




**Step by step,**  
Eneo is transforming  
the electricity service

**Annual report**  
**2017**



Bulldozer used to prune a line in the South  
to improve service quality



**eneo**  
The energy of Cameroon



## About d'Eneo

As a major operator in the energy sector in Cameroon, Eneo has as the ambition to supply reliable energy and to provide service quality, in complete safety and at affordable prices to its customers while being a governance model in Africa.

Integrity, cohesion, respect, and commitment, which underpin its business, are the fundamental values on which Eneo establishes its identity to successfully carry out its public utility missions, but also to satisfy its customers, and at large its staff, partners, and the communities it serves.

Relying on a team of 3 750 employees spread all over its main activities viz. generation, distribution, transmission, and commercialisation of electrical energy, Eneo invests each day in improving the quality of electricity supply. Our workers are proud of the company's transformation journey whose aim is to be the driving force of the electricity sector.

in 2017, Eneo connected 99 431 new households and businesses to the electric network, taking the number of active customers to 1 184 372 at the end of the year.

Eneo has a 20-year concession with its related framework which ends on July 17, 2021. Eneo was notified of the decision of the President of the Republic to extend the agreements in question for a ten-year period as from July 18, 2021, in the Generation and Distribution segments. The Transmission Concession Agreement and the Electricity Transmission System Operation will end on December 31, 2018.

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The General Manager, Joël Nana Kontchou, communes with the teams

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## Key Figures

# 2017

Active customers 1 184 372	Distribution efficiency 68,49%
New households and businesses connected 99 431	Investissements 35 billion
Turn over 291,6 billion	Electricity access rate around 62%
Employees 3 745	Growth in demand 4,8%
SAIDI Distribution (average interruption duration) 123,96 heures/an	Growth in customer base between 2014 - 2017 7,44%
Global reduction by 30% of unserved energy	Customer satisfaction index 65%
	EBITDA (Gross Operating Profit) 43 483,7 billion

	2017	2016	2015
Active customers	1 184.372	1 101 373	1 020 362
New households and businesses connected	99 431	90 533	82 914
Turn over	291,6 billion	280,5 billion	283,1 billion
Employees	3.745	3.683	3.718
SAIDI Distribution (average interruption duration)	123,96 hours/year	91,56 hours/year	88,96 hours/year
Distribution efficiency	68,49%	70,52%	69,49%
Collection	97,18%	97,97%	95,87%
Investments engaged	35 billion	35.1 billion	27.9 billion
Electricity access rate(*World Bank figures)	around 62%	60.1%*	58.1%*
Growth in demand	4,8%	5,6%	5,8%
EBITDA (Gross Operating Profit), in billion CFAF	43 483.7	32 552.9	2 344

# Foreword

In 2017, Eneo Cameroon recorded an improvement in the quality of electricity supply, including a significant increase in the level of investments, an overall drop in unserved energy as well as better availability of generation facilities. Disruptions in the Grand North did not allow Eneo to attain the targeted power supply level. We, therefore, express regret to our customers and stakeholders for the disruptions caused. We further commit to work harder to improve our service.

In a particularly difficult socioeconomic context, the company followed the path mapped out, on the one hand, by its operational plan aimed at improving service quality, and, on the other hand by a very tight cash flow situation and investments in strategic sectors that will contribute to stabilizing the electricity supply in the medium-term.

## Supply and demand balance

In the Southern Interconnected Grid, the supply and demand balance was met, in the absence of reserve capacity and a delay in the commissioning of Memve'ele.

A plan to develop renewable energy was put in place following the pilot project of a hybrid solar thermal plant in Djoum in the South; this plan will speed up with the installation in the Grand North of 25MWc sometime in 2018, and later on with the transformation of all remote power plants into hybrid power plants. Furthermore, the rehabilitation of the Songloulou and Lagdo hydroelectric power plants started in 2017, will continue in 2018. At the end of works, the lifespan of the Songloulou will be extended by over 30 years.

In the East, increasing the capacity of the Bertoua power plant from 7 to 12.4 MW remains a priority in 2018 to improve power supply and stability significantly.

## Electrical safety and safety of persons

Systematic visits of lines were reinstated and reinforced to identify and replace poles in a critical condition. This will help to secure the electrical network gradually. Safety is everyone's responsibility, and our staff regularly sensitize their communities on the dangers of electricity.

## Improvement of access to electricity

Network extensions were carried out on the outskirts of Douala and Yaounde and will continue in the rural areas. Also, a better organization was set up to reduce connection timeframes.

## Improvement of service quality

A key focus is the modernization of facilities. Thus, the Smart Eneo program was launched, and it comprises the geolocalization of facilities, smart and prepaid meters, and a technical information management system, etc.

Intervention timeframes have also been reduced, thanks to the creation of prevention teams, and an increase in technical hubs and the number of electricians.

Population growth and urbanization overload facilities: Reducing the load at saturated facilities improves quality of service. Measures aimed at identifying all saturated equipment have been put in place. The most critical are being replaced, and new substations are being constructed.

An average of 100 000 connections executed each year





A Distribution supply substation in Ngodi Bakoko Douala



Overall, the execution of the investment plan brought about some improvements, with a few immediate ones listed here :

- An overall 30% drop of unserved energy;
- An 11% drop in incidents caused by wood poles;
- The connection of 99 431 new families and businesses to the electrical network;
- More proximity with customers, with the reorganization of Douala and Yaoundé into smaller operational districts with a more human scale, and the creation of new customer centers and technical hubs;
- The recruitment of some 256 new employees;
- The reduction of queues in our agencies, with the introduction of new electricity bill payment methods (increase in payments made via partners from 21% to 27%);
- Some improvements to make customers more autonomous with an online agency, MyEasylight;
- An increase in staff engagement, thanks to the effective transfer of 5% of the share capital to employees;

These achievements and advances made are part of a deep transformation process underway, driven by a “Think Big. Start Small” mindset, the consolidation of our governance framework, and the cultural and technological transformations launched since 2014.

There were also some difficulties which took a toll on the company’s performance :

- Tight cash flow situation of the company;
- Overload of the transmission and distribution networks;
- Delay in the commissioning of the Memve’ele;
- Losses caused by fraud and vandalism, major problems that seriously hamper service quality and which are a cause for concern for all of us.

We acknowledge and are working to overcome our major challenges: ensuring supply/demand balance, ensuring the sector’s financial sustainability, upgrading our operational performance and modernizing the company. As well, we also play a key and necessary role in the coordination of all actors in a sector under transformation. This work takes time. What is most important is our unceasing effort to improve through well-measured small steps which will ultimately lead us to meeting our customers’ expectations of us..

We are delighted to present to you our 2017 Annual Report. It is based on operational, financial and safety results obtained during the year.



Enhancing diversity is a cornerstone of Eneo's transformation

## Simply Smart Innovation

*The “Simply Smart Innovation” was launched to promote creativity vis-à-vis personnel. It is an annual programme of acknowledgment that rewards low cost (or without expenditure) innovations or high output initiatives proposed by employees.*

**Frugality, diversity, experimentation - all drive innovation.**

At Eneo Cameroon, an annual innovation competition for employees is organized. It is called Simply Smart Innovation, and the “twist” is that instead of looking for new ideas - in this program we seek out low-cost and no-cost innovation that has already been implemented in the organization. Our goal is to shine a light on the frugal ingenuity that’s happening every day in hidden pockets with our frontline employees. These novel solutions are just what Eneo needs to meet the growing demand for safe, reliable electricity in Cameroon. So we’ve designed a competition-based method of finding those already-implemented, hidden “bright spots” of innovation, appropriately recognizing the ingenious employees, and scaling suitable projects.

Now in its third year, the program has discovered millions of francs CFA of cost savings, increased cash

flow, and improved safety and environmental impacts. Moreover, it has begun to shift the innovation culture in the organization from skepticism to enthusiasm and a sense of anticipation.

All too often, we only look outward for solutions to our business problems. We look outside our capabilities, past the ingenuity in our communities, beyond the tools and problem solving already at work in the company, and away from the rich culture and unique know-how in our immediate environment. We imagine that some one else, somewhere else, knows something that we don’t. While learning and exploring can yield fresh ideas and capabilities at the right time, an under-utilized resource is often right under our noses.

Find below two 2017 winning projects.

### ***Locally-fabricated, low-cost concrete power poles in the North***

This region had to replace more than 4,000 rotten wooden poles in one year. These rotten poles impact service quality, public accidents, deaths, increase maintenance costs, and reduce revenues from undelivered electricity. In 2017, the local team developed prototypes of concrete poles with a wooden form and local materials for the concrete. They determined they can manufacture concrete poles for a cost three times less expensive than the procurement cost of metal poles.

Annual cost savings for the Region are high compared to the procurement and installation of metal poles.

Over 10 years, substantial gains would be realized (that will be invested in other critical areas) compared to the replacement cost of wooden poles.

### ***Smart Overtime***

As part of an ongoing digitization program encouraged throughout the organization, in 2017 the Human Resources Department looked at bringing the processing of employee holidays, absences and overtime pay online. The first project digitized the management of overtime expenses, which was still done manually and, as a result, was not well controlled.

Annual cost savings for overtime expenses are tremendous, and this project has also improved employee morale related to this topic with fair and transparent remuneration of overtime hours.



Innovation: Concrete poles manufactured by an Eneo team in Garoua



Using the bulldozer to clear line corridors and limit risks of incidents occurring, and facilitating interventions in the event of a breakdown.

## **Regional Directors**

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Central Operations Department in Douala

## Eneo Charter

### *Our Vision*

« Driving force of the electricity sector, catalyst for growth, we will safely supply reliable energy, and provide service quality while being a model of governance in Africa. »

### *Mission*

- Satisfying the increasing demand in electricity by supplying reliable and safe energy ;
- Providing quality services and facilitating access to electricity to the greatest number of people ;
- Protecting the public by raising awareness on the dangers of electricity ;
- Revitalizing our customer relations through innovations and positive experiences ;
- Constant striving for excellence by learning from our experiences;
- Carrying out our activities in conjunction with corporate social responsibility approach.

### *Values*

- Integrity: Integrity is the common thread of all our activities. It begins with the implementation by all Eneo collaborators and stakeholders of values chosen as a common platform;
- Respect: Working at Eneo entails respecting diversity, sensitivities, points of view, various actors and making of it a driving force to build the present with optimism and the future with audacity;
- Commitment: Our teams are fully steeped in our commitment to ensure long-term performance and to guarantee, in safety and in all circumstances, continuity in the supply of safe and reliable electricity;
- Cohesion: In order to succeed, Eneo must mobilize all its forces in a one-team-spirit to make our activities a sustainable source of progress for our country and the development of our staff.

# Management organs

## The Board of Directors



**Pr. Séraphin Magloire FOUDA**  
Chairman of the Board of Directors,  
Secretary-general at the Prime  
Minister's Office  
Republic of Cameroon

### Representatives of Actis



**David GRYLLS**



**David ALDERTON**



**Philippe WIND**



**Joël NANA KONTCHOU**  
General Manager Eneo

### Independent Directors



**Philippe JOUBERT**



**Mark GOLDSMITH**

### Government Representatives



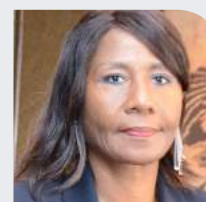
**Gilbert Didier EDOA**  
Board Member  
MINFI



**Malachie MANAOUA**  
Board Member  
MINEE



**Alhadji Magra MASSAOU**  
Board Member  
MINEPAT



**Safiatou BA N'DAW**

### Representative of Worker's Shareholding



**Martin Luther NJANGA NJOH**

The board of directors of Eneo Cameroon relies on the deliberations of specialised committees. Their mission is to throw light on the discussions of board and to assist them in decision-making. There are five committees: Environment, Safety, Governance (ESG); Audit; Technical Affairs; Loss Reduction and Customer Relations; Strategic Affairs; Remuneration and Appointments

Directors	Technical Affairs	Remuneration and Appointments	ESG	Strategic Affairs	Audit
David GRYLLS		Chair	●	●	
David ALDERTON	●	●			●
Phillippe WIND	Chair		●		
Joël NANA KONTCHOU	●	●	Chair		
Philippe JOUBERT				Chair	●
Mark GOLDSMITH			●		
Sofiatou BA N'DAW					Chair
Gilbert Didier EDOA		●			●
Malachie MANAOUA	●			●	
Alhadji Magra MASSAOU			●		
Martin Luther NJANGA NJOH		●		●	



Our values shared on the occasion of the Labour Day

## Shareholders

In 2017, Eneo reconfigured its share capital with its personnel taking up part of its shareholding. Thus, the Cameroonian stake moved up from 44% to 49% as against 51% for the British investment fund, Actis.

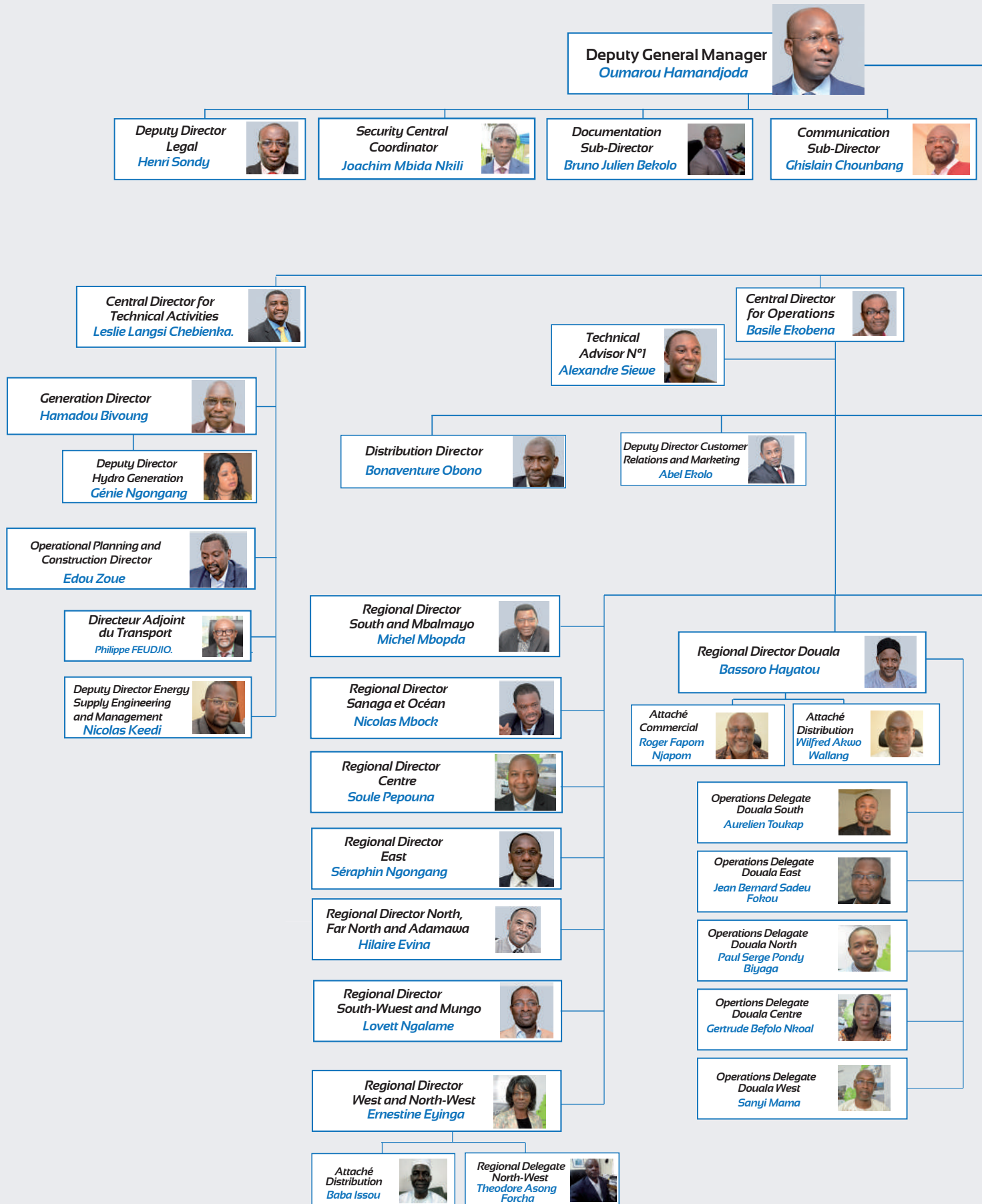
### **1. The State of Cameroon** : 44% of shares

### **2. Actis**

Actis is a leading investor in growth markets across Africa, Asia, and Latin America. They deliver consistent, competitive returns, responsibly, through insights gained from trusted relationships, local knowledge, and deep sector expertise. Founded in 2004, they have an unparalleled heritage in growth markets, set within a culture of active ownership. They have raised US\$13bn since inception and employ over 200 people, including a team of c.100 investment professionals, working across 13 offices globally. Their investors' capital is at work in c.70 companies around the world, employing over 114,000 people.

