usefulness and merits. Under the terms of Article 440 et seq. of the Uniform Act of OHADA relating to the law of commercial companies and the economic interest group, it is your responsibility to assess the interest in concluding these agreements with a view to their approval.

We have been informed of the execution of the following agreements, concluded during the financial year and previously authorized by the Board of Directors.

We conducted our work according to the standards of the profession; these standards require the implementation of procedures designed to verify the consistency of the information given to us with the basic documents from which they are derived.

### Charges immobilisées et immobilisations incorporelles

Les frais se rapportant à des emprunts octroyés pour le financement des grands projets d'investissements et supportés durant la période de réalisation de ceux-ci jusqu'à la fin des travaux sont immobilisés.

Ils sont amortis sur une durée de cinq (5) ans.

Les logiciels « dissociés » (qui font l'objet d'une facturation distincte du matériel informatique) sont également immobilisés et amortis sur une durée de vie estimée de trois (3) ans.

Les différences de change à répartir sont évaluées conformément aux principes sur les opérations en devises.

### **Immobilisations corporelles**

Elles sont évaluées à leur coût d'acquisition comprenant le prix d'achat et les frais d'approche et amorties selon la méthode linéaire en fonction de leur durée de vie estimée comme suit:

Constructions	20 ans
Travaux de mise en valeur des terres	40 ans
Matériel, mobilier de bureau et de logement	5 ans
Agencements, aménagements, installations	8 ans
Matériel de transport	3 et 5 ans
Matériel d'exploitation :	
<ul> <li>Commutation</li> </ul>	10 ans
<ul> <li>Transmission</li> </ul>	10 ans
<ul> <li>Lignes et réseaux</li> </ul>	10 ans
• Energie	7 ans
<ul> <li>Appareils de mesure</li> </ul>	3 ans

#### Autres valeurs immobilisées

Elles concernent les avances et acomptes sur commandes d'immobilisations, les prêts habitat et véhicules au personnel, le prêt de l'Etat au personnel pour l'acquisition d'actions de la société (10 %), les dépôts et cautionnements payés sur les abonnements d'eau et d'électricité, mais aussi les loyers payés d'avance, les titres d'Etat PBE (Prélèvement pour le Budget d'Equipement) et les titres de participation.

Ces immobilisations sont évaluées et enregistrées au coût historique.

Sur les titres, des provisions pour dépréciation sont comptabilisées lorsque la valeur à la clôture est inférieure au coût historique.

La valeur à la clôture est soit le cours boursier pour les titres cotés, soit la valeur de l'actif net pour les titres non cotés.

### **Stocks**

Les stocks sont évalués au coût moyen pondéré des achats.

Les valeurs retenues pour les achats locaux correspondent au coût réel ferme et non révisable figurant en annexe des contrats de marché.

Le coût d'achat des produits importés correspond à la valeur des marchés majorée des droits de douane et frais de transit.

Les stocks n'ayant pas enregistré de mouvements depuis plus d'un an sont dépréciés à 100%.

### **Créances**

Comptabilisation des prestations aux clients locaux

Les prestations aux clients locaux sont facturées en franc

CFA à la date d'émission de la facture et comptabilisées dans les comptes 41.

Les prestations non encore facturées à la date de clôture sont comptabilisées dans les comptes 418 « Produits à recevoir ».

Les créances douteuses sur les clients privés qui ont plus de six mois d'ancienneté sont dépréciées à 100%.

### Comptabilisation des produits du trafic international

Les balances de trafic sont établies mensuellement, bimestriellement ou trimestriellement sur la base des décomptes et enregistrées, après acceptation par le correspondant étranger concerné, dans un compte de débiteur ou créditeur divers en fonction du solde des opérations du mois, du bimestre ou du trimestre.

En fin d'année, une provision est calculée pour l'ensemble des balances de trafic non encore acceptées. Elle est comptabilisée en 418300 « Clients opérateurs internationaux, factures non parvenues » lorsque le solde est en faveur de la SONATEL, et dans le compte 408400 « Fournisseurs opérateurs internationaux, factures non parvenues » dans le cas contraire.

Les balances de trafic en devises sont converties au cours du jour de leur comptabilisation. Les différences de change apparaissant lors du règlement d'une échéance sont passées en pertes ou profits de change.

Les balances de trafic établies en devises sont réactualisées au cours en vigueur à la clôture de l'exercice lorsqu'elles ne sont pas réglées et les différences de change sont traitées comme suit :

- les pertes de change potentielles sont comptabilisées dans les charges de l'exercice ;
- les profits de change latents ne sont pas comptabilisés en produits.

Les écarts de conversion sont constatés dans le bilan, dans les comptes 478 ou 479 « Ecart de conversion ».

Les créances sur les correspondants sont dépréciées, au cas par cas, en fonction de la solvabilité du correspondant.

### **Opérations en devises**

Les comptes en devises sont convertis au cours de change en vigueur à la date de clôture de l'exercice, et les montants ainsi obtenus sont rapprochés avec les valeurs comptabilisées sur la base des cours des devises à la date de réalisation des opérations. Les écarts constatés sont traités comme suit :

### Au bilan:

 Les gains de change potentiels ne sont pas comptabilisés en produits mais constatés dans le compte 479 « Ecart de conversion passif » au bilan.

### Au compte de résultat :

 Les pertes de change latentes sur les opérations à plus d'un an sont comptabilisées au passif dans un compte « Provision pour pertes de change », et la contrepartie est inscrite à l'actif du bilan dans le compte 478 « Différence de change ».

- Les pertes de change latentes sur les opérations à moins d'un an sont comptabilisées dans le compte 679 « Charges provisionnées sur risques financiers », par le crédit du compte 499 « Risques provisionnés sur opérations d'exploitation.
- Les pertes sur les comptes de trésorerie sont passées dans le compte de résultat par la contrepartie du compte de trésorerie.

### Provisions pour risques et charges

### Litiges

Tous les risques éventuels sur les litiges avec des tiers sont provisionnés selon les informations fournies par les services juridiques de la société. Les provisions sans objet sont rapportées au résultat.

### Indemnités de départ à la retraite

Les indemnités dues au personnel lors du départ à la retraite ou dans un cadre contractuel font l'objet d'une provision pour pertes et charges.

### Subventions d'investissement

La quote-part amortie de l'exercice est comptabilisée dans le compte de résultat.













### 10-5 AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS

### Year ended 31 December 2016

### To the shareholders,

As auditor of your company, we present our report on regulated agreements.

It is our responsibility to inform you, based on the information provided to us, of the characteristics and essential terms of the agreements that have been notified to us, without having to express an opinion on their usefulness and merits. Under the terms of Article 440 et seg. of the Uniform Act of OHADA relating to the law of commercial companies and the economic interest group,

it is your responsibility to assess the interest in concluding these agreements with a view to their approval.

