

Concrete poles to reinforce network safety

Step by Step, Eneo is transforming electricity services

2018 Annual Report

Towards modernizing electricity
distribution



Steel poles to improve the safety of transformers

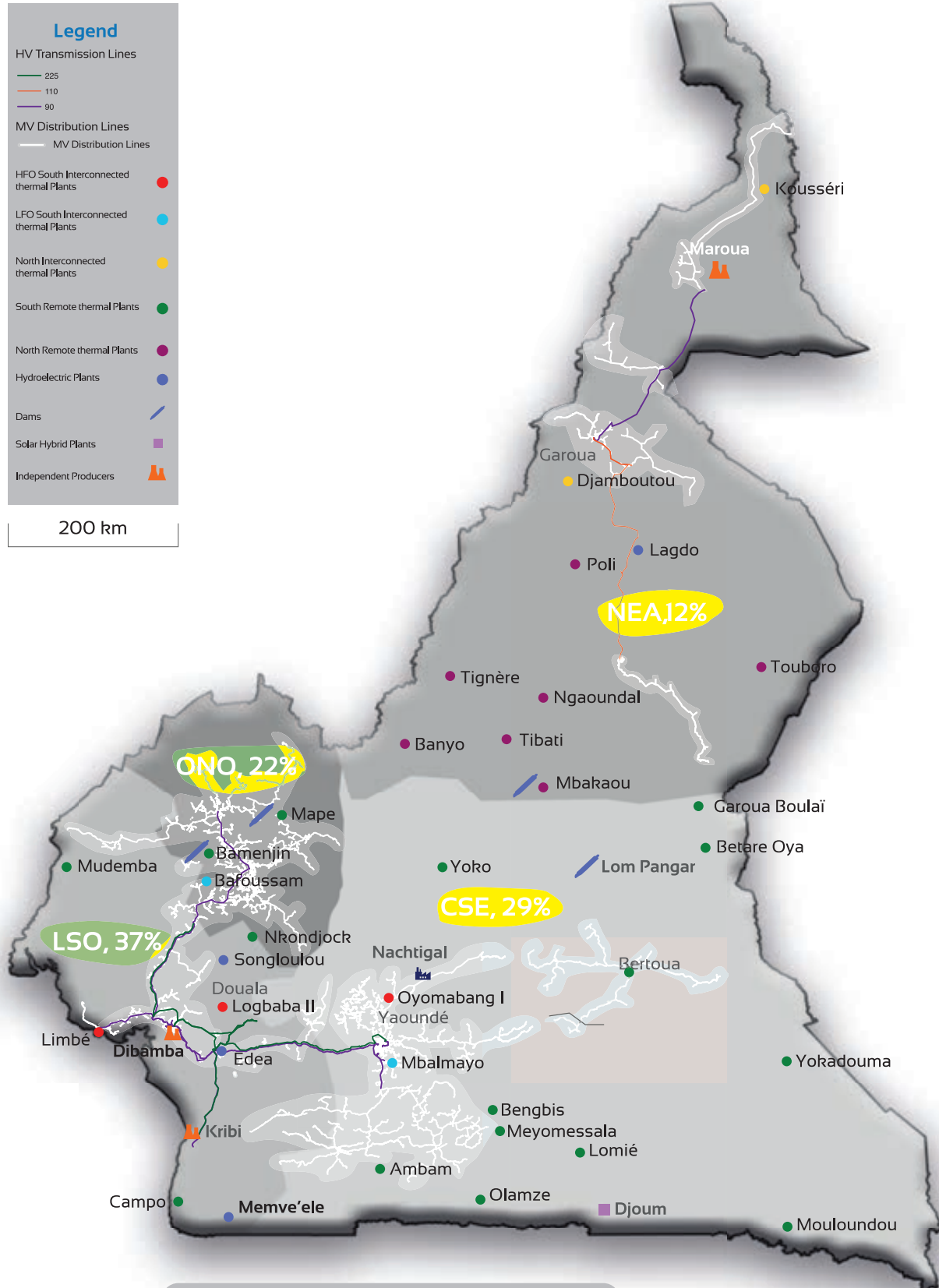


Repairs on the distribution network



Eneo prepaid meter

ELECTRIC MAP



Some figures as at December 2018

Active customers : 1 258 340 (1 184 372 in 2017, 1 101 373 in 2016)

Workforce : 3 697 (3 745 in 2017)

Access to electricity rate : around 62% in 2017, 60,1% in 2016*, 58,1% in 2015*
(*World Bank figures)

Cameroon's installed capacity : 1 360 MW (998 for Eneo and 362 for IPPs)



About Eneo

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

Integrity, cohesion, respect and commitment, which underpin its business, are the fundamental values which underpin Eneo's identity. These values are essential for the successful fulfillment of its core public utility role, while at the same time meeting customer satisfaction goal and generally meeting the needs of all its stakeholders.

With 3,697 employees spread across our main activities including electricity generation, distribution and commercialization, Eneo invests each day to improve the quality of the electricity supply.

Its employees are proud to belong to a company that is transforming itself to be a driving force and a catalyst for growth in Cameroon.

Eneo is bound to the State of Cameroon through a Framework Concession Agreement and related Agreements. These Agreements have a twenty-year duration which ends on July 17, 2021. These agreements have been extended for 10 years as from July 18, 2021, through a decision of the President of the Republic. The Concession Contract for the Transmission and

Management of the Eneo Electricity Transmission System ended on December 31, 2018 via transfer of the contract to the newly-formed National Electricity Transmission Corporation (SONATREL) organization.

Eneo will continue to operate in the Generation and Distribution segments.

Eneo has an installed generation capacity of 999 MW. The generating facilities consist of a total of 39 generating stations, including 13 interconnected and 26 remote thermal power plants. 73% of electricity generated by Eneo is hydroelectric. Eneo's generating facilities contribute 72% of Cameroon's energy mix.

The Distribution network consists of 11,450 kilometres of lines from 5.5 to 33 kilovolts, and 11,158 kilometres of lines from 220 to 380 kilovolts. As of December 31, 2018, Eneo had more than 1,258,340 customers, of which approximately 45% are located in the cities of Douala and Yaoundé.

Eneo is a semi-public company with 51% of its capital held by Actis group, 44% by the State of Cameroon and 5% by its employees.

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- A better contribution of Eneo's generating facilities to the supply-demand balance
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2018 Key figures

2017 statistics

Active Customers

1 258 340

1 184 372

Connections realized

81 296

99 431

Turnover

298.65 billion

291.6 billion

SAIDI Distribution (Outage average duration)

97.65 hours/year

123.96 hours/year

Customer satisfaction index

67%

65%

Number of employees

3 697

3 745

Distribution Efficiency

68,93%

68.49%

Collection(Gross sales)

101.09%

97.18%

Demand growth rate

3.6%

4.8%

EBITDA (Gross operating surplus)

53.113 Billion

43.483 billion

Engaged investments

30.4 billion

35 billion

Eneo's prepayment:

The customer takes control of their consumptions





Foreword

In 2018, Eneo recorded significant progress in its effort to modernize the company in several business segments and in addressing the major challenges it faces. It also recorded progress in speeding up the transformation of the company despite a difficult socio-economic context resulting in a poor cash flow situation. The company still owes its partners huge sums of money, while at the same time recording increasingly huge unpaid debts among its largest customers.

Concerning electricity generation: Supply has been improved in the towns of Nkondjock, Bengbis, Ambam, Yokadouma, Lomié, Poli, Ngaoundal, Mundemba, Mapé and Campo, through the rehabilitation of their generating units. In Mapé and Campo, these facilities had not been rehabilitated for 40 years, resulting in a poor quality of service.

The ongoing diversification of the energy mix was further strengthened by the commissioning of the hybrid (solar and thermal) power plant in Djoum in January 2018. This pilot hybridization experiment will be replicated in the coming years in other isolated power plants across the country. Similarly, some solar projects are underway in Maroua and Ngaoundere.

Electrical safety and quality of service: The internal processes for warning against dangerous situations have been digitized to enhance the safety of the electricity grid. The geo-location of structures and the systematic use of technological tools for planning and managing the maintenance of poles and transformers have made it easier to troubleshoot and to take decisions

Concerning the payment of bills, the ease of payment for some customers has been improved. In the past, they had to travel long distances to find the nearest agency. At the same time, the implementation of a payment solution in rural areas facilitates the payment of bills through an application that does not require an Internet network to operate.

The smart meter installation program (postpaid and prepaid) is ongoing. It aims at ensuring better reliability of metering, as well as further empowering customers.

On improving access to electricity: Lessons learned from the 2017 pilot of network optimization software has made it possible to plan and extend the network in more than 50 towns, with the overall result being a provision of secure access to electricity for more than 18,000 additional households.

As part of the company's technological transformation and in line with the "Think Big, Start Small" approach, several other projects were carried out in 2018 and contributed to improving performance. The main results recorded are:

- The extension of the Framework Concession Agreement by 10 years and the signing of a power purchase agreement with the operator of the future Nachtigal power plant;
- A 101% collection rate;
- Debt reduction of FCFA 45 billion;
- The procurement of all environmental permits (100%) and no damage to the environment;
- The recruitment of 208 new employees;
- No collapse of the network was recorded;
- Reduction of load shedding by 59%;



- The geo-location of poles and transformers;
- The conversion of 18,700 illegal consumers into Eneo customers.

- Facilitating the establishment of new industries or the expansion of existing ones. Notably, the supply of new cement factories and hotels in Douala in 2018 (14 MW guaranteed).
- Etc.

However, a few internal or external factors have influenced these results:

- Slow uptake of distribution efficiency;
- Drop in cash flow;
- Energy from Memve'ele was unavailable in 2018;
- The crisis in the North-West and South-West Regions (loss of about FCFA 8 billion in terms of sales);
- Constraints related to transformer loading in Bekoko and Logbaba;
- Accidents on the power grid.

Without today claiming to be providing the quality of electrical service to which users are entitled, we are receiving positive feedback, both from certain customer segments and industry observers, following the many efforts and innovations undertaken since 2014. Below are some of the noted improvements:

- The creation of an online agency that allows customers to manage their subscriber accounts and pay their bills without having to visit our branches;
- The creation of a business unit dedicated exclusively to relations with key accounts (large companies, medium-voltage customers and large low-voltage customers);
- Pre-financing for large industrial customers' connections;
- Support for the government's policy designed to encourage the participation of new investors and stakeholders in the sector (Nachtigal project, solar project developers, etc.);

It can also be noted that electricity connection features among the top 3 criteria on which Cameroon draws its best scores in the World Bank's Doing Business rating. The company is aware that much remains to be done, and is working diligently ... despite a difficult business environment for all companies.

For Eneo Cameroon, the extension of the Framework Concession Agreement signed in November 2018 paves the way to accelerate the company's ongoing transformation process, which assists in achieving the objectives set by the Government for the development of the electricity sector. This extension comes with important responsibilities, committing Eneo's men and women to the following challenges: access to electricity, safety, quality of service, supply-demand balance, modernization of electricity distribution, rehabilitation of the Songloulou, Edea and Lagdo hydroelectric generating facilities.

We are pleased to present our 2018 Annual Report, which highlights Eneo's operational and financial results for the year under review.



Eneo Charter

Our Vision

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

Responsibilities

- 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;
- Ensure that our activities are conducted in a socially responsible manner.

Our Values

- **Integrity:** integrity is the guiding principle of all our activities. Eneo's staff and stakeholders subscribe to the values chosen as a common foundation.
- **Respect:** respect diversity as a principle of governance. Respect sensitivities, points of view, the various actors. Build the present with optimism and the future with audacity.
- **Commitment:** be motivated and driven by a positive force to work with dedication and professionalism. Place the customer at the centre of our priorities.
- **Cohesion:** to succeed, Eneo must unite the entire workforce in a shared team spirit. Our activities must be a sustainable source of progress for the country and personal growth for Eneo's staff.

Regional Directors (2019)

DOUALA Lovett Ngalame 695 24 91 11 lovett.ngalame@eneo.cm	YAOUNDE Dominique Mbarga 695 18 28 11 dominique.mbarga@eneo.cm	WEST and NORTH-WEST Ernestine Eyinga 695 36 62 88 ernestine.eyinga@eneo.cm
SOUTH-WEST and MOUNGO Marie Charlie Bassega 691 01 79 91 mariecharlie.bassega@eneo.cm	NORTH, FAR NORTH, ADAMAOUA Hilaire Evina 698 81 45 11 hilaire.evina@eneo.cm	SANAGA OCEAN Génie Ngongang 697 90 74 11 genie.ngongang@eneo.cm
CENTRE Soule Pepouna 695 26 32 88 soule.pepouna@eneo.cm	EAST Babba Issou 699 00 85 16 babba.issou@eneo.cm	SOUTH and MBALMAYO Michel Mbopda 698 20 35 12 michel.mbopda@eneo.cm

Management structure

The Board of Directors in 2018



Pr. Seraphin Magloire FOU DA
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
Managing Director, Eneo

Independent Directors



Safiatou BA N'DAW



Elias PUNGONG PUPESIE



Philippe JOUBERT

Government Representatives



Gilbert Didier EDOA
Board Member
MINFI



Adolphe THOME
Board Member
MINEE



Alhadji MAGRA MASSAOU
Board Member
MINEPAT

Representative of Workers' Shareholding



Martin Luther NJANGA NJOH

Board's deliberations and assist in decision-making. There are five committees:

(1) Technical Affairs, Loss Reduction and Customer Relations, (2) Remuneration and Appointments, (3) Environment, Safety, Governance (ESG), (4) Strategic Affairs, (5) Audit

Board Members	Technical Affairs	Remuneration and Appointment	ESG	Strategic Affairs	Audit
David Grylls		Chairman	x	x	
David Alderton	x	x			x
Phillippe Wind	Chairman		x		
Joël Nana Kontchou	x	x	Chairman		
Philippe Joubert				Chairman	x
Elias Pungong Pupesie		x		x	
Safiatou Ba N'Daw					Chairman
Gilbert Didier Edoa		x			x
Adolphe Thome					
Alhadji Magra Massaou			x		
Martin Luther Njanga Njoh		x		x	

Shareholders

In 2017, Eneo restructured its capital, with the entry of employees into the shareholding structure. Thus, Cameroonians' share increased from 44% to 49% compared to 51% of the shares for the British investment fund, Actis.