### **3. Employees**

Five percent (5%) of the shareholding was transferred to employees, who are organized in a Common Initiative Group for the socio-economic promotion of personnel (GIC-P. Eneo) and belong to three trade union organizations.



**General Manager**  
*Joël Nana Kontchou*



**Chief of Staff**  
*Dorothée Ndongo Zebaze*



**Technical  
Advisor N°1**  
*Peter Nkeih*



**Technical  
Advisor N°2**  
*Henri Epesse*



**Technical  
Advisor N°3**  
*Wilfred Ntuba*



**Central Director for  
Controls**  
*Henry Kiven*



**Finance Director**  
*Pierre Ezan*



**Human Resource Director**  
*Pierre Narcisse Bollanga*



**Sales Development Director**  
*Eric Pambe*



**Deputy Director  
Key Accounts**  
*Pauline Ndafeut*



**Director of Planning  
and Regulation**  
*Duclaire Djeuga*



**Shared Services Director**  
*Jean Mathieu Tchuisseu*



**Information Systems  
Deputy Director**  
*John M. Midwa*



**Deputy Director for  
Safety Environment and  
Corporate Social Responsibility**  
*Mary Ntangtang*



**Regional Directeur  
Yaoundé**  
*Dominique Mbarga*



**Attaché  
Distribution**  
*Henri  
Marcel Ngii*



**Attaché  
Commercial**  
*Léopold  
Tchuenta*



**Operations Delegate  
Yaoundé East**  
*Marie Charlie Bassega*



**Operations Delegate  
Yaoundé Centre**  
*Stéphane Mballa*



**Operations Delegate  
Yaoundé South**  
*Henri Zoa*



**Operations Delegate  
Yaoundé North**  
*Aurélien Bienvenu Ebale*



# Management Report

## MACROECONOMIC ENVIRONMENT

### *Economic environment*

At the international level, IMF prospects for October 2017, as well as its update in January 2018, show that world growth moved up from 3.7% in 2017 compared to 3.2% in 2016. This growth is the result of the combined impacts of the following :

- 6.8% growth rate of the Chinese economy since 2010 including as driver, consumption and industrial production;
- 2.3% robust growth in the USA, boosted by household consumption and by investments further to tax incentives;
- Peak growth of 2.4% recorded in the Euro Zone for ten years;
- 2.7% upturn in sub-Saharan Africa.

In 2018, the IMF projected a 3.9% increase in growth in all regions of the world.

According to Cyclope, raw materials posted an average growth of 15% in 2017. Thus, BRENT gained 21% of its value and stood at 67 \$/barrel at the end of the year. This trend is reflected in the average price (high quotations) of HFO 3500 via a 41% growth, i.e. an average quotation of 319 \$/tonne. This rising trend would continue in 2018.

Concerning inflation, it increased in all regions of the world.

At the national level, the Ministry of Finance considers that economic growth recorded a 3.7% drop in 2017 compared to 4.5% in 2016. The Cameroonian economy continues to grapple with several security crises and low oil prices.



The Kribi Port Authority connected to Eneo network in 2017

Also, the economic downturn of countries of the CEMAC has a negative impact on industrial activities. In 2018, growth is expected to increase by 4.2%. Inflation is estimated at 0.6% in 2017 and would remain below 2% in 2018.



At the level of Eneo : In 2017, energy inputs in Distribution (Medium Voltage and Low Voltage) dropped significantly by 3.1%. High Voltage sales increased significantly (catch-up effect) by 12.1%. The economic situation had a negative impact estimated at 3.2 percentage points on demand. Without other internal impacts (representing 2.9 percentage points of the demand) the normal level of demand would be 4874 GWh, i.e. 5.8% growth in 2017. In order to face the overall demand, generation stood at 6740 GWh, up 3.7%. The activities of the company were conducted in an environment characterized as follows:

- Start of rehabilitation works of the Songloulou hydro-electric power plant;
- An energy shortfall due to poor hydrology in the North Interconnected Grid, and the non-start of production of the Memv'ele hydro-electric power plant;
- Very high increase in thermal generation in the NIG to reduce the shortfall caused by the Lagdo power plant; increase in thermal capacities with the start of production of the Maroua power plant.



Contribution to economic growth: more than cement factories supplied by Eneo since 2014

## Highlights in 2017



### Positive points

- The reduction of unserved energy (USE) by about 9%;
- Better availability of power plants;
- The commissioning of the new Maroua thermal power plant in August 2017 of a capacity of 10 MW;
- The clearing of crow nests still existing on the main transmission line between Edea and Yaounde (Mangombe-Oyomabang) and installation of anti-nest devices on certain critical towers;
- The connection of 99 431 new households and businesses to the electric network;
- The replacing and repair of about 55 000 wood poles, including the re-introduction of metal and concrete poles;
- The recruitment of over 256 employees to replace and rejuvenate the workforce;
- The transfer of 5% of the share capital to employees;
- The connection of the Kribi deep sea port to the South Interconnected Grid in April 2017.

### Improvement Opportunities

- Reinforce public safety;
- Reinforce the maintenance of facilities;
- Reduce power downtime;
- Reinforce customer outage information
- Increase distribution efficiency;
- Improve collection;
- Speed up network security.



Gradual re-integration of metal poles into the distribution network since 2015



Songloulou: the biggest Hydro-powered plant in Cameroon

## 2017 Performances

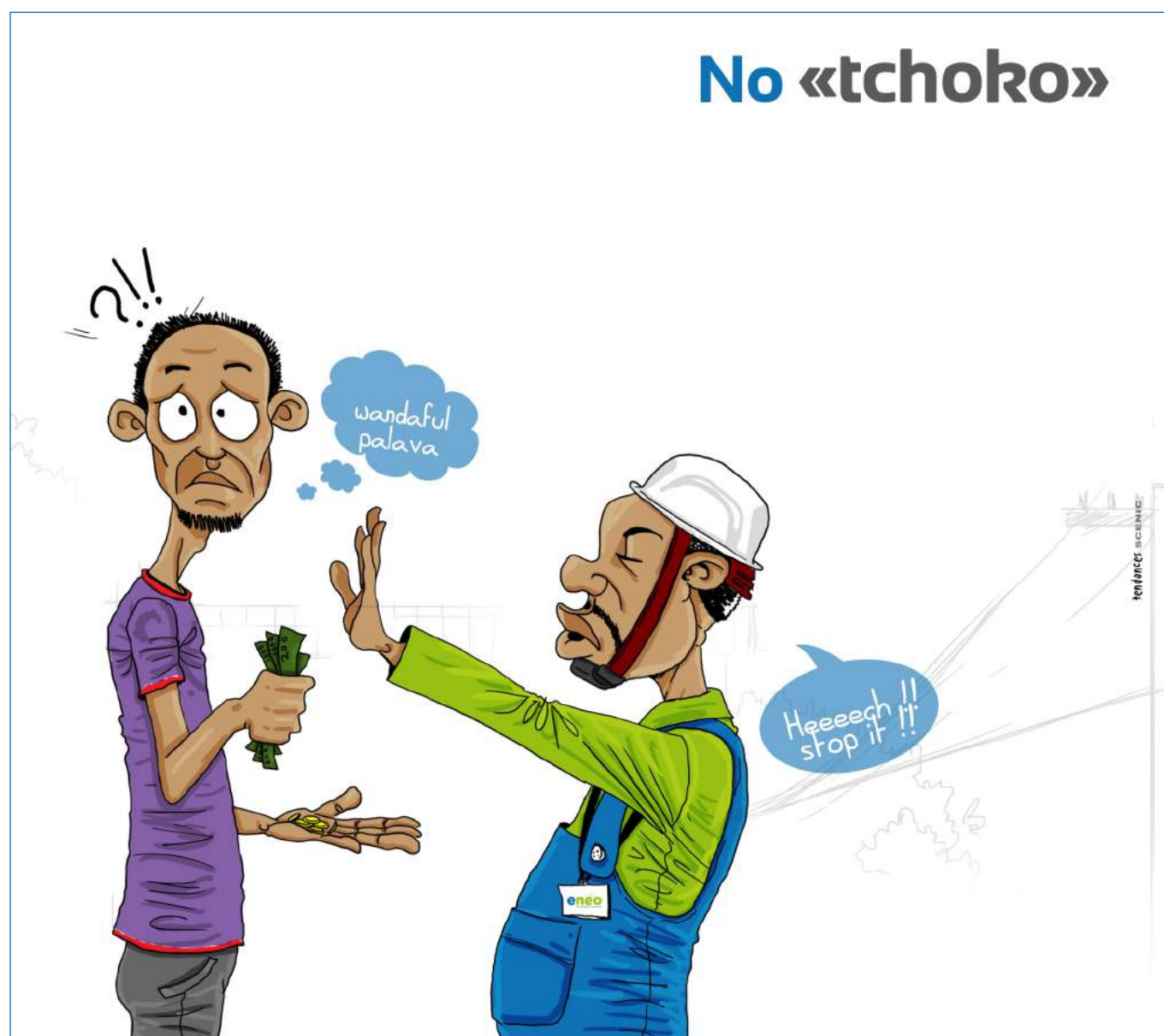
	2017	2016	2015
<b>Safety and Environment: HSE</b>			
Eneo & Subcontractor fatality	1	4	3
Public fatality	6	7	15
Public sensitization	13 775	18 781	6 037
Occupational Accidents	15	11	6
<b>Finance (FCFA Millions)</b>			
EBITDA	43 483.7	32 552.9	2 344
Net Result	4 309.3	2 528.6	-22 743
Investments engaged	35 billion	35.1 billion	27.9 billion
Cash flow balance	4 378	21 033	29 298
<b>Operational Efficiency</b>			
Transmission Losses	6,42%	6,53%	5,76%
Distribution & Commercial losses	31,51%	29,48%	30,51%
Collection	97,18%	97,97%	95,87%
Demand coverage	99,12%	98,97%	99,02%
Power plants availability	91,01%	85,86%	83,88%
<b>Technical service quality: Interruptions</b>			
Unserviced Energy (END) Generation MWh (excluding load shedding)	2 677	3 072	2 136
Unserviced Energy (END) Network MWh (Transmission)	17 026	30 427	15 285
Unserviced Energy (END) Network MWh (Distribution)	21 000	24 700	21 285
Load shedding (MWh)	21 059	9 748	24 043
SAIDI (Hours) : Distribution	123,96	91,56	88,96
<b>Commercial (service quality)</b>			
Customer satisfaction index	65%	62%	53%
Connections	99 431	90 533	88 032
Active customers	1 184 372	1 101 373	1 020 362

## Small steps... towards a stronger governance

Since 2014, our governance mechanism has been reinforced.

From 2015 to 2017, the employees of Eneo and partner enterprises were trained on the code of ethics and business conduct. Within the framework of sanctions, over 60 staff were terminated for violating the code (theft, fraud, rip-off, and swindling of customers).

	2015	2016	2017
Code of Ethics and Business Conduct	●	●	●
Training of staff and Business Partners on the Code and Compliance Hotline	●	●	●
Member of Business Coalition for Good Governance	●	●	●
Risk Management and Risk Matrix		●	●
Rapid Result Initiative (RRI) to improve connection delays		●	●
Control Self -Assessment (CSA) for risks and internal controls		●	●
Compliance Committee		●	●
Contractor Management		●	●
Control Self-Assessment with Third Party Contractors			●
Quality Control/Quality assurance on data, and information			●



## HSE and Corporate Social Responsibility

### Reactive safety

Generally, fatalities and the number of injuries involving the public reduced respectively by 14.3% and 14% compared to 2016; this is due to the reinforcement of public awareness campaigns, emphasis on emergency interventions and improvement of the network (increase in safety and replacement of poles) in areas considered risky.

### Proactive security

The resolution of declared critical cases through our call centre (8010) increased by 29% compared to 2016. Eneo has continued to reinforce communication and education vis-à-vis the general public. 881 262 persons were directly sensitized compared to 808 302 in 2016 thanks to better identification of high-density vulnerable zones and the involvement of all employees since 2015.

### Public security

We have recorded on average 43 injuries and 15 fatalities since 2005. From 2015 to 2017, the number of public injuries has dropped by 62% (62 in 2017), and fatalities by 60% (6 in 2017).



Enhancing safety culture in schools

Despite this progress, the number of incidents and accidents persist on the electrical network due mainly to :

- Construction within line corridors (with or without building permit) ;
- Unauthorized interventions on electric facilities;
- Theft of electric components and electricity (resulting in 30% of losses) ;
- Unauthorized pruning;
- Difficulties related to relocating the population already installed within corridors and exposed to electrical risks;
- Difficulties related to regulating the use of electric poles by cable operators;
- Vandalism and electric fraud.

Public safety should be a national cause for concern and a collective commitment.  
Eneo thus reaches out to stakeholders to intensify the education of communities.

The upshot is the putting in place of a partnership with the Ministry of Secondary Education which allowed for the inclusion in school curricula of a module on electric safety. Other partnership agreements of the same nature are in progress with the Ministry of Youth and Civic Education as well as the Ministry of Basic Education.



Education talk with students in a risk-prone area in the outskirts of Douala

### Corporate social responsibility

Eneo Cameroon aims at growing its business and at the same time contributing to the social, cultural and economic well-being of the communities that it serves.

The company has put in place win-win collaboration platforms with local communities and promotes social corporate responsible behaviour and the notion of sustainability with regard to its employees and partners.

Eneo is involved in the domains of health and environment, education, local socio-economic development, low-cost electrification and empowerment of youths.

That is why Eneo assisted a great variety of projects in all regions of Cameroon in 2017.

#### ● Promotion of safety culture in communities :

The programme "Safety Ambassadors" was intensified in 2017, allowing for the direct sensitization of 881 262 persons by Eneo employees compared to 808 302 in 2016 ;

● **Promotion of safety culture in schools** : out of 881 262 persons sensitized in 2017, 80% were pupils that were sensitized in their schools through educational talks. 2 756 pedagogic inspectors and facilitators were trained on presenting talks on electric safety with pupils of 1 476 schools. 623 safety clubs were set up in schools to allow for constant meetings and exchanges amongst pupils to discuss matters relating to electric safety ;

● **Environment 1** : 100% of environmental permits and site operation authorizations were obtained ;

● **Environment 2** : The project Tree 4 Life was rolled out in the council areas of Fundong (North-West) and Lagdo (North) including an extension to Maroua, Waza and Kousséri. It entails win-win partnerships for the promotion

of the cultivation of the eucalyptus Celina (Fundong) and the protection of the environment (Grand-North). 45 000 eucalyptus trees were planted from 2015 to 2017 in Fundong; 8 000 neems and acacias were planted in the Grand North. This project contributes to the fight against desert encroachment in the Grand North, assists in the financial empowerment of the Fundong local council area, puts at the disposal of women associations land for agricultural activities that generate revenue for their well-being and local development (8 hectares per year) ;

● **Decent indirect jobs** : 80% of Eneo's technical activities are carried out by 4000 workers of subcontractor companies;

● **Partnerships with communities and local socio-economic development** : The project "D-Lines Cleaners" launched in 2017 establishes a win-win partnership with local communities aimed at cleaning the base of electricity distribution line poles to protect them from bushfires and limit incidents due to contact of vegetation with cables. 83 CIGs (Community Interest Groups) and EIGs (Economic Interest Groups) are already committed in 06 Regions, and over 30.000 bases of distribution line poles have already been cleaned up. This contributes to local economic development through payments made to CIGs and EIGs, the reduction of local youth unemployment (part-time work already offered to over 650 youth) and the curbing of rural exodus;

● **Health and Environment** : 02 boreholes were offered to the communities of Waza and Kousséri to enhance their quality of life through the reduction of waterborne diseases. 14 range of treatments carried out in the Sanaga Basin to fight against the incidence of the blackfly, vector of river blindness and other socio-economic inconveniences;

● **Social solidarity** : support provided to the education of 400 children of vulnerable communities (Bakola and Bagyeli pygmies) through gifts of complete school kits. Support provided in the construction of a centre for the treatment of mental and epileptic patients at Fontem in Lebialelem.