We have been informed of the execution of the following agreements, concluded during the financial year and previously authorized by the Board of Directors.

We conducted our work according to the standards of the profession; these standards require the implementation of procedures designed to verify the consistency of the information given to us with the basic documents from which they are derived.



### 10-6 ASSISTANCE AGREEMENT WITH AVEC ORANGE FINANCES MOBILES SENEGAL (OFMS)

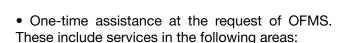
### **Concerned Administrators**

- Mr. Alioune NDIAYE.
- Mr. Thierry MARIGNY.

### **Nature and purpose**

This is an agreement authorized by the 166th session of the board of directors on 14 April 2016. It was signed on the same date between OFMS and SONATEL SA, with retroactive effect from 1 January 2016. This agreement provides in particular:

- A transfer of know-how from SONATEL in the following areas:
- Strategic planning,
- Financial,
- Technical,
- Commercial.
- Management control,
- Human Resource Management, and
- Procurement.
- Management assistance services provided by SONATEL to OFMS through the provision of experts on a permanent basis.



- Legal advice and studies,
- Litigation,
- Finance and accounting,
- Use of SONATEL management tools
- Expertise of SONATEL in the setting up of hightech equipment ..., and
- Supply of service for its telephone lines, specialty lines and operating services.

#### **Terms and effects**

Eln exchange for the transfer of know-how and personnel, OFMS pays SONATEL SA an annual fee management fee calculated on the basis of 1 percent of OFMS annual turnover excluding tax.

The costs of permanently seconded experts on a permanent basis involved in the direction and management of OFMS will be borne entirely by OFMS. SONATEL SA will invoice the real gross cost of all staff seconded on a permanent basis with a 15 percent margin.

The seconded experts will be invoiced at the rate of XOF 7 million / month man

The invoicing of temporary experts is XOF 350,000 / man day.

The services of legal advice and studies will be invoiced by SONATEL SA for a lump sum of XOF 5 million. In the event of recourse to external advice to SONATEL, OFMS shall bear or reimburse all the fees and expenses incurred in connection with such recourse.

The assistance services in the field of litigation invoiced by SONATEL SA concern the reimbursement of lawyers, notaries and bailiffs expenses on the production of invoices. If it requires the intervention of external advisors to SONATEL SA, OFMS will have to bear or reimburse all the fees and expenses incurred by such an appeal.

The management of the accounting and tax activities will be invoiced for an annual lump sum of XOF 20 million.

Procurement and logistics management will be invoiced annually in proportion to the resources allocated.

The management of fraud and revenue insurance activities will be charged for an annual lump sum of XOF 20 million.

The use of the building, energy and the security of the administrative sites will be invoiced annually according to the square meter used.

The technical and computer services will be invoiced annually in proportion to the resources allocated.

The use of the applications and the IS will be invoiced annually in proportion to the licenses operated by OFMS (base = ((depreciation + maintenance charges) + 15 percent).

A total amount of XOF 181 million has been accounted for in 2016 for the implementation of this agreement. This amount breaks down as follows::

In millio	ns of XOF
Management fees	30
Seconded staff	99
Legal, regulatory, collection	5
Accounting and tax management	20
Fraud and Revenue Insurance Management	20
Purchasing and logistics management	4
Information Systems management	3
Total	181

## 10-7 ADDENDUM NO. 1 TO THE ASSISTANCE AGREEMENT WITH ORANGE FINANCES MOBILES SENEGAL (OFMS)

### **Concerned Administrators**

- Mr. Alioune NDIAYE.
- Mr. Thierry MARIGNY.

### **Nature and purpose**

The purpose of this addendum No. 1 signed on 23 December 2016 is to supplement the services provided for in the assistance agreement signed between OFMS and SONATEL SA dated on 14 April 2016 and referred to in point 1 of this report . By this endorsement, OFMS gives SONATEL SA a mandate to perform the following services:

- Distribution of the Orange Money products to wholesalers.
- Cash in and cash out services for Orange Money clients at SONATEL SA branches,
- Management of the customer hotline, and
- · Assistance in the field of marketing

This Addendum No. 1 is effective retroactively from January 1, 2016.

### **Terms and effects**

Defined services are billed as follows:

- Distributor commissions:
  - 0.24 percent for volumes ≤ XOF.100 billion,
  - 0.20 percent for volumes > XOF.100 billion,
- Hotline: in proportion to the resources allocated,
- Marketing support: in proportion to the resources allocated.

Commercial contracts may be signed between the parties and will be invoiced in accordance with each party's price list.

In the financial year 2016, this agreement generated a total amount of XOF 1,246 million, which breaks down as follows:

I	n millions of XOF
Marketing and communication support	1.074
Distributor commissions	150
Hotline	22

### 10-8

### CONCESSION RENEWAL AGREEMENT

### **Concerned Administrators**

- Mr. Cheikh Tidiane DIOP.
- Mr. Thierno FALL.
- Mr. Abdoulage DIOP.

### **Nature and purpose**

An agreement was signed on 18 June 2016 between the Government of Senegal and SONATEL SA in order to renew the concession agreement, which will expire on 8 August 2017. This agreement also provides for the allocation of 4G.

This agreement was previously authorized by SONATEL SA Board of Directors of at its 167th session on 20 June 2016.

The renewal of the concession concerns the establishment and operation of public telecommunications networks and the provision of telecommunications services for a period of 17 years beginning on the day following the termination date of the concession in progress.

In addition, the Government of Senegal undertakes to grant SONATEL SA, 4G frequencies for a period of 17 years which begins to run from the date of signature of the decision to allocate frequencies on 3 August 2016.

This agreement constitutes the renewal of the current concession referred to in point 24 of this report.

Terms and effects

The renewal of the SONATEL SA concession agreement

as well as the allocation of 4G frequencies are given with the payment of a total amount of XOF 100 billion broken down as follows:

- XOF 68 billion for the renewal of the 2G / 3G fixed global license,
- XOF 20 billion for the allocation of 2 x 10 MHz frequencies in the 1800 MHz band, and
- XOF 12 billion for the allocation of 2 x 10 MHz frequencies in the 800 MHz band.

This amount shall be paid as follows:

- Payment of XOF 50 billion in July 2016 after publication in the official newspaper of the Republic of Senegal of the new versions of the Concession Agreement, its specifications and the 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 down payment on the renewal of the 2G / 3G fixed global license; and
- Payment of XOF 50 billion in January 2017 for the remaining of the 2G / 3G fixed global license renewal.

As of 31 December 2016, SONATEL SA has disbursed an amount of XOF 50 billion under this memorandum of understanding.