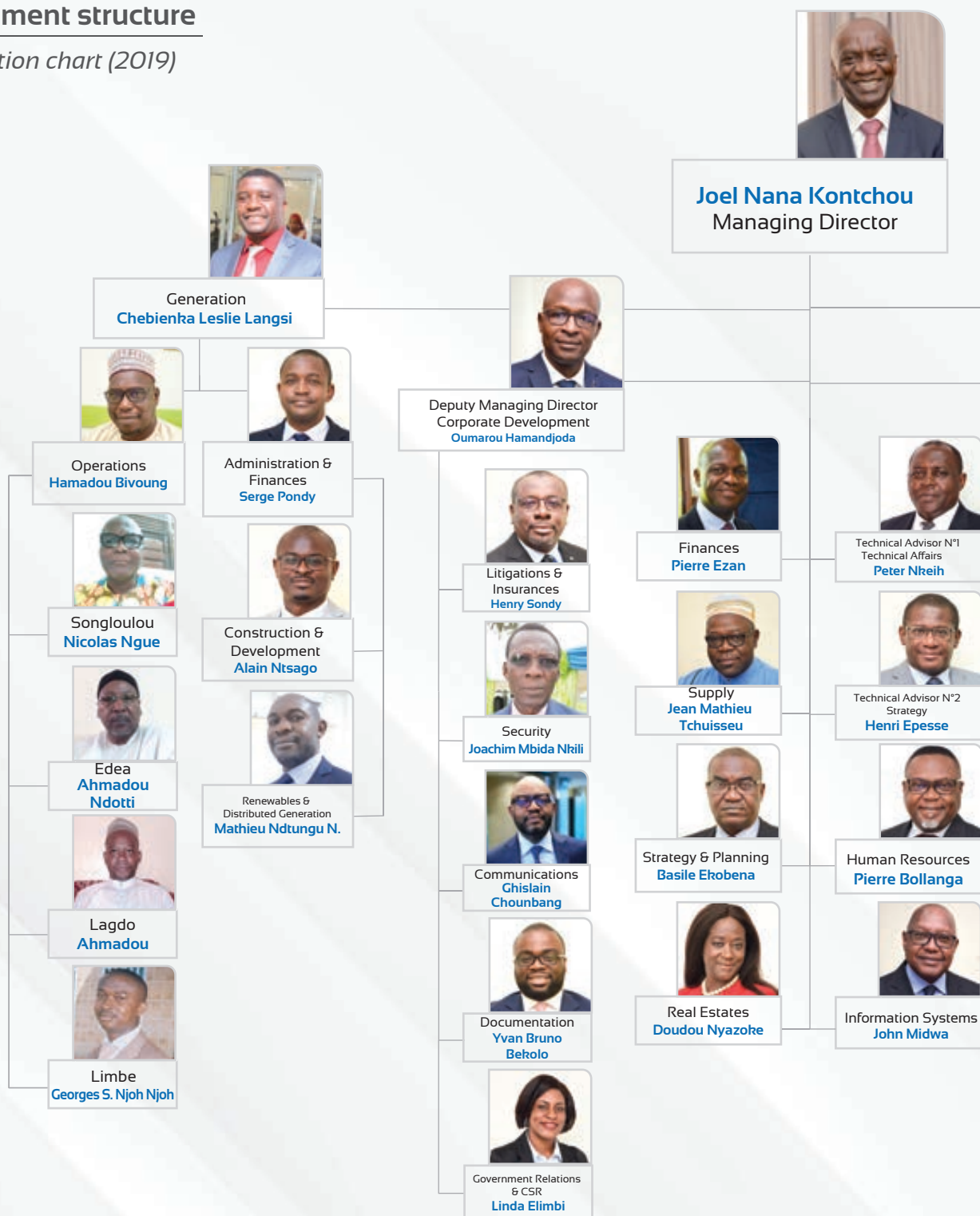
- The Government of Cameroon:** holds 44% of the shares
- Actis:** 51% of the shares are held by Actis represented by Cameroon Power Holdings (CPH).
- Employees:** Employees own 5% of the shares. They are constituted as the Joint Initiative Group for the Socio-Economic Promotion of Staff (ICG-P. Eneo) and belong to three trade union organizations.

About Actis

Actis is a leading investor in African, Asian and Latin American markets. The fund generates consistent and competitive returns, thanks to a good economic intelligence strategy and in-depth sector expertise. Founded in 2004, it is committed to the culture of active ownership and has unprecedented capital in growing markets. The fund has raised \$13 billion since its inception and employs more than 200 people. It is a team of about 100 investment experts in 13 offices around the world. The capital of its investors has been raised in some 70 companies worldwide, employing more than 114,000 people.

Management structure

Organization chart (2019)





Internal Audit & Controls
Henry Kiven



Deputy Managing Director
Commerce & Distribution
Eric Mansuy



Regional Operations
Duclair Djeuga



Commerce
Jean-Luc Farges



HSE
Mary Ntangtang



Operations Support
Wilfred Ntuba



Douala Region
Lovett Ngalame



Region South-West & Mungo
Marie Charlie Bassega



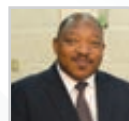
Sales
Rigobert Eric Pambe



Operations & Maintenance
Bonaventure Obono



Studies & Systems
Bassoro Hayatou



Yaounde Region
Dominique Mbarga



South Region
Michel Mbopda



Non Technical Losses
Idriss Mouliom



Special Projects
Eamonn Furness



Construction
Jean Bernard Sadeu



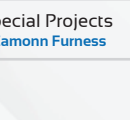
Grand North Region
Hilaire Evina



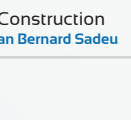
Center Region
Soule Pepouna



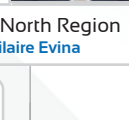
Analyses & Marketing
Abel Ekolo



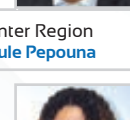
Special Projects
Eamonn Furness



Construction
Jean Bernard Sadeu



Grand North Region
Hilaire Evina



Center Region
Soule Pepouna



Regional Delegation
Far-North
Bouba Babani



Sanaga-Ocean
Region
Genie Ngongang



Regional Delegation
Adamawa
Tony Mpoudi Ngolle



East Region
Issou Baba



West & North-West
Region
Ernestine Eyinga



Regional Delegation
North-West
Theodore Forcha



2018 Management report

Highlights

Positive Points

In 2018, the company continued its efforts aimed at transforming consumers' daily lives under safe conditions. Significant progress was recorded despite the difficult socio-economic context; a situation that compels us to take safeguard measures. But the challenge ahead remains paramount: providing a quality service in complete safety as well as improving distribution efficiency.

Despite the economic situation, efforts were made to ensure a good quality of technical service and to impact the quality of service provided to the end customer, and ultimately customer satisfaction. The improved management of Unserved Energy (UE), which dropped by 6.02%, made it possible to provide a better level of service and to achieve better overall satisfaction.

Operational efficiency increased by 5.75% and distribution efficiency by 1.57%.

Points that need improvement

- 🌱 Safety remains a permanent concern at Eneo. This is the first commitment that underpins the company's mission. The public fatalities and accidents recorded in 2018 indicate that there is a need to further raise awareness among the public and all stakeholders of the company. All other actions must also contribute to achieving "0 deaths, 0 accidents."

- 🌱 Although power outages have decreased globally, the proportion related to scheduled work has increased.
- 🌱 With respect to access to electricity, there were 8,135 fewer connections realized compared to 2017.

Other highlights

- 🌱 The signing on November 1, 2018 of amendment No.3 to the Concession Agreement, thus materializing the extension of the Framework Concession Agreement and related Agreements that bind the State of Cameroon to Eneo Cameroon for a period of 10 years as from July 18, 2021 with regard to the Generation and Distribution segments.
- 🌱 The signing of the power purchase agreement with Nachtigal;
- 🌱 Recruitment of 158 employees versus 206 departures (with 72% of departures due to retirement);
- 🌱 Closing rate of 89% of audit recommendations;
- 🌱 Medium Term financing finalized;
- 🌱 Greater decentralization in the field to ensure more proximity to customers (several new agencies, technical bases, districts and operating sectors created);
- 🌱 Improved management of partner companies;
- 🌱 Inauguration of the Eneo headquarters in Kribi for the Ocean-Sanaga region in February 2018.

Performance

2018 Key Figures

Safety

Public awareness actions on the dangers of electricity should be strengthened, and safety should be made a national issue, so that no more electricity-related deaths and injuries are recorded.

	2018	2017	2016	Var. 18 vs 17
Eneo & Subcontractors fatalities	3	1	4	2
Public fatalities	8	6	7	2
Sensitization of the public	21 111	13 775	18 781	53%

Finance (FCFA Millions)

Despite a difficult socio-economic context, the company was able to make slightly more investment in 2018 than in 2017. Eneo ended 2018 with positive margins, an improvement on the last two years.

	2018	2017	2016	Var. 18 vs 17
EBITDA (Gross operations surplus)	53 113	46 270	32 553	6 843
Net income	11 006	4 309	2 529	6 696
Engaged investments	30 446	29 237	26 651	1 209

Operational efficiency

	2018	2017	2016	Var. 18 vs 17
Transmission losses	6.9%	6.4%	6.5%	0.5%
Distribution & Sales losses	31.1%	31.5%	29.5%	0.4%
Collection (gross sales)	101.1%	95.3%	97.9%	5.7%
Quality of technical service: Outages				
UE Generation MWh (excluding load shedding)	3 068	2 677	3 072	14.6%
UE network MWh (Transmission)	46 272	38 026	55 123	21.7%
UE network MWh (Distribution)	25 684	21 000	24 700	22.3%
Load shedding (MWh)	8 701	21 059	9 748	58.7%
SAIDI (duration of outages in hours) Distribution	97.7	85.7	91.6	14%
Quality of Commercial Service				
Customer satisfaction index	67%	65%	62%	3%
Connections	81 296	99 431	90 533	-18.2%
Active customers	1 258 340	1 184 372	1 101 373	6.2%

*UE : Unserved energy



Eneo: one of the biggest employers in Cameroon

More than **1 000 jobs** created since **2014**

The women and men on whose shoulders Eneo rests

With a workforce of 3,697 employees, 98% of whom are Cameroonians, as at December 31, 2018, Eneo is amongst the top 4 largest employers in Cameroon. Through its 400 partner companies, Eneo provides more than 4,000 indirect jobs; reflecting a large payroll that directly benefits the local economy wherever Eneo and its partner companies' employees are located.

Rejuvenation of the workforce

Eneo recruited 1,059 youths between 2014 and 2018, thereby reducing the average employee age from 45 to 42 years. The objective is to attain an average age of 40 years by 2022.

72% of departures in 2018 (146 out of 206) were due to retirement. In view of the many retirements, the company pursued its plan to rejuvenate its workforce. As at December 31, 2018, 218 employment contracts were signed, of which 34.9% were senior staff.

Diversity

Diversity remains at the heart of Eneo's values, which makes it a principle of governance. As at December 31, 2018, the number of women represented 25% of the company's total workforce, compared to 24% in 2017. The representation of women in management followed the same upward trend, from 27.1% in 2017 to 29%.

Youth empowerment and accountability

Since 2015, Eneo Management has rather been empowering youth.

More and more, young people who are open-minded, familiar with new technologies, and able to question the status quo are given important responsibilities, with enough freedom to address common problems more quickly, especially those related to quality of service.

This is one of the actions taken by the company, as part of the decentralization process initiated in 2015 to meet the growing challenges of service quality in rural areas (increase in complaints, frequency and duration of outages).

Skills development as a pillar of cultural transformation

As a guarantee of the company's overall performance, the training of employees –especially in the core business – capacity building and the acquisition of new skills are vital in the eyes of management.

2,960 people (employees and subcontractors) were trained in 2018 versus 3,951 in 2017, representing a decrease of 25%; a drop of about 50% in the number of training days. This is justified by the relocation of the Eneo Training Centre from OMBE to Douala-Bassa, as a result of the security situation in the South-West Region.

59% of the training courses are of a technical nature (network and generation), followed by those in management and leadership with 22%, and safety with 13%.



Governance: A step closer to strengthening controls...

Since 2014, Eneo has been applying the Company's Code of Ethics to its employees and partner companies, based on the values of commitment, respect, integrity and cohesion.

The policies and measures implemented as part of the governance transformation program reinforce the role of internal control and audit in the management of the company, as well as the management based on risk mapping at the strategic and operational levels.

80 dismissals,
6 partner
companies
suspended

Over the past four years, the major actions (below) have strengthened the company's governance. The training of Eneo employees and partner companies in the code of ethics and business conduct has intensified. A self-assessment control system and methodology has been deployed. Dealing with violations has also been

strengthened: there were more than 20 dismissals in 2018, about 80 since 2014, for code violations (theft, fraud, scams and customer racketeering).

In addition, 6 partner companies have been suspended for violating our code of ethics and business conduct.

Between 2017 and 2018, customer complaints about their business relationship with Eneo fell by 25%. This is one of the outcomes of the Rapid Results Initiatives program set up in 2016, extended to other commercial agencies, in order to reduce incidents of corruption and improve customer satisfaction.

It is time to assess our actions undertaken up to this point, and to move towards a more focused program that will mark a further step towards strengthening internal control.

To ensure the control system functions optimally, the involvement of everyone, at all levels of the hierarchy, is necessary. Each employee is required to apply it in his or her job for the tasks they are assigned.

	2018	2017	2016
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	■	■	■
Management for Subcontracting	■	■	■
Self-assessment of Subcontractor Controls	■	■	
Quality Control/Quality assurance on data, and information	■	■	
Gift and Entertainment Policy	■	■	
Control Monitoring of Neighbourhood Operations	■		
Compliance Procedures on Payments to Public Stakeholders	■		



CSR: Reinforcing relationships with communities

CSR is one of the components of Eneo's commitment to serving its communities in order to contribute to the country's economic, social and cultural development. Over the years, the company has established close relationships with local authorities, non-governmental organizations, private sector business partners, local authorities and associations to create concrete and sustainable partnerships in line with its values.

475 jobs created
in 75 CIG, and
56 000 poles
footings cleaned

This commitment is reflected in multifaceted support for actions and projects carried out in the communities, with the active involvement of employees in four major areas of intervention:

1. Win-Win Community Partnerships
2. Education and Youth Employment
3. Environment & Health
4. Social Solidarity

Community partnerships

- The Distribution Line (D-Line) Cleaners Project

This is an innovative and more effective way to help keep Cameroon's growing electrical distribution network free from dense vegetation and wild bush fires. The D-Line Cleaners project was launched in the Grand North region in 2017. In 2018, 75 new Collective Action Initiative (CAI) or Common Initiative Groups (CIG) were engaged and trained in monitoring, clearing, safety and reporting techniques. This led to the creation of about 475 jobs for local citizens, and the cleaning and protection of 56,000 D-Line power pole footings. The annual number of network interruptions on the concerned lines dropped significantly, from 125 cases reported between 2016 and 2017 to about 6 in 2018.

The participating citizens' living conditions are improving, while the electricity distribution network is also doing better ...

The D-Line cleaning work was appreciated by the members of the CIGS involved, seeing this activity as a catalyst for progress and well-being in these communities, as reported by two CIG leaders. Here, they explain how living conditions in their villages have improved thanks to their collaboration with Eneo:

"During the two years we worked with Eneo to clean the D-Line power pole footings, we experienced an improvement in the living conditions of the members of the CIGs and our community. We are in a rural area; the poles no longer fall due to bushfires. There are widows among us who have been able to pay for their children's schooling thanks to this activity. This year, this money helped me to pay for my children's examination expenses. Some have bought sheep and goats to raise. Today, we have a member of the CIG who created a small pig farm with what he earned and it is doing well. We are all proud of this project. We also learned about electrical safety. May this partnership grow."

Mrs Bilama Tthérèse, Delegate, IDLAMASI CIG Moutourwa



CSR: Reinforcing relationships with communities

Around **2 500 000**
persons directly
sensitized since
2016

"As Delegate of the BALLOTIREN CIG, the Eneo/BALLOTIREN partnership to clean the D-Line has helped us a lot. In fact, for the 2017/2018 year, the money received enabled us to buy a groundnut and bean crushing mill (Niébé), and the rest we shared with the members of the CIG and everyone did their own little business.

For the current year, after receiving the money for our work, the CIG purchased two motor pumps to water the onion fields and carry out other market gardening activities. The remaining amount has been distributed to the 11 members of the CIG. Everyone was able to do something. I take the case of Ndidida Bakari who bought a donkey to plough her field and help the neighbours transport the millet. There is also Maimouna who bought a sewing machine. So, our BALLOTIREN CIGs partnership with Eneo is a win-win situation. This has changed the lives of the CIG members and improved our knowledge of electrical safety. We wish to see this community-Eneo relationship grow."

Ahmadou Yougouda, Delegate, BALLOTIREN CIG of DOGBA

- The Sustainable Agriculture Programme

It was implemented to empower and improve the living standards of neighbouring communities, notably women and youth.