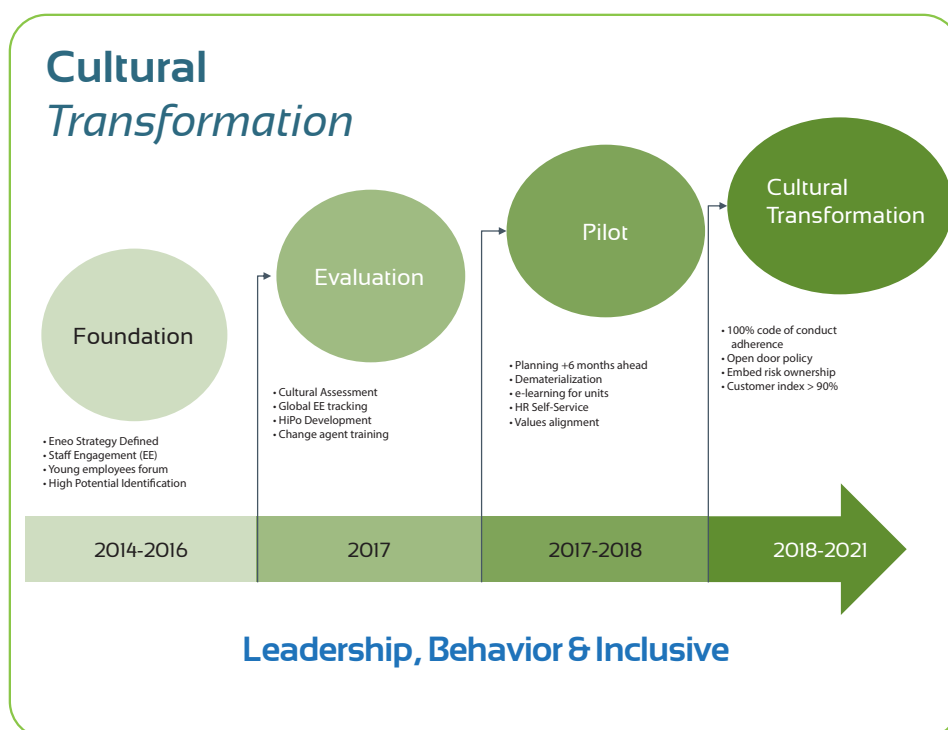
The General Manager immersed in a thermal-powered plant

## Cultural transformation

### «Think Big, Start Small»

An aggressive corporate culture can destroy the most pertinent strategies. Concentrating on building a strong and binding culture has been an absolute priority at Eneo.

In order to develop commitment and ensure participation of employees in the corporate life, Eneo is building a managerial culture of trust and responsibility to give employees the means and autonomy vis-à-vis the customer. The company is counting on openminded people, abreast with new technologies, able to challenge the status quo and who have a natural ability to lead.





Training to facilitate meter reading

The human resource strategy is based on six pillars:

- 1. Workforce rejuvenation ;**
- 2. Diversity reinforcement ;**
- 3. The increase and strengthening of training and leadership actions ;**
- 4. Identification of high potentials and follow-up of their development;**
- 5. Improvement in individual and collective remuneration;**
- 6. Staff commitment.**

#### **1. Rejuvenation of the workforce**

With the recruitment of 900 youths since 2014, the average age moved down from 45 to 42.6 years, which is proof of the rejuvenation effort undertaken. Actions have been put in place to reduce this average to 40 years by 2022.

The number of permanent contracts in 2017 moved up to 249 with over 46% in the technical domain to reinforce service quality. The average age of these recruits stands at 29 years.

The services of Cameroonians in the Diaspora were called upon; some highly skilled experts who wanted to contribute to a positive change in their country of origin. Cameroonians make up 99.99% of Eneo's workforce.

#### **2. Reinforcement of diversity**

Diversity underpins the values of Eneo. It is a governance principle through which the respect of sensitivities, points of view and various actors are the denominators. Started in 2013, the gender diversification process is translated into the significant participation of women in its pool of managers. Worthy of note is the 24 to 27 percentage point increase in the number of women in senior staff positions in the company.

At present, women represent 24% (compared to 23% in 2016) of the company's workforce. Three (3) women leaders were part of the management team in 2014; today there are over 20. This progressive feminization and rejuvenation of the workforce were also accompanied by a start in the reduction of wage disparities and the resumption of training.

#### **3. Capacity building and strengthening of training and leadership actions**

3 951 persons (employees and subcontractors) were trained in 2017 compared to 2 157 in 2016, i.e. up 54.5%. A performance driven by the reinforcement of training in the network and generation domain, the number of training dedicated to recruits at the Eneo training centre at Ombe as well as the retraining of our partners.

#### **4. Identification of high potentials and follow-up of their development**

The management of all these talents was two-fold: (1) identification of employees with great potential for which leadership and management training was initiated to build their managerial skills and prepare them for a better integration in the career plans. Then, (2) the launching of a training process to improve the flexibility of young engineers.

#### **5. Improvement of individual and collective remuneration**

The GINI index (ratio between average remunerations of 10% of employees earning the highest salaries and that corresponding to 10% of employees earning the lowest salaries) is improving year by year and drops from 6.06 to 5.40 from 2016 to 2017.

### 6. Commitment of personnel

Upon its arrival, Actis made the transfer of 5% of the share capital to personnel a priority. The successful outcome of this request shouldered for a long time by personnel is, according to workers' trade unions, "one of the greatest success of Eneo at the social level." The completion of this process led to the rolling out of the concept "Eneo belongs to us," which has contributed to reinforcing the spirit of commitment of personnel.

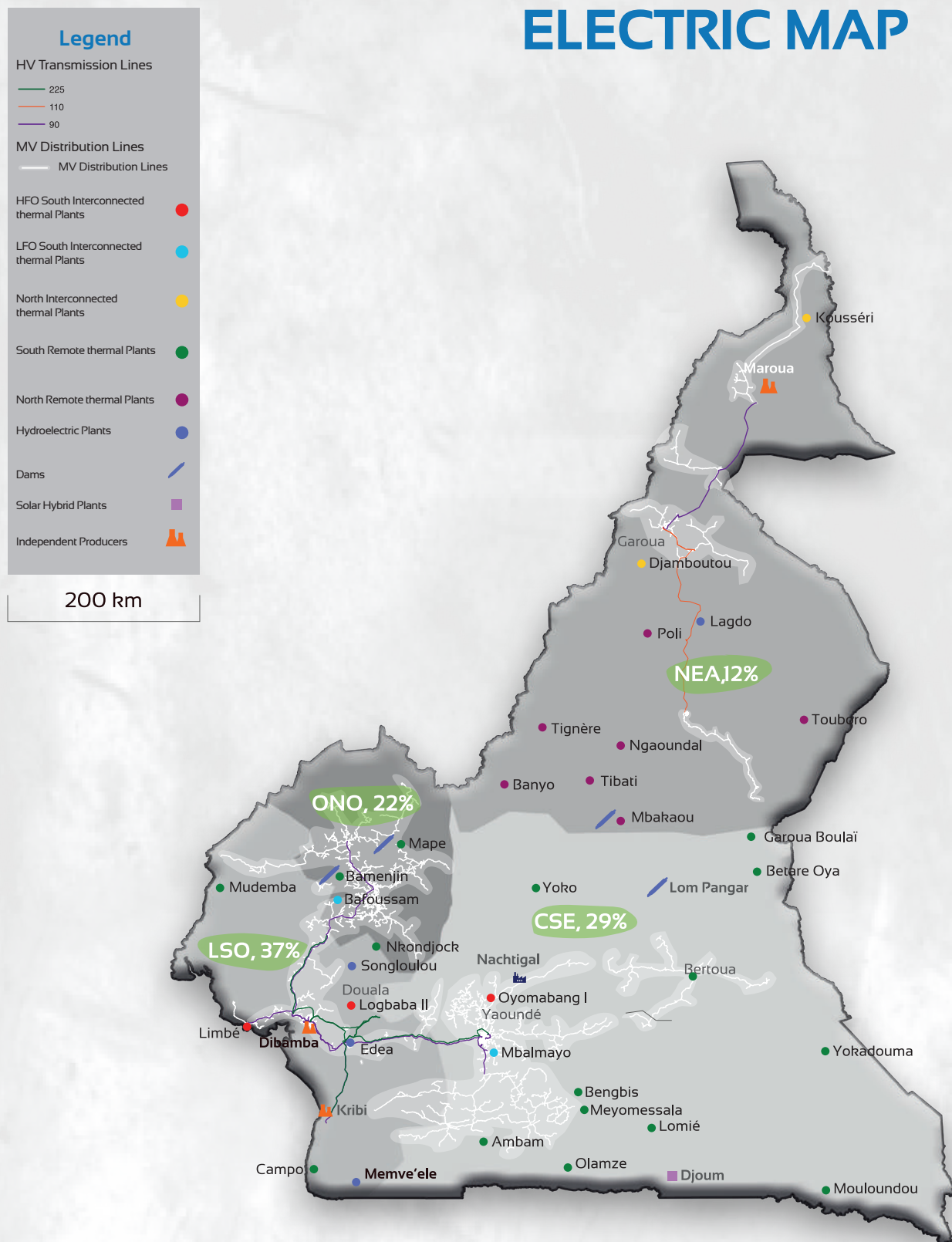
Employees take part in the disciplinary board, and we have a local content policy. Since a well-defined portion of our activities is henceforth assigned to local enterprises, we support the latter through sound advice or other facilities.

In the past three years, we have adopted an integrated leadership approach "Think Big. Start Small." It consists in concentrating on small initiatives that yield rapid results. It is based on three levers: defining the big strategic picture and using it as a compass to guide the daily tactical actions through high impact small practical improvements.



A Customer Care Centre to stay connected to consumers

# ELECTRIC MAP



## Some figures as at 31 December 2017

**Customer base (July 2018) :** 1 224 505 with 1 052 564 Residential (951 501 in 2014)  
100 000 new families and businesses in average connected every year.

**Employees :** 3 750 (3 587 in 2014)

**Rate of access to electricity :** around 62% in 2017 ; 60,1% in 2016  
et 58,1% in 2015 (\*World Bank figures )

**Cameroon's installed capacity :** 1 360 MW, 998 from Eneo and 362 from IPPs



Rehabilitation of the Songloulou hydro-powered

## Technological transformation

*Technology to create a model of digital and humane employer*

Digital revolution has transformed corporate management. Accelerating transformations at Eneo through technological innovations has significantly impacted several aspects of the company's activities and customer experience.

Hereunder are a few examples of these transformations.

**Mobile payments** : the introduction of new methods of paying electricity bills via different partners, including mobile telephone companies and money transfer agencies in a bid to cut the queues and waiting time in Eneo commercial agencies. Today, these methods represent 27% of our cash collection against 21% in 2016.

**Online Agency** : the e-agency, MyEasyLight, is working to professionalize its services and customers can henceforth receive and view their bills online, self-read their meters, submit a claim and follow up its processing. They can equally apply for a connection/subscription.

**The Customer Care Centre (short number 8010)** : 93% of the incidents reported via the call centre are now resolved within 48 hours. The time lapse between the occurrence of an incident and its correction has improved the treatment time.

**WhatsApp Communities** : Customers grouped by agency or technical base interact with managers of their billing zones on electricity service issues (information, claims, complaints, etc.). As a result, the spontaneity and correction of problems raised by customers have improved. These customer forums are being tested in Douala and Yaoundé.

**The software CYMDIST for optimum distribution network planning**

This software helps to study, plan and simulate distribution network activity under diverse conditions and operating constraints. Some of its functionalities include load dispatch, optimum network configuration, network contingencies analysis, network planning, analysis of network reliability, fault location, etc. This tool was used to finalize network extension and optimization projects, including 6 implemented in 2017 in Douala and Yaoundé, as part of the pilot phase. The lessons learned will serve to scale network projects in 2018 to help control energy losses and improve access to electricity.

**Prepaid meters**: 300 meters were experimented under the pilot phase in Douala South (New-Bell) area. This phase helped to define the success criteria of this new mode of consumption and meter reading.

**TIMS (Technical Information Management Systems) :** Since 2016, the company has put in place a modern system (Maximo) that will integrate in the long-term at least 90% of technical and related data. By modernizing technical activities and by building the capacities of teams, it will allow for the increase in productivity of about 15%, thanks to reliable and available technical information.

By the end of 2017, maintenance automated processes (preventive, curative and emergency) for operations related to the exploitation of the distribution network were already operational. Following the rolling out of the Maximo solution throughout the company, over 600 users have been trained (technicians, supervisors, maintenance heads, operation delegates, regional directors) on the use of the system.

**Distribution Management System (DMS) :** In its effort to modernize operations, the company purchased this system to ensure adequate control, monitor installations, manage outages and obtain statistics on the electricity distribution network.



Meter reading via smartphones operational

**Digital meter reading :** An Android platform was deployed in all the regions to read meters and be able to save customers' GPS information and take pictures. Meter reading and also billing are improved.

**Geographic Information System (GIS) :** This system is designed to improve the location of customers and the facilities supplying them, and have faster and more reliable interventions. For example, as part of the implementation of our wood-pole strategy, poles are systematically geo-referenced during line inspections, which will facilitate their replacement and repair.

**Metering Management System and Smart Meters :**

The Metering Management System (MMS) is a system of remote reading of meter indexes. The platform allows the reading of smart meters remotely. This system is advantageous as it offers a frequent and reliable reading of the consumption, eliminates the discomfort of the customer receiving the meter reader, guarantees the permanent distribution of bills and limits risks of claims. The company acquired the MMS platform in 2009 and used it for Medium Voltage with industrial meters. In 2016, this platform was upgraded to integrate high-value Low Voltage (LV), customers. At end 2017, 500 smart meters were activated in Douala and Yaoundé. In 2018, more customers will be offered this service, and the platform will be streamlined to allow quicker interventions on meters in the occurrence of an anomaly.

**Optimization of management software package :**

Deployment of SAGE 1000 with new services and modules to accelerate growth, be more efficient and harmonize the company's information system with a unique tool. This tool covers a broad scope of activities: purchases, sales, account management (accounts payable, accounts receivable, fixed assets, personnel, management control, production management/planning), stocks management (logistics).

**Digitisation of interactions with HR :**

management of leaves, mission allowances and overtime, travels and the access control system. This resulted in an overall cut in expenses of 35% compared to 2016, which was converted into investments to improve service quality.



Songloulou: 384 MW guaranteed today and rehabilitation to add it 30 more years

## Works to secure the Songloulou dam

The Songloulou dam, the main hydro-powered facility in Cameroon with an installed capacity of 384 MW, was constructed between 1976 and 1981. Due to age, the facility is facing numerous challenges. A program for its rehabilitation is under implementation. This program will be supplemented by a large-scale rehabilitation plan aimed at guaranteeing the safe operation of the dam over an additional period of plus 30 years.

A dam like the one in Songloulou may face diverse risks (floods, land breaking, landslides, earthquakes, etc.). Given the human and economic activities ongoing downstream, and the potential disaster on the population, should the dam break open, the facilities need to be rigorously and permanently monitored, controlled and maintained.

A diagnosis conducted revealed early aging of the dam. In this regard, experts and former plant operational staff have been consulted. Eneo equally consulted the population, administrative authorities, the civil society, and the media. At the end of these consultations, an action plan was validated. The investments required have been mobilized and will be supplemented to address the challenges of this facility.