### 10-9 LOAN AGREEMENT WITH ORANGE MALI

### **Concerned Administrators**

- Mr. Alioune NDIAYE.
- Mr. Thierry MARIGNY.
- Mr. Fabrice ANDRE.

### **Nature and purpose**

This loan agreement between Orange Mali and SONATEL SA was signed on 14 April 2016. This is a short-term loan of XOF 40 billion, with a term of one year and which starts to run from 20 April 2016. This loan is exclusively intended to finance the payment by Orange Mali, of the dividends due to SONATEL SA for the 2015 financial year.

#### **Terms and effects**

The loan granted by SONATEL SA is subject to an interest rate of 5 percent per annum. Interest begins on 20 April 2016 and is paid semi-annually. The loan thus granted is not disbursed in a bank account of Orange Mali. It will be directly deducted from the amount of dividends owed by Orange Mali to SONATEL SA. As of 31 December 2016, the outstanding amount of this loan stood at XOF 20 billion following a first repayment of the same amount. This loan generated interest income in the books of SONATEL SA for a total amount of XOF 1,217 million.

### 10-10 SHAREHOLDER LOAN ORANGE SIERRA LEONE

### **Concerned Administrators**

- Monsieur Alioune NDIAYE.
- Monsieur Thierry MARIGNY.

### Nature et objet

SONATEL SA acquired, on 19 July 2016, 50 percent of the share capital of Airtel (SL) Limited (later Orange (SL) Limited) from Atlas Countries Support Nederland B.V. (the Vendor). This acquisition was authorized by the Board of Directors at its 169th session on 18 July 2016.

Under the terms of the Investment Protocol dated 19 July 2016, SONATEL SA had to acquire 50 percent of the share capital and 50 percent of the shareholder's loan for

an amount equivalent to the balance of the share capital loan and the unpaid interest at the date of completion of the transaction in Sierra Leone.

### **Terms and effects**

At the date of acquisition of the subsidiary Orange (SL) Limited, the latter had an aggregate debt (shareholder loan) of USD 89,739,861 owned to the previous shareholder. Pursuant to the terms of the acquisition agreement, SONATEL SA reimbursed 50 percent of the value of the shareholder loan, ie USD 44,869,930 on 19 July 2016.

This loan has an interest rate of 6 percent per year.



On 31 December 2016, the total interest amount of XOF 668 million was capitalized and the shareholder loan amounted to XOF 27,340 million was recorded in the books of SONATEL SA.

In addition, pursuant to Article 440 of the Uniform Act of OHADA relating to the law of commercial companies and

the economic interest grouping, we have been informed that the execution of the following agreements referred to in Article 438 of this Act and approved in previous years, continued during the last financial year.



### LOAN AGREEMENT WITH ORANGE MALI

#### **Concerned Administrators**

- Mr. Alioune NDIAYE.
- Mr. Thierry MARIGNY.
- Mr. Fabrice ANDRE.

### **Nature and purpose**

This loan agreement between Orange Mali and SONATEL SA was signed on 9 April 2015.

This is a short-term loan of XOF 30 billion, with a term of one year and which begins to run from 20 April 2015. This loan is exclusively intended to finance the payment by Orange Mali, of the dividends due to SONATEL SA in respect of 2014.

### **Terms and effects**

The loan granted by SONATEL SA is subject to an interest rate of 5.5 percent per annum. Interest begins on 20 April 2015 and is paid semi-annually. The loan thus granted is not disbursed in a bank account of Orange Mali. It will be directly deducted from the amount of dividends owed by Orange Mali to SONATEL SA.

As of 31 December 2016, the loan was fully repaid and interest accrued during the period amounted to XOF 126 million.



### COOPERATION AGREEMENT WITH ORANGE MALI

### **Concerned Administrators**

- Mr. Alioune NDIAYE.
- Mr. Thierry MARIGNY.
- Mr. Fabrice ANDRE.

### **Nature and purpose**

Il s'agit d'une convention de coopération technique signée en août 2002 entre la SONATEL et Orange Mali dans les domaines suivants :

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 by SONATEL SA in the areas of operational management, technical assistance, engineering and training,
- One-off assistance services at the request of Orange Mali for specific and specific studies,
- Supply by SONATEL, at the request of Orange Mali, of technical and commercial management tools, and
- Use of new SONATEL SA software by Orange Mali.

This agreement was the subject of three amendments signed on 18 November 2005, 23 December 2008 and 23 December 2011. The second addendum supplemented the benefits provided for in the co-operation agreement and in amendment No. 1 signed between the parties in 2002 and 2005. The third amendment was signed on 23 December 2011 with retroactive effect from 1 January 2011 and is intended to amend Article 2.2 of the agreement signed in August 2002 relating to the payment of management fees.

In addition to the benefits already provided for in these two initial contracts, the parties agree to grant each other loans and borrowings.

### **Terms and effects**

In return for the services provided, Orange Mali will pay SONATEL SA a royalty amounting to 3 percent of the net sales of the "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 the seconded staff are invoiced at the rate of XOF 7.5 million per month per officer for the posts of Managing Director and Director. And up to XOF 5.9 million per month and per staff for other positions.

Temporary appraisal missions are invoiced at a rate of XOF 350.000 per man / day.

The use of SONATEL SA software will be billed pro rata to the licenses operated by Orange Mali on the basis of a base (depreciation + maintenance charges) x 15 percent.

Under the amendment no. 2, the amount of loans granted by a party shall not exceed, at the time of the loan, more than 60 per cent of the average monthly cash flow of the last six months.

The interest rate corresponds to the average rate on the last three term deposits to which the lender is entitled plus 0.25 point.

If, as a result of the loan of the agreement, the lender incurs a debt, the rate to be applied will be the rate of exit of the said debt increased by 0,25 point.

The amounts invoiced by SONATEL SA for the financial year 2016 totaled XOF 7,653 million and can be broken down as follows:

### In millions of XOF

Annual royalty	6,521
Seconded Staff	366
Computing	763
One-time assistance	3
Total	7 653

### 10-13 ASSISTANCE AGREEMENT WITH ORANGE SERVICES GROUP

### **Concerned Administrators**

- Mr. Alioune NDIAYE.
- Mr. Cheikh Tidiane MBAYE.

### **Nature and purpose**

It is a management assistance agreement through the provision of permanent experts from SONATEL SA to the Orange Services Group (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 Convention was concluded for an indefinite period. It has a retroactive effect and begins to run from 1 January 2014.

### **Terms and effects**

In the case of a seconded expert, the invoice will be XOF 7 million / month man (collaborator) and XOF.9 million / month man if the employee occupies a position of Managing Directior or Deputy Managing Director.

In the case of a temporary expert, the invoicing will be XOF350,000 / man day. This invoice does not include travel, subsistence and living expenses.