In the Massock, Songloulou, and Pouma districts, through the framework of a public-private development partnership involving Eneo, the GIZ development agency, and the municipalities, farmers grouped in several associations were trained to improve the production and marketing of plantain between 2011 and 2013. Between 2017 and 2018, the two communities created a cooperative to facilitate access to financing and training. They have successfully cultivated 160 hectares and produced about 12 tons of plantains ...

Within the "A Tree for Life" Project (T4L), we provided parcels of land and capacity building to 68 female farmers regrouped in 3 Common Initiative Groups (CIGs) involved in the cultivation and commercialization of green vegetables and cocoyam. Average annual earnings of these groups have more than tripled in 2018 increasing from FCFA 1.35 million to nearly FCFA 5.1 million after the Project.

Education and Employment

It is a major challenge for Eneo to promote a world-class culture of electrical safety in communities and schools

The Public Safety Awareness Program was reinforced in 2018 with face-to-face interactive talks on electrical hazards and efficient power consumption, organized in communities as well as the broadcasting of safety messages in local dialects by local community radio stations. In a bid to continuously position electrical safety as a national concern, partnerships with ministries were strengthened and new ones signed with professional organized groups and public institutions. These included the Network of Cameroonian Mayors to fight against illegal actions or public interference with the network.

- Training of World-Class Engineering Technicians

As part of Eneo's continuous efforts to invest in top-quality human capital and to ensure gradual replacement of its ageing workforce, we launched the Training of World Class Engineering Technicians (TWCET) program. It aims at providing tailored practical training to undergraduates in the field of electrical engineering in Cameroon's State Universities/higher institutions and eventually retain meritorious candidates in compliance with the organisation's recruitment process.



CSR: Reinforcing relationships with communities

- Creating decent employment for youths in Host Communities:

In addition to the integration of over 4,000 youth into the national workforce through indirect employment by our subcontractor companies, Eneo's "A Tree for Life" and "D-Line Cleaners" projects provided 10 full-time and 650 part-time jobs in 2018.

Commitment to the environment

Faced with problems related to wooden pole production, the protection of distribution network lines from strong winds, and the fight against desertification in the Grand North Region, Eneo is continuously working to implement comprehensive and lasting solutions, e.g., the development of a community-oriented model.

In a Development-oriented Public-Private Partnership involving Eneo, Fundong Council and NGO-NWADO, 45,000 Eucalyptus Celina trees were planted between 2015-2017 in the Mentang Communal Forest. 88% of them are reportedly growing well at the end of 2018 compared to 71% in 2017.

In the Grand North Region, 67% of 21,000 trees planted successfully resisted the difficult weather conditions compared to 69% of the 8,000 trees planted in 2017.

Plans are underway to plant at least 10,000 more trees in certain arid areas and along other D-Lines in the Far North region.

- Waste Collection & Recycling

The **Waste Collection & Recycling** program aims at transforming used metal barrels for fuel storage at our Thermal Plants and returning them safely to the environment as waste bins.

In collaboration with some Eneo service providers and employee volunteers, 268 waste bins were produced and distributed to schools, hospitals/health centres, religious premises and Eneo sales points in the Centre and South regions.

Social Solidarity

- Micro Solar Energy

Our pilot project saw the successful electrification of seven (7) customer locations with solar panels, notably: schools, health centres, religious and public centres in two localities of the Adamawa Region, Gandinang 1 & 2, serving over 1,500 inhabitants.

Electrical safety: Making it a national concern...

Around **2500 000**
persons directly
sensitized since
2016

Safety is at the very heart of the company's mission to provide reliable, continuous and safe energy. Activities directly related to this mission include constant risks faced by Eneo staff, partners and the public.

The company is engaged in the modernization of facilities in order to meet the ever-increasing demand. This pressure to try to meet this growing demand can create an emergency-like atmosphere, exposing technical teams, customers and the public to greater risks associated with electrical power.

The company's number one priority is to ensure that every employee returns home every day alive and healthy and, above all, that the public enjoys its services in complete safety.

All accidents can be avoided. To achieve this, all stakeholders, whether public, semi-public or private, must be involved, committed ... so that electrical safety truly becomes a national concern.

Measures taken to ensure network and public safety

In order to reduce, in the medium-term, the high number of accidents observed in recent years, a new network safety policy was adopted in 2018. The policy includes:

- Systematic visits to Medium Voltage lines, especially in high-risk areas;
- The identification of critical poles on the Medium Voltage network, and their replacement as a priority;
- The gradual introduction of metal and concrete poles.

Pending the positive effects of this approach from 2019 onwards, the number of public deaths and injuries attributable to Eneo has remained high in 2018, a significant increase compared to 2017, despite the increase in public awareness, as well as the emphasis placed on emergency response and the improvement of the state of the distribution network.

Third-Party safety risks are closely monitored, especially through information campaigns targeting populations particularly exposed to contact with the electrical grid.

Through multiple forms of communication, the company is sensitising its customers to electrical risks, with a focus on prevention. For example, the following actions have been implemented:

- Ongoing public sensitisation (schools, markets, communities, churches, associations, and other public places);
- Sensitisation by all Eneo employees in

schools across the country during a Youth Week a special campaign;

- The distribution of leaflets, posters, flash cards and safety manuals to populations at risk;
- Broadcasting messages on digital platforms and community radio;
- Partnerships with organized professional groups and public institutions, with a view to further positioning electrical safety as a national cause ...

In 2018, the number of awareness campaigns increased considerably (+53.26%) compared to 2017. However, the number of persons sensitized decreased by 17%, i.e. 150,065 people less. This decrease is due to the concentration of sensitisation in rural areas where the risks have increased, but where there is certainly a very low population density. Internally, in order to improve the staff safety culture, emphasis is now being placed on mandatory online training for all operating staff, including Lock Out, Tag Out (LOTO) training and other critical aspects of network operations.

Unfortunately, the number of fatalities and public injuries, due to network conditions, increased respectively by 33% (8 fatalities in 2018, versus 6 in 2017), and by 20% (48 public injuries in 2018, versus 40 in 2017).

Some of the factors that aggravate the persistence of incidents and accidents on the national power grid include:

- Constructions inside line corridors (with or without building permits);
- Unauthorized interventions on electrical works;
- Theft of electrical components and electricity (resulting in at least 30% of the losses);
- Unauthorized pruning;
- Difficulties removing populations already installed along the line corridors and exposed to the electrical risks;
- Difficulties in regulating the use of electricity poles by cable operators;
- Vandalism and electric fraud.

Environmental protection

Environmental protection is also a major catalyst in Eneo's transformation. The company has adopted an approach based on an environmental management system, which is the driving force behind its ambition to continuously improve its environmental performance.

As a result, in 2018, it was able to obtain 100% of the environmental licences for its facilities.



Step by step, Eneo is modernizing distribution...

Since 2014, Eneo has been undertaking several projects to modernize electrical distribution. This point has been included as one of the main provisions of the specifications of Amendment No. 3 to the July 18, 2021 Concession Agreement signed between the company and the State of Cameroon during the last quarter of 2018.

Technology is at the heart of this approach. The ongoing transformation at Eneo involves the use of modern management and operational tools to enable it to operate effectively. This covers such essential aspects as customer relationship management, technical performance, planning, operation and maintenance of facilities. Here are some of the modernization initiatives already completed or in progress ...

Modernization of metering systems and related services

More than
**8 000 smart
meters** installed

This reflects a natural technological evolution of energy-related tools. This will involve installing "smart" meters, replacing the so-called "analogue" or standard electromechanical equipment. The new systems are able to measure energy consumption by providing more information than standard meters. They can remotely transmit and receive service data. This more advanced technology has advantages for customers.

Overall, smart meter systems have the advantage regular and reliable energy consumption measurement remotely, eliminating any customer inconveniences that it may be caused by a human meter reader's visits, and ensures permanent record of bills, while limiting the risk for disputes.

The objective of the electromechanical meter replacement operation is to gradually upgrade the equipment in order to substantially reduce billing accuracy problems. In fact, after 10 years of operating, an electromechanical meter runs the risk of counting either too much or too little. This may either result to under-billing (detrimental to Eneo) or overbilling (detrimental to the customer). In both cases, the relationship of trust between Eneo and

the customer takes a hit.

The new meters are a guarantee of increased data reliability and accurate billing. They are preparing for changes in the energy landscape, with the gradual introduction of smart grids. In addition, better knowledge of energy consumption will enable Eneo to invest much more in distribution networks and make better decisions to further improve service.

1. The Metering Management System (MMS)

The system was acquired by Eneo in 2009 and used by Medium Voltage customers with industrial meters. In 2017, the platform was upgraded to take into account high-value Low Voltage (LV) customers. By the end of 2017, 500 smart meters were activated in Douala and Yaoundé. In 2018, about 8,000 customers benefited from this service, and the platform was upgraded to allow for the addition of many more customers and ensure faster interventions in the event of metering anomalies.

2. Geographic Information System (GIS):

This system improves the ability to determine the location of customers and the structures that supply them, in order to make interventions more quickly and more reliably.

For example, during the implementation of our pole strategy, during systematic line inspections, the poles are geo-referenced, which streamlined replacements and repairs. Team intervention times and downtime were reduced.



Step by step, Eneo is modernizing distribution...

More the **80% of mid-voltage poles** were geo-referenced

By the end of 2018, 150,000 Medium Voltage poles, that is more than 80% of the poles existing on the network, were geo-referenced and their precise locations are now known in the management system database (also size, type of structure, pole type, functional state, etc.).

The same applies to distribution stations, 4,500 of which have been geo-referenced and are in the distribution works database.

3. Power Distribution Management System:

Due to electrical disruptions that are common threats to an optimal quality of service, Eneo has committed to installing a supervisory control and data acquisition (SCADA) system to ensure control and supervision of installations, management of breakdowns, and statistical analysis of the electricity distribution network. The results of the pilot phase, launched in 2018, will inform the design of all future implementation conditions of this innovative system.

This new system will help in the collection, visualization and analysis (remotely and in real time), of the electrical network data, as well as control and management of installations:

- Work on the remote circuit-breakers;
- Monitor lines and transformers;
- Reconfiguring the supply circuits of neighbourhoods or towns according to needs and emergencies;
- Etc.

Since our work began in 2014, other technological transformation initiatives have had a positive impact on Eneo's customer experience. Here are some examples

of 2018 results of these ongoing initiatives:

Mobile payments: the introduction of new ways to pay electricity bills through various partners, including mobile telephone companies and money transfer agencies has reduced waiting times and congestion in Eneo commercial agencies. Today, they represent 31% of cash collection compared to 27% in 2017.

The Online Agency: MyEasylight continues to professionalize its services. Since the end of 2018, customers have been able to send their contract number via SMS to 667909090 to consult their bills, and even pay them immediately through a mobile operator. One of the improvements removes the constraint of email addresses for the creation of a MyEasylight account; now, only the telephone number is required as contact information. In addition, the "Live chat" option, or online chat, has been introduced for more responsiveness. All these changes have added more to the MyEasylight platform, allowing customers to interact with Eneo without having to travel to an Eneo location.

The services traditionally provided by Eneo's e-agency remain in place: online bill consultation, billing history, self-meter reading, introduction and follow-up of complaint processing, sending of connection/subscription requests and processing follow-up.

CYMDIST software for optimal planning of distribution networks

Network operations activities, system equipment overloading, high demand ... all have an impact on the quality of the service. Specialized software has been acquired for studies, planning and simulation of the behaviour of distribution networks under various operating conditions and scenarios. Features include load balancing, optimal network configuration, network contingency analysis, network planning, network reliability analysis, troubleshooting, and more.



Step by step, Eneo is modernizing distribution...

In 2018, thanks to this software tool, in Douala, 97% of overhead network models and 57% of underground networks were updated. The aim was to optimize installations and configuration in order to reduce energy losses and improve access to electricity.

Project plans that were first analyzed and then implemented on the basis of the recommendations from the software simulations had a significant impact on the electrical system in the areas concerned:

In Douala
97% of overhead
network models,
57% of those under-
ground updated

- 🌱 Improvement of voltage in Kumba and its environs (+ 20 volts in households);
Optimization of the capacity of the customer's transformer in the industrial zone of Logbaba for an improvement in the quality of the service provided to them (fewer incidents);
- 🌱 Installation of additional transformers at the Central and Mboppi markets, the reinforcement of the lines supplying the Minkwelle neighbourhoods in Bonabéri, Kotto Ngongang in the Douala 5th District, and Nkoabang in Yaoundé

In 2019, CYMDIST will be further deployed in Yaoundé and other regions.



Eneo Prepaid Metering Solution: customers take control over their electricity consumption

**1 300 prepaid
meters installed in
2018**
**20 000 planned
for 2019**

Eneo has introduced a prepaid metering solution ... To respond to the many complaints from customers who do not receive their electricity bills, the inconvenience of those who are disconnected the day before a weekend for unpaid bills, or the frustration of thousands of tenants and landlords who very often have a lot of difficulty in agreeing on the management of electricity consumption ...

In addition to these inconveniences to customers, the digital evolution requires us to keep up the pace with modernization so as to transform the customer experience.

This approach is in line with the commitments contained in the 3rd Amendment to the Concession Agreement signed in November 2018, in its provisions on the popularization of smart meters. As at December, 31 2018, 1,300 prepaid meters have been installed, which sets a good foundation for the projected 20,000 meter installations in 2019.

Smart prepaid meters offer customers true control over their electrical consumption levels, their budget, and they really makes life easier. What is important to remember is that once the prepaid meter is installed, power consumption works just like telephone data plans. Before you consume, you have to first refill units, a situation that allows customers to better save and manage energy and money. A customer who buys, for example a 100 KWh refill, will closely monitor her consumption. Upon leaving home, the customer can

deactivate her meter if she wants to, in order to stop the electrical current and restore current by herself when she returns.

Already used in several neighbouring and western countries, electric prepayment is becoming more and more widespread. This system, which is already being used in supplying over 50% of electricity in Great Britain and South Africa, was successfully introduced recently in the following countries: Morocco, Sudan, Niger, Nigeria, Senegal, Burkina Faso, Mauritania, Côte d'Ivoire, Gabon, Uganda, and Senegal ...

Eneo's prepaid metering solution in five points:

1. **Three words to summarize prepayment: solution, partner, standard.**

Prepayment is a solution that allows the customer to align their electricity consumption levels with their budget. Customers have control over their consumption thanks to a large refill distribution network available 24/7.

Prepayment is also a network of sales partners, three of which are already operational: Orange Money, AfrikPay and Ecobank. Discussions are ongoing with MTN, UBA and SGC.

Prepayment is finally a unique standard meter installation with the introduction of a user-interface at the customer's home. This interface is useful for inputting refill codes and monitoring the quality and quantity of electrical energy consumed.



Eneo prepaid solution :
customer take control of their electricity consumption

2. Customer Control, Serenity and Security

Having a prepaid meter has many advantages. With this device, it is the customer who decides the amount of her refills and controls her consumption. The customer is spared the long queues at agencies during peak periods,

does not have to pay consumption deposit, and is not exposed to disconnections for unpaid bills... The risks associated with errors made during meter reading are limited, and prompt customer service is guaranteed.

With prepayment, Eneo can standardize its metering facilities. This solution reduces energy theft by neighbours and electrical incidents. Security measures taken during installation are greatly enhanced to ensure the safety of people and property.

To monitor and have concrete control over one's energy consumption, a customer monitors the control indicators visible on his CUI interface. When he enters his refill code (Token) on the user interface, his meter displays green. As soon as the consumption credit reaches the alert threshold, the indicator light shows red. When it is in critical zone, the red-light flashes, an audible alarm is triggered (alarm which it can deactivate). Beyond these three alerts, Eneo has made arrangements in case of total breakdown. By dialling 811, the customer can benefit from an emergency credit which will enable him to have power while waiting for his next refill.