### Current challenges of the Songloulou dam

Concrete swelling was identified six years after the commissioning of the first generating sets in 1981. This has had diverse consequences on the dam's operation and safety, notably with the formation of more or less open cracks. Since 1991, a range of studies have been conducted and actions undertaken to help improve the safety of the facility and control the impact of the swelling on the installations.

One of the studies led by renowned experts in the field of hydro-powered facilities consisted in analyzing the security conditions of the dam, working out a rehabilitation program and quantifying the work required. Samples of concrete were collected on the facility and tests conducted to determine the present condition of the concrete (progression of the pathologies, resistance, etc.). According to the preliminary conclusions, the concrete of the Songloulou dam is suffering from a pathology known as "alkali-silica reaction," which causes the swelling.

### **Ongoing rehabilitation works.**

The main rehabilitation works currently focus on treating the cracks, which are formed as a result of the expansion of concrete, repairing the underwater piping system, repairing gates of penstocks, replacing the hydro-mechanical equipment of the flood spillway, reinforcing the monitoring or auscultation system of the installations.

The existing dam monitoring system has been rehabilitated and supplemented by new measuring devices to help to automatically read the data on a computer in the control room in real time. This system is a set of control and alert devices that presently allow us to adequately anticipate or do proactive maintenance.

The clogging of cracks on the dam protects it from seepage, which causes corrosion of structural fittings and expansion of the concrete.

Inside the body of the dam, close to two hundred heavy iron bars are implanted around 64 points along the catchment dam to support its foundations and reinforce its stability.

Similarly, other studies are ongoing to determine the actual work to be carried out on the foothills, these masses of concrete blocks supporting the installations.

Some of these operations often require the stoppage of one or several turbines, thus causing a temporary production shortfall. The work currently ongoing should improve the operation of the main mechanical installations (gates and other penstock closing equipment).

### **A more comprehensive plan tomorrow**

The ongoing works will be completed in 2019. After this work, the complete overhaul of hydro systems to rehabilitate the dam will be launched. The aim is for Cameroon to enjoy the dam for an additional period of plus 30 years.

The extension of the Eneo concession agreement is an opportunity to mobilize the required total cost of investment which at the moment stands at CFAF 78 billion, for the additional work that may last for roughly 10 years.

The work ongoing and other future works have an impact on generation: we are or will be called to stop one or two generating sets, out of the eight, to carry out the work completely and safely.

The resulting production losses are estimated at a cost equal to the cost of the work. However, this will be required to give this jewel the facelift we all crave for.



Divers in Songloulou spend several hours under water to seal cracks

## Wood poles : for the safety of our communities

« For some time now, when we pass close to an electrical pole, we get scared, be in on foot or in our vehicles. We have sometimes witnessed powerless the fall of a pole on a pedestrian. An unbearable scene », a resident of Makepe Missoke narrates.

For more than 10 years, wood poles are no longer seen as a means of electrification and standards of living. They scare our communities. A feeling aggravated by the many fatalities recorded among the people coming in contact with hanging cables due to fallen poles. The association "On est ensemble" [We are together] is a group of youths living in Bepanda neighborhood. Committed to improving the living conditions of the people in this neighborhood, the association has been the voice of the people of Missoke against the "phenomenon of falling poles." Calls to the Customer Care Centre, Mails, and meetings with Eneo managers. "We have poles blocking entrances to people's homes, poles on the ground for several months, cables along the roads; we are not safe," said Kala Lobe, one of the leaders of the association "On est ensemble" in 2017.

A year later, he declared that « the safety of the population is becoming a reality. We have interlocutors who listen. Together with Eneo, we have identified all the unsafe conditions in the neighborhood and Eneo implemented a program to replace the poles and correct all anomalies. We have new poles in the neighborhood and the cables have been changed. » The model of cooperation in managing wood poles related problems in highly affected neighborhoods in Douala North is part of the techniques adopted in the area as part of the implementation of the new strategy on wood pole management defined by the Management of the company.

Henceforth, we will focus on proactive actions: line inspections, identification, and replacement of wood poles deemed critical, without waiting for them to collapse. Metal poles have also been introduced to stabilize the network. Some 4 000 metal poles implanted between 2015 and 2017. Overall, taking into account the wood poles replaced, we have more than 230 000 poles secured since 2014.

To boost this new approach, the capacity of the wood



Wood poles: the new wood poles strategy under implementation since 2017

pole planning and production unit of Eneo based in Bafoussam has undergone some transformation.

The action of protecting the lives of people around our electricity networks will be further streamlined, given the other challenges faced by the company in this area: improving quick response time in case of incident or accident, continuously modernizing the alert system, finding more innovative solutions to improve the performances of the distribution network.

« The safety of the population is becoming a reality. We have interlocutors who listen. Together with Eneo, we have identified all the unsafe conditions in the neighborhood and Eneo implemented a program to replace the poles and correct all anomalies. We have new poles in the neighborhood and the cables have been changed ».



Songloulou: availability improved in 2017 driven by excellent mastery of the maintenance program

## Availability of generation facilities

### *Supply and Demand balance*

A few years ago, the supply was unable to meet the demand fully. Sometimes, we had outages for more than eight hours successively. Today, we have achieved the balance. The high-impact projects announced will help to maintain this level.

In 2017, Eneo generation facilities largely contributed to meeting the overall demand, compared to the performances recorded in 2016. Actually, it represented 77.7% of the overall energy supply against 77.9% in 2016 and 73.6% in 2015.

The availability of facilities was improved, driven by excellent mastery of the maintenance program and the postponement of some important scheduled works.

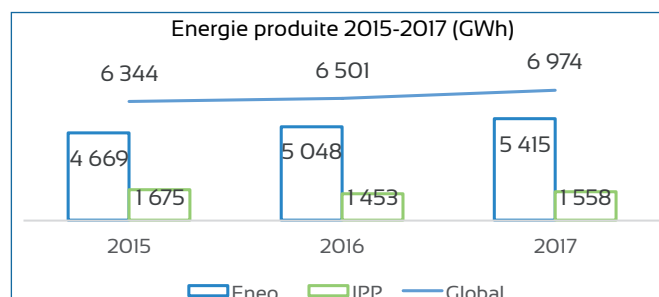
In 2017, demand growth rate regarding production stood at 7.2% against 2.4% in 2016. We realized a higher energy demand from Alucam and the public sector compared to 2016.

### *The Southern Interconnected Grid*

The stability between demand and supply was met, in a context of growth in demand and the delay in commissioning some expected facilities, notably Memve'ele.

### *The Northern Interconnected Grid*

The production shortfall recorded in 2016 due to the low water level at the Lagdo power plant worsened in 2017. This shortfall was not fully covered despite the commissioning at the end of the year of the Maroua thermal power plant with a capacity of 10 MW. The company is planning actions in 2018 to improve the situation.





Continuation of the replacement of damaged wood poles to contribute to improving supply

## Technical quality of service

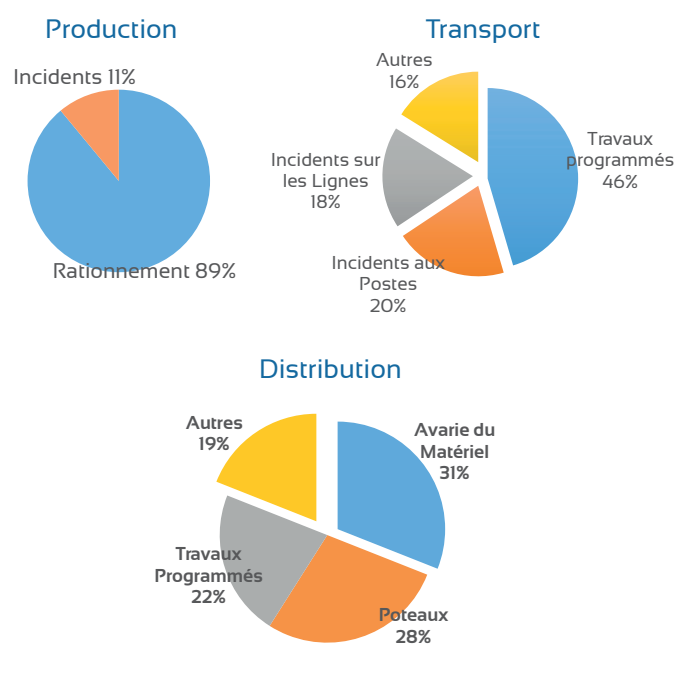
There was some slight improvement in technical service quality in 2017, mainly driven by significant drop in unserved energy (USE) in Transmission by roughly 44%. A 15% drop was equally recorded in Distribution thanks to adequate preventive maintenance.

Compared to 2016, unserved energy caused by wood poles dropped by 11% compared to 2016. On the other hand, materials damage dropped by 17%. The plan to further reduce USE provides working on the top 10 problematic lines already identified, and rigorously implementing the maintenance program.

Some of the actions that contributed to improving distribution network performances are as follows:

- The continuation of the replacement of damaged wood poles;
- The increased implantation of metal poles;
- The installation of at least 300 new transformers and construction of new lines (network extensions);
- The replacement of damaged transformers;
- The systematic inspection of lines and substations;
- The creation of preventive maintenance teams;
- The creation of 6 new technical hubs in Douala and Yaoundé.

Figure: Sources of unserved energy



Even though transmission activities and the transmission systems operation are being transferred to Sonatrel, Eneo is committed to continuing the maintenance of transmission equipment and undertaking necessary investments to maintain a good level of service quality.



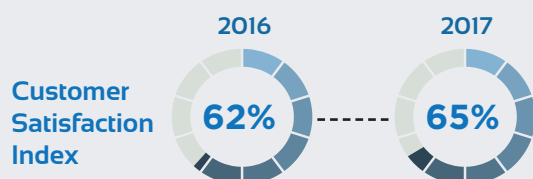
Close campaign to facilitate access to electricity

## Commercial service quality and customer experience

*Eneo has improved its customer satisfaction index, going from 62% in 2016 to roughly 65% in 2017.*

This performance was driven by specific actions, with a few listed below :

- The creation, streamlining and restructuring of several technical bases, which contributed to reducing the duration and frequency of outages in distribution;
- The simplification of warehouses procedures to take out materials in case of an incident on the network;
- The gradual improvement of customer reception in the agencies and online via MyEasyLight;
- The implementation of new methods of electronic payments, as well as new payment points;
- Increased access to electricity.



A new power transformer for one of the distribution supply substation

## Losses reduction

*One of the major challenges faced by the company is Distribution losses. Standing at 30.51% in 2015 and 29.48% in 2016, it increased to 31.51% in 2017.*

The action plans implemented in 2017 to reduce these losses were based on four key pillars :

- Use of smart-meters to normalize supply points;
- Conversion of illegal customers into genuine customers and improvement of billing;
- Optimization of networks: This entails evaluating the electrification needs of new layouts in cities that are not connected or are poorly supplied due to the creation of fraudulent networks. Secondly, constructing new networks to supply electricity to many households and companies. Four pilot projects were successfully implemented in Douala and Yaoundé. The lessons learned from this pilot phase will help to plan an adequate optimization program in 2018.
- Reactive compensation: At times, the installations of some customers (small trades or SMEs) deteriorate the quality of energy they are supplied. The performance and service life of this equipment equally decline. The program on reactive compensation consisted in installing for such customers devices known as condenser banks that measure the quality of energy supplied and ensure the reliability of readings of the energy consumed. 382 customers were concerned in 2017.

The program started in 2017 will be continued and reinforced in 2018.



Maroua thermal-powered plant: Additional capacity of 10 MW for the Northern Region since 2017

## Investments

In 2017, distribution represented close to 50% of Eneo's investment program. The focus was on reducing losses and improving service quality by intensifying and extending distribution networks.

At the end of 2017, investments up to the tune of CFAF 35 billion were engaged.

A few major investments in 2017:

### **Generation :**

- Songloulou hydro-powered plant rehabilitation program;
- Commissioning of Generating Set 7 in Edea II power plant;
- Rehabilitation of Oyomabang thermal power plant;
- Construction of a new 10 MW thermal power plant in Maroua.

### **Distribution and supply substations :**

- Installation of a higher capacity transformer in Mbalmayo substation;
- Installation of a higher capacity transformer in Bafoussam substation;
- Split of transformers;
- Construction of networks (10 km in Medium Voltage and 16 in Low Voltage).

### **Transmission :**

- Securing power supply in the Yaounde city;
- Clearing of crows' nests on the main transmission line between Edea and Yaoundé (Mangombe-Oyomabang), and installation of anti-nest devices on some main towers;
- Acquisition and installation of three new power transformers at the Oyomabang substation;
- Repair of power transformers at the Logbaba, Bonaberi and Oyomabang substations;
- Rehabilitation of towers on the Mangombe-Dibamba-Ngodi and Ahala-Nsimalen transmission lines.



One of the three large transformers installed in Oyomabang to ensure supply in Yaoundé

## 2017 Financial Performance

## Income Statement

In millions of CFAF	2017	2016	Variances
Operating revenue	371 400	342 649	28 751
Operating expenses	351 768	320 226	31 542
Operating results	19 633	22 423	(2 791)
Financial result	(7 702)	(12 068)	4 365
Off-ordinary activities result	246	5	241
Income tax	7 867	7 832	35
Net income	4 309	2 529	1 781

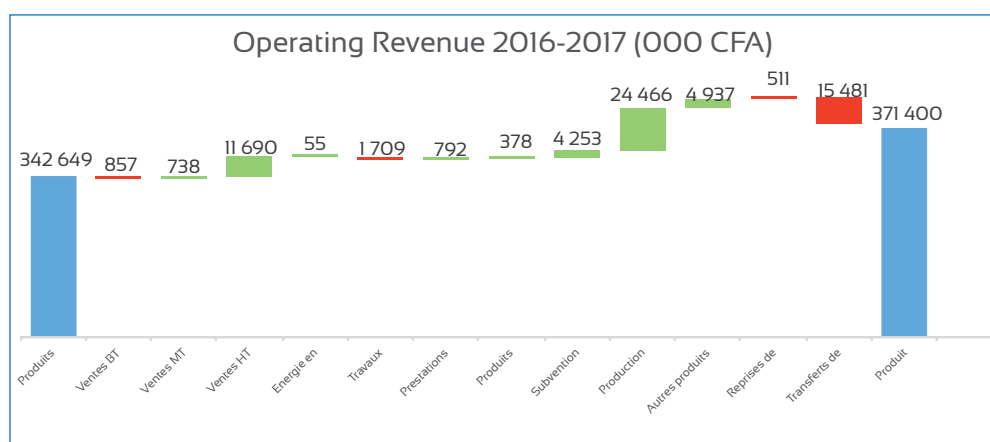
Table 13: Income Statement

The CFAF 4.31 billion annual net income is relatively fascinating despite the drop in current operating income (FCFA 19.63 billion vs 22.42 billion), which is attributed to better financial activity performance notably depreciation expenses and financial provisions as well as financial expenses.

## Operating Revenue

Operating revenue rose by 8.5% between both periods, which is CFAF 28.7 billion, mainly due to the increase in sales and other products as well as self-constructed assets :

- The compensation variation of CFAF 4.25 billion due to an increase in demand;
- The CFAF 11 billion increase in the sales of energy and other products;
- The CFAF 24.4 billion increase of self-constructed assets;
- The CFAF -15.4 billion shift of capitalizable costs.



Turnover

Turnover (in millions of CFAF)	2017	2016	Variation
LV Sales	164 984	165 840	(857)
MV Sales	91 520	90 783	738
HV Sales	28 936	17 246	11 690
Unbilled metered energy	(2 168)	(2 223)	55
Invoiced works	6 733	8 441	(1 709)
Invoiced services	1 500	708	792
Miscellaneous revenue	157	(221)	378
Total TO (duty free)	291 662	280 574	11 088

Table 14: Turnover

The 2017 Turnover increase of 4% compared to 2016 is accounted for by the following factors :

- LV Sales and MV sales increased in direct proportional to the 4.8 % increase in demand from 2016 to 2017.
- The CFAF 11.7 billion increase in HV Sales is due to the billing of ALUCAM at 190 MWh throughout the year as against 130 MWh for 6 months (from January to June 2016) last year, as per the Rampdown-Rampup contract aimed at offsetting the impact of the dry season.
- The invoiced works did nonetheless decrease by CFAF 1.71 billion.