In the case of other assistance services, the invoicing must be agreed between the two parties before the beginning of the requested service.

As of 31 December 2016, the effects produced by this agreement relate only to the permanent assistance provided by experts amounting to XOF 116 million.

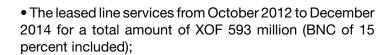
# MEMORANDUM OF UNDERSTANTING WITH ORANGE SERVICES GROUP (GOS)

### **Concerned Administrators**

- Mr. Alioune NDIAYE.
- Mr. Cheikh Tidiane MBAYE.
- Mrs. Fatoumata SARR DIENG.

### **Nature and purpose**

This is a Memorandum of Understanding which purpose is to settle the receivables held by SONATEL SA on Groupement Oranges Services in respect of



• The cost of providing seconded staff from September 2010 to December 2014 for a total amount of XOF 713 million.

### Terms and effects

The GOS agrees to pay, as from 1 April 2016, twenty-four (24) payments of XOF54 million, including XOF 25 million for leased lines and XOF 29 million for seconded staff.

The repayments made during the 2016 financial year under this agreement amount to XOF254 million.

### 10-15 LOAN AGREEMENT WITH ORANGE GUINEA

### **Concerned Administrators**

- Mr. Alioune NDIAYE.
- Mr. Thierry MARIGNY.

### **Nature and purpose**

This agreement is a loan agreement between Orange Guinea and SONATEL SA signed on 27 December 2010. This agreement cancels and replaces all loan agreements signed between SONATEL SA and Orange Guinea from 2008 to 2010. These consolidated loans amounted to XOF 26,573 million.

### **Terms and effects**

The terms of this agreement have been re-written and supplemented by the Orange Guinea debt rescheduling agreement signed on 28 February 2015 and referred to in point 11 of this report.

As of 31 December 2016, the outstanding amount of Orange Guinea's debt under this agreement is nil.

Interest income of XOF 274 million was recorded in the books of SONATEL SA.

### 10-16 DEBT RESCHEDULING AGREEMENT FOR ORANGE GUINEA

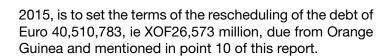
### **Concerned Administrators**

- Mr. Alioune NDIAYE.
- Mr. Thierry MARIGNY.

### **Nature and purpose**

The various loan agreements and other amounts owed by Orange GuinEA over the period 2008-2010 were the subject of a debt rescheduling agreement signed on 27 December 2010 for a total amount of Euro 40,510,783.

The purpose of this agreement, signed on 28 February



### **Terms and effects**

The debt is rescheduled in the form of a medium-term credit loan that begins to run from 1 January 2011 with a repayment term of five (5) years and a five-year capital and interest deferral. The loan granted by SONATEL SA will be subject to an overall interest rate of 9 percent per annum.

All taxes and charges on interest or principal which may be payable by Orange Guinea shall be borne by it, as well as any fees and charges pertaining to the agreement.

The agreement provides that in the event of non-payment, SONATEL SA may, at its option, compensate with one or more receivables, cash, due to Orange Guinea.

Orange Guinea may, subject to fifteen days' notice, proceed without penalty at any time to the early redemption of all or part of the debt. In this case, the repayment will be charged firstly to accrued interest not due amount at the date of repayment.

### 10-17 ASSISTANCE AGREEMENT WITH ORANGE GUINEA

### **Concerned Administrators**

- Mr. Alioune NDIAYE.
- Mr. Thierry MARIGNY.

### Nature and purpose

It is an assistance agreement between Orange Guinea and SONATEL SA, signed on 21 June 2007, which provides in particular:

- Transfer of know-how from SONATEL SA to Orange Guinea in the areas of strategic planning in the field of procurement, human resources, financial, technical, and commercial,
- Permanent assistance provided by SONATEL SA with the provision of highly qualified personnel, in particular to perform management functions,
- One-off assistance services at the request of Orange Guinea for specific and specific studies,

 SONATEL SA management tools provided to Orange Guinea.

An addendum was signed on 23 December 2011 with retroactive effect to 1 January 2011 and is intended to amend 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 royalty amounting to 3 percent of the net sales of the management fees paid directly to Orange SA in accordance with the contract signed between Orange SA and Orange Guinea.

As permanent assistance services, Orange Guinea will bear the full costs of the expatriate staff made available by SONATEL and will pay XOF 7 million / month man.

One-time assistance will be invoiced by SONATEL SA in Orange Guinea at the rate of XOF 350.000 / man day.

The use of SONATEL SA software will be billed pro rata to the licenses operated by Orange Guinea on the basis of a base (depreciation + maintenance charges) x 1.15.

The amount recognized for the 2016 financial year under this agreement amounts to XOF 3,777 million and is detailed as follows:

Management fees	3.079
Seconded Staff	366
Network IS	316
One-off assistance	16
Total	3.777

In millions of XOF

### 10-18 LOAN AGREEMENT WITH ORANGE BISSAU

### **Concerned Administrators**

- Mr. Alioune NDIAYE.
- Mr. Thierry MARIGNY.

### **Nature and purpose**

It is a loan agreement between Orange Bissau and SONATEL SA signed on 26 April 2010, which provides for the making available to Orange Bissau of a loan of XOF 1,000 million in the form of medium-term credit of 5 years with a deferral of one year from the date of payment.

#### **Terms and effects**

The loan granted by SONATEL SA will be subject to an overall interest rate of 9.5 percent per annum.

Interest shall begin to accrue from the date on which the funds are credited to the account of Orange Bissau.

As of 31 December 2016, the loan was fully repaid. Interest accounted for in 2016 fiscal year amounted to XOF 93 million.

### 10-19 LOAN AGREEMENT WITH ORANGE BISSAU

### **Concerned Administrators**

- Mr. Alioune NDIAYE.
- Mr. Thierry MARIGNY.

### Nature and purpose

It is a loan agreement between Orange Bissau and SONATEL SA signed on 29 October 2010, which provides for the making available to Orange Bissau of a loan of XOF 800 million in the form of medium-term credit of 5 years with a deferral of one year from the date of payment.

### **Terms and effects**

The loan granted by SONATEL will be subject to an overall interest rate of 9.5 percent per annum.

Interest shall begin to accrue from the date on which the funds are credited to the account of Orange Bissau

There were no principal repayments in the 2016 financial year and the outstanding amount of the loan was XOF 800 million.

Interest recorded in respect of this loan for the 2016 financial year amounted to XOF 76 million.

### 10-20 LOAN AGREEMENT WITH ORANGE BISSAU

### **Concerned Administrators**

- Mr. Alioune NDIAYE.
- Mr. Thierry MARIGNY.