3. What are the benefits of prepayment for Eneo

This solution will ultimately have a positive impact on the company's distribution efficiency and its investment capacity.

- Strengthening of trust between Eneo and customers;
- Reduction of operating burdens and costs;
- Technological modernization and rejuvenation of the meter fleet;
- Improvement of the quality of service.

4. There will be no more traditional meter reading or bill distribution, which is beneficial to customers. But what happens to the companies that were in charge of this activity?

Eneo, as part of this project, will gradually initiate a redeployment of partner companies involved in meter-reading and bill distribution towards several other electricity distribution activities.

Benefits of the Eneo prepaid metering solution

- No more meter-readers coming to your home;
- No disconnection for unpaid bills;
- No consumption deposit;
- No monthly bills and disputed index;
- Removal of meter with each change of tenant;
- Consumption management autonomy;
- Better anticipation: you only pay for what you want to consume



Eneo Prepaid Metering Solution: customers take control over their electricity consumption

Companies that have already subscribed to the prepaid metering solution

Eneo prepaid solution:
customer take control of their electricity consumption

Hévéa du Cameroun, Cameroon Real Estate Company (SIC) and the National Social Insurance Fund (NSIF) have already come on board ...

"As part of the prepaid-meter installation operation in NSIF buildings in Yaoundé and Douala, we hereby inform you that you are authorized to work in all our houses and buildings in Yaoundé and Douala that have been identified by you for the installation of the above-mentioned meters. In view of the foregoing, all the occupants of these NSIF buildings are invited to facilitate your task by allowing you access to their houses. This letter shall serve as a mission order throughout the period of this operation," the NSIF Director General wrote to Eneo.

The NSIF, like Hevecam and Cameroon Real Estate Company (SIC), appreciates the specific benefits offered by Eneo's solution for the tenant customers of its buildings. During the launching ceremony, the Director General of SIC emphasized the high level of safety measures taken with the installation of these meters and all the modernization that comes to limit the fire risks to which these buildings were exposed.

Hevecam, where the meter installation began in 2019, also showed a strong interest in the consumption-control capacity offered by the solution to the occupants of its camps at Nieté in the Ocean Division.

Familiarize yourself with your prepaid meter

- **Coupling the user interface:** Enter the number of your meter and confirm. Ex: 01427070232
Know your meter number: Enter 804, then validate
- **Credit balance:** Enter 801 on the user interface
- **Refill of energy credit:** Enter the 20-digit code using the keypad and confirm.
 - ✓ **Step 1:** Press a button. The LED screen of the user interface will light;
 - ✓ **Step 2:** Enter the 20-digit refill code and confirm with the red key on its interface;
 - ✓ **Step 3:** You will see "Connect ...", wait a few seconds. In the event of an input error, the following message is displayed "Failed", and if successful, the message "Accepted" appears on the User Interface screen.
- **Emergency credit:** The emergency credit can be used when the energy credit is exhausted and you cannot refill immediately. Enter 811 on the keyboard to get 10 kWh which will be recovered upon the next refill.
- **Visual Alert:** The user interface includes visual and audible alerts. To stop the audible alerts, enter code 812 on the interface. Then validate on the red key.



Songloulou: Experts confirm stability of the dam

Additional studies conducted by specialized companies between 2018 and 2019 confirm that the Songloulou intake dam is stable. Rehabilitation work is in progress. It covers the repair of cracks, which themselves are the result of concrete swelling; underwater repairs of the water intake; rehabilitation of the penstocks valves; replacement of the hydro mechanical equipment of the spillway; strengthening of the surveillance system, or auscultation of the facilities.

All the works reflect the commitment made by the company in Amendment No. 3 to the concession, signed in November 2018 i.e. rehabilitating the dams of Edea, Songloulou and Lagdo.

The Songloulou dam, Cameroon's largest hydro-electric facility with an installed capacity of 384 MW, was built between 1976 and 1981. Due to its age, the facility is now exposed to many risks, such as floods, ground accidents, landslides, earthquakes, etc. Due to human and economic activities downstream and the possible damage to populations in the event of a breakdown, these facilities require rigorous and permanent monitoring, control and maintenance.

A diagnosis made revealed premature aging. In this regard, experts and past operators of the plant were consulted. Eneo sampled the opinions of residents, administrative authorities, civil society, the media...

At the end of these consultations, an action plan was adopted. The necessary investments have been mobilized and will be reinforced to work on this facility. Additional studies conducted by specialized companies between 2018 and 2019 confirm that the dam is stable.

As recommended by the relevant rules, the dam must be subject to a general safety review every 10 years,

at most, in order to anticipate the risks. The last one being in 2010, at the end of the first phase of the rehabilitation in 2020, another phase will be carried out before the second phase is launched. This will help to prioritize the work to be done.

Generally, the second phase will consist in launching the complete refurbishment of the hydraulic components with a view to upgrading the dam to a state that will allow Cameroon to benefit from this facility for an additional period of 30 years.

The main progress recorded in Phase 1 of these works are:

- 🌱 Complete renovation and modernization of the dam monitoring system. This system is a set of control and warning devices that today offer a better ability to anticipate or react in maintenance;
- 🌱 Installation in the riverbed of more than half of the two hundred heavy iron bars to support the foundations of the intake dam and to reinforce its stability;

- 🌱 Repair of cracks in progress by more than 60%.

The clogging of the cracks on the dam protects it from water infiltration which favours corrosion of the framework and the swelling reaction of concrete;

- 🌱 Rehabilitation of the spillway gates allowing this structure to fully play its role of securing the facility from floodwaters (floods).

The rehabilitation works will be completed in 2020 and are intended to improve the operation of the main mechanical equipment (valves, and other flood gates).

Some images taken during the first phase of works related to the improvement of the safety of the Songloulou hydro-electric dam

Channels showing repaired defects, thus allowing for a better functioning of sluice gates



Sluice gate in closed position with significant leakages



After refurbishment. Sluice gate in closed position. No leakage

Cracks caused by swelling of concrete at Songloulou were treated... in order to ensure better stability of the dam



Before



During



After

Modern devices were installed in order to obtain data in real time, thus anticipating and improving decision-making



Piezometers equipped with a pressure sensor



Manual reading boxes and data acquisition unit

Other works already completed within the framework of the first phase of the project



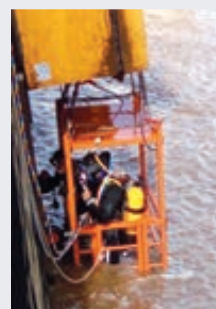
Testing on the downstream surface of buttresses by professional rope access technicians



Replacement of the joint of the valve of Channel 2



Installation of anchor rods in the body of the dam



Divers using small cradles for underwater inspections



Pole Strategy: positive results recorded in 2018

At the end of 2018, unserved energy due to pole issues had dropped by 43%. This is as a result of the new pole strategy, implemented in 2017 and accelerated in 2018.

70 234 wooden poles produced and treated in 2018 at the Eneo pole unit

The new approach is based on 4 components:

Prioritization: Teams are committed to replacing 100% of the Medium Voltage poles deemed critical, once they identify them. The identification of the critical poles is based on the systematic inspection of the installations

coupled with the geolocation of these facilities. These inspections make it possible to classify the facilities according to the severity level of their state and to plan maintenance actions on each of them. In 2018, more than 150 000 poles were visited and geo-referenced.

The energy mix: Eneo is steadily incorporating metal poles and concrete poles into the network, mainly on Medium Voltage lines by replacing poles for facilities such as transformers, those placed in swampy environments, or poles in the centre of commercial or entertainment areas. In the same vein, Eneo has had some experience in the production and implementation of concrete poles in the north of the country. A larger project is expected to be launched across the country in 2019 with partners.

Quality: Experts from Eneo and its Design Office have reviewed the processes of planting, treatment, production and implementation of wood poles, as well as concrete and metal poles. The upshot: a

standard guide has been developed and shared with other actors in the sector.

Production: While working to improve the quality of poles, reforms initiated in the Eneo wood pole planning and production unit in Bafoussam help to improve in the production volumes (see note below on the performance of this unit.)

The Wood Pole Planning and Production Unit (U3PB) recorded its best results in 39 years, in 2018

Without any recorded accident, the Unit produced and processed 70,234 poles in 2018 against a target of 70,000, representing an achievement rate of 100.34%. It's a performance that has never been achieved in the 39 years of the Unit's existence. This has greatly contributed to the reduction unserved energy due to wood pole issues by 43%.

This performance is the result of the transformation that has taken place in this planning and production unit in recent years. At least three factors are worth mentioning:

- 24-hour operation of the plant to ensure an optimal level of production. For that, it was necessary to go from 2 to 3 shifts by reorganizing the teams



Pole Strategy: positive results recorded in 2018

Unserved
energy caused
by wooden
poles dropped
by **43%**
in 2018

Supporting suppliers of raw wood. Eneo teams help these suppliers to master the maturity cycles so that they do not bring premature wood to the Unit which may be rejected. This support also extends into the forest at the time of cutting. It helped to reduce the rejection rate of the raw poles brought by the suppliers from 10% to 5%. These suppliers therefore earn more money and are comfortable in their relationship with Eneo;

Development and equipping of a laboratory for the analysis of treated poles. The unit now has modern tools (spectrometer, rangefinders, luxury poles, etc.) for quality certification of Eneo poles.

In addition to these flagship activities, a fence was also constructed at the Bafounda site; protecting 5 hectares and guaranteeing more secure access to this processing site.

Similarly, in 2018, there was a search for efficiency in the use of production resources which resulted in significant savings in some expenditure items (treatment products (8%) fuel (14%), maintenance of the heavy-duty vehicles, etc.

In 2019, the real challenge for U3PB is the supply of raw wood poles, due to the inaccessibility to traditional supply areas of raw wood poles (North West region). To overcome this major difficulty, the unit initiated the signing of two major agreements with ANAFOR and Bangangté City Council at the end of 2018. These agreements are aimed at developing eucalyptus forests in the Western Region, particularly in Noun and Ndé, for an estimated potential of 50,000 raw wood poles annually.

The implementation of these solutions depends on the public authorities that Eneo has initiated a dialogue with..

A better contribution of Eneo's generating facilities to the supply-demand balance

In 2018, the contribution of Eneo's generation facilities to meeting the country's energy demand improved compared to 2017, following a 2.55% increase in the energy generated. In addition, there has been a significant reduction in load shedding by 5.6%. This contributed to a slight drop in the overall rate of unserved energy over the year.

This positive production trend (80.9% to 82.6%) is mainly due to two factors:

In 2018, load
shedding
decreased by
5,6%

- Improvement in the maintenance of hydroelectric facilities (works on securing the Sangloulou Dam and, works on exciter devices in Edea, etc.) which contributed to the reduction of incidents;
- The use of the main thermal power plants, such as Limbe, Bamenda, Ahala, Ebolowa, Mbalmayo, Oyomabang, Maroua, to reduce the energy shortfall and to improve the voltage plan.

The South Interconnected Grid

The supply-demand balance has been ensured, despite growth in demand and the unavailability of some highly anticipated facilities, such as Memve'ele.

The North Interconnected Grid

The generation shortfall in the NIG persisted in 2017 and 2018 due to the low water flow at the Lagdo power plant. However, this shortfall has been completely eliminated thanks to the use of the thermal power plants in Djamboutou and Maroua, which contributed 13.5% in 2017 to 19.0% in 2018 of the overall demand of the North Interconnected Grid. Demand coverage is expected to improve once the 25MW of solar energy is operational in 2020 with the commissioning of the Maroua and Guider plants.

The East Interconnected Grid

The commissioning of 5 MW at the Bertoua Power Plant in the third quarter of 2018 significantly improved service continuity in the towns surrounding this plant.



Quality of service: Plan to reduce unserved energy rolled out

Overall, the duration and frequency of outages decreased by 13% and 8% respectively, compared to 2017. This has led to a slight improvement in the quality of service.

However, the impact of an increase in faulty equipment and scheduled work on the distribution network has been considerable.

Service downtime durations and frequencies dropped by **13%** and **8%** in 2018

The company's plan is to focus on the main problematic distribution lines already identified, and the continuation of the systematic maintenance plan.

Some key actions undertaken in 2018:

- Bulldozer cleaning of 150 kilometres of lines compared to 30 kilometres in 2017;
- Installation of 1,325 steel poles;
- Replacement of approximately 19,500 wood poles on main lines;
- Installation and repair of 74 overhead circuit breakers to protect the network;
- Maintenance actions on transformers in neighbourhoods and towns
 - o Repairs/replacement of 86 cubicles
 - o Improvement of protection on 544 transformers
 - o Load balancing on 496 transformers and discharge of 215 others.
- The intensification of systematic visits to lines and substations;

The first positive effects of these actions are expected in 2019.

In 2018, although the transfer of transmission and network management activities to SONATREL was underway, Eneo continued to maintain the transmission facilities and made the necessary investments to maintain a high level of service quality.

Compared to 2017, unserved energy in Distribution increased by 22%, and by almost 15% in Transmission.

- **Distribution:** material damage (35% compared to 31% in 2017), scheduled works (29% compared to 22% in 2017), rotten poles (21% compared to 28% in 2017), and others (16% compared to 19% in 2017).
- **Generation:** load shedding (74% compared to 89% in 2017), Incidents (16% compared to 11% in 2017), scheduled work (9%).
- **Transmission:** scheduled works (33% compared to 46% in 2017), incidents at substations (26% compared to 20% in 2017), incidents on lines (13% compared to 18% in 2017), material damage (9%) and others (19% compared to 16% in 2017).

Access to electricity: Around 600 000 people and businesses gained new access to electricity in 2018

Contractual connection commitments (73,871) were met, with 81,296 new households and businesses connected to the electricity grid in 2018. Considering that each household has an average of five members, more than 400,000 people gained new access to electricity in 2018. Electricity connection is in the top 3 of Cameroon's top scores in the World Bank's Doing Business Report over the past few years.

In the third quarter, there were severe constraints in the supply of materials. This had a considerable impact on the number of new connections expected (-18% compared to 2017), as well as on the average time required to complete the connections, which had been extended by at least 2 days.

Around **600 000** people and businesses gained new access to electricity in 2018

To help improve customer satisfaction, here are some actions carried out for the benefit of customers, in addition to improving access to electricity:

- The creation of new sales offices, for greater proximity to customers;
- The creation, strengthening and reorganization of several technical bases to accelerate interventions;
- Streamlining inventory control processes for materials required in response to network incidents;
- Continuous improvement in reception services at agency sales points and MyEasyLight online; (for example, connection requests can now be made online, and a customer can follow the progress of their file at any time);
- Strengthening existing alternative bill payment methods, as well as introducing new methods, and new point of payment options. Additionally, the company is already developing scenarios for complete paper-free, digital billing by 2023...

A satisfaction survey is regularly conducted via telephone among a sample of customers who have contacted the Customer Relations Centre (8010) and requested a connection, from the time the request is taken into account to the time it is delivered to the customer, or any other service. The annual score rose from 65% in 2017 to 67% in 2018.



Eneo meeting contractual obligations for new connections



Loss Reduction: In distribution, the country loses about 20% of energy to fraud, that's around 200 megawatts

Distribution losses decreased slightly in 2018 (by 0.44%, compared to 2017), but this is not enough to have a significant impact on expected performance. The company has a vast program that is being rolled out in an increasingly aggressive manner.