Miscellaneous operating revenue

Miscellaneous operating revenue (in million CFAF)	2017	2016	Variation
Operating subsidy	24 487	20 235	4 253
Self-constructed assets	29 179	4 714	24 466
Other revenue	17 652	12 714	4 937
Transfer of operating provisions	5 634	6 146	(511)
Transfer of operating expenses	2 786	18 267	(15 481)
Total	79 739	62 075	17 664

Table 15: Miscellaneous operating revenue

**Operating subsidy** increased by CFAF 4.25 billion, which is CFAF 24.5 billion recorded in 2017 resulting from tariff compensation as against CFAF 20.2 billion in 2016. This variation is mainly due to the difference between the turnover achieved and the authorized minimum.

**Transfers of operating provisions** dropped slightly by 8%.

**Other revenue** witnessed an increase of 4.9 billion compared to 2016 due mainly to the transfer of expenses provisioned on Bad Debt of CFAF 1.9 billion, transfer of operating expenses

provisioned on duties and taxes following the payout of the latter (CFAF 3.5 billion).

This increase is somewhat attenuated by the service rules provision with a negative variation of CFAF 1.4 billion.

**Self-constructed assets and Transfers of expenses** Variations in the opposite direction of headings transfers of expenses and self-constructed assets result from the reclassification done in order to comply with OHADA requirements, for an overall increase of CFAF 9 billion.

### Operating Expenses

Operation expenses (in million CFAF)	2017	2016	Variation
Purchase of raw materials	25 962	21 460	4 501
Inventory change raw materials	(1 277)	(842)	(435)
Other purchases	127 727	120 282	7 445
Inventory change other purchases	2 763	99	2 664
Transports	1 350	1 598	(249)
External Services	74 633	63 642	10 991
Duties and taxes	14 257	12 393	1 864
Other expenses	27 552	20 359	7 192
Personnel costs	46 530	46 692	(161)
Allocation to depreciation and provisions	32 271	34 542	(2 271)
<b>Total</b>	<b>351 768</b>	<b>320 226</b>	<b>31 542</b>

Table 16: Operation Expenses

Operating expenses increased by 10% thanks to the following factors :

#### Purchases of raw materials and other purchases

Purchase of raw materials (inventory purchases and variations) increased from 2016 to 2017 by CFAF 4.5 billion in absolute value, or 21% in relative value, due mainly to and the total commissioning of the Lom Pangar storage dam flow rate for CFAF 10 billion in 2017 as against CFAF 4 billion in 2016 where the contractual flow was lesser.

Other purchases increased by CFAF 7.4 billion essentially as a result of the resumption of the normal annual production cycle after the enforcement of the Ramp-down/Ramp-up contract with ALUCAM.

#### Other Operating Expenses :

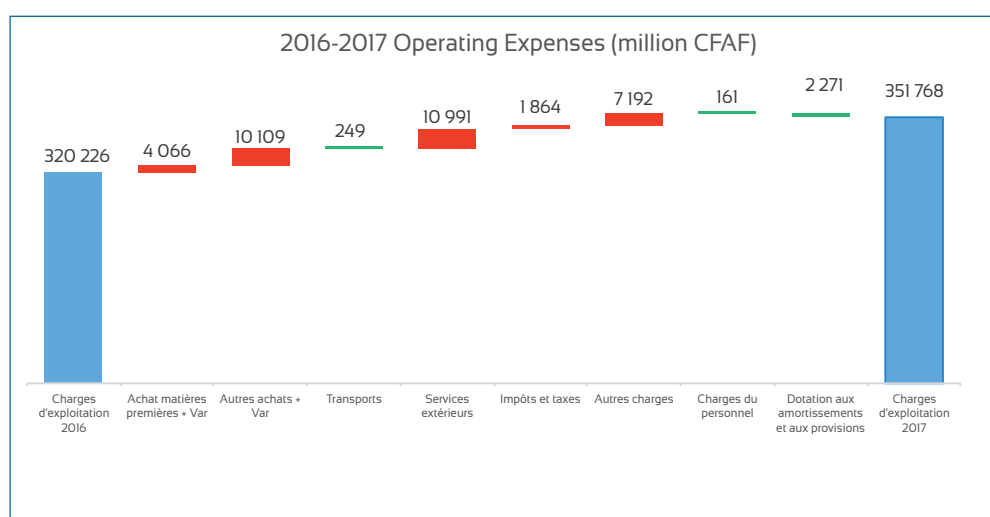
**External services** increased by CFAF 11 billion, as a result of the increase (CFAF 10 billion) in the maintenance expenses of power plants, lines and substations, as well as of the increase of commercial expenses (+CFAF 3.1 billion).

**Personnel expenses** remained virtually the same for both periods.

**Other expenses** increased by 35%, or CFAF 7.2 billion in actual terms, including over CFAF 4.8 billion loss on trade account receivables, CFAF 1.8 billion KPDC late payment fees and allocation of provision for tax late payment penalty of CFAF 1 billion.

**Depreciation expenses** and provisions decreased by CFAF 2.2 billion, or 7% in relative terms.

The graph below depicts the contribution of the various operating expenses between 2016 and 2017 :



### Current Operating Income

Operating revenue increased by 8.4% concurrently with 9.8% increase in operating expenses, hence the 12% drop in current operating income.

### Financial Performance

Financial losses in 2017 are less significant than in 2016, with a 36.2% positive variation due to a decrease in dollar exchange rate between both periods thereby creating a revenue of CFAF 2.9 billion and the reduction in long-term loan interests by CFAF 1.3 billion.

### Off-ordinary activity results

The off-ordinary activity revenue comes entirely from the sale of fully amortized capital assets (transformers and generating sets), with zero book value.

(Million CFAF)	2017	2016	Variances
Non-current assets	506 161	505 906	255
Current assets *	174 570	179 542	(4 972)
Asset cash position	18 565	24 446	(5 881)
Equity capital	236 354	236 473	(119)
Long-term debts	178 110	204 457	(26 348)
Current liabilities *	246 486	230 529	15 957
Liability cash position	38 346	38 434	(88)

Table 18: Balance Sheet

\* Including exchange differentials

### Industrial Tool Analysis

The non-current asset as at December 2017 was worth about 46% of its initial gross value, which thus suggests investments growth need for equipment or facilities.

### Shareholders' Equity and Assimilated Resources

Shareholders' equity decreased slight by CFAF 0.1 billion in relation to 2016, which achieved a substantial increase of CFAF 26 billion. This underperformance is as a result of the decrease, in 2017, of the franchisor's interests by CFAF 4.7 billion, due to the revision of PTU values according to EDC re-evaluation.

The revenue of CFAF 4.3 billion is clearly greater than the CFAF 2.5 milliards of 2016, which is a 70% increase.

### Cash Position

The CFAF 10.9 billion increase in EBITDA is as a result of the lesser increase in operating expenses in relation to the increase in revenue.

The cash from operations decreased by CFAF 3.8 billion, in other words, CFAF 27.8 billion in 2017 as against CFAF 31.5 billion in 2016. The cash-flow variation stood thus at -5.8 billion in 2017, resulting in a cash balance of CFAF -19.78 billion.

**BILAN - ACTIF AU 31 DECEMBRE 2017**

Items	Gross	Amor/Prov	Decembre 17	Decembre 16	Variance N vs N-1	Notes
<b>CAPITALIZED EXPENSES</b>						
Preliminary expenses	-	-	-	-	-	3.1.2.1
Deferred Expenses	-	-	-	794 694 175	(794 694 175)	3.1.2.1
Bond Redemption Premium	-	-	-	-	-	
<b>INTANGIBLES ASSETS</b>						
Research and development costs	767 298 842	765 623 844	1 674 998	6 274 682	(4 599 684)	3.1.2.1
Patents, licenses, software	17 805 311 401	15 034 636 601	2 770 674 800	1 687 774 132	1 082 900 668	3.1.2.1
Goodwill	-	-	-	-	-	3.1.2.1
<b>TANGIBLE ASSETS</b>						
Lands	813 254 678	-	813 254 678	813 254 678	-	
Buildings	240 972 551 725	136 518 481 544	104 454 070 181	101 022 295 513	3 431 774 668	3.1.2.2
Installation and fitting	753 917 078 546	378 819 644 869	375 097 433 677	376 338 224 993	(1 240 791 316)	3.1.2.2
Equipment	70 114 897 257	54 637 881 006	15 477 016 251	17 084 913 135	(1 607 896 884)	3.1.2.2
Transport Equipment	17 575 027 889	15 308 509 737	2 266 518 152	2 580 075 717	(313 557 565)	3.1.2.2
				-	-	
<b>Advance and prepayments on fixed assets</b>	940 780 504	-	940 780 504	3 031 033 269	(2 090 252 765)	3.1.2.2
<b>FINANCIAL FIXED ASSETS</b>						
Investments	392 000 000	337 000 000	55 000 000	55 000 000	-	3.1.2.3
Other financial fixed assets	4 284 078 157	-	4 284 078 157	2 492 106 989	1 791 971 168	3.1.2.3
			-	-	-	
<b>TOTAL FIXED ASSETS</b>	<b>1 107 582 278 999</b>	<b>601 421 777 601</b>	<b>506 160 501 398</b>	<b>505 905 647 283</b>	<b>254 854 115</b>	3.1.2
<b>OTHER FINANCIAL ASSETS</b>	(40 881 656)	-	(40 881 656)	7 068 544	(47 950 200)	
<b>INVENTORY</b>						
Goods	-	-	-	-	-	3.1.3
Raw materials and other supplies	26 908 860 841	4 208 199 714	22 700 661 127	24 365 184 834	(1 664 523 707)	3.1.3
Products in progress	-	-	-	-	-	3.1.3
Finished products	-	-	-	-	-	3.1.3
<b>RECEIVABLES &amp; RELATED CLIENTS</b>						
Suppliers, Advance payments to Suppliers	4 445 815 778	1 879 534 993	2 566 280 785	2 560 520 512	5 760 273	3.1.4.2
Customers	175 516 372 486	89 200 562 843	86 315 809 643	85 303 427 123	1 012 382 520	3.1.4.1
Government receivables	55 181 575 819	-	55 181 575 819	55 539 346 035	(357 770 216)	3.1.4.1
Personnel receivables	992 300 846	658 116 262	334 184 584	540 046 072	(205 861 488)	3.1.4.3
Other receivables	6 080 668 707	778 736 225	5 301 932 482	6 131 059 695	(829 127 213)	3.1.4.4
<b>TOTAL CURRENT ASSETS</b>	<b>269 084 712 821</b>	<b>96 725 150 037</b>	<b>172 359 562 784</b>	<b>174 446 652 815</b>	<b>(2 087 090 031)</b>	
<b>Cash &amp; Cash Equivalents</b>						
Securities	-	-	-	-	-	3.1.5
Bills Awaiting Collection	739 148 554	739 273 554	(125 000)	184 228 162	(184 353 162)	3.1.5
Bank, postal cheques, cash	20 200 813 968	1 635 580 480	18 565 233 488	24 261 383 329	(5 696 149 841)	3.1.5
	-	-	-	-	-	
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	<b>20 939 962 522</b>	<b>2 374 854 034</b>	<b>18 565 108 488</b>	<b>24 445 611 491</b>	<b>(5 880 503 003)</b>	
Foreign Exchange Difference - Loss	2 210 568 582	-	2 210 568 582	5 095 387 046	(2 884 818 464)	
<b>GRAND TOTAL</b>	<b>1 399 817 522 924</b>	<b>700 521 781 672</b>	<b>699 295 741 252</b>	<b>709 893 298 635</b>	<b>(10 597 557 383)</b>	

**BILAN - PASSIF AU 31 DECEMBRE 2017**

Headings	December 17	December 16	Variance N vs N-1	Note
<b>Shareholders Equity &amp; Similar sources</b>				
Capital	47 148 690 000	47 148 690 000	-	3.1.1.1
State endowment fund	17 346 932 401	17 346 932 401	-	
Share Premium	6 602 038 655	6 602 038 655	-	
Revaluation surplus	-	-	-	
Undistributable reserves	9 742 059 068	9 742 059 068	-	
Distributable reserves	36 831 986 153	36 831 986 153	-	3.1.1.2
Retained Earnings brought forward	48 398 170 324	45 869 549 773	2 528 620 551	
Unallocated profit of previous financial year	-	-	-	
Net Income for the financial year	4 309 286 290	2 528 620 551	1 780 665 739	3.1.1.3
<b>OTHER EQUITY CAPITAL</b>				
Investment subsidies	943 450 701	622 448 334	321 002 367	
Government concession rights	65 031 317 026	69 781 093 450	(4 749 776 424)	3.1.1.4
Regulated reserves	-	-	-	
<b>TOTAL EQUITY CAPITAL</b>	<b>236 353 930 618</b>	<b>236 473 418 385</b>	<b>(119 487 767)</b>	3.1.1
<b>BORROWING AND ASSIMILATED RESOURCES</b>				
Loans	34 135 296 023	56 904 648 862	(22 769 352 839)	3.1.6.2
Leasing debts and assimilated contracts	44 802 287 950	45 935 537 097	(1 133 249 147)	3.1.6.3
Others financial debts	37 227 083 021	35 516 582 784	1 710 500 237	3.1.6.1
Financial provision for risk and expenditures	61 945 030 635	66 100 551 706	(4 155 521 071)	3.1.6.4
	-	-	-	
<b>TOTAL LONGTERM LIABILITIES</b>	<b>178 109 697 629</b>	<b>204 457 320 449</b>	<b>(26 347 622 820)</b>	3.1.6
<b>TOTAL EQUITY &amp; LONG TERM LIABILITIES</b>	<b>414 463 628 247</b>	<b>440 930 738 834</b>	<b>(26 467 110 587)</b>	
<b>Current Liabilities</b>				
Current liabilities of non core activities and related resources	7 516 689 966	8 406 236 245	(889 546 279)	
Customers, creditors	964 171 606	547 000 000	417 171 606	
Accounts payables	151 724 438 362	100 766 015 106	50 958 423 256	3.1.7.1
Tax liabilities	44 811 643 021	75 221 748 848	(30 410 105 827)	3.1.7.3
Personnel liabilities	6 902 714 058	6 878 598 272	24 115 786	3.1.7.2
Other debts	22 264 740 196	25 384 745 015	(3 120 004 819)	
Provision for contingencies	12 301 727 658	13 324 391 636	(1 022 663 978)	3.1.7.5
<b>TOTAL CURRENT LIABILITIES</b>	<b>246 486 124 867</b>	<b>230 528 735 122</b>	<b>15 957 389 745</b>	
<b>BANK OVERDRAFT</b>				
Banks, discount credit	-	-	-	3.1.8
Banks, cash advances	25 684 218 017	32 769 732 603	(7 085 514 586)	3.1.8
Banks, overdraft	12 390 490 109	5 664 613 526	6 725 876 583	3.1.8
Foreign Exchange Difference - Gain	271 280 012	(521 450)	271 801 462	3.1.8
<b>GRAND TOTAL</b>	<b>699 295 741 252</b>	<b>709 893 298 635</b>	<b>(10 597 557 383)</b>	

