

Sonatel group

mid year 2010 results

August 2010



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1 highlights



1 highlights

Senegal

market,
environment,
competition and
regulation

- increasing competition around abundance and renewal of dynamism of the competitors, development of the multisim
- controversial decision of the government to entrust to a technical partner the management of the international traffic by introducing a surtax on the entering international traffic: social movements disputing this decision
- new license of management of infrastructures granted to an operator of submarine cables
- beginning of maturation of the market

commercial
dynamism

- commercial launching on 2010, april 12th, of Orange Money (solution of payment and money transfer via mobile handset)
- plan for hiring new subscribers on broadband market and prepaid Internet
- pursuing of animation on the mobile market prepaid via monthly sales promotions (free bonus recharging), handsets offers, abundance offers

collective
dynamism

- ISO 9001 version 2008 AFAQ certification obtained for the whole activities of the group in Senegal
- implementation of the new organization following the corporate plan around optimization of the activities of the group and the emergence of strong Businesses Units

1 highlights

Orange Mali

- maintaining global leadership on the market and innovation in spite of new competition
- commercial launching of 3G+ and Orange Money (solution of payment and money transfer via the mobile handset)
- dispelling difficulties on interconnection collection
- drop in the tariffs of termination calls on mobile lines by 34%

Orange Guinea

- progressive stability of the political and institutional situation, presidential elections expected in June 2010
- difficult economic environment with the depreciation of the GNF and the energy supply problems
- launching of the Broadband Internet (Wimax)
- increasing prices of communication in Guinea, consequence of induced effect of surtax on the entering international calls
- continuation of the enhancement of operational results

Orange Bissau

- consolidation of the commercial dynamism of Orange since 2009
- stabilized political environment
- revival program for broadband Internet
- negotiations for drop of interconnection tariffs with other networks


2 operational results



2 subscribers: 10 million/+24%/S1 2009

*growth of the total number of subscribers on all segments fixed lines, mobile and Internet.
launching of a plan to boost growth of broadband Internet subscribers*

<i>(number of subscribers)</i>	2008	June 2009	2010	June var. % 2009/2008	June var. % 2010/2009
fixed lines	255.044	241.214	269.436	-5%	12%
mobile	5.836.361	7.854.284	9.795.715	35%	25%
Internet	48.352	64.839	70.762	34%	9%
total	6.139.757	8.160.337	10.135.913	33%	24%