### Nature and purpose

It is a loan agreement between Orange Bissau and SONATEL SA signed on 3 March 2009, which provides for the availability to Orange Bissau of a loan of XOF 3,000 million in the form of medium-term credit of 5 years with a deferral of one year from the date of payment.

### **Terms and effects**

The loan granted by SONATEL SA will be subject to an overall interest rate of 10 percent per annum.

Interest shall begin to accrue from the date on which the funds are credited to the account of Orange Bissau.

As of 31 December 2016, the loan was fully repaid.

Interest accounted for in the 2016 financial year amounted to XOF 83 million.



### 10-21 ASSISTANCE AGREEMENT WITH ORANGE BISSAU

#### **Concerned Administrators**

- Mr. Alioune NDIAYE.
- Mr. Thierry MARIGNY.

### **Nature and purpose**

It is an assistance agreement between Orange Bissau and SONATEL SA signed on 6 August 2007, which provides in particular:

- Transfer of know-how from SONATEL SA to Orange Bissau in the areas of strategic planning, procurement, human resources, financial, technical, and commercial,
- Permanent assistance provided by SONATEL SA with the provision of highly qualified personnel, in particular to perform management functions,
- One-off assistance services at the request of Orange Bissau for specific and specific studies: and
- SONATEL SA Management tools provided to Orange Bissau with.

This agreement was the subject of an addendum No. 1 signed on 9 July 2008 with the aim of modifying and deleting the terms of the agreement of 6 August 2007 relating to permanent staff costs made available to Orange Bissau employers by SONATEL SA.

Article 2 of addendum No. 1 to the agreement stipulates that 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 until its EBITDA is negative.

An addendum was signed on 23 December 2011 with

retroactive effect from 1 January 2011 and is intended to amend 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 royalty amounting to 3 percent of the net sales of the management fees paid directly to ORANGE SA in accordance with the contract signed between ORANGE SA and Orange Bissau.

As permanent assistance services, Orange Bissau will bear the full costs of the expatriate staff made available to it by SONATEL SA. SONATEL SA will invoice Orange Bissau for the real gross cost of permanent staff, without applying a margin as long as until its EBITDA is negative.

The assistance services will be invoiced by SONATEL SA to Orange Bissau at the rate of XOF 350.000 / day/ man.

The use of SONATEL SA software will be billed pro rata to the licenses operated by Orange Bissau on the basis of a base (depreciation + maintenance charges) x 1.15.

The amount recognized in the 2016 financial year under this agreement amounts to XOF 803 million and is detailed as follows:



Management fees	465
Seconded staff	232
Network Management -	
Computing #	106
Total	803

### 10-22 ASSISTANCE AGREEMENT WITH SONATEL MOBILES

### **Concerned Administrators**

- Mr. Alioune NDIAYE.
- Mr. Thierry MARIGNY.
- Mr. Fabrice ANDRE.
- Mr. Hugues FOULON.

### Nature and purpose

This agreement was signed on 21 December 2012 (with retroactive effect from 1 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:

- A transfer of know-how from SONATEL SA in the field of strategic, technical, commercial and control planning,
- The transfer of SONATEL Mobiles staff to SONATEL SA,
- Management assistance services provided by SONATEL SA to SONATEL Mobiles through the provision of experts on a permanent basis; and

 One-time assistance at the request of SONATEL Mobiles.

These include services in the following areas:

- Legal, regulatory and debt collection,
- Commercial,
- Technical and informatics.
- Use of the management tools and software of SONATEL SA
- Expertise of SONATEL SA in the setting up of high-tech equipment ...,
- Management of the marketing and communication activity,
- One Card management (prepaid cards),
- Management and centralization of the treasury of SONATEL Mobiles by SONATEL SA,
- Management of accounting and taxation activities,
- Management of purchasing and logistics activities,
- Management of roaming and interconnection activities, and
- Various services (use of sites, equipment, energy, etc.).

This agreement was the subject of an endorsement

authorized by the Board of Directors of SONATEL SA on 19 April 2014. The purpose of this amendment is to supplement the billing procedures for a benefit provided for in the agreement, assistance.

### **Terms and effects**

In exchange for the transfer of know-how and personnel, SONATEL Mobiles pays SONATEL SA a flat-rate annual fee calculated on the basis of 5 percent of the annual turnover.

The costs of permanently posted staff involved in the management and the leadership of SONATEL Mobiles will be borne entirely by SONATEL Mobiles.

The experts seconded on a permanent basis will be invoiced at the rate of XOF 7 million / month man.

The invoicing of temporary experts amounts to XOF 350.000 / man day.

Legal, regulatory and recovery services will be invoiced by SONATEL SA for a lump sum of XOF 250 million.

Distributions of charging cards and SIM cards will be invoiced, respectively, at 4 percent and 10 percent of the turnover achieved with the distributors.

The parties agree that SONATEL SA will invoice SONATEL Mobiles annually to the mutualized management of the technical network: (depreciation of shared equipment + maintenance costs for shared equipment + shared staff costs) x 1.15.

The use of the software and management tools (Oracle and Decision-making ...) of SONATEL SA will be invoiced in proportion to the resources used.

Aspart of the management of its marketing and communication activities, SONATEL SA will invoice SONATEL Mobiles for an annual lump sum equal to 1 percent of the annual turnover of SONATEL Mobiles outside the group. SONATEL Mobiles will re-invoice the communication costs (including advertising

taxes) paid on behalf of SONATEL SA. The advertising fee will be re-invoiced in proportion to the turnover for year N (excluding wholesale turnover).

The parties agree that SONATEL Mobiles will take over the services of the outsourced technical hotline. It will charge SONATEL SA its quota.

Under the One Card management (prepaid cards), purchasing management expenses are borne and accounted for by SONATEL Mobiles. The costs of managing the purchases of these cards will be reinvoiced using the following method: number of cards used on fixed-line services x average unit management costs (CUMP) for the previous fiscal year.

SONATEL Mobiles will return to Sonatel SA the share of turnover belonging to SONATEL SA.

In connection with the management and centralization by SONATEL SA of the cash of SONATEL Mobiles:

- Receipts at SONATEL SA counters and their accounting will be re-invoiced by SONATEL SA to SONATEL Mobiles in the amount of 2 percent of the total amount cashed;
- The loans granted will be remunerated at a rate defined according to the nature of the loan. Charges generated by transactions on SONATEL SA bank accounts on behalf of SONATEL Mobiles will be re-invoiced in proportion to the transactions carried out;
- Remuneration for current accounts will be paid by SONATEL Mobiles based on the amount of surpluses and overdrafts of SONATEL Mobiles.

The management of the accounting and taxation activities will be invoiced for an annual lump sum of XOF 623 million.

The management of purchasing and logistics activities will be invoiced for an annual lump sum of XOF 300 million.

### In million of XOF

The management of roaming and interconnection activities will be invoiced for an annual lump sum of XOF 50 million.