STATEMENT OF COMPREHENSIVE INCOME YEAR ENDED 31st DECEMBER 2017 - INCOME

Income	Decembre 17		Decembre 16		Variance	Note
<b>OPERATING ACTIVITIES</b>						
Sales of goods		-		-	-	
<i>Gross margin on materials</i>		-		-	-	
Sale of manufactured goods		-		-	-	
Goods & Services sold		291 504 291 231		280 794 963 396	10 709 327 835	3.2.1
Stocked Assets		-		-	-	
Self-constructed goods		29 179 360 877		4 713 539 497	24 465 821 380	
<b>Gross Margin on material</b>		<b>295 998 847 908</b>		<b>264 890 186 871</b>	<b>31 108 661 037</b>	
Non-core revenue		157 357 358		(220 844 458)	378 201 816	
<b>TURNOVER</b>		<b>291 661 648 589</b>		<b>280 574 118 938</b>	<b>11 087 529 651</b>	3.2.1.1
Operating Subsidies		24 487 408 428		20 234 554 895	4 252 853 533	3.2.2.2
Other Income		17 651 892 456		12 714 457 834	4 937 434 622	3.2.2.3
<b>VALUE ADDED</b>		<b>90 013 902 971</b>		<b>79 244 496 667</b>	<b>10 769 406 304</b>	
<b>EBITDA</b>		<b>43 483 699 706</b>		<b>32 552 862 041</b>	<b>10 930 837 665</b>	
Reversal of provisions		5 634 084 594		6 145 578 191	(511 493 597)	3.2.2.4
Transfer of Operating Charges		2 785 893 181		18 266 800 166	(15 480 906 985)	3.2.2.5
<b>TOTAL OPERATING REVENUE</b>		<b>371 400 288 125</b>		<b>342 649 049 521</b>	<b>28 751 238 604</b>	3.2.2
<b>OPERATING INCOME</b>		<b>19 632 692 392</b>		<b>22 423 334 111</b>	<b>(2 790 641 719)</b>	3.2.3
<b>FINANCIAL ACTIVITIES</b>						3.2.4
Financial Revenue		568 650 680		988 979 152	(420 328 472)	
Exchange gain		84 321 802		23 775 860	60 545 942	
Reversal of provisions		5 104 370 090		4 355 854 730	748 515 360	
Transfer of Financial expenses		(1 706 513)		485 452 048	(487 158 561)	
<b>TOTAL FINANCIAL REVENUE</b>		<b>5 755 636 059</b>		<b>5 854 061 790</b>	<b>(98 425 731)</b>	3.2.4.2
<b>FINANCIAL RESULT</b>		<b>(7 702 375 239)</b>		<b>(12 067 607 523)</b>	<b>4 365 232 284</b>	3.2.4.3
<b>TOTAL REVENUE FROM ORDINARY ACTIVITIES</b>		<b>377 155 924 184</b>		<b>348 503 111 311</b>	<b>28 652 812 873</b>	
<i>Results from Ordinary Activities</i>	11 930 317 153		10 355 726 588		1 574 590 565	
<b>Extraordinary Activities</b>						
Gain from disposal of assets		246 329 229		82 966 959	163 362 270	
Extraordinary Income						
Reversal of extraordinary income						
Transfer of charges						
<b>TOTAL REVENUES FROM EXTRAORDINARY ACTIVITIES</b>		<b>246 329 229</b>		<b>82 966 959</b>	<b>163 362 270</b>	
<i>Results from Extraordinary activities</i>	246 329 229		5 109 172		241 220 057	3.2.5
<b>TOTAL REVENUE</b>		<b>377 402 253 413</b>		<b>348 586 078 270</b>	<b>28 816 175 143</b>	

STATEMENT OF COMPREHENSIVE INCOME YEAR ENDED 31st DECEMBER 2017 - EXPENSES

<b>OPERATING ACTIVITIES</b>				
Purchase of goods	-	-	-	
-Stocks Variation	-	-	-	
<b>Gross Margin on Goods</b>	-	-	-	
Purchase of raw materials and related stores	25 961 846 228	21 460 450 768	4 501 395 460	3.1.2
-Stocks Variation	(1 277 042 028)	(842 134 746)	(434 907 282)	
<b>Gross Margin on Materials</b>	<b>295 998 847 908</b>	<b>264 890 186 871</b>	<b>31 108 661 037</b>	
Other Purchases	127 727 132 294	120 281 824 581	7 445 307 713	3.1.3
-Stocks Variation	2 763 270 335	99 089 253	2 664 181 082	
Transports	1 349 653 133	1 598 202 291	(248 549 158)	3.1.4
External Services	74 632 985 264	63 642 326 217	10 990 659 047	
Taxes and Charges	14 256 977 668	12 392 956 441	1 864 021 227	3.1.5
Other Expenses	27 551 584 485	20 359 459 692	7 192 124 793	
<b>Value Added</b>	<b>90 013 902 971</b>	<b>79 244 496 667</b>	<b>10 769 406 304</b>	
Personnel Expenses	46 530 203 265	46 691 634 626	(161 431 361)	3.1.6
<b>EBITDA</b>	<b>43 483 699 706</b>	<b>32 552 862 041</b>	<b>10 930 837 665</b>	
Depreciation and Amortisation	32 270 985 089	34 541 906 287	(2 270 921 198)	3.1.7
<b>TOTAL OPERATING EXPENSES</b>	<b>351 767 595 733</b>	<b>320 225 715 410</b>	<b>31 541 880 323</b>	
<b>OPERATING INCOME</b>	<b>19 632 692 392</b>	<b>22 423 334 111</b>	<b>(2 790 641 719)</b>	3,3
<b>FINANCIAL ACTIVITIES</b>				
Financial expenses	11 012 202 739	12 392 102 560	(1 379 899 821)	
Exchange losses	240 475 969	419 886 486	(179 410 517)	
Depreciation and Amortisation	2 205 332 590	5 109 680 267	(2 904 347 677)	
<b>TOTAL FINANCIAL EXPENSES</b>	<b>13 458 011 298</b>	<b>17 921 669 313</b>	<b>(4 463 658 015)</b>	3.4.1
<b>FINANCIAL RESULT</b>	<b>(7 702 375 239)</b>	<b>(12 067 607 523)</b>	<b>4 365 232 284</b>	3,4
<b>TOTAL EXPENSES FROM OPERATING ACTIVITIES</b>	<b>365 225 607 031</b>	<b>338 147 384 723</b>	<b>27 078 222 308</b>	
<b>Results from Ordinary Activities</b>	<b>11 930 317 153</b>	<b>10 355 726 588</b>	<b>1 574 590 565</b>	
<b>Extraordinary Activities</b>				
NBV of assets disposal	-	-	-	
Extraordinary Expenses	-	77 857 787	(77 857 787)	
Extraordinary provisions	-	-	-	
<b>TOTAL EXTRAORDINARY EXPENSES</b>	<b>-</b>	<b>77 857 787</b>	<b>(77 857 787)</b>	
<b>Results from Extraordinary Expenses</b>	<b>246 329 229</b>	<b>5 109 172</b>	<b>241 220 057</b>	3,5
Staff Shares	-	-	-	
Income Tax	7 867 360 092	7 832 215 209	35 144 883	3.6.1
<b>TOTAL SHARES AND TAXES</b>	<b>7 867 360 092</b>	<b>7 832 215 209</b>	<b>35 144 883</b>	
<b>GRAND TOTAL OF EXPENSES</b>	<b>373 092 967 123</b>	<b>346 057 457 719</b>	<b>27 035 509 404</b>	
<b>NET INCOME (LOSS)</b>	<b>4 309 286 290</b>	<b>2 528 620 551</b>	<b>1 780 665 739</b>	3,6
<b>TOTAL</b>	<b>377 402 253 413</b>	<b>348 586 078 270</b>	<b>28 816 175 143</b>	

CASH FLOWS STATEMENT AS AT 31 st DECEMBER 2017

*Note: All Receivables and Liabilities adjusted for exchange loss and gains (Assets & Liabilities Conversion are referred to at their historic values.*

PART I : DETERMINATION OF 2016 FINANCIAL MARGINS

SELF FINANCING CASH FLOWS

Financial expenses	01	11 012 202 739		EBITDA	43 483 699 706
Exchange losses	02	240 475 969	(TT)	Transfer of operating charges	2 785 893 181
Extraordinary expense	03	0	(UA)	Financial revenue	568 650 680
Staff shares	04	0	(UE)	Transfer of financial expenses	-1 706 513
Income Tax	5	7 867 360 092	(UC)	Exchange gain	84 321 802
			(UL)	Extraordinary r	06 0
			(UN)	Transfer extraordinary r	07 0
TOTAL (I)	08	19 120 038 800		TOTAL (II)	46 920 858 856

CF = Total (II) - Total (I) =

09 27 800 820 056

N-1): 31 595 807 225

Self Financing Cash Flow (S.F.C.F)

S.F.C.F = CAFG - Dividends paid during the year

S.F.C.F = 10 27 800 820 056 - 0 = 27 800 820 056 N-1): 31 595 807 225

Stock Variation N-(N-1)		Uses Increases (+)		Sources Decrease (-)
Goods	11	0	or	0
Raw materials and other supplies	12	0	or	1 664 523 707
Products in progress	13	0	or	0
Finished products	14	0	or	0
Change in Inventory	15	0	or	1 664 523 707

**CASH FLOWS STATEMENT**  
**(Con't)**

<b>Accounts Receivables Variation N-(N-1)</b>		<b>Uses Increase (+)</b>		<b>Sources Decrease (-)</b>
Suppliers, Advance payments to suppliers	16	5 760 273	or	0
Customers	17	1 012 382 520	or	0
Other receivables	18	0	or	4 277 577 381
<b>Net change in Accounts Receivable</b>	<b>19</b>	<b>0</b>	<b>or</b>	<b>3 259 434 588</b>

<b>Current Liabilities variation N-(N-1)</b>		<b>Sources Decrease (-)</b>		<b>Uses Increase (+)</b>
Customers, creditors	20	0	ou	417 171 606
Accounts payables	21	0	ou	50 958 423 256
Tax liabilities	22	30 410 105 827	ou	0
Personnel liabilities	23	0	ou	24 115 786
Other debts	24	2 848 203 357	ou	0
Provision for conting	25	1 022 663 978	ou	0
<b>Net change in current liabilities</b>	<b>26</b>	<b>0</b>	<b>ou</b>	<b>17 118 737 486</b>

<b>VARIATION DU B.F.E. = (A) + (B) + (C)</b>	<b>27</b>	<b>0</b>	<b>ou</b>	<b>22 042 695 781</b>
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**Operating Cash Flow (O.C.F)**

O.C.F = EBITDA + Change in Working Capital - Self constructed assets

		<b>N</b>	<b>N - 1</b>
EBITDA	28	43 483 699 706	32 552 862 041
- Change B. F. E. (- if Uses; + if Sources)	29	22 042 695 781	24 000 333 112
- Self constructed assets	30	-29 179 360 877	-4 713 539 497
<b>Net change in working capital = (A) + (B) + (C)</b>	<b>31</b>	<b>36 347 034 610</b>	<b>51 839 655 656</b>

CASH FLOW STATEMENT (Con't)

PART 2 :		2017		2016
Rubriques		Uses	Sources	(U - ; S +)
<b>I. INVESTISSEMENTS AND DISINVESTMENTS</b>	1			
Capitalised expenses (increase in the year)	2	0		0
<b>Internal Growth</b>	3			0
Acquisitions / Disposal of Intangible assets	4	1 696 584 032	0	-1 090 608 085
Acquisitions / Disposal of Intangible assets	5	29 993 474 512	246 329 229	-72 939 967 275
<b>Internal Growth</b>	6			0
Acquisition / Disposals of intangible financial ass	7	1 791 971 168	0	-10 489 000
<b>INVESTMENTS</b>	8	33 235 700 483	0	-74 041 064 360
<b>II. CHANGE IN OPERATING WORKING CAPITAL</b>	9	0 ou	22 042 695 781	24 000 333 112
<b>TOTAL INVESTMENT ACTIVITIES</b>	10	33 235 700 483	22 042 695 781	-50 024 422 886
<b>III. USES AND SOURCES</b>	11	841 596 079 ou	0	5 220 760 272
<b>IV. FINANCING CASH FLOWS</b>				
Loan reimbursements	12	24 410 351 987		-23 833 094 697
	13			
<b>B - Total Investing &amp; Financing activities</b>	14	58 487 648 549	22 042 695 781	-68 651 221 673
<b>V. INTERNAL FINANCIN</b>	15			0
Dividends	16	0	27 800 820 056	31 595 807 225
<b>VI. Financing through Shareholders Equity</b>	17			
Proceed from new Share Issues	18		0	0
Investment subsidies	19		321 002 367	0
Retained Earnings plough back	20	0		0
<b>VII. FINANCING FROM EXTERNAL BORROWINGS</b>	21			
New loans	22		0	0
Other financial sources	23		2 516 058 890	37 161 221 055
<b>C - NET FINANCING RESOURCES</b>	24	0	30 652 286 306	68 755 184 280
<b>D - SURPLUS OR INSUFFICIENT FINANCING RES (C-B)</b>	25	5 778 261 469 ou	0	103 962 607
<b>VIII. VARIATION DE LA TRESORERIE</b>	26			
<b>VIII. Change in Cash &amp; Cash Equivalents</b>	27			
at the close of the period (+ or -)	28	-19 780 879 650	0	13 988 734 638
at the start of the period (+ -)	29	-13 988 213 188	0	14 092 697 245
<b>Change in Cash Position : (+ uses;</b>	30	-5 792 666 462	0 ou	5 792 666 462
	31			-103 962 607
<b>Checks (from balance sheets N and N-I)</b>		<b>Emplois</b>		<b>Ressources</b>
Change in Working Capital	33	26 721 964 702	or	
Variation	34	0	or	20 929 298 240
Change in Cash Position	35		or	5 792 666 462
<b>TOTAL</b>	36	26 721 964 702	=	26 721 964 702

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## Other Performance Indicators

### Tables and graphs

In GWh	2016	2017	Variance
Energy Injected, Distribution	4 603,5	4 824,7	4.81%
SIG	4 191,5	4 403,2	5.05%
NIG	323,1	337,4	4.43%
Remote power plants	88,9	84,1	(5.41%)
Trend	5.61%	4.81%	

Table 2: 2017 Energy demand trend

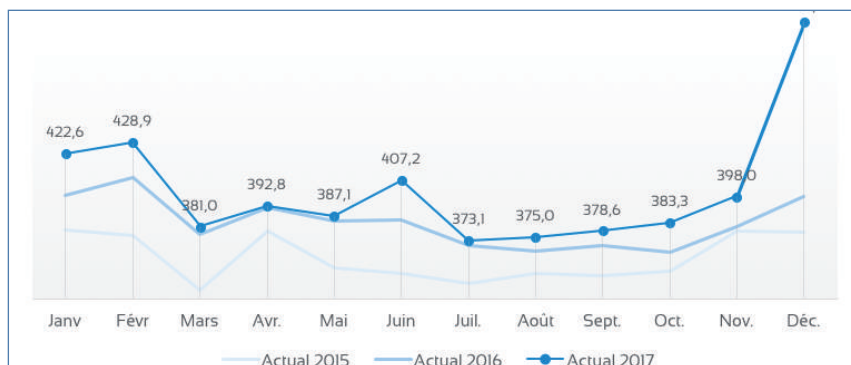


Figure 1: Public Sector Emissions Trend

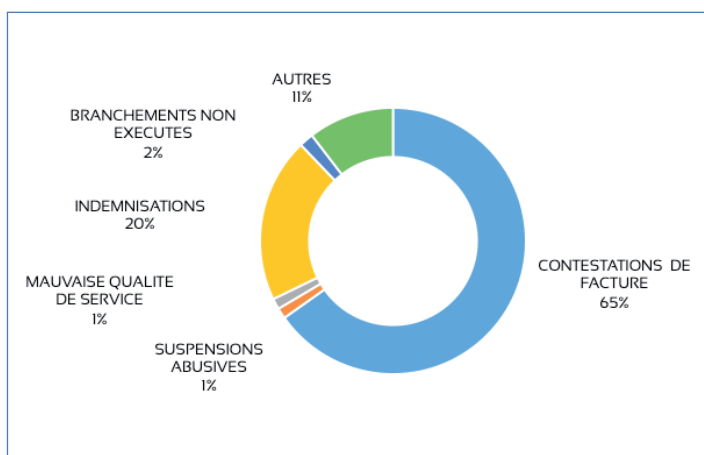


Figure 3: Type of claims

Indicators	2016	2017	Gap
Loss Time Accidents (employees)	11	15	(36.4%)
Eneo and subcontractors fatalities	4	1	75.0%
Fatalities from road accidents	2	2	-
Public fatalities **	7	6	14.3%
Public injuries	72	62	13.9%
Public awareness (N °)	18 781	13 775	(26.7%)
Worksite visits (N °)	8 600	10 868	26.4%
Resolution of Critical Cases	69%	98%	29.0%
Near misses reported	8 258	13 612	64.8%
Eneo Training (Man-hours)	28 952	36 213	25.1%