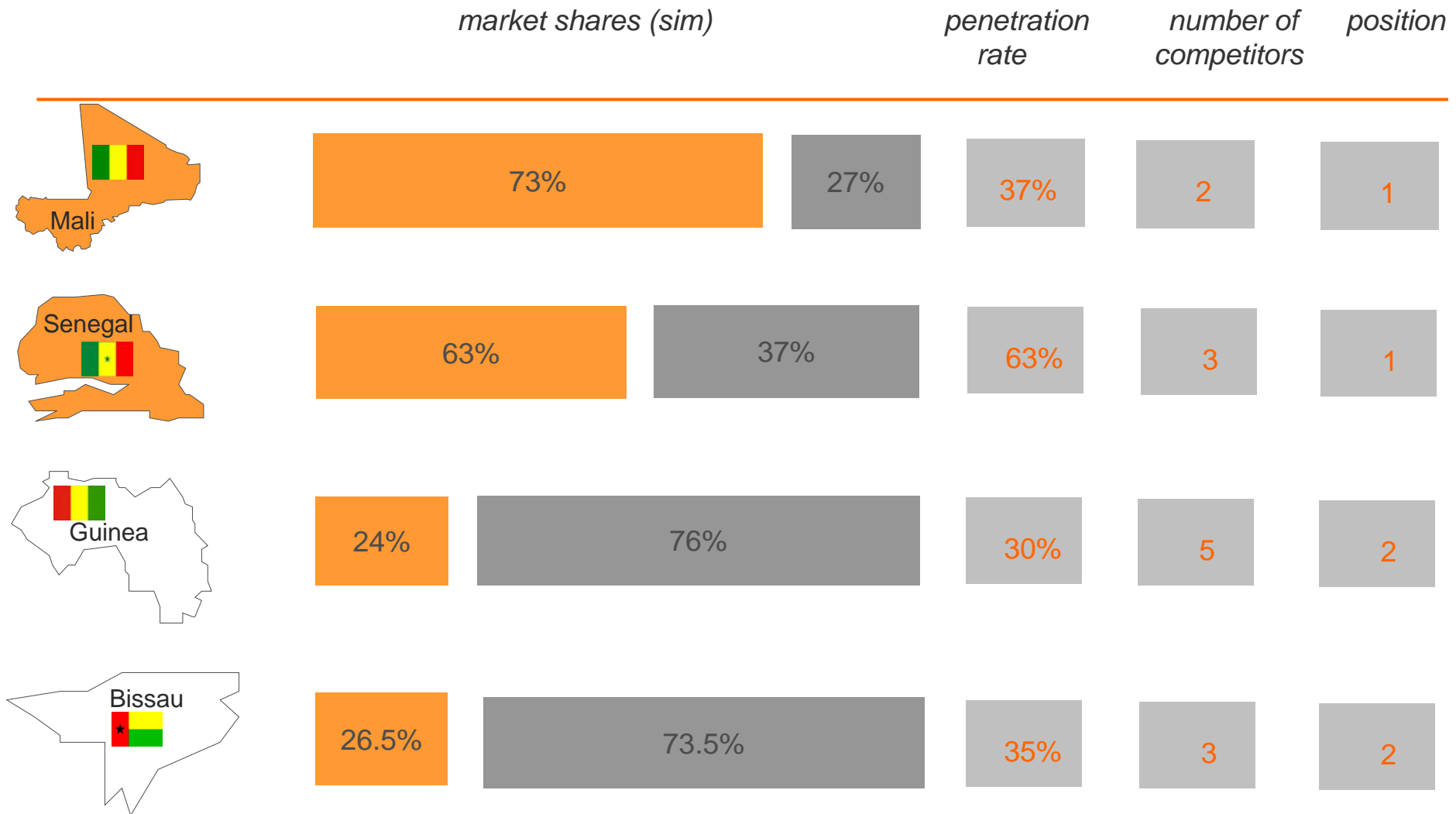
2 subscribers: the growth continues in spite of increasing competition and the beginning of maturation in few our markets

90% mobile subscribers located in Senegal and Mali

<i>(number of mobile subscribers)</i>	2008	June 2009	2010	var. % 2009/2008	June var. % 2010/2009
Senegal	3.038.205	4.037.783	4.782.735	33%	18%
Mali	2.359.014	3.113.762	4.076.305	32%	31%
Guinea	398.000	615.382	783.292	55%	27%
Bissau	41.142	87.720	153.383	113%	75%
total	5.836.361	7.854.647	9.795.715	35%	25%

2 market share: strong positions on our main markets

slight drop of our market shares in Senegal and Mali related to competition and maintaining of the market shares in Guinea and Guinea Bissau



2 arpu

impact of the development of abundance offers, regulatory measures and the rise of the number of subscribers in Senegal and in Mali, the increase of tariffs in Guinea and development of the club effect in Guinea Bissau

six month arpu (in KcfaF)	30 Juin			30 Juin	
	2008	2009	2010	var. % 2009/2008	var. % 2010/2009
fixed lines	497	571	554	14,9%	-2,9%
<i>mobile prepaid</i>					
Senegal	44	33	26	-25%	-20,9%
Mali	32	27	22	-15,6%	-18,5%
Guinea	17	19	23	11,7%	21,1%
Bissau	18	18	21	0%	-16,7%
<i>mobile postpaid</i>					
Senegal	497	317	246	-36,2%	-22,4%
Mali	348	427	392	22,7%	-8,1%
Bissau	469	269	293	-42,6%	8,9%