In distribution, the country loses about **20%** of energy to fraud, that's around **200 MW**

In 2018, Eneo continued and improved its distribution network loss control program, thanks to 6 key initiatives:

1. Standardization of the Low Voltage supply points of major customers with the installation of smart meters (post-paid and prepaid), for better follow-up of customers' billing process and service quality;
2. Conversion of 18,700 illegal consumers into customers, and improvement of billing quality;
3. Medium Voltage (MV) and Low Voltage (LV) standardization and extension, with the creation of 259 new substations, construction of 73 Km MV lines and 190 Km LV lines;
4. Service quality improvement thanks to the creation of new substations and maintenance of 148 substations;
5. The optimization of nearly 500 transformers in 2018 compared to 191 in 2017;
6. Management and standardization of MV customers and streetlights: 98 major LV customers converted into MV customers and meters installed for street lights.

The results of all these initiatives contributed to bringing about a slight increase in distribution efficiency, which rose from 68.49% to 68.93% in 2018.

The number of networks constructed (extensions and transformer substations) and meter-reading for all customer segments increased. This resulted in a significant improvement in the billing process for Douala and Yaoundé, apart from streetlights.

It should be noted that thanks to these initiatives and projects carried out by operational teams in the field, Douala and Yaoundé, which consume 70% of the energy generated, and 68% of sales, witnessed their distribution efficiency increase by +1.09% and +2.59% respectively.

Unfortunately, the other regions have an overall shortfall of 2.37%. This is partly due to the security situation in the North-West and South-West Regions.



2018 Investments

As in the past, in 2018, Eneo developed an ambitious investment program worth about FCFA 37.53 billion, with 59% dedicated to distribution activities, with the aim of controlling losses and improving service quality.

Major investment projects implemented in 2018:

Project Description	Present impact on Business (qualitative and/or quantitative)
Continuation of Phase 1 of Songloulou dam reinforcement project	<ul style="list-style-type: none"> ■ Securing the dam in order to increase service life from 25 to 30 years ■ Reduction of resumption times during switching actions of head gates; ■ Increase in energy generated due to the reduction of spillway leakages.
Renovation of the excitation, regulation and control system of units 4 and 6 at the Edea plant	Improvement of reactive load generation that ensure the sending of 15 MW to the public sector
SCADA upgrading on Edea 1 units	Reduction of unavailability periods by 1 hour out of a period of 72 hours (by the rapid post-incident equipment restoration)
Installation and commissioning of three new step-up transformers in the Bamenda plant	Gain of 7 MW (increase from 13 to 20 MW of available load)
Acquisition and installation of four units at the Bertoua plant	Increase in energy generated monthly since August 2018
Installation and commissioning of a 5 MW additional capacity at Bertoua (Independent Producer)	100% demand coverage of the EAST region and elimination of energy not served due to generation shortfall
Ahala plant environmental backfit with the installation of metal fuel storage tanks as replacement for reservoirs (final phase in progress)	Limitation of environmental pollution risks
Acquisition and installation of 12 generators in standalone plants (Ambam, Mape, Campo, Bengbis, Yokadouma, Nkondjock, Lomie, Yoko, Poli, Ngaoundal)	Improvement of service quality, increase in energy generated.

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2.2 INCOME STATEMENT AS AT 31 DECEMBER 2018

DESCRIPTIONS	December 2018	December 2017	Variance 2018 vs 2017	Notes
Sales Of Goods	0	0	0	
Purchase Of Goods	0	0	0	
Goods - Stock Variation	0	0	0	
COMMERCIAL MARGIN	0	0	0	
Sale of manufactured goods	0	0	0	
Goods & Services sold	298 263 184 914	287 631 590 891	10 631 594 023	
Non-core revenue	389 706 956	157 357 358	232 349 598	
TURNOVER	298 652 891 870	287 788 948 249	10 863 943 621	3.2.2.1
Stocked Assets	2 004 240 143	0	2 004 240 143	
Self constructed goods	34 784 598 353	33 052 061 217	1 732 537 136	
Operating Subsidies	2 639 168 177	24 487 408 428	-21 848 240 251	3.2.2.2
Other Incomes	17 148 296 017	17 651 892 456	-503 596 439	3.2.2.3
Transfer of Operating Charges	4 096 047 025	2 785 893 181	1 310 153 844	3.2.2.5
Purchases Of Related Materials and Stores	-12 704 755 932	-25 961 846 228	13 257 090 296	3.2.1.1
Variation of Stock of Related Raw Materials and Stores	1 712 366 779	719 739 279	992 627 500	3.2.1.1
Other Purchases	-153 877 680 748	-129 019 295 812	-24 858 384 936	3.2.1.2
Other purchases - Stock variation	6 668 526 287	-2 205 967 586	8 874 493 873	3.2.1.2
Transports	-505 349 622	-434 178 878	-71 170 744	
External Services	-64 783 377 965	-71 177 231 605	6 393 853 640	3.2.1.3
Taxes and Rates	-16 160 596 924	-14 256 977 668	-1 903 619 256	
Other Expenses	-16 056 307 656	-27 551 584 485	11 495 276 829	3.2.1.4
VALUE ADDED	103 618 065 804	95 878 860 548	7 739 205 256	
Personnel Expenses	-50 505 168 689	-49 609 267 661	-895 901 028	3.2.1.5
EBITDA	53 112 897 115	46 269 592 887	6 843 304 228	
Reversal of provisions	14 923 139 133	40 199 717 824	-25 276 578 691	3.2.2.4
Depreciation and Amortization	-37 847 620 280	-66 836 618 319	28 988 998 039	3.2.1.6
TOTAL OPERATING REVENUE	30 188 415 968	19 632 692 392	10 555 723 576	3.2.3
Financial Revenue	137 372 320	652 972 482	-515 600 162	3.2.4.2
Reversal of provisions and Financial Impairment Losses	2 174 724 810	5 104 370 090	-2 929 645 280	3.2.4.2
Transfer of Financial expenses	0	-1 706 513	1 706 513	3.2.4.2
Financial expenses	-11 088 298 857	-11 252 678 708	164 379 851	3.2.4.1
Depreciation and Amortisation	-3 069 813 286	-2 205 332 590	-864 480 696	3.2.4.1
FINANCIAL RESULT	-11 846 015 013	-7 702 375 239	-4 143 639 774	3.2.4
TOTAL REVENUE FROM CORE ACTIVITIES	18 342 400 955	11 930 317 153	6 412 083 802	
Income from Disposal of Fixed Assets	99 080 091	246 329 229	-147 249 138	
Other non core Income	2	65 796 940 870	-65 796 940 868	
Net Book Value of assets disposals	0	0	0	
Extraordinary Expenses	0	-65 796 940 868	65 796 940 868	
TOTAL REVENUES FROM NON CORE ACTIVITIES	99 080 093	246 329 231	-147 249 138	3.2.5
Staff Shares	0	0	0	
Income Tax	-7 435 833 175	-7 867 360 092	431 526 917	
NET INCOME	11 005 647 873	4 309 286 292	6 696 361 581	3.2.6

2.3 SELF-FINANCING RESOURCES

DESCRIPTIONS	Note	2018	2017	Variance %
EBITDA	+	53 112 897 115	46 269 592 887	15%
Net Book Value of assets disposals	+	0	0	N/A
Income from Disposal of Fixed Assets	-	0	0	N/A
SELF FINANCING OPERATING CASH FLOW		53 112 897 115	46 269 592 887	15%
Financial revenue	+	137 372 320	568 650 680	-76%
Exchange gain	+	0	84 321 802	-100%
Transfer of financial expenses	+	0	-1 706 513	-100%
Extraordinary revenue	+	2	0	N/A
Transfer extraordinary cost	+	0	0	N/A
Financial expenses	-	-11 088 298 857	-11 012 202 739	1%
Exchange losses	-	0	240 475 969	-100%
Staff shares	-	0	0	N/A
Income Tax	-	-7 435 833 175	-7 867 360 092	-5%
SELF FINANCING CASH FLOW		34 726 137 405	28 281 771 994	23%

2.4 CASH FLOW STATEMENT

DESCRIPTIONS	Note	2018	2017
Cash position at the beginning of the period		-19 496 679 046	-13 983 987 139
Check : Cash assets 2017 - Cash liabilities 2017			
Operating Cash-flow			
SELF FINANCING CASH FLOW		34 726 137 405	28 281 771 994
- Change in current assets of non core activities		0	47 950 200
- Change in stocks		-8 380 893 066	1 486 228 307
- Change in accounts receivable		-16 547 358 371	4 924 552 407
+ Change in current liabilities of non core activities		8 133 395 060	17 392 540 164
Change in Working capital		0	0
Operating Cash-flow		17 931 281 028	52 133 043 072
Cash-flow from Investment activities			
- Acquisitions of Intangible assets		-30 970 854 949	-31 518 176 368
- Acquisitions of Tangible assets		-1 885 585 522	-3 502 139 487
- Acquisitions of Intangible financial assets		-87 071 771	-826 334 380
+ Disposal of Intangible and Tangible assets		171 108 435	294 279 429
+ Disposal of Intangible financial assets		1 801 327 338	0
Cash-flow from Investment activities		-30 971 076 469	-35 552 370 806
Financing through Shareholders Equity			
+ Proceed from new Share Issues		0	0
+ Investment subsidies		0	321 002 367
- Retained Earnings plough back		0	0
- Dividends		0	0
Financing through Shareholders Equity		0	321 002 367
Financing from external borrowings			
+ New loans		35 907 226 000	0
+ Other financial sources		2 960 295 136	34 938 405 581
- Loan reimbursements		-31 754 378 652	-57 352 772 121
Financing from external borrowings		7 113 142 484	-22 414 366 540
Cash-flow from Financing		7 113 142 484	-22 093 364 173
CHANGE IN CASH POSITION		-5 926 652 957	-5 512 691 907
Cash position at the end of the period		-25 423 332 003	-19 496 679 046
Check : Cash assets 2018 - Cash liabilities 2018			

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3.1. BALANCE SHEET ANALYSIS

3.1.1 Shareholders' equity and related resources

The result for the financial year, XAF 11 billion, is a clear improvement compared to that of 2017, XAF 4.3 billion, or 155% growth due to good cost control, a slight improvement in distribution efficiency and the impact resulting from the application of the new provisions of the revised SYSCOHADA.

Equity	2018	2017	Variance	%
Capital	47 148 690 000	47 148 690 000	0	0%
State endowment fund	17 346 932 401	17 346 932 401	0	0%
Issue, contribution and merger premium	6 602 038 655	6 602 038 655	0	0%
Reevaluation Gap	0	0	0	N/A
Unavailable reserves(legal)	9 742 059 068	9 742 059 068	0	0%
Available reserves	36 831 986 153	36 831 986 153	0	0%
Retained earning	52 707 456 614	48 398 170 324	4 309 286 290	9%
Net Income	11 005 647 873	4 309 286 292	6 696 361 581	155%
Investments subsidies	943 450 701	943 450 701	0	0%
Regulated reserves	0	0	0	N/A
TOTAL EQUITY	182 328 261 465	171 322 613 594	11 005 647 871	6%

3.1.1.1 Share Capital

The last change in capital occurred on 13th May 2015 following a decision by the general assembly to recognize a fixed asset revaluation surplus of XAF 3,244,557,587 and retained earnings of XAF 442,413 which has increased the capital from XAF 43 903 690 000 to XAF 47 148 690 000.

At 31st December 2017 the share capital stood at XAF 47 148 690 000 comprising of 4 7 14 869 shares fully subscribed and paid with a nominal value of XAF 10 000 each,

Initially owned; 56% by Cameroon Power Holding S.A and 44% by the Cameroon government, this ownership structure have been modified following the board decision of the 24th June 2017 with purpose to comply with a requirement of the 2001 concession contract that required that 5% of share capital should be allotted to employees.

In 2017, the retrocession of the 5% to employees through a common initiative group "GIC-P Eneo" created for the purpose have been effective. The 4 7 14 869 shares fully subscribed and paid with a nominal value of XAF 10 000 each are henceforth structured as, 51% belonging to Cameroon Power Holding S.A, 44% by the Cameroon government and 5% by GIC-P Eneo as shown in the table below :

Shareholders	Share	Value	%
Cameroon Power Holding SA	2 404 584	24 045 836 400	51%
Republic of cameroon	2 074 542	20 745 423 600	44%
GIC-P Eneo	235 743	2 357 430 000	5%
Total	4 714 869	47 148 690 000	100%

3.1.1.2 Free Reserves

Free reserves were created back in 30th June 2001 to recognize the fall in value of « government conceded asset » for the sum of XAF 44.9 billion. A portion of these reserves i.e. XAF 8.1 billion had been distributed to shareholders as dividends in the year 2002 leaving the balance to 36.8 XAF since December 31 2004.

3.1.1.3 Current year earning

The result for the financial year ended 31 December 2018 increased by 155% compared to the previous year, from XAF 4,309,286,290 to XAF 11,005,647,873. No dividends have been distributed since 2007.

The allocation of the results for the last five financial years decided by the General Assembly is as follows:

Designation	2017	2016	2015	2014	2013
General assembly decision	27-june-18	24-june-17	13-july-16	07-july-15	13-may-15
Financial year results	4 309 286 292	2 528 620 551	-22 742 869 898	2 283 578 670	-406 361 754
Legal reserves	0	0	0	0	0
Gross dividends	0	0	0	0	0
Retained earnings	4 309 286 292	2 528 620 551	-22 742 869 898	2 283 578 670	-406 361 754