Table 3: Key HSE indicators

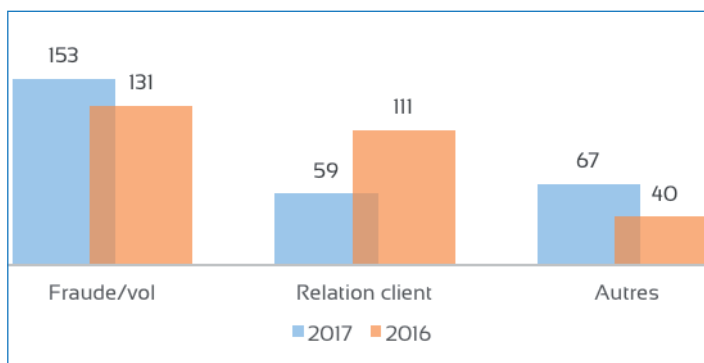


Figure 4: Allegations of violations of rules in 2017



Figure 5: Follow up on Audit recommendations

Position	Déc 2016	Promotions	Recrutements	Départs	2017
E/O	1 045	84	110	20	1 048
Maîtrises	1 337	66	91	72	1 377
Cadres	886	41	37	62	888
Cadres gérants	304	9	15	25	324
Cadres dirigeants	111	9	3	15	108
Total	3 683	209	256	194	3 745

Table 4: Headcount by grade

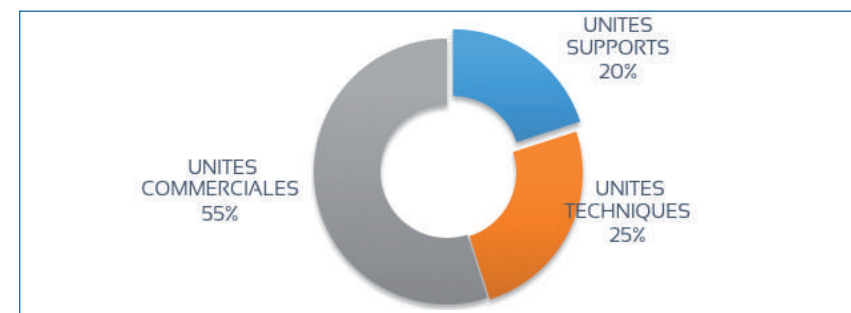


Figure 6: Répartition des effectifs par activité

	2016	2017	Gap
Eneo	5 062,7	5 415,5	7,0%
HYDRO	4 752,0	5 089,9	7,1%
Songloulou	2 660,8	2 833,6	6,5%
Edea	1 762,9	1 951,0	10,7%
Lagdo	328,3	305,3	(7,0%)
Eneo Thermal Grid	220,5	239,7	8,7%
Remote thermal plants	90,2	85,8	(4,9%)
Independent Producers	1 438,4	1 558,2	8,3%
Globeleq (Kribi & Dibamba)	1 175,6	1 287,1	9,5%
Altaaqa (Logbaba & Bassa Gas)	262,8	263,5	0,3%
Aggreko (Maroua)	0,0	7,6	
Total Generation (GWh)	6 501,1	6 973,6	7,3%
Demand on generation side (GWh)	6 510,8	6 994,7	7,4%
Energy Injected			
Alucam -Socatral	1 354,9	1 551,9	14,5%
Other HV customers	121,4	134,8	11,0%
Distribution Network (SP)	4 603,5	4 824,7	4,8%
Total Supply (GWh)	6 079,7	6 511,3	7,1%
Generation shortfall	9,7	21,1	(117,1%)

Table 6: System Demand-Supply Balance

	2016	2017	Gap
Generation (GWh)			
Overall Generation (GWh)	5 062.7	5 415.5	7.0%
Hydro Generation (GWh)	4 752.0	5 089.9	7.1%
Thermal Generation (GWh)	310.7	325.6	4.8%
Capacity (NCF)			
Overall NCF (%)	60.00%	59.16%	(0.8%)
Hydro NCF (%)	73.88%	78.07%	4.2%
Thermal NCF (%)	14.61%	12.37%	(2.2%)
Availability (EAF)			
Overall EAF (%)	85.86%	91.01%	5.1%
Hydro EAF (%)	92.10%	93.52%	1.4%
Thermal EAF (%)	64.74%	84.77%	20.0%
Incident (EFOF)			
Overall EFOF (%)	7.01%	4.10%	2.9%
Hydro EFOF (%)	2.34%	2.14%	0.2%
Thermal EFOF (%)	22.95%	8.96%	14.0%
Schedule Works (ESOF)			
Overall ESOF (%)	7.14%	4.89%	2.2%
Hydro ESOF (%)	5.56%	4.34%	1.2%
Thermal ESOF (%)	12.30%	6.27%	6.0%

Table 7: Key Generation KPI 2017

Substation	Transformer	Installed capacity 2016 (MVA)	Overload rate 2016	Installed capacity 2017 (MVA)	Peak 2017 (MW)	Overload rate 2017
Oyomabang	225/90 kV T1	105	109%	105	128	122%
	225/90 kV T2	105	110%	105	129	123%
Bekoko	225/90 kV	105	130%	105	153	146%
Logbaba	225/90 kV T1	105	106%	105	127	121%
	225/90 kV T2	105	107%	105	127	121%

Table 8: Overloaded HV/HV substations in 2017

Substation	Transformer	Installed capacity 2016 (MVA)	Overload rate 2016	Installed capacity 2017 (MVA)	Peak 2017 (MW)	Overload rate 2017
BRGM	T1	50	85%	36	45	90%
Ahala II	T1	36	77%	36	32	88%
Kondengui	T1	36	101%	36	35,6	99%
Ngousso	T1	36	55%	36	25	69%
	T2	36	111%	36	22	61%
	T3	36	101%	50	47	94%
Mbalmayo	90/30 kV	20	102%	20	23	115%
Bonaberi	T1	50	70%	50	42	84%
Deido	T1	50	60%	50	35	70%
Guider	90/30 kV	10	60%	10	10,5	105%

Table 9: Overloaded HV/MV Substations in 2017

	2016	2017	Gap
Unserved Energy (MWh)			
UE Distribution (MWh)	24 700	21 000	15.0%
UE Transmission (MWh)	30 427	17 026	44.0%
UE Generation Inc. (MWh)	3 072	2 677	12.9%
Total UE (MWh)	58 199	40 703	30.1%
Load Shedding (MWh)	9 748	21 059	(116.0%)
Total UE with load shedding (MWh)	67 947	61 763	9.1%
SAIDI (Hr)			
SAIDI Distribution	91.6	85.7	6.5%
SAIDI Transmission	72.2	31.8	56.0%
SAIDI Generation	4.7	6.5	(38.2%)
SAIDI Generation (load shedding)	26.6	74.9	(181.7%)
Total SAIDI	195.0	198.9	(2.0%)
SAIFI			
SAIFI Distribution	22.6	25.0	(10.7%)
SAIFI Transmission	23.6	21.0	10.9%
SAIFI Generation	7.6	11.3	(48.8%)
SAIFI (load shedding)	5.7	14.0	(145.6%)
Total SAIFI	59.5	71.4	(19.9%)

Table 10 : Technical Quality Service Indicators in 2017



Figure 8: UE trend per facility (GWh)

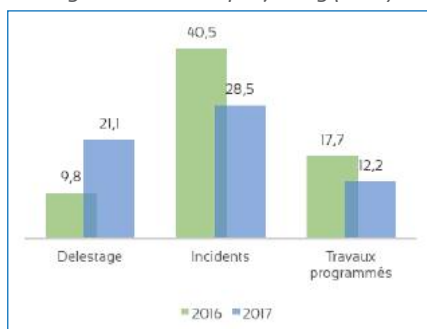


Figure 9: UE trend per Cause (GWh)

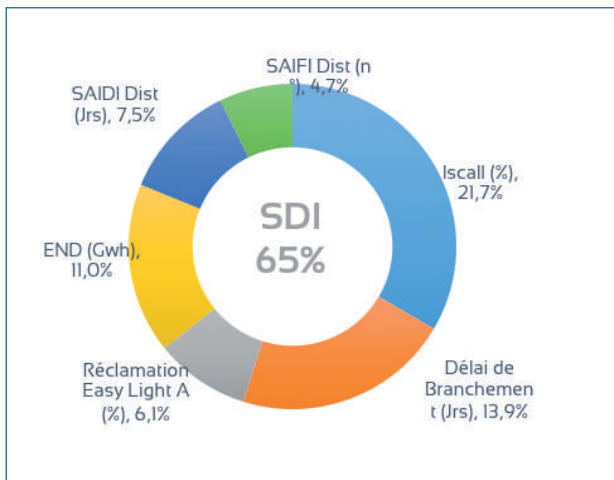


Figure 10: Contribution à l'indice de Satisfaction Client (ISC)

Customer Satisfaction Index	Weight	2016	2017
Iscall (%)	30%	21.2%	21,7%
Connection deadline (Days)	15%	15.0%	13,9%
Claims Easy Light A (%)	15%	14.4%	6,1%
Unserved energy (GWh)	15%	3%	11,0%
SAIDI Dist (Days)	15%	5%	7,5%
SAIFI Dist (n°)	10%	3.0%	4,7%
<b>SDI</b>	<b>100%</b>	<b>62.0%</b>	<b>65%</b>

Table 11: Customer Satisfaction Index (CSI) Trends

	2016	2017	Variances
New Connections	90 533	99 431	9.83%
Customers	1 101 373	1 184 372	7.5%
HV and Special Customers	7	7	-
MV Customers	1 750	1 844	5.4%
LV customers	1 099 616	1 182 521	7.5%
Sales (MWh)	4 679 787	4 927 843	5.30%
LV Sales (MWh)	2 009 187	2 020 237	0.55%
MV Sales (MWh)	1 156 799	1 219 020	5.38%
HV Sales (MWh)	1 507 852	1 682 822	11.6%
Fraud (MWh)	5 949	5 763	(3.12%).
Distribution Efficiency (%)	70.52%	68.49%	(2.03%).
Collections (%)	97.97%	97.18%	(0.79%).
Operational Efficiency (%)	66.57%	65.10%	(1.47%).

Table 12: Operational Efficiency Items

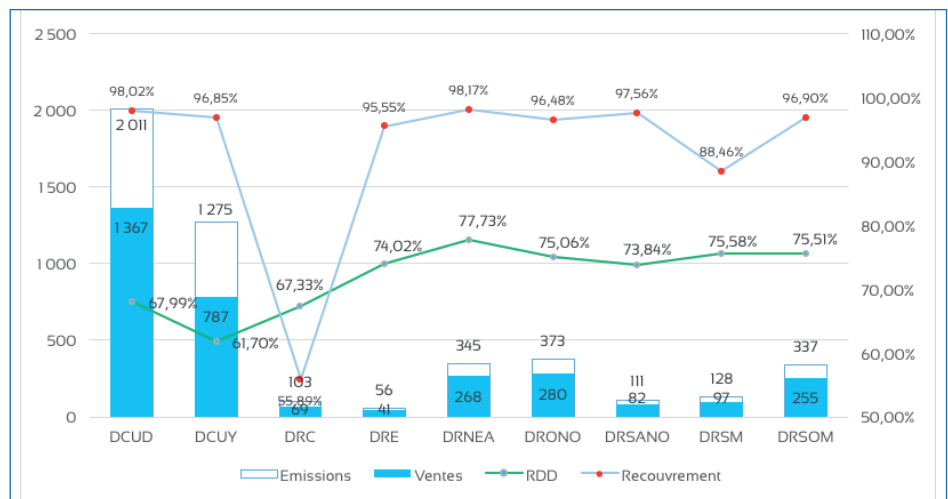


Figure 11: Components of 2017 Operational Efficiency

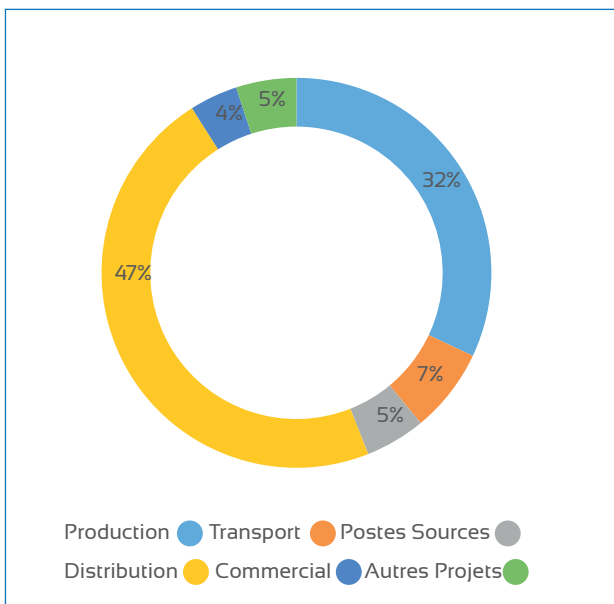
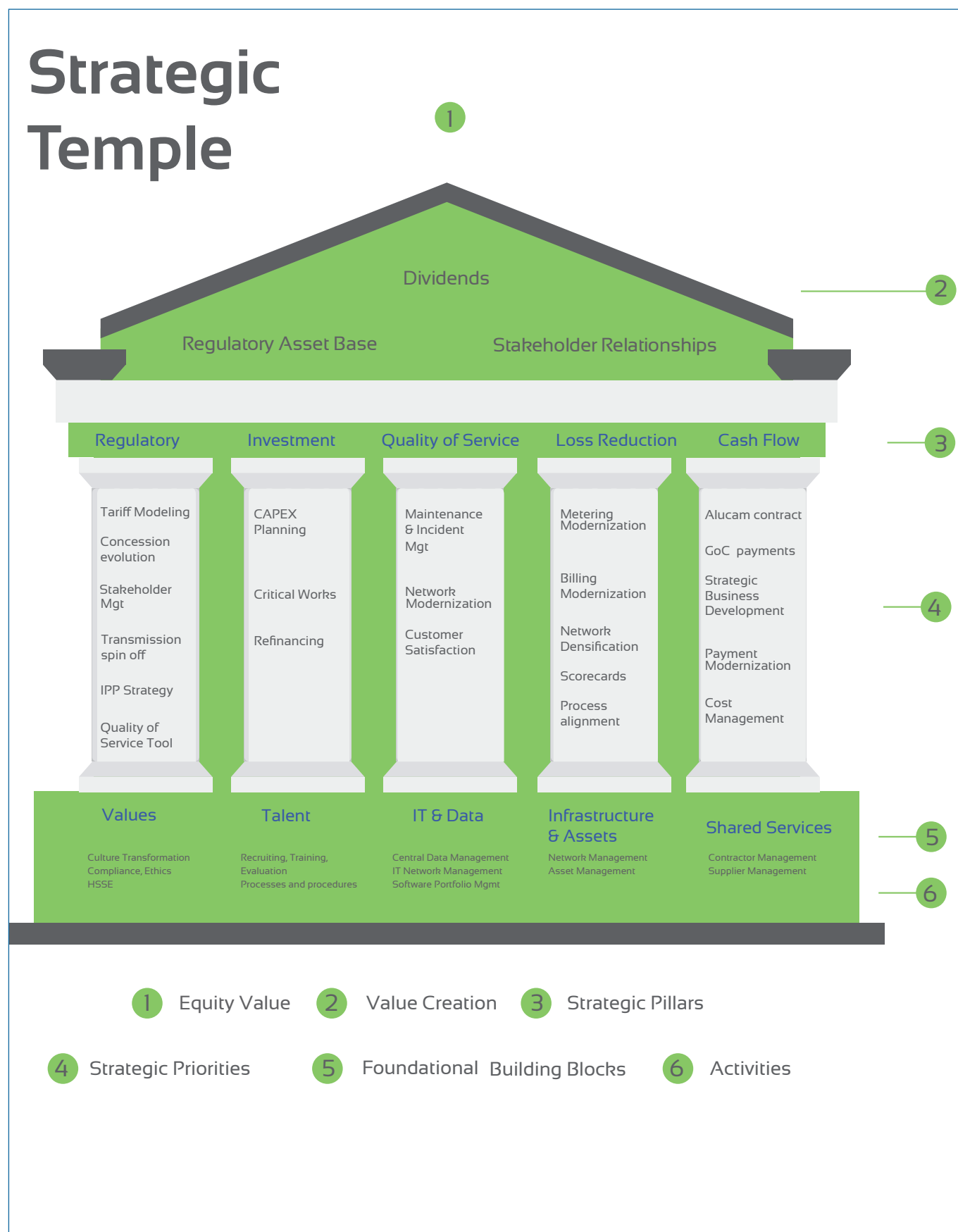


Figure 12: Programme d'investissement engagé en 2017

	2016	2017	Var
CWIP (Work in Progress)			
Generation	15 814,193	11 167,053	(29.39%).
Transmission	2 005,652	2 467,272	23.02%
Supply Substations	988.086	1 768,092	78.94%
Distribution	12 594,256	16 622,262	31.98%
Commercial	1 930,462	1 362,772	(29.41%).
Other Projects	1 823,202	1 640,831	(10.00%).
<b>Total</b>	<b>35 155,851</b>	<b>35 028,281</b>	<b>(0.36%).</b>

Table 13: Table of Investments in 2017

## Major challenges





The line Mangombé-Oyomabang equipped with devices to scare crows

Customer satisfaction is a customer care challenge. Our ambition is to have more professional and institutionalized processes, and excellent actions and behaviors throughout the company, to offer our customers quality standard care and results, irrespective of the region in which they may be. To attain this level of professionalism, we focus our energy on consolidating the transformations that are ongoing.