3 financial results



3 a constant financial performance

a satisfactory half year result with a steady growth of revenue and a high level of margin; growth compared to 2009 marked by exceptional elements and unfavorable regulation measures

in million of CfaF	2008	2009	June proforma* 2009	2010	var. % 09/08	June var. % 10/09	var. % 10/pro 09
	revenue	259.149	279.587	279.587	295.416	8%	6%
Ebitda	140.400	164.969	152.969	165.415	17%	0%	8%
operating result	86.027	119.409	107.409	115.815	39%	-3%	8%
net result	61.503	101.133	89.133	94.452	64%	-7%	6%
investments	62.200	31.469	31.469	30.167	-49%	-4%	-4%

* recovery of provisions affecting Ebitda

3 a high level of margin





good control of the operating expenses, good level of operating and net margins in spite of the accelerated depreciation of various equipments

	2008	2009	June proforma 2009	2010	var. % 09/08	June var.% 10/09	var. % 10/pro 09
Ebitda margin	54%	59%	55%	56%	+5	-3	+1
operating margin	33%	43%	38%	39%	+10	-4	+1
net margin	24%	36%	32%	32%	+12	-4	-
rate of investment	24%	11%	11%	10%	-13	-1	-1







3 constant investments

an investment rate of 10% mainly dedicated to densification of mobile network

in millions of CfaF	June 2010				
	consolidated	Senegal 	Orange Mali 	Orange Guinea 	Orange Bissau 
fixed networks	6.718	6.718	-	-	-
mobile networks	20.516	7 587	10.541	2.062	326
information system	1.387	1.123	222	30	12
others	1.546	843	502	134	67
total	30.167	16.271	11.265	2.226	405