For the 2016 financial year, this agreement generated revenue totaling XOF 40.099 million, which breaks down as follows:

Management fees	14,487
Cashing Checkout	707
Marketing and communication:	
Annual royalty	2.829
<ul> <li>Advertising tax One Card Management:</li> </ul>	(182)
Cost of card management	(9)
<ul> <li>SONATEL turnover share</li> </ul>	322
Legal, regulatory, collection	250
Distribution of charging cards and SIM cards	11.308
Technical and informatics management	875
Network management	7.295
Management hotline ACL	1.244
Roaming and interconnection	50
Accounting and taxation	623
Purchasing and logistics	300
Total	40.099
ισιαι	40.033

### 10-23 COOPERATION AGREEMENT WITH SONATEL MULTIMEDIA

### **Concerned Administrators**

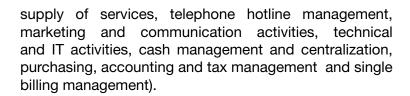
• Mr. Thierry MARIGNY.

### **Nature and purpose**

This is a technical assistance agreement signed on 21 December 2012 (retroactive to 1 September 2012) between SONATEL SA and SONATEL Multimedia. This agreement cancels and replaces the agreement signed on 17 December 2007 and its amendments 1, 2 and 3 of 3 March 2009, 15 October 2009 and 11 February 2010.

This agreement provides in particular:

- Transfer of know-how from SONATEL SA in the areas of strategic, technical, commercial and management control;
- One-off assistance services (legal advice and studies, litigation assistance, collection of trade receivables, marketing of services, use of SONATEL SA management tools, vehicles and expertise, rental of buildings, accommodation in technical premises,



### **Terms and effects**

In exchange for the transfer of know-how, SONATEL Multimedia pays SONATEL SA management fees amounting annually to 1 percent of annual turnover excluding tax.

As part of legal advice and legal assistance, SONATEL SA charges an annual fixed amount of XOF 5 million excluding tax.

For assistance in litigation, SONATEL SA invoices a flatrate annual amount of XOF 5 million excluding taxes.

As part of the management of accounting, cash, purchases, stocks and taxation, SONATEL SA invoices a fixed annual amount of XOF 200 million excluding taxes.

### SONATEL Multimedia also pays:

- Two percent of receipts from invoices made by SONATEL SA,
- A commission of 20 percent of ADSL access fees and 15 percent for business solutions,
- An annual fixed amount of XOF 260 million, for technical and IT activities,
- As part of the marketing and communication activity, an annual fixed rate equal to 1 percent of the annual turnover outside the group,
- XOF 350.000 per expert and per day,
- For single billing, an amount equal to the pro rata of the resources used and 3 percent of the amount invoiced for the benefits,
- For the use of management tools (Oracle ...), an amount equal to the pro rata of the 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 SONATEL Multimedia's share of the total fixed-line fleet,

The amortization of vehicles of SONATEL SA used by SONATEL Multimedia will be rebilled in proportion to the use of each entity.

For the 2015 financial year, this agreement generated royalties amounting to XOF 1,392 million, broken down as follows:

### In millions of XOF

Management fees	103
Legal advice and studies	5
Accounting, Treasury, Purchasing,	
Inventory, Taxes	200
Product marketing	83
Management tools (Oracle) -	
Hotline management	94
Technical and IT	260
Marketing and communication	80
Use of vehicles	1
Single billing	214
Litigation	5
Receivables collection	139
IS Mutualization	208
Total	1 392



### **Concerned Administrators**

SOLUTIONS

• Mr. Thierry MARIGNY.

### **Nature and purpose**

It is a technical assistance agreement between SONATEL SA and SONATEL Business Solutions signed on 28 December 2015 with retroactive effect from 8 June 2015, which provides in particular:

- A 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 management of the company;
- One-off assistance for solving problems related to its organization (legal advice and studies, assistance in litigation, receipts of accounts receivable, finance and accounting, use of SONATEL SA management tools, use of SONATEL SA IT expertise, supplies of services, rental of equipment);
- Management and centralization by SONATEL SA of the cash management of SONATEL Business Solutions;
   And
- Accounting Management and taxation.

### **Terms and effects**

In exchange for the transfer of know-how, SONATEL Business Solutions undertakes to pay SONATEL SA an annual fee equal to 1.5 percent of its turnover excluding

taxes from the second year of operation.

Experts seconded on a permanent basis are billed at the actual cost plus a margin of 15 percent. The invoicing of temporary experts amounts to XOF 350.000 / man day.

Legal advice and studies are billed by SONATEL SA for an annual lump sum of XOF 5 million.

Assistance in litigation is invoiced on production of invoices at the actual cost of the costs of lawyers, notaries and bailiffs.

SONATEL SA will assist SONATEL Business Solutions in carrying out certain accounting or financial management tasks whenever the latter requests it.

The use of SONATEL SA's management tools is prorated on the basis of the licenses operated by SONATEL Business Solutions. (Asset = (Amortization Amount + Maintenance Loads) \* 15 percent).

Service supplies are invoiced in accordance with SONATEL SA's catalog of rates for products and services.

The rental of equipment from SONATEL SA to SONATEL Business Solutions is charged according to the following terms: [(acquisition cost excl. VAT / amortization period in days) x number of loan days] x 1.15.

The amounts recorded by SONATEL SA for the financial year 2016 under this agreement amount to XOF. 630 million and are detailed as follows:

	In millions of XOF
Accounting assistance	8
Management fees	93
Seconded staff	435
Car rental	12
Legal assistance	5
T management	47
Total	630

### 10-25 CONTRAT DE PARTICIPATION

### **Concerned Administrators**

- Mr. Bruno METTLING.
- Mr. Thierry BRETON.
- Mr. Hugues FOULON.
- Mr. Fabrice ANDRE.
- Mr. Thierry MARIGNY

### **Nature and purpose**

This is a contract signed on 31 March 2012 between the JV (the company BUYIN SA), NatCo (SONATEL SA, SONATEL Multimedia, SONATEL Mobiles and SONATEL Business Solutions) and Orange SA.

The purpose of this contract is to set out the general terms and conditions for the collaboration between the JV and NatCo concerning purchasing activities within the scope of the JV.

The scope of the JV's purchasing activities includes:

- Network technology,
- Customer equipment,
- Service platforms...

### **Terms and effects**

This collaboration is without financial compensation.

### 10-26

### COOPERATION AGREEMENT WITH SONATEL AND ORANGE SA

### **Concerned Administrators**

- Mr. Bruno METTLING.
- Mr. Thierry BRETON.
- Mr. Hugues FOULON.
- Mr. Fabrice ANDRE.
- Mr. Thierry MARIGNY.