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3.1.2 Fixed Assets

Rubriques	Gross Book Value		Depreciation & Amortization	Net Book Value		Variance	
	2018	2017		2018	2017	Valeur	%
INTANGIBLE ASSETS							
* CAPITALIZED EXPENSES							
Research and Development Costs	0	0	-2	2	0	2	
Softwares	17 164 911 022	16 062 819 037	15 708 873 563	1 456 037 459	1 028 182 436	427 855 023	
	17 164 911 022	16 062 819 037	15 708 873 561	1 456 037 461	1 028 182 436	427 855 025	42%
* INTANGIBLE FIXED ASSETS IN PROGRESS							
Research and Development Costs in progress	0	0	0	0	0	0	
Development costs in progress	-306 000	0	0	-306 000	0	-306 000	
Inventory cost in progress	4 471 400	1 675 000	0	4 471 400	0	4 471 400	
License cost in progress	0	0	0	0	0	0	
Clean-up Costs in progress	0	0	0	0	0	0	
Software costs in progress	2 354 908 481	1 660 874 752	0	2 354 908 481	1 660 874 752	694 033 729	
	2 359 073 881	1 662 549 752	0	2 359 073 881	1 660 874 752	698 199 129	42%
* GOVERNMENT CONCEDED ASSETS							
Lands	509 912 174	471 110 199	0	509 912 174	471 110 199	38 801 975	
Buildings	162 569 735 443	161 705 248 392	87 219 512 382	75 350 223 061	76 725 271 058	-1 375 047 997	
Fixtures Fitting and Installations	623 213 305 028	601 944 175 643	309 931 829 728	313 281 475 300	306 560 028 533	6 721 446 767	
Equipments/material	10 572 568 594	9 975 638 864	4 826 636 259	5 745 932 335	5 744 961 731	970 604	
Fixtures Fittings and Installations In progress	14 674 736 115	15 933 208 418	0	14 674 736 115	15 933 208 418	-1 258 472 303	
	811 540 257 354	790 029 381 516	401 977 978 369	409 562 278 985	405 434 579 939	4 127 699 046	
INTANGIBLE ASSETS BALANCE	831 064 242 257	807 754 750 305	417 686 851 930	413 377 390 327	408 123 637 127	5 253 753 200	1%
TANGIBLE ASSETS							
* PRIVATE AREA							
Lands	341 813 878	341 813 878	0	341 813 878	341 813 878	0	
Buildings	9 177 895 562	8 864 613 344	7 227 588 017	1 950 307 545	1 845 518 234	104 789 311	
Fixtures Fittings and Installations	40 101 251 802	39 745 791 089	34 937 187 286	5 164 064 516	6 827 704 066	-1 663 639 550	
Equipments/material	56 316 555 285	54 485 051 094	51 375 907 497	4 940 647 788	4 920 372 941	20 274 847	
Transport equipment	18 330 691 640	17 574 006 681	15 479 004 528	2 851 687 112	2 265 496 944	586 190 168	
	124 268 208 167	121 011 276 086	109 019 687 328	15 248 520 839	16 200 906 063	-952 385 224	-6%
* CONSTRUCTIONS WORKS IN PROGRESS							
Outward voucher to transfer	432 764 118	1 507 479 806	0	432 764 118	1 507 479 806	-1 074 715 688	
Invoices Receivables in progress	10 775 336 758	5 611 315 481	0	10 775 336 758	5 611 315 481	5 164 021 277	
Buildings in Progress	0	2 426 351	0	0	2 426 351	-2 426 351	
Installations in progress	64 528 787	322 386 105	0	64 528 787	322 386 105	-257 857 318	
Materials in progress	355 040 054	75 451 269	1	355 040 053	75 451 268	279 588 785	
Materials in progress	794 268 319	451 318 847	0	794 268 319	451 318 847	342 949 472	
Transport equipment in progress	670 019	1 021 208	0	670 019	1 021 208	-351 189	
Customs duties in progress	474 768 360	1 090 763 260	0	474 768 360	1 090 763 260	-615 994 900	
Other conceded assets in progress	5 525 142 444	2 069 231 042	0	5 525 142 444	2 069 231 042	3 455 911 402	
Other private domain assets in progress	388 800 597	391 714 157	0	388 800 597	391 714 157	-2 913 560	
	18 811 319 456	11 523 107 526	1	18 811 319 455	11 523 107 525	7 288 211 930	
TOTAL TANGIBLE ASSETS BALANCE	143 079 527 623	132 534 383 612	109 019 687 329	34 059 840 294	27 724 013 588	6 335 826 706	23%
ADVANCES ON PROJECTS	2 254 371 898	940 780 504	0	2 254 371 898	940 780 504	1 313 591 394	140%
FINANCIAL ASSETS							
Investments	412 000 000	392 000 000	337 000 000	75 000 000	55 000 000	20 000 000	
Other Permanent Financial Investments	2 549 822 590	4 284 078 157	0	2 549 822 590	4 284 078 157	-1 734 255 567	
	2 961 822 590	4 676 078 157	337 000 000	2 624 822 590	4 339 078 157	-1 714 255 567	-40%
GRAND TOTAL	979 359 964 368	945 905 992 578	527 043 539 259	452 316 425 109	441 127 509 376	11 188 915 733	3%

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3.1.2.1 Intangible Assets

Intangible assets	Gross	Dep. & Prov.	2018	2017	Variance	%
Research and Development Costs	4 165 400	-2	4 165 402	0	4 165 402	N/A
Softwares	19 519 819 503	15 708 873 563	3 810 945 940	2 689 057 188	1 121 888 752	42%
Conceded Area ENEO	811 540 257 354	401 977 978 369	409 562 278 985	405 434 579 939	4 127 699 046	1%
Patents, licenses, softwares and similar rights	831 060 076 857	417 686 851 932	413 373 224 925	408 123 637 127	5 249 587 798	1%
Goodwill	0	0	0	0	0	N/A
Other Intangible assets	0	0	0	0	0	N/A
Total	831 064 242 257	417 686 851 930	413 377 390 327	408 123 637 127	5 253 753 200	1%

The intangible asset has undergone a significant change due to the application of the new SYSCOHADA framework, which stipulates that as ENEO is a public service concession, it only has a licensing right on the concession. Thus, works financed by ENEO on the licensed domain are reclassified under the heading "Patents, licenses, software and similar rights".

At the same time, this reclassification was also carried out on the 2017 data to establish the comparability paradigm advocated by the reference framework. These rights reclassified as gross value are respectively XAF 811 billion in 2018 and XAF 790 billion in 2017, representing an increase of XAF 21 billion representing the investments made by ENEO in the field granted in 2018.

Intangible assets increased by XAF 5.3 billion, or 1%, as a result of an increase in investments in assets under concession, investments to secure structures (replacement of poles, transformers and IARCM) and the program to reduce losses through network standardization.

3.1.2.2 Tangible Fixed Assets

Tangible Assets	Gross	Amortizations	Net Book Value		Variance
			2018	2017	
Lands	341 813 878	0	341 813 878	341 813 878	0
Buildings	9 177 703 130	7 227 588 017	1 950 115 113	1 819 324 195	130 790 918
Fixtures, Fittings and Installations	50 941 309 779	34 937 187 286	16 004 122 493	12 790 026 042	3 214 096 451
Material	63 812 570 817	51 375 907 498	12 436 663 319	9 415 568 061	3 021 095 258
Transport equipment	18 806 130 019	15 479 004 528	3 327 125 491	3 357 281 412	-30 155 921
TOTAL	143 079 527 623	109 019 687 329	34 059 840 294	27 724 013 588	6 335 826 706
					23%

In accordance with the application of the new accounting standards, property, plant and equipment relating to the public service concession are reclassified as indicated above as intangible assets.

Tangible fixed assets in net value increased significantly between the two years, from 23% in 2018 to a slight decrease of 0.4% in 2017, or an increase of XAF 6.3 billion in absolute value, from a net value of XAF 27.7 billion in 2017 to XAF 34.1 billion in 2018. This increase is mainly due to the improvement of our distribution network and investments related to AFCON initially planned for 2019.

3.1.2.3 Financial assets

Financial assets	2018	2017	Variance	%
SNEC Contribution	335 000 000	335 000 000	0	0%
Hostellerie de la SANAGA contribution	2 000 000	2 000 000	0	0%
Alucam medical center contribution	55 000 000	55 000 000	0	0%
SOCIETE METROPOLITAINE D'INVESTISSEMENT DE DOUALA (SMID)	20 000 000	0	20 000 000	N/A
Provision	-337 000 000	-337 000 000	0	0%
Deposit and guarantees	75 000 000	55 000 000	20 000 000	36%
Legal guarantees	113 242 418	66 604 777	46 637 641	70%
SNEC consumption deposit	8 760 088	8 760 088	0	0%
P&T deposit	33 911 790	33 911 790	0	0%
Other deposit guarantees	45 236 400	45 236 400	0	0%
Guarantees deposit on letter of credit	71 828 672	71 828 672	0	0%
CBC guarantees deposit related to the concession	1 107 000 000	1 107 000 000	0	0%
Other state account receivable	1 169 843 222	1 169 843 222	0	0%
Provision	0	1 780 893 208	-1 780 893 208	-100%
Other permanent financial investment	2 549 822 590	4 284 078 157	-1 734 255 567	-40%
Total	2 624 822 590	4 339 078 157	-1 714 255 567	-40%

Financial fixed assets consist of equity investments and other financial fixed assets (deposits and guarantees). They decreased significantly in 2018 to 1.8 billion due to the settlement of the investment in Cameroon Power Holding (CPH) of XAF 815

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million granted on 03 March 2010 and the accrued interest on this investment XAF 966 million. This settlement was achieved through the offsetting of tripartite debts between Eneo, CPH and Energy Cameroon Nederland BV.

It should be noted that a new participation in the SOCIETE METROPOLITAINE DOUALA INVESTMENT COMPANY (SMID) XAF 20 million has been acquired and that there has been an increase of XAF 46.7 million (70%) in the costs of recording cases in court.

3.1.3 Stock of materials and supplies

The carrying amount of inventory broken down by category is as follows:

Items	Gross	Provision		2018	2017	Variation	%Variance
		Rate	Net value				
Dormant stock	1 235 871 049	100%	1 235 871 049	0	0	0	N/A
Slow moving stock	3 268 161 064	40%	1 307 264 426	1 960 896 638	1 640 734 146	320 162 492	20%
Strategic stock	7 184 446 617	30%	2 155 333 985	5 029 112 632	4 927 125 819	101 986 813	2%
Active stock	20 303 173 056	0%	0	20 303 173 056	14 521 396 954	5 781 776 102	40%
Stock in Transit	5 302 342 264	0%	0	5 302 342 264	1 611 404 208	3 690 938 056	229%
Total	37 293 994 050	0	4 698 469 460	32 595 524 590	22 700 661 127	9 894 863 463	44%

Inventory increased by CFA9.9 billion due to equipment purchases for distribution projects in the network and in preparation for AFCON 2019 and related projects.

The provision for inventory depreciation is measured on the basis of the value of the physical inventory by category. It slightly increased by XAF 490 million, or 12%, compared to 2017. This increase is due to the shift from some active stocks to slow stocks due to the slowdown in their consumption.

3.1.4 Receivables and related items

Reconciliation CMS-SAGE

During 2019, Eneo continued the implementation of reconciliation work between CMS and SAGE in order to ensure the correct compatibility between the 2 software packages. The first work focused mainly on invoicing and receipts, which have been completed overall. This year, the work mainly focused on the balance sheet accounts, i.e. on historical data.

Despite the work carried out with the assistance of external consultants, there are still residual gaps that require further investigation.

Management wished to keep these differences in the spotlight for the sake of transparency while making a commitment to finalize the reconciliations in 2019.

3.1.4.1 Receivables

Trade receivables recorded an overall increase of around 9% in gross value and 20% in net value, in contrast to the increase in gross value of 2% and 1% respectively in 2017;

This increase is XAF 16,7 billion in absolute terms, from a net value of XAF 85.5 billion in 2017 to XAF 102.2 billion in 2018.

This increase in receivables is explained by a relatively low collection rate, i.e. 94.01% of LV and MV customers, and mainly by the receivable relating to the subrogation of XAF 11 billion and XAF 1.6 billion relating to the receivable from the State and related parties.

The net value of trade receivables and related accounts as at 31 December 2018 is composed of the following items:

Accounts Receivable	2018	2017	Variance	%
Eneo staff	2 118 624 526	2 111 894 489	6 730 037	0%
Internal credit note	-508 416 087	556 436 643	-1 064 852 730	-191%
Dishonoured cheques	223 237 406	359 850 443	-136 613 037	-38%
Doubtful receivable	75 551 327 531	71 797 906 911	3 753 420 620	5%
Unbilled energy	7 958 307 606	6 047 793 711	1 910 513 895	32%
MV/LV state other affiliates	27 187 908 847	25 530 959 096	1 656 949 751	6%
State Subrogation	11 013 781 038	0	11 013 781 038	N/A
Bills in issue	-14 718 845	-14 718 845	0	0%
LV fraud	2 051 692 490	2 553 561 035	-501 868 545	-20%
MV fraud	597 780 873	597 117 811	663 062	0%
LV Clients	28 512 511 758	23 849 823 056	4 662 688 702	20%
HV Clients	9 333 288 469	13 990 877 650	-4 657 589 181	-33%
MV Clients	21 710 843 065	22 191 934 853	-481 091 788	-2%
Other Third parties	3 849 324 358	3 701 059 568	148 264 790	4%
KPDC/DPDC	1 647 563 178	1 475 843 178	171 720 000	12%
Gross	191 233 056 213	174 750 339 599	16 482 716 614	9%
Provision	-89 000 627 015	-89 200 562 843	199 935 828	0%

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Net	102 232 429 198	85 549 776 756	16 682 652 442	20%
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HV customers

The outstanding amount of customers excluding VAT decreased by 33% between 2017 and 2018. The individual customer item excluding VAT is as follows:

HV customers	2018	2017	Variance	%
ALUCAM	5 929 472 118	12 372 144 903	-6 442 672 785	-52%
CIMENCAM	826 374 332	732 251 999	94 122 333	13%
SOCATRAL	507 191 825	275 169 210	232 022 615	84%
DANGOTE	156 579 418	165 505 280	-8 925 862	-5%
CIMAF	25 259 512	23 721 187	1 538 325	6%
PROMETAL	481 258 772	422 085 071	59 173 701	14%
SONARA	1 407 152 492	0	1 407 152 492	N/A
Total	9 333 288 469	13 990 877 650	-4 657 589 181	-33%

The Trade receivables excluding VAT item decreased from XAF 13.9 billion in 2017 to XAF 9.3 billion in 2018 due to the recovery of arrears from ALUCAM, CIMENCAM and PROMETAL. We note the transfer of the SONARA client to the HV clients.

As at 31 December 2018, Eneo and Alucam carried out reconciliations of receivables and payables, which were subject to adjustments. On this basis, Eneo did not consider it necessary to record any other requests not made in the context of this work. However, following the incidents that occurred on the network at the beginning of 2018, Alucam complained to Eneo about the energy not supplied. Eneo did not consider this claim to be founded on the basis of law.

MV and LV customers

The outstanding amount of medium and low voltage trade receivables (excluding government and related parties) is broken down as follows:

LV/MV customers	2018	2017	Variance	%
Eneo staff	2 118 624 526	2 111 894 489	6 730 037	0%
Internal credit notes	-508 416 087	556 436 643	-1 064 852 730	-191%
LV fraud	2 051 692 490	2 553 561 035	-501 868 545	-20%
MV fraud	597 780 873	597 117 811	663 062	0%
LV Clients	28 512 511 758	23 849 823 056	4 662 688 702	20%
MV Clients	21 710 843 065	22 191 934 853	-481 091 788	-2%
Total	54 483 036 625	51 860 767 887	2 622 268 738	5%

The 5% increase in MV and LV customers (XAF 2.6 billion) is mainly due to a low collection rate among LV individuals (94.43% in 2018).

State and affiliates (MV & LV)

This item mainly includes receivables from the State and public authorities.

It increased by 48% in 2018 due to the non-payment of the entire 2017 tariff compensation by the State, resulting in an increase of XAF 10 billion and the Subrogation between the State-ENEO-CDE, the impact of which is XAF 11 billion.

State & Affiliates MV/LV	2018	2017	Variance	%
Autonomous LV customers	544 362 836	521 170 773	23 192 063	4%
Autonomous MV customers	2 774 456 366	2 774 456 366	0	0%
LV councils	19 376 571 843	15 331 338 185	4 045 233 658	26%
MV councils	1 927 685 697	1 262 102 088	665 583 609	53%
LV state customers	1 495 489 799	2 666 982 935	-1 171 493 136	-44%
State, treasury money, order to be appropriate	-25 613 038 640	-13 807 031 725	-11 806 006 915	86%
MV state customers	6 702 340 338	6 803 091 762	-100 751 424	-1%
State Subrogation	11 013 781 038	0	11 013 781 038	N/A
SNEC LV	1 089 666 230	1 093 780 161	-4 113 931	0%
MV state (receivable not establish by the state)	767 302 836	767 302 836	0	0%
States, claims on tariff increase	18 890 374 378	8 885 068 551	10 005 305 827	113%
Total	38 968 992 721	26 298 261 932	12 670 730 789	48%

Bad Debts

Doubtful debts increased by 5% between 2017 and 2018, from XAF 71.8 billion to XAF 75 billion. They are fully provisioned for their value excluding tax. Its increase follows an increase in past due payments and customer settlements.

Provision for Doubtful debts

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Depreciation of accounts with debit balances	-1 889 806 677	-1 436 852 487	-452 954 190	32%
Total	84 282 166 071	151 971 587 587	-67 689 421 516	-45%

The 45% decrease in other receivables, i.e. XAF 67.7 billion, is the result of:

- ✓ The payment by the State in 2018 of the tariff compensation for an amount of XAF 10.5 billion;
- ✓ The settlement of CAMEROON POWER HOLDING's (CPH) debt to ENEO through a tripartite compensation between ENEO, CPH and ENERGY CAMEROON NETHERLANDS BV for an amount of XAF 3 billion;
- ✓ The XAF 4.7 billion change in the provision for pension commitments representing amortization over 2018;
- ✓ The increase in the item "Miscellaneous debtors to be regularized", which exceptionally recorded DPDC's overbilling on the energy supplied pending arbitration by the regulator and the State of Cameroon;
- ✓ The XAF 65.8 billion reclassification of the De recognition of concession assets financed by State and third parties.