In this regard, we have set very ambitious objectives for 2018, notably improving our distribution efficiency by 2.5 points, significantly improving the quality of energy supplied and reducing accidents on our electricity network.

To achieve these objectives, we will need to radically change the way we are organized and how we carry out our activities. This will equally depend foremost on how we address the main challenges of the sector. As the Strategic Partner of the Government in the Electricity Sector, Eneo intends to fully play its role together with the other actors of the energy sector to meet the new challenges that the company or the sector will face.

### **1. Demand and Supply balance**

- a. Construction of new electricity generation units: We need to work out the terms of reference for a cost-efficient production;
- b. Respect deadlines for the commissioning of new units: any delay in commissioning new projects will either cause a production shortfall or require a very costly temporary production solution;
- c. Mix energy generation diversified with the introduction of renewable energy solutions (solar, mini-hydro, wind and biomass).

### **2. Sector Financial Equilibrium**

- a. The Sector's regulatory and financial models : the need for a publication of tariffs, calculation of penalties based on resources available in the sector, and a balanced model for all the stakeholders;
- b. Payment of State bills;
- c. Payment of Government units' bills;
- d. Excellent cash collection by Eneo from its customers;
- e. Tariff model for big industrial customers.

### 3. Implementation of 2011 reform

a. SONATREL going operational: Eneo is working with the Government to ensure this unit effectively goes operational as soon as possible with minimum impact on its customers and its operations.

b. Roles and Duties of various stakeholders: with the introduction of new players in the sector, the roles and duties of each stakeholder must be clearly defined.



SCADA or the transmission systems remotely controlled centre

### 4. Improving operational performances

The 2018-2031 investment plan has the following key objectives :

- Developing and extending Distribution networks;
- Rehabilitating existing networks in poor conditions;
- Optimizing operations;
- Modernizing equipment and management tools;
- Improving access to electricity throughout the national territory;
- Improving safety and environment performances;
- Improving demand and Supply balance and service quality;
- Reducing losses and improving operational efficiency;
- Facilitating access to new operators in production;
- Increasing access to electricity;
- Ensuring the maintenance of installations conceded by the State, i.e., Songloulou, Edea and Lagdo.

### Few ambitious objectives of the investment plan :

- Zero fatality due to electricity network;
- Zero PCB transformers on the network;
- SCADA for Distribution;
- Automated management of Distribution network (DMS);
- Underground cables from 1000km to 3000km;
- Metal or concrete poles in all critical areas;
- Renewable energy solutions - hybridization of thermal-powered plants;
- Decentralized production;
- Computer-assisted maintenance;
- Electrical materials rehabilitation centre;
- Prepaid meters;
- Smart meters;
- Geo-localization of all customers;
- Modernization of information tools;
- Use of artificial intelligence on losses reduction;
- Construction of modern stores and offices;
- Etc.



The first hybrid plant (solar and thermal) in Cameroon installed in Djoum in December 2017

## About electricity tariffs



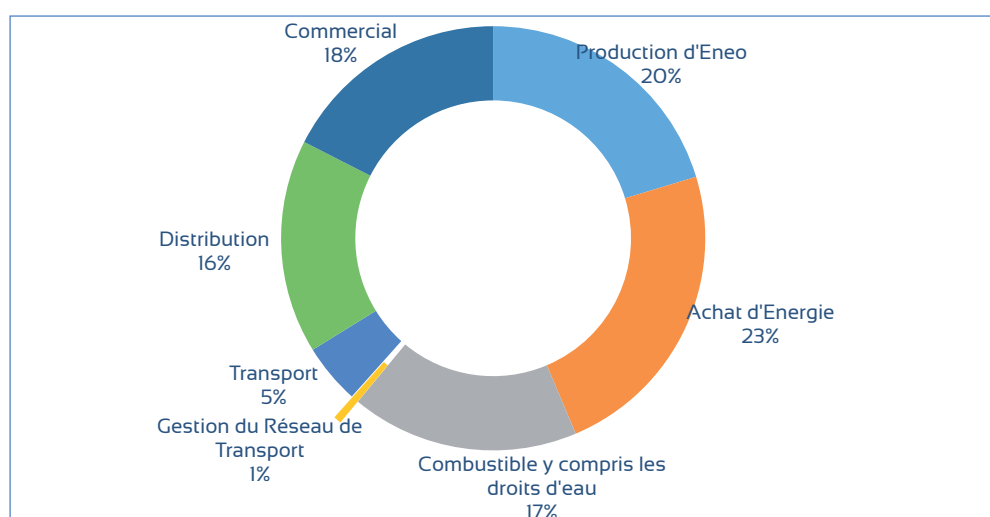
Caring for customers at the Kribi agency

The institutional, regulatory and contractual framework defines the rules and principles governing the annual adjustment of electricity tariffs under the supervision of the Regulatory Board. Tariffs must be adjusted annually, even though it has not been the case since 2012. Generally, tariffs help to cover expenses and finance the development of the electricity sector. The factors used to set tariffs are as follows: Investments, inflation, operations (variable charges that increase with growth in demand, notably fuel charges, power purchases to KPDC, DPDC, and Gas), debt servicing and penalties.

The tariffs currently applicable are those approved by ARSEL in June 2012. As for small households, the tariff applicable is the same for the past 15 years. It is CFAF 50 for customers who consume less than 110 KWH. These customers represent more than 60% of our portfolio. Taking into consideration one factor which is inflation, the tariff applicable to this category of customers should have been CFAF 80. This tariff has remained unchanged because it is subsidized both by the State and the big consumers. The tariff for all the other categories has not been adjusted since 2012 thanks to a compensation mechanism put in place by the State. When we analyze the different factors, we realize that it is still difficult to stabilize tariffs or reduce them under normal circumstances. The development of the sector requires huge finances to carry out massive investments and cover operating charges that increase as demand grows.

In a bid to stabilize and even reduce the cost of electricity for households and companies, we think that some adjustments need to be made as follows :

- Boost investments in the sector;
- Diversify energy solutions by adding more renewable energy solutions and increasing hydro-powered generation. Regarding Eneo, a solar plan is under implementation;
- Fight against electricity fraud. Regular customers pay their bills and those of fraudsters. Consequently, the fight against fraud must be a common goal.



Revenue breakdown in tariffs in 2017



## Going further...

### ***Continue modernizing operations***

In a bid to build flexible, robust and top-quality infrastructures and serve its customers as quickly as possible, Eneo will continue its transformation towards more artificially intelligent networks.

### ***Reinvent customer relations***

In order to reinvent customer relations, Eneo is reviewing all its activities based on its customers' experiences and habits, by anticipating on their expectations and offering customized, targeted and efficient solutions. What do we need to do for our customers to simply receive useful and customized information? The progress made over the last months is remarkable. For example, the solution MyEasylight that was revamped in 2016 has seduced more than 200 000 private customers and companies; and today helps them to better understand and manage their energy consumption.

Concerning companies, we have significantly improved our customer relations with the creation of a unit in

charge of Key Accounts and an adequate segmentation to adapt to the needs of our customers (the expectations of an SME are different from those of a big industry). Special Key Account Managers have been trained and sent to manage this segment. We are endeavoring to achieve seamless customer relations, irrespective of the medium employed. Web, e-mail, telephone...agency, all the means of communication used by our customers to keep in touch with us must henceforth be adequately integrated into a genuine Omni-media approach.

### ***Simplifying and customizing customer care***

Eneo pays special attention to all the key moments of interaction with its customers. A unique Eneo customer service line was created in 2017 with language options. At all Eneo contact points, customers will be known and their interlocutor will have access to their history with Eneo.



### ***Streamlining the digitization of relations***

Eneo's ambition is to continue the digitization of its interactions with its customers in a unified physical and digital platform, by playing on complementary abilities of the physical and digital media. The objective is to achieve a 50% digital interaction between Eneo and its customers by 2021.

### ***Rethink our sales-points***

Eneo wants to transform its sales points into real concept-stores offering a cozy and original space organized by category: family, company, wellbeing, real-estate projects, etc. Some of these spaces will be reference points with an area created to test our products and services, discover our innovations, and receive customized counseling on all issues of concern to our customers. As part of our decentralization strategy, we created new electrical regions, increasing from 5 to 9. We have further divided Douala and Yaoundé into operational delegations, each of the cities having.

Our ambition is summarised in three points :

1. Decentralization by shifting decision making centres from the Head Office to the field, so that the decisions are more adapted to our customers.
2. Proximity with the creation of new agencies and services to ease interactions with customers. At Eneo, we believe that proximity with our customers is crucial: we want to accompany companies and individuals on a daily basis to make their lives easier and help them to focus on their activities fully;
3. Modernizing our sales points by constructing new and more functional and cozy buildings. We will continue working to offer our collaborators and our customers in the Regions comfortable and comfortable workspaces and sales points.




## Looking ahead

Actis and Eneo are committed to continuing the ongoing transformation of the company and, especially, contributing efficiently to the attainment of the objectives set by the Government for the development of the electricity sector in Cameroon.

Over the next fifteen (15) years, Actis and Eneo intend to invest close to CFAF 800 billion, more than half of this in the rehabilitation, reinforcement, and extension of the Distribution networks. Mobilizing such huge investments requires attendant measures that Eneo would want the Government to implement. Pending the application of these measures and considering Eneo's critical financial constraints today, the company firstly intends to continue the actions carried out to improve its operational performances (distribution efficiency, collections, losses reduction, etc.), balance its accounts, repay its loans and finance its investments. Secondly, focus on boosting investments under the new 2018-2031 investment plan.

In addition to external financing, Eneo will mobilize self-financing resources, two of which are the electricity tariff and the payment of the State and Government units bills.



Actis and Eneo are committed to continuing the ongoing transformation of the company and, especially, contributing efficiently to the attainment of the objectives set by the Government for the development of the electricity sector in Cameroon.

# Project Transformer

By Joël Nana Kontchou

## Integrated leadership



Long term thinking or short term goals? Compete or collaborate? Directive decisions or consensus building? In an increasingly complex, globalized and dynamic environment, these kinds of entangled organizational demands – both contradictory and interdependent - exert continual tensions and pressure on individuals and teams. By exercising an

integrated “Think Big. Start Small» approach that advocates a continual balance between seemingly incongruous goals, innovative organizations can find the path between these choices and remain both realistic and effective in their daily work. This “both/and” integrated leadership mindset balances the specific cultural context of the country, organization, partners and customers with the unique needs of industry stakeholders.

*For more information about integrative thinking and leadership, a video and some context about Roger Martin’s work while at the University of Toronto’s Rotman School of Management is a good place to start :*

<http://www.rotmanithink.ca/what-is-integrative-thinking/>

## Centralize and/or Decentralize



When an organization is faced with managing substantial risks and controlling significant costs — while at the same time delivering on compliance requirements, ethics rules and laws, quality benchmarks, performance indicators, and so forth — pressure can mount to centralize management control and decision-making. Yet, an over-reliance on centralized control systems can also slow service expansion, limit customer base growth, hinder flexible field response, discourage front-line innovation, and diminish executive insight into the root causes of regional successes and failures.

Hence, the perennial leadership quandary: Should we centralize or decentralize? In short – you need to do both. We’ve learned that taking a “both / and” approach which strikes an informed balance between these two polarities can be an effective “hybrid” strategy to optimize organizational

systems and results. Designing smart checks and balances into some decentralized systems can encourage employees to make good decisions on their own, solve local problems, and create new solutions within a clearly-understood framework of good governance, monitoring and reporting. By investing in improved two-way communications channels and data analytics transparency, the hybrid organization can gain greater insight into local performance challenges and successes – and respond in a more dynamic and effective manner than any fully-centralized organization ever could. Therefore, the truth of the paradox becomes clear : « **By letting go of some control, you can have more control.** »

*In their article, To Centralize or Not to Centralize?, management consulting firm, McKinsey & Company, recommends three questions that will allow «... advocates and opponents of centralization to conduct a debate in a way that helps CEOs and their senior teams make wiser choices»... and they suggest that a «decision to centralize requires a yes to at least one of [the questions].»*

## Public mandate with a strategic mindset



Electrical utility companies have a public mandate, but to be successful we must also incorporate a strategic mindset and performance tools of the private sector into our plans and growth activities. The challenges are to remain focused on sustainable development and providing electricity supply throughout the territory when the company does not create profits and always has cash flow constraints. Further, we need to embrace the marketing concept of "target markets" and the finance concept of "performance indicators." On

an organizational level, the indicators measuring success should be distinct for more populated revenue-generating cities than the indicators to track the impact on public-service-focused rural communities. Similarly, industrial customer indicators must be distinct from residential customers. Measurement is key.

*For example, at Eneo Cameroon, we have set performance indicators on improving the safety of children in our communities. Every year we provide electricity safety training in schools to hundreds of thousands of students and measure harm reduction throughout the country :*

<https://eneocameroon.cm/index.php/en/actualite-communiqués-en/communiqués-communiqués-de-presse-en/1742-press-release-sensitisation-on-the-dangers-of-electricity>

## Local Culture in Action: «Njangui des lignes»



This example from Eneo Cameroon builds upon the Project Transformer principle of: «Value your country's authentic culture and design – as much as others in the world do.»

In Cameroon's tropical climate regions, keeping electrical lines (des lignes électriques) clear of heavy and rapidly-growing vegetation is a constant challenge. Failing to stay ahead of the encroaching trees and vines can result in power outages and injuries. Yet, resources at this Central African nation's electrical power provider, Eneo, are limited. There are constant cost pressures that restrict the personnel, equipment, and transportation available in each operational area.

In 2017, with the arrival of a new Regional Director, Ernestine

Eyinga, things began to change. In seeking a solution to the line vegetation problem, she and her team drew upon the rich cultural tradition of Njangui in Cameroon. These traditional Njangui lending circles have brought people together over the centuries to make contributions of labour, materials and/or finances to help members of the group meet personal and collective challenges. Ernestine explains, «During our weekly meetings, the idea came from the team which thought that given the limited resources, we could mobilize employees from a number of operational areas, and do the difficult line-clearing work at a site that was usually conducted over three months ... in two days. Once we completed the work there, we could go to another site and continue to pool our efforts.» For the technicians this "new" way of working (that is culturally familiar) is a golden opportunity. The members from various teams like working together, meeting each other, chatting over recent developments, and sharing experiences with each other. And they know each of their communities are benefiting from the collective efforts of the teams.