### Nature and purpose

It is a cooperation agreement signed on 18 December 2013 (with effect from 1 January 2014) between SONATEL SA and Orange SA for a period of three (3) years.

Through this agreement, Orange SA brings know-how to SONATEL SA and its subsidiaries in Senegal and provides the following services to SONATEL SA and all its subsidiaries:

- Transfer of know-how in all areas of operation and development of a telecommunications company (strategic planning, technical, regulatory, financial, information system, purchasing, etc.);
- Technical assistance on a permanent basis with the provision of permanent experts to participate in the management of the company and its subsidiaries; and
- One-off technical assistance with specific and specific studies, the solving of problems related to its organization or operation;

### **Terms and effects**

In exchange for the transfer of know-how and the services rendered, SONATEL SA will pay Orange SA an annual fee equivalent to 0.31 percent of the revenues of the Senegal perimeter (SONATEL SA, SONATEL Mobiles, SONATEL Multimedia, and SONATEL Business Solutions) Net of intragroup activities.

This Agreement is supplemented by the Memorandum of Understanding referred to in paragraph 22 of this report.

For the 2016 financial year, the royalties accounted for amount to XOF 1,425 million.

As part of the cost of providing staff, SONATEL SA has re-invoiced to Orange SA the expenses relating to expatriated staff borne by SONATEL SA and which are outside the fixed price fixed by Orange SA. The amount of charges re-invoiced by SONATEL SA amounted to XOF 6,177 million on 31 December 2016.



# MEMORANDUM OF UNDERSTANDING SONATEL AND ORANGE SA

### **Concerned Administrators**

- Mr. Bruno METTLING.
- Mr. Thierry BRETON.
- Mr. Hugues FOULON.
- Mr. Fabrice ANDRE.

### **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. This Protocol shall be valid until 31 December 2016.

Orange SA and SONATEL SA have agreed that the 0.31 percent know-how transfer levy applied to the annual turnover of the Senegal perimeter net of intra-group activities and calculated in such a way that the sum of the royalties of the Orange brand applied to the Orange Senegal perimeter (Sonatel SA, Sonatel Mobiles, Sonatel Multimedia, Sonatel Business Solutions) and the total of Sonatel Group's know-how transfer and assistance fees does not exceed 1.43 percent of the consolidated turnover of the Sonatel Group for the 2013 financial year.

### **Terms and effects**

In the event that the sum of the fees for the transfer of know-how, royalties and fees for the Orange brand exceed 1.43 percent of the consolidated turnover of SONATEL Group for the 2013 financial year, the transfer fee of 0.31 percentage points of expertise will be adjusted so as not to exceed the amount corresponding to 1.43 percent of SONATEL Group's consolidated sales.

This royalty may not be less than 0.20 percent of the annual turnover of the Senegal perimeter net of intragroup activities.

The Sonatel Group means SONATEL SA and its existing subsidiaries as of 1 November 2011. New subsidiaries registered outside Senegal that would join the Sonatel Group after that date are excluded from the transfer know-how royalty adjustment mechanism.

At 31 December 2016, the royalty surplus amounted to XOF 519 million with an equal amount effect on SONATEL SA's revenues.





### LICENSE AGREEMENT FOR THE USE OF ORANGE BRAND

### **Concerned Administrators**

- Mr. Bruno METTLING.
- Mr. Thierry BRETON.
- Mr. Hugues FOULON.
- Mr. Fabrice ANDRE.

### **Nature and purpose**

These agreements, applicable as from the 2007 financial year, were the subject of an amendment signed on 9 April 2008 and provide in particular:

- The grant by Orange Brand Services Limited of a nonexclusive license to use the «Orange» brand,
- Authorization to manage and operate the Orange brand internationally, including the right to sublicense the use of the Orange brand in their territory,
- Pre-launch support and brand renaming services by Orange Brand Services Limited, and
- Support 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.

This agreement was concluded for a period of 10 years.

### **Terms and effects**

SONATEL SA agrees to pay Orange Brand Services Limited, or any other entity designated by it, an annual fee equal to 1.6 percent of the turnover excluding taxes for the activities marketed under the Orange brand.

The impact of this agreement on the 2016 financial year is XOF 13 million.

### 10-29 CONCESSION AGREEMENT

### **Concerned Administrators**

- Mr. Cheikh Tidiane DIOP.
- Mr. Thierno FALL.
- Mr. Abdoulaye DIOP.

### **Nature and purpose**

A concession agreement between the Government of Senegal and SONATEL SA was signed on 1 October 1985 and updated on 21 July 1997.

### **Terms and effects**

By this agreement, the Government of Senegal grants to SONATEL SA the concession of the Governmental rights related to the establishment and operation of the networks and the provision of telecommunications services throughout Senegal for a period of twenty (20) years.

This concession agreement will expire on 8 August 2017.

With a view to its renewal, an agreement referred to in point 3 of this report has been signed between the Government of Senegal and SONATEL SA.

### REIMBURSEMENT OF DIRECTORS' FEES

In accordance with Article 432 of the OHADA Uniform Act on the law of commercial companies and the economic interest group, the Board of Directors of SONATEL SA, at its meetings of 9 April 2008 and 13 October 2009, authorized the reimbursement of hotel and travel expenses of the Directors between their normal place of business and the place of Board meetings or Board Committee meetings holding.

For 2016 fiscal year, no reimbursement of expenses was made on behalf of the Directors.

### **The Auditors**

**GARECGO** 

### JPA INTERNATIONAL NETWORK MEMBER

P

Mamour FALL Partner

**RACINE** 

**ERNST & YOUNG MEMBER** 

Makha SY Partner

20 March 2017

### 10-30 AGENDA OF SONATEL REGULAR GENERAL MEETING DATED TUESDAY 18 APRIL 2017

- 1. Review and approval of the financial statements for the year ended 31 December 2016,
- 2. Appropriation of profit for the year 2016,
- 3. Ratification of the co-optation of Mr Bruno METTLING,
- 4. Ratification of the co-optation of Mr Abdoulage DIOP,
- 5. Ratification of the co-optation of Mr Cheikh Tidiane DIOP,
- 6. Ratification of the co-option of Mrs Fatoumata SARR DIENG,
- 7. Ratification of the co-optation of Mr Ludovic PECH,
- 8. Renewal of the term of office of Mr Mamadou Aïdara DIOP
- 9. Approval of regulated agreements:
  - Loan agreement signed with ORANGE Mali,
  - Cooperation agreement signed with ORANGE Finance Mobiles Senegal.
  - Concession agreement signed with the Government of Senegal
  - Endorsement of the ORANGE trademark license agreement signed with ORANGE Brand Services Limited and ORANGE.
  - Cooperation agreement signed with ORANGE Sierra Leone.
  - Amendment No. 1 to the cooperation agreement signed with ORANGE Finances Mobiles Sénégal,

10. Powers for completion of formalities.

### DRAFT RESOLUTION 1: REVIEW AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR **ENDING 31 DECEMBER 2016**

The General Assembly, having heard the reading:

- 1. Report of the Board of Directors on the Company's activities for the year ended 31 December 2016 and the financial statements for that year,
- 2. of the General Report of the Statutory Auditors on the financial statements for that year,

Approves the financial statements of SONATEL for the year ended 31 December 2016 as presented, as well as the transactions reflected in these financial statements and summarized in these Reports.