3.1.5 Cash & Cash Equivalents

This item comprises cash in hand, bank balances and transfer account balances. The depreciation of cash accounts records uncertainty for all CCP accounts.

The improvement in the cash position of CFAF 2.3 billion is mainly due to the subscription of a new medium-term loan of CFAF 29.7 billion

Cash & cash equivalents	2018	2017	Variance	%
Bills receivables	739 148 554	739 148 554	0	0%
Depreciation of value receivable	-739 273 554	-739 273 554	0	0%
Bank, postal cheques, cash	22 544 282 658	20 213 734 560	2 330 548 098	12%
Depreciation for banks, postal cheques and cash accounts	-1 634 005 901	-1 635 580 480	1 574 579	0%
Total	20 910 151 757	18 578 029 080	2 328 973 519	13%

3.1.6 Financial and other related debts

As at 31 December 2018, financial debts comprise:

Financial debt	2018	2017	Variance	%
Customer deposit	38 827 127 666	37 227 083 021	1 600 044 645	4%
Long and medium term loans	40 943 275 520	33 720 501 324	7 222 774 196	21%
Charges payables-Interest on loan	301 632 608	414 794 699	-113 162 091	-27%
Lease and related contracts debts	45 025 890 793	44 802 287 950	223 602 843	0%
provision for financial risks and expenses	39 094 325 076	36 900 932 850	2 193 392 226	6%
Total	164 192 251 663	153 065 599 844	11 126 651 819	7%

The increase in financial debts of about XAF 11.1 billion in absolute value, or 7% in relative value, results from the subscription of a new medium-term debt of XAF 29.7 billion.

We also note the increase in financial provisions for risks and charges of XAF 2.2 billion, the main cause of which is the increase in the US dollar rate from XAF 548 in 2017 to XAF 573 in 2018.

3.1.6.1 Customer Deposits

Customers deposits are sums received from customers when they subscribe to the subscription contract. They are in constant evolution due to the increase in the number of customers.

The decrease in advances on consumption (ASC) of CFAF 1.6 billion compared to CFAF 1.7 billion in 2017 is partly due to the decrease in the number of new subscribers between the two periods: 81,047 in 2018 compared to 99,431 in 2017

Among the differences identified in point 3.1.4, we have CFAF 1.6 billion to investigate on repayments of advances on consumption.

NB: During our analyses we identified 281,503 customers migrated without customer deposits in the CMS commercial application. The estimated amount of ASC for these clients is CFAF 8.4 billion, which we have isolated in account 1651300.

3.1.6.2 Medium and Long-term loans

The company also has a syndicated credit line granted by a consortium of international financial institutions (AFDB, DEG, EAIF, EIB, PROPARGO, IFC and FMO), set up in 2006. This loan is XAF 190 billion, composed of several tranches and remains subject to compliance with the accounting ratios determined. The last drawdown of XAF 39 billion took place in 2010, repayments began in March 2011 and will end in 2019, while the outstanding amount (excluding accrued interest not yet due)

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decreased during this financial year, from XAF 33.7 billion in 2017 to around XAF 11.2 billion in 2018 following the repayment of XAF 22.5 billion.

A Medium-term loan of XAF 38.2 billion was contracted on 17 October 2018 with CITIBANK, SGC and ECOBANK. During the same financial year, drawings totalling XAF 29.7 billion were made.

As at 31 December 2018, the situation of long-term borrowings by donor is as follows:

Loans	Dec.-17	New loans	Loans repayment	Exchange difference		Dec.-18	Interest	Balance
				Assets	Liability			
AFDB - Tranche A	6 940 025 127	0	4 631 056 410	-	-	2 308 968 717	27 663 817	2 336 632 534
DEG - Tranche A	1 157 571 225	0	771 714 111	-	-	385 857 115	4 622 965	390 480 080
DEG - Tranche B	578 785 534	0	385 857 062	-	-	192 928 472	2 311 481	195 239 953
EIB -Tranche A	6 366 641 543	0	4 244 427 628	-	-	2 122 213 915	25 426 303	2 147 640 218
EIB -Tranche B	1 157 571 225	0	771 714 111	-	-	385 857 115	4 622 965	390 480 080
IFC - Tranche A	6 366 643 898	0	4 244 426 959	-	-	2 122 216 939	25 426 339	2 147 643 278
IFC -Tranche B	1 736 356 759	0	1 157 571 186	-	-	578 785 574	6 934 446	585 720 020
Proparco - Tranche A	2 315 142 392	0	1 543 428 234	-	-	771 714 158	9 245 928	780 960 086
Proparco - Tranche B	1 157 571 225	0	771 714 111	-	-	385 857 115	4 622 965	390 480 080
BDEAC	1 157 950 631	0	771 714 111	-	-	386 236 520	8 322 860	394 559 380
FMO - Tranche D	1 429 942 692	0	953 295 143	-	-	476 647 549	5 710 727	482 358 276
FMO - Tranche E	578 785 567	0	385 857 062	-	-	192 928 505	2 311 482	195 239 987
EAIF - Tranche D	2 198 727 911	0	1 465 818 616	-	-	732 909 295	8 781 006	741 690 301
EAIF - Tranche E	578 785 593	0	385 857 062	-	-	192 928 531	2 311 482	195 240 013
CITIBANK	0	11 807 226 000	0	-	-	11 807 226 000	74869633,29	11882095633
ECOBANK	0	8 136 363 636	0	-	-	8 136 363 636	41559889	8177923525
SGC	0	9 763 636 364	0	-	-	9 763 636 364	46888319,75	9810524684
Total Long term loans	33 720 501 324	29 707 226 000	22 484 451 804	-	-	40 943 275 520	301 632 608	41 244 908 128

3.1.6.3 Leasing liabilities and related agreements

Eneo has contracted a leasing debt to finance the leased acquisition of equipment needed to connect the Dibamba heavy fuel oil power plant to the interconnected South grid. The initial value of the said loan was XAF 3.8 billion as at 30 June 2011, amortizable in constant annual instalments over a 20-year period. The amount of the reimbursement for the year 2018 is XAF 88.7 million. In 2013, ENEO contracted a new leasing debt of XAF 42 billion from KPDC on June 30, 2013. This new loan corresponds to the acquisition of the 225 KV transmission line and the 225 KV transformer substation of the Kribi gas power plant. This loan is amortizable over a period of 20 years. The repayment amount for this loan in 2018 is XAF 704.4 million.

In addition, in 2018, Eneo acquired 104 vehicles for its operation through leasing for XAF 1.9 billion (including XAF 1.5 billion for 70 pick-ups), in addition to the XAF 1.4 billion of similar leases outstanding at the end of the previous year, for which XAF 0.9 billion was amortized (repaid) in 2018.

Lease Liability	2017	New debt	Debt repaid	2018
Leasing and agreements liabilities DPDC	3 446 025 923	0	88 662 282	3 357 363 641
Leasing and agreements liabilities KPDC	39 962 956 631	0	715 816 051	39 247 140 580
Leasing and agreements liabilities	1 393 305 396	1 914 545 752	905 198 024	2 402 653 124
Total LT Liability	44 802 287 950	1 914 545 752	1 709 676 357	45 007 157 345

3.1.6.4 Financial provisions for risks and charges

Provision for financial risks and charges	2018	2017	Variance	%
Provisions for environment risks	528 985 400	663 705 750	-134 720 350	-20%
Provisions for retirement benefits	26 579 982 989	26 191 558 942	388 424 047	1%
Provisions for litigations	8 879 364 842	7 834 764 789	1 044 600 053	13%
Provision for exchange loss	3 105 991 845	2 210 903 369	895 088 476	40%

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Total	39 094 325 076	36 900 932 850	2 193 392 226	6%
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Financial provisions for risks and charges increased by XAF 2.2 billion in absolute terms, or 6%, mainly due to:

The evolution of the exchange rate from XAF 548 in 2017 to XAF 573 in 2018 led to an increase in the provision of XAF 0.9 billion. The increase in the provision for litigation of XAF 1 billion compared to 2017.

3.1.7 Current Liabilities

Current liabilities	2018	2017	Variance	%
Current liabilities	4 706 096 752	7 516 689 966	-2 810 593 214	-37%
Customers, advance received	1 963 046 834	198 138 719	1 764 908 115	891%
Operating suppliers	171 306 658 386	151 723 062 262	19 583 596 124	13%
Tax liabilities	49 130 928 959	44 811 643 021	4 319 285 938	10%
Personnel liabilities	8 374 846 757	6 902 714 058	1 472 132 699	21%
Other debt	60 762 866 211	138 473 978 277	-77 711 112 066	-56%
Provisioned risks	10 448 102 551	12 301 727 658	-1 853 625 107	-15%
Total	306 692 546 450	361 927 953 961	-55 235 407 511	-15%

Current liabilities increased between 2017 and 2018 by 15% or in absolute value of XAF 56 billion.

3.1.7.1 Accounts Payable

In 2018, the cash flow constraints faced by Eneo resulted in an increase in accounts payables of XAF 19.6 billion in absolute terms, or 13% in relative terms.

The energy suppliers ALTAQA, KPDC & DPDC which represent 39% of the total amount of the debt operating suppliers as at 31 December 2018 have decreased by 8% or XAF 5.9 billion.

By correspondence No.0000000024/D/ARSEL/DG/DCE/DAJ/PC/SDCT/SDAJ dated 3 March 2017, ARSEL limited the annual amount that ENEO is authorised to pay to DPDC to 11.02 billion under the Capacity Payment provided for in the Tolling Agreement in 2017 and 2018. As a result, Eneo rejected invoices above the threshold approved by ARSEL. DPDC attempted a forced recovery by calling the Guarantor from BICEC. This approach did not succeed on the basis of the evidence and arguments provided by Eneo that were followed by BICEC

Local suppliers for various services and supplies (succession and distribution, insurance, maintenance) which represent 25% of the total amount of the debt to operating suppliers as at 31 December 2018 increased by 16% or XAF 5.8 billion.

Accounts Payable	2018	2017	Variance	%
Account payable, other pending invoice	5 089 820 299	4 412 867 095	676 953 204	15%
Foreign suppliers	2 108 800 804	4 750 055 785	-2 641 254 981	-56%
Payables to KPDC & DPDC	66 709 149 118	72 537 432 202	-5 828 283 084	-8%
Local suppliers	42 012 713 260	36 251 949 793	5 760 763 467	16%
Account payable, accrued insurance invoice	0	38 500 304	-38 500 304	-100%
Account payable, accrued rent payable	79 425 839	-36 326 790	115 752 629	-319%
Account payable, accrued telephone charge payable	389 663 533	233 445 026	156 218 507	67%
Account payable, operating invoice to be received	31 180 229 964	17 565 476 011	13 614 753 953	78%
Account payable, inventory invoice to be received	2 565 917 512	1 807 099 362	758 818 150	42%
Account payable retained guarantees	101 926 641	162 563 478	-60 636 837	-37%
EDC invoice not received	21 069 011 416	13 999 999 996	7 069 011 420	50%
Total	171 306 658 386	151 723 062 262	19 583 596 124	13%

Provisioned expenses (invoices receivable from operations) also increased by XAF 13 billion, representing unbilled work received.

A provisioned charge of XAF 7.1 billion for water use from the Lom-Pangar dam was recorded for the year 2018. This is in addition to the expenses recognized in 2017 to make a cumulative amount of XAF 21.1 billion.

3.1.7.2 Fiscal and Social Debts

Social Debts

Social debts increased by XAF 1.4 billion between 2018 and 2017. This increase is mainly due to the increase of XAF 0.6 billion in personnel expenses.

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Social security liabilities	2018	2017	Variance	%
Work accident related charges	73 891 858	0	73 891 858	N/A
Other personnel payables	160 666 692	0	160 666 692	N/A
Others social debts	3 803 118 330	3 170 995 786	632 122 544	20%
Social insurance payables (NSIF)	1 146 443 218	846 790 001	299 653 217	35%
Mutual funds payable	149 904 410	0	149 904 410	N/A
Leave related Social payable	92 525 077	92 672 077	-147 000	0%
Gratification related social payable	13 239 007	229 724 850	-216 485 843	-94%
Staff union payable	498 155 422	498 629 515	-474 093	0%
Personnel savings	351 621 789	325 146 568	26 475 221	8%
Share attribution plan	61 812 068	61 812 068	0	0%
Leave payables	1 799 730 015	1 676 823 723	122 906 292	7%
Staff benefits payables	124 796 397	0	124 796 397	N/A
MURCAS loan	98 942 474	119 470	98 823 004	82718%
Total	8 374 846 757	6 902 714 058	1 472 132 699	21%

NSIF Verification

Eneo was subject to a NSIF audit covering the years 2015 to 2017, which resulted in a notification of provisional adjustment of XAF 5.5 billion.

The main part of the evaluation is due to the fact that the auditors decided to apply to Eneo the rate of 5% instead of 2.5% of the tax due for the labour protection fund. The company submitted a complaint to the Chief Executive Officer of the National Social Insurance Fund, in which we contested the 5% rate. However, we have recognized an amount due of XAF 624,035,059 (excluding penalty) on the basis of a second opinion. We made an advance payment of XAF 300,000,000 and requested a moratorium on the remaining amount.

At the current stage of the work in progress with the NSIF, ENEO has not considered it necessary to establish an additional provision for this control.

Tax Liabilities

Tax liabilities increased by XAF 4.3 billion in absolute terms, or 10% in relative terms compared to 2017. This change is the result of the cumulative increase in revenue and net income in 2018 compared to the previous year.

Tax Debt	2018	2017	Variance	%
Other credit taxes duties	2 301 024 488	1 497 541 320	803 483 168	54%
Corporate tax still pending	1 271 759 626	569 472 591	702 287 035	123%
State, net VAT payable	3 327 870 680	0	3 327 870 680	N/A
IRPP	1 733 901 228	1 120 908 022	612 993 206	55%
TSR	1 848 763 250	1 569 751 212	279 012 038	18%
VAT to be deducted at source	5 467 202 924	5 849 371 331	-382 168 407	-7%
VAT collected	5 155 578 956	8 188 474 667	-3 032 895 711	-37%
VAT invoiced	26 291 780 931	23 388 304 970	2 903 475 961	12%
VAT deducted at source	1 733 046 876	2 627 818 908	-894 772 032	-34%
VAT Deducted	0	0	0	N/A
Total	49 130 928 959	44 811 643 021	4 319 285 938	10%

Penalties on monthly tax returns for 2007 - April 2017

As part of the 2012-2013 audit transaction, Eneo has entered into an agreement with the tax authorities and has undertaken to pay XAF 5,388,119,499. This amount was fully recorded in our financial statements at the end of December 2017.

To date, Eneo has already paid XAF 1.6 billion. The balance due amounts to XAF 3,788,119,491

Penalties on monthly tax returns from May 2017 to April 2019

Since June 2017, Eneo has accumulated penalties for late payment of monthly tax returns in the amount of XAF 3,766,427,079, broken down as follows:

Year	Amount of the penalties (XAF)
2017	388 119 491
2018	2 538 630 190

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2019	839 677 398
Total	3 766 427 079

Given that the delay in the payment of taxes by Eneo was due to the delay in the payment of its debts by the State, we requested a free remittance of the total amount of these penalties from the Minister of Finance. We obtained a temporary suspension of payment from the Director General of Taxation in April 2019. We are now waiting for the Minister of Finance's response.

