



FUND LAUNCHED

2005

FUNDS UNDER MANAGEMENT

£520.8
MILLION

NET ASSET VALUE PER SHARE

440.1%
SINCE INCEPTION*

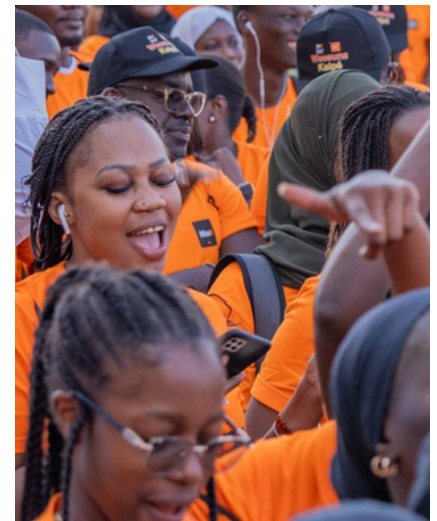


Sonatel

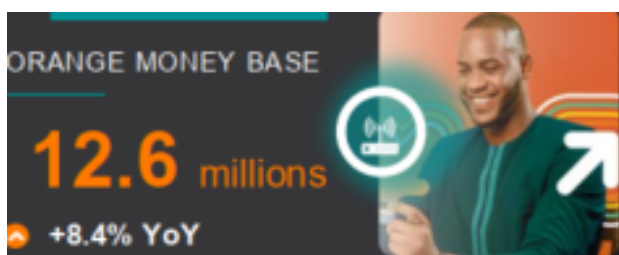
February 2025

Rapid digital transformation is being witnessed across sub-Saharan Africa. Sonatel, the leading telecoms operator in Senegal and four other west African markets, a long term holding of UEM, is a beneficiary of this megatrend.

Growth in smartphone penetration is driving digital transformation across sub-Saharan Africa. This trend is driven by more affordable 4G enabled phones and network investment by operators, coupled with compelling applications including mobile payment services. Sonatel is currently connecting millions of its customers to the internet for the first time each year,¹ driving new opportunities and efficiencies for its clients in communications, commerce, education and many other areas.



Sonatel operates in five countries (Senegal, Mali, Guinea, Guinea-Bissau and Sierra Leone) under the Orange brand serving 41m mobile customers. Whilst the penetration of mobile phones is relatively mature across its markets with mobile customer growth of 2.7% in the year to 31 December 2024, the company is seeing users increasingly migrating to 4G enabled handsets and data services.



In the past two years, 4G customers have grown from 10.6m to 17.9m², a penetration rate of 43.7% at 31 December 2024. The company is now introducing 5G mobile services in selected locations, further enhancing speeds and mobile data network capacity.

A key feature of many African markets is the integration of mobile services with financial services, offering banking services to customers, often to the previously unbanked. Whilst there are multiple competing mobile payment platforms operating in the region, Sonatel's Orange Money is one of the leading players with 12.6m customers. Active user growth was 8.4% in

the year to 31 December 2024 and revenue growth of 16.0% was reported in this segment in the year to 31 December 2024.³

Another strong growth driver for Sonatel is fibre-to-the-home (FTTH) broadband, which is being rolled out selectively in Senegal and Mali. Whilst subscriber numbers are relatively modest at 473,270 (at 31 December 2024), this was 48.2% higher than reported a year earlier. Average revenues per customer are much higher for fixed broadband services at XOF 10,425 (€16.00) per month⁴ in Senegal with the average mobile data customer in Senegal spending XOF 2,030 (€3.10) per month.