Consequently, taking note of the General Report of the Statutory Auditors, the Ordinary General Meeting gives full and unconditional discharge to the Directors and the Statutory Auditors of the performance of their duties for the year ended 31 December 2016.

### **DRAFT RESOLUTION 2: APPROPRIATION OF THE RESULTS FOR THE YEAR 2016.**

The General Meeting, approving the proposal of the Board of Directors, decides to allocate the full income for the year ended 31 December 2016 in dividends.

In addition, it decides to deduct XOF 12,490,748,752 from the free reserves to be distributed as dividends. Consequently, the Ordinary General Meeting sets the gross dividend for each share at XOF 1,667. After deduction of 10 percent IRVM withholding tax, the net dividend of XOF 1,500 will be paid as of 14 May 2017.



On the proposal of the Board of Directors and after deliberation, the General Meeting decides to ratify the coopting of Mr. Bruno METTLING, co-opted at the meeting of the Board of Directors on 14 April 2016 to replace Mr. Marc RENNARD, who resigned.

Mr Bruno METTLING will remain in office for the remainder of his predecessor's term of office until the Ordinary General Meeting of Shareholders which will decide in 2018 on the financial statements for the year ended 31 December 2017.

# DRAFT RESOLUTION 4: RATIFICATION OF COOPTATION OF Mr. ABDOULAYE DIOP.

On the proposal of the Board of Directors and after deliberation, the General Meeting decides to ratify the cooptation of Mr Abdoulaye DIOP, co-opted at the meeting of the Board of Directors on 12 July 2016 to replace Mr El Hadji Abdoul Aziz MBAYE, who resigned.

Mr Abdoulaye DIOP will remain in office for the remainder of his predecessor's term of office until the Ordinary General Meeting of Shareholders which will decide in 2019 on the financial statements for the year ended 31 December 2018.

# DRAFT RESOLUTION 5: RATIFICATION OF COOPTATION OF Mr. CHEIKH TIDIANE DIOP.

On the proposal of the Board of Directors and after deliberation, the General Meeting decides to ratify the cooption of Mr Cheikh Tidiane DIOP, co-opted at the meeting of the Board of Directors on 12 July 2016 to replace Mr Mamadou SARR.

Mr Cheikh Tidiane DIOP, thus appointed, will retain his mandate for the remaining term of his predecessor's term of office until the Ordinary General Meeting, which will decide in 2019 on the financial statements for the year ended 31 December 2018.

# DRAFT RESOLUTION 6: RATIFICATION OF COOPTATION OF Mrs. FATOUMATA SARR DIENG.

On the proposal of the Board of Directors and after deliberation, the General Meeting decides to ratify the co-option of Mrs Fatoumata SARR DIENG, co-opted at the meeting of the Board of Directors on 12 July 2016 to replace Mr Cheikh Tidiane MBAYE, who resigned.

Mrs Fatoumata SARR DIENG thus appointed will retain her mandate for the remaining term of her predecessor's term of office until the Ordinary General Meeting which will decide in 2019 on the accounts for the year ended 31 December 2018.

# DRAFT RESOLUTION 7: RATIFICATION OF COOPTATION OF Mr. LUDOVIC PECH.

On the proposal of the Board of Directors and after deliberation, the General Meeting decides to ratify the co-option of Mr Ludovic PECH, co-opted at the meeting of the Board of Directors on 20 December 2016 in place of Mr Hugues FOULON, who resigned.

Mr Ludovic PECH, thus appointed, will retain his mandate for the remaining term of his predecessor's term of office until the Ordinary General Meeting which will decide in 2018 on the financial statements for the year ended 31 December 2017.



The General Meeting notes that the term of office of Mr Mamadou Aïdara DIOP expires at the end of this Ordinary General Meeting.

It decides to renew the mandate of Mr Mamadou Aïdara DIOP for a period of three (3) years which will expire at the end of the Ordinary General Meeting which will decide 2020 on the accounts for the year ended 31 December 2019.

Mr Mamadou Aïdara DIOP, whose mandate was renewed, declares that he accepts this renewal and specifies that he is not subject to any incompatibility or prohibition that would prevent him from serving as a director.

# DRAFT RESOLUTION 9: APPROVAL OF REGULATED CONVENTIONS.

After hearing the Special Report of the Statutory Auditors on the agreements referred to in articles 438 et seq. of the Uniform Act of OHADA relating to the Law of Commercial Companies and the Economic Interest Grouping, the Ordinary General Assembly approves:

- The loan agreement signed with ORANGE Mali,
- The cooperation agreement signed with ORANGE Finances Mobiles Sénégal,
- The concession agreement signed with the Government of Senegal,
- The extension of the ORANGE license agreement signed with ORANGE Brand Services Limited and ORANGE.

- The cooperation agreement signed with ORANGE Sierra Leone, and
- The amendment No. 1 to the cooperation agreement signed with ORANGE Finances Mobiles Senegal.

## DRAFT RESOLUTION 10: POWERS FOR THE COMPLETION OF FORMALITIES.

The General Meeting grants full powers to the bearer of originals, copies or extracts of these resolutions to carry out all the formalities prescribed by the law.

### BIBLIOGRAPHIE DE L'ARTISTE

Djib Anton se définit comme affichiste. Inspirées par son parcours de voyageur, son amour de la musique et du cinéma, les oeuvres de cet artiste autodidacte sont l'expression vive de sa mémoire et de ses expériences.

Il a collaboré avec de nombreux artistes au Sénégal et à l'international, parmi lesquels, Youssou Ndour, le Groupe Daara J Family ainsi que de nombreux groupes de Hip Hop de la scène locale.

Djib est également très engagé au niveau associatif pour la promotion de l'art et des artistes, logique dans laquelle s'inscrivent ses travaux pour Wakh'Art et le Festival Voyage sur le Fleuve.»

Gabriel Joseph Antoine Anton

Autos



« Fragments en musique »



« Le code africain»

AVAVAVAVA O



« Les racines du futur »



« Epopée numérique »



« Ecologie de demain »



« Aventurière connectée »



« Valeurs et monde»



« Apogée créative »



« Techno-traditionaliste »



« Liens sacrés »



www.sonatel.com