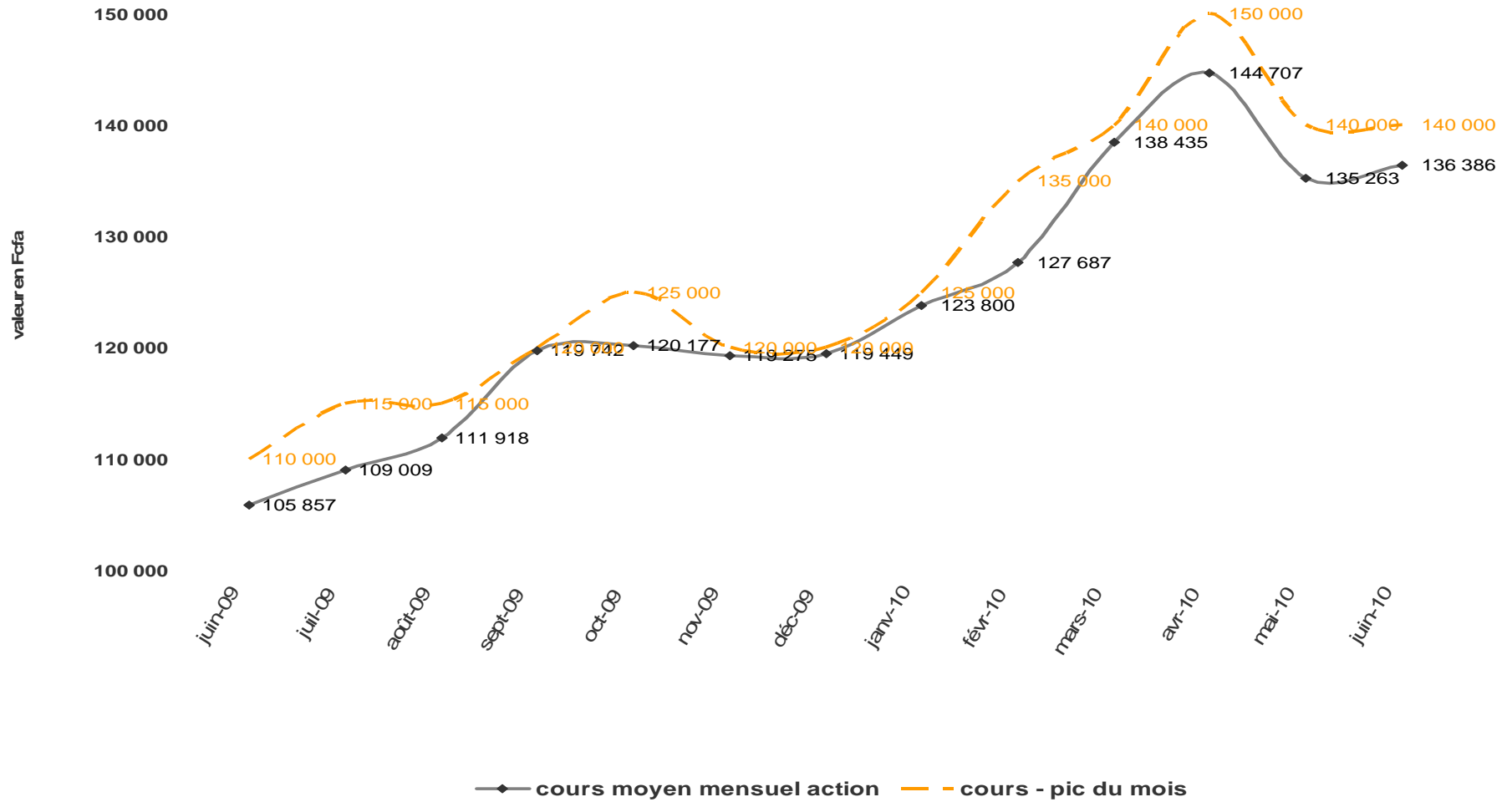
3 contribution by country

positive contribution to the results/performance from all the entities of the group

	June 2010				
	consolidated	Senegal 	Orange Mali 	Orange Guinea 	Orange Bissau 
<i>in millions of CfaF</i>					
amount of business/turnover/	295.416	64%	30%	5%	1%
Ebitda	165.415	62%	34%	3%	1%
exploitation result	115.815	58%	39%	3%	0%
net result	94.454	49%	49%	2%	0%
investments	30.167	54%	37%	7%	2%

3 rising stock price and transactions

an renewal of interest for the Sonatel share led to a rise of the stock price during the 1^{er} semester



4 prospects

je suis sensible à la générosité
des gens que je croise



4 prospects

The first half of the year was more favorable than expected in particular regarding revenues growth.

The prospects for the second semester remain good in spite of the unfavorable regulation measures recorded in 2009 and over the first six-month period 2010.

However, the impact of the recent decision of the regulation agency (ARTP) to introduce a surtax on the entering international traffic, if it were maintained, would be likely to have negative effects (drops on the volume of the entering international traffic and increase of the interconnection costs with operators).

We anticipate on the second half-year that competition will remain tough with the continuation of the development of the abundance offers on our main markets. However, our policy centered on:

- supply of a good quality of technical and commercial service
- loyalty policy for our best customers
- development of innovative, friendly of access and use offers
- improvement of the customer relationship around the values of the Orange brand with the implementation of our new CRM

should allow the group to preserve its strong positions on its markets.

Also the continuation of the action ever started should enable us to maintain the strong level of our profitability. This action are articulated around:

- reorganization of the activities of the Senegal perimeter, main objective of our new corporate map and reinforcement of synergies with the other Sonatel subsidiaries like those of the France Telecom group in the African sub region, in particular as regards offers
- the development of high speed, mobile data and multi play offers
- the development of the added value services and contents
- extension of the coverage of our networks to make up for the residual potential of penetration in Mali, in Guinea and Guinea Bissau.

results of these action already recorded over first half of the year are encouraging.

The group pursues its goal, among other things, of development by the external growth.

5 appendix



thank you