Sonatel generates the majority of its revenues and reports its results in West African Francs (XOF) which is pegged to the Euro. For investors, this hard currency peg differentiates Sonatel from many other listed sub-Saharan mobile operators who are exposed to greater exchange rate volatility. Sonatel's largest shareholder is Orange SA (formerly France Telecom), with a 42.3% stake, which gives further comfort on corporate governance, procurement and technical expertise. The Senegalese state owns 27.0%.⁵

Sonatel's three strong growth drivers of 4G mobile data, mobile money and fibre broadband are all growing at double digit percentage rates and collectively were responsible for more than half of the company's revenues in 2024. In the period, mobile data revenues grew by 19.8%, mobile money revenues were up 16.0% and high-speed internet revenues grew by 24.0%.⁶

Revenue growth for the group was 9.6% in 2024. Cost control was impressive with increasing margins. EBITDA grew by 12.3% and net profit for the period was up 18.7%.⁷ The company's management is conservative in its outlook, but we would expect the growth momentum to continue albeit at a slowing growth rate.



Sonatel continues to invest in infrastructure to expanding its footprint and to upgrade its network across the region. Whilst it faces competition from other operators in all of its markets, it believes that it is differentiated from its peers due to its superior network coverage and service quality. This has resulted in a majority market share in each of its territories.⁸

Digital connectivity and internet services are a key driver of economic and social development globally and this is especially true in underserved African markets. Sonatel's supports education in digital services, coding and entrepreneurship, especially for women and young people. Its foundations in each of its markets focus on supporting schools and medical facilities.

UEM's long standing investment in Sonatel gives investors exposure to the digital infrastructure megatrend in sub-Saharan Africa, offering strong growth and an attractive dividend yield (6.4% historic net dividend yield as at 31 January 2025). Sonatel is currently a top 20 position within UEM's portfolio.⁹



Mark Lebell

25 February, 2025

Source Data: ICM Limited. Source images: Sonatel

[1] Source Sonatel FY 2024 results presentation p8: [Online] Available at: <https://sonatel.sn/resultats-consolides-du-groupe-sonatel-senegal-mali-guinee-guinee-bissau-sierra-leone-au-31-decembre-2024/>

[2] Source Sonatel FY 2024 results presentation p8: [Online] Available at: <https://sonatel.sn/resultats-consolides-du-groupe-sonatel-senegal-mali-guinee-guinee-bissau-sierra-leone-au-31-decembre-2024/> & Sonatel FY 2022 results presentation p6: [Online] Available at: <https://sonatel.sn/wp-content/uploads/2023/02/COMFI-Groupe-Sonatel-resultats-financiers-2022-Fr-V-Finale-BRVM.pdf>

[3] Source Sonatel FY 2024 results presentation p14: [Online] Available at: <https://sonatel.sn/resultats-consolides-du-groupe-sonatel-senegal-mali-guinee-guinee-bissau-sierra-leone-au-31-decembre-2024/>

[4] Source Sonatel FY 2024 results presentation p15: [Online] Available at: <https://sonatel.sn/resultats-consolides-du-groupe-sonatel-senegal-mali-guinee-guinee-bissau-sierra-leone-au-31-decembre-2024/>

[5] Source Sonatel Annual Report 2023 p8: [Online] Available at: World Population Review. (2024). Philippines Population 2024 (Live). [online] Available at: <https://worldpopulationreview.com/countries/philippines>.

[6] Source Sonatel FY 2024 results presentation p14: [Online] Available at: <https://sonatel.sn/resultats-consolides-du-groupe-sonatel-senegal-mali-guinee-guinee-bissau-sierra-leone-au-31-decembre-2024/>

[7] Source Sonatel FY 2024 results presentation p17: [Online] Available at: <https://sonatel.sn/resultats-consolides-du-groupe-sonatel-senegal-mali-guinee-guinee-bissau-sierra-leone-au-31-decembre-2024/>

[4] Source Sonatel FY 2024 results presentation p6: [Online] Available at: <https://sonatel.sn/resultats-consolides-du-groupe-sonatel-senegal-mali-guinee-guinee-bissau-sierra-leone-au-31-decembre-2024/>

[9] At 31 January 2025

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