3.1.7.3 Other Debts

Other debts are significantly down by XAF 77.7 billion in absolute terms, or 56% in relative terms compared to 2017. This decrease is mainly due to the XAF 65.8 billion reclassification of the De recognition of concession assets financed by State and third parties and the reversal of provisions of XAF 12.3 billion, including XAF 10.2 billion related to the renewal provision.

ENERGY CAMEROON NETHERLANDS BV's debt has been reduced by 3 billion. This repayment will indirectly be used by CPH to settle its debt to Eneo.

Other debts	2018	2017	Variance	%
State of Cameroon	136 178	136 178	0	0%
STATE COMPENSATION	135 000	0	135 000	N/A
AES CAM HOLDING REBILLINGS	5 000 000	0	5 000 000	N/A
AES CAMEROON HOLDING	67 106 547	0	67 106 547	N/A
AES EDELAP...Current account	349 664	0	349 664	N/A
ACTIS ENERGY CAMEROON SERVICES LTD	1 334 048 854	811 566 995	522 481 859	64%
ENERGY CAMEROON France SARL	3 923 233	3 923 233	0	0%
ENERGY CAMEROON NETHERLANDS BV	16 023 833 898	19 020 348 123	-2 996 514 225	-16%
Sundry entries related to CWIP	54 360	0	54 360	N/A
MURCAS transit account	897 500	1 324 000	-426 500	-32%
Participations payable	101 771 184	95 985 180	5 786 004	6%
Rural Partner	9 828 701	9 828 701	0	0%
Rural Partner COM DPC	8 756 892	8 756 892	0	0%
Rural Partner DPNO	9 308 003	9 308 003	0	0%
Reimbursement of crédit foncier Loan	1 804 979	0	1 804 979	N/A
TEMPORARY ACCOUNT SYSCOHADA	40 940 227 421	116 209 238 081	-75 269 010 660	-65%
Zone franche Customers	5 716 231	5 716 231	0	0%
Sundry creditors to be regularise	86 936 415	47 556 652	39 379 763	83%
Sundry Partners	560 145 604	266 420 994	293 724 610	110%
Payable to ARSEL	0	698 023 691	-698 023 691	-100%
CDRH OMBE Sundry creditors	20 000	20 000	0	0%
Pre-billed energy	39 172 282	4 490 877	34 681 405	772%
Work paid for but not yet executed	685 653 403	502 530 260	183 123 143	36%
New connection paid for but not yet executed	665 905 214	778 804 186	-112 898 972	-14%
Total	60 762 866 211	138 473 978 277	-77 711 112 066	-56%

3.1.7.4 Provision for Risks

The risks covered by provisions fell from XAF 12.3 billion in 2017 to XAF 10.4 billion in 2018, representing a reduction of XAF 1.9 billion in absolute terms or 15% in relative terms compared to 2017 due to the reduction in the provision for late payment penalties for taxes of XAF 1.6 billion.

Provisions for risks	2018	2017	Variance	%
Provisioned for tax risks and charges	4 224 281 476	5 824 281 476	-1 600 000 000	-27%
Provisioned for penalties, for non-respect of service regulation	6 115 614 659	6 431 236 985	-315 622 326	-5%
Provision for financial risks	108 206 416	46 209 197	61 997 219	134%
Total	10 448 102 551	12 301 727 658	-1 853 625 107	-15%

3.1.8 Bank Overdrafts & Credit Facilities

The bank overdraft and credit facilities item increased significantly by XAF 8.3 billion, or 22%, compared to 2017. This increase is mainly due to a significant increase in bank overdrafts of \$6.9 billion, mainly due to promissory notes, which rose from \$19.2 billion in 2017 to \$27.8 billion in 2018.

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At the same time, bank overdrafts increased by XAF 1.4 billion over the same period. The self-financing of investments is largely responsible for the deterioration of cash flow.

Bank Overdrafts and Credit facilities	2018	2017	Variance	%
Bank, Invoice discounting	32 576 921 867	25 684 218 017	6 892 703 850	27%
Bank, Overdrafts	13 756 561 893	12 390 490 109	1 366 071 784	11%
Total	46 333 483 760	38 074 708 126	8 258 775 634	22%

Bank Overdrafts and Credit facilities	2018	2017	Variance	%
UBA Overdraft interest,	8 232 529 589	8 808 948 525	-576 418 936	-7%
STANDARD BANK OVERDRAFT INTEREST	9 992 398 171	10 000 000 000	-7 601 829	0%
BICEC OVERDRAFT INTEREST	6 707 946 880	0	6 707 946 880	N/A
CITI BANK OVERDRAFT INTEREST	2 901 332 526	433 191 677	2 468 140 849	570%
UBA Overdraft interest,	54 609 731	54 609 731	0	0%
STANDARD BANK Overdraft interest	61 143 084	61 143 084	0	0%
Bridge Loan	4 561 816 431	6 200 000 000	-1 638 183 569	-26%
Overdraft interest	65 145 455	126 325 000	-61 179 545	-48%
Bank, Credit facilities	32 576 921 867	25 684 218 017	6 892 703 850	27%
BGFI	1 681 131 282	1 812 338 024	-131 206 742	-7%
UBA	837 377 207	1 188 261 785	-350 884 578	-30%
CBC	1 549 925 757	1 845 116 296	-295 190 539	-16%
BANQUE ATLANTIQUE	1 107 857 624	555 555 866	552 301 758	99%
AFRILAND	1 213 453 137	0	1 213 453 137	N/A
ECOBANK	0	1 693 169 588	-1 693 169 588	-100%
CITI BANK	3 589 173 944	2 043 908 718	1 545 265 226	76%
SGC	1 293 308 255	2 000 982 635	-707 674 380	-35%
BICEC	1 177 263 174	1 696 421	1 175 566 753	69297%
STANDARD CHARTERED BANK	1 307 071 513	1 249 460 776	57 610 737	5%
Overdrafts	13 756 561 893	12 390 490 109	1 366 071 784	11%
Total	46 333 483 760	38 074 708 126	8 258 775 634	22%

3.2. ANALYSIS OF INCOME STATEMENT

3.2.1 Operating Expenses

Operating Expenses	2018	2017	Variance	%
Purchase of raw material	12 704 755 932	25 961 846 228	-13 257 090 296	-51%
Variation of stock of raw material	-2 860 837 096	375 424 599	-3 236 261 695	-862%
Other purchase	153 877 680 748	129 019 295 812	24 858 384 936	19%
Variation of stock of other purchase	-5 520 055 970	1 110 803 708	-6 630 859 678	-597%
Transport	505 349 622	434 178 878	71 170 744	16%
External Services	64 783 377 965	71 177 231 605	-6 393 853 640	-9%
Taxes and duties/charges	16 160 596 924	14 256 977 668	1 903 619 256	13%
Other expenses	16 056 307 656	27 551 584 485	-11 495 276 829	-42%
Personnal cost	50 505 168 689	49 609 267 661	895 901 028	2%
Depreciation and provision	37 847 620 280	66 836 618 319	-28 988 998 039	-43%
Total	344 059 964 750	386 333 228 963	-42 273 264 213	-11%

Operating expenses decreased by 11% with the main Variances in the following items:

3.2.1.1 Purchase of raw materials (Purchases and stock Variation)

Purchases of raw materials decreased significantly by XAF 13.3 billion or 51% in relative value. This decrease is mainly driven on the one hand by Gas purchases, which reduced by XAF 12.5 billion due to the exit of ALTAAQA in the Dispatch in 2018.

3.2.1.2 Other purchases (Purchases and stock Variation)

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Other purchases include fuel purchases for power plants, energy purchases from independent producers (KPDC, DPDC, ALTAQAA), meters, equipment, machine oils and greases, vehicle fuel, and others.

The increase of XAF 24.9 billion (or 19%) in this item is mainly due to the significant increase in the Purchas of heavy fuel oil for thermal plants of 14 billion (or 45% in relative value).

3.2.1.3 External Services

We noted a significant decrease of 6.4 billion or 9% in relative value. This decrease is mainly due to the rental of ALTAQAA fixed machinery and equipment in the amount of XAF 6.1 billion. The cessation of ALTAQAA's activity in 2018 is the major cause of this Variance.

3.2.1.4 Other Charges

Other expenses decreased by 11.5 billion or 42% in relative terms. This decrease is mainly due to trade credit losses and the provision for impairment of trade receivables, which decreased by XAF 1.2 billion and XAF 2.2 billion respectively compared to 2017

3.2.1.5 Personnel Charges

Personnel expenses increased slightly by XAF 896 million compared to 2017 with the following specific Variances:

- ✓ The reduction of overtime hours by XAF 320 million;
- ✓ The increase in the bonus charge payable of XAF 417 million.
- ✓ The increase of temporary staff expenses of XAF 787 million.

3.2.1.6 Depreciation, amortization and provisions

The change in the "Depreciation, amortisation and provisions" item is a decrease of XAF 29 billion or 43% compared to 2017.

3.2.2 Operating Revenue

Operating revenue	2018	2017	Variance	%
Goods, services sold	298 263 184 914	287 631 590 891	10 631 594 023	4%
Operating Subsidies	2 639 168 177	24 487 408 428	-21 848 240 251	-89%
Self constructed goods	34 784 598 353	33 052 061 217	1 732 537 136	5%
Stocked Assets	2 004 240 143	0	2 004 240 143	N/A
Non-core revenue	389 706 956	157 357 358	232 349 598	148%
Other income	17 148 296 017	17 651 892 456	-503 596 439	-3%
Reversals of provision	14 923 139 133	40 199 717 824	-25 276 578 691	-63%
Transfer of charges	4 096 047 025	2 785 893 181	1 310 153 844	47%
Total	374 248 380 718	405 965 921 355	-31 717 540 637	-8%

The significant decrease in operating income of XAF 31.7 billion, or 8%, compared to 2017 is mainly due to the specific operation relating to the transfer of equipment from the Emergency Thermal Programme, which resulted in a reversal of the provision in 2017.

3.2.2.1 Turnover

Revenue	2018	2017	Variance	%
LV sales	167 296 220 291	162 494 467 732	4 801 752 559	3%
MV sales	95 557 407 967	90 136 939 115	5 420 468 852	6%
HV sales	25 904 273 903	28 935 841 113	-3 031 567 210	-10%
Unbilled energy	1 577 777 970	-2 168 247 490	3 746 025 460	-173%
Works billed	6 780 074 020	6 732 665 416	47 408 604	1%
Services Billed	1 147 430 763	1 499 925 005	-352 494 242	-24%
Non-core revenue	389 706 956	157 357 358	232 349 598	148%
Total revenue	298 652 891 870	287 788 948 249	10 863 943 621	4%

The 4% increase in 2018 revenue compared to 2017 is mainly due to the improvement in LV & MV sales.

- ✓ LV and MV sales increased in proportion to the growth in demand between 2017 and 2018, which was 4%; The decrease in HV sales is due to ALUCAM's sales, which fell by 4.3 billion.
- ✓ This is mainly due to the Ramp-down/Ramp-up contract from 190 MW to 160 MW between October and December 2018.

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3.2.2.2 Operating Subsidy

The non-publication of the tariff resulted in a turnover below the minimum authorised by the regulator (ARSEL) for this level of activity. The difference between the turnover achieved above and the minimum authorised is recognised as a tariff compensation and recorded this year under the operating subsidy item for a value of XAF 2.6 billion.

In order to comply with the cut off principles, the primacy of substance over form and to in order to match expenses to income, Eneo has since 2016 opted for the recognition of regulatory assets on the basis of a calculation method validated by both parties. The regulated revenues reduced by XAF 21.8 billion to XAF 2.6 billion recorded in 2018. The amount of tariff compensation in 2017 was XAF 24.4 billion.

However, we note a difference with the annual forecast amount approved by ARSEL in October 2018, which amounts to XAF 1.3 billion, which is explained by the higher than expected actual variable costs.

3.2.2.3 Other Income

Other income recorded a negative Variance of XAF 0.5 billion compared to 2017.

3.2.2.4 Reversal of operating provisions

The reversal of operating provisions has significantly decreased by about 63% and end up at XAF 14.9 billion in 2018 as explained above.

3.2.2.5 Transfer of expenses and Capitalized expenses

Transfers of expenses and capitalized expenses increased respectively by XAF 1.3 billion and 1.7 billion.

3.2.3 Operating Result

Operating result	2018	2017	Variance	%
Operating income	374 248 380 718	405 965 921 355	-31 717 540 637	-8%
Operating expense	344 059 964 750	386 333 228 963	-42 273 264 213	-11%
Total	30 188 415 968	19 632 692 392	10 555 723 576	54%

We have a reduction of 8% and 11% respectively for revenues and operating expenses. Operating profit is 54% higher as compared to 2017.

3.2.4 Financial Result

3.2.4.1 Expenses for Financial activities

Financial expenses	2018	2017	Variance	%
Financial expenses	10 767 135 352	11 012 202 739	-245 067 387	-2%
Foreign exchange loss	321 163 505	240 475 969	80 687 536	34%
Depreciation/Provision	3 069 813 286	2 205 332 590	864 480 696	39%
Total	14 158 112 143	13 458 011 298	700 100 845	5%

The increase in financial expenses in absolute terms of XAF 0.7 billion or 5% is the result of:

- ✓ A marginal increase in foreign exchange losses compared to 2017, justified by the impact of the increase in the US dollar rate from 547 in 2017 to 573 in 2018.
- ✓ An increase in amortization / provisions for foreign exchange losses of 0.8 billion or 39% in% due to the 4% increase in the USD, which impacts the debts denominated in USD, in particular that of ACTIS ENERGY CAMEROON SERVICES LTD

3.2.4.2 Financial Income

Financial revenues	2018	2017	Variance	%
Financial income	136 409 318	568 650 680	-432 241 362	-76%
Exchange gain	963 002	84 321 802	-83 358 800	-99%
Reversal of provisions	2 174 724 810	5 104 370 090	-2 929 645 280	-57%
Transfer of charges	0	-1 706 513	1 706 513	-100%
Total Financial revenues	2 312 097 130	5 755 636 059	-3 443 538 929	-60%

The processes put in place by management to minimize bank suspense have helped to reduce provisions for financial risk.

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3.2.4.3 Result of financial Activities

Net Financial income	2018	2017	Variance	%
Income from financial transactions	2 312 097 130	5 755 636 059	-3 443 538 929	-60%
Expense from financial transactions	14 158 112 143	13 458 011 298	700 100 845	5%
Total financial income	-11 846 015 013	-7 702 375 239	-4 143 639 774	54%

The financial losses in 2018 are greater than in 2017, an unfavorable Variance of 54% due to the evolution of the exchange rate between the two periods creating a financial loss of XAF 11.8 billion in 2018. The increase in financial loss is also explained by a reduction in the financial income.

3.2.5 Result of Extraordinary Activities

Result of non core activities	2018	2017	Variance	%
Income from Disposal of Fixed Assets	99 080 091	246 329 229	-147 249 138	-60%
Other non core Income	65 796 940 870	2	65 796 940 868	N/A
Net Book Value of assets disposals	0	0	0	N/A
Extraordinary Expenses	-65 796 940 868	0	-65 796 940 868	N/A
Total	99 080 093	246 329 231	-147 249 138	-60%

Extraordinary activities products are entirely from the sale of fully depreciated assets and removed from the fixed assets register.

3.2.6 Net Income of the Year

Net Income	2018	2017	Variance	%
Operating result	30 188 415 968	19 632 692 392	10 555 723 576	54%
Financial result	-11 846 015 013	-7 702 375 239	-4 143 639 774	54%
Non core activities result	99 080 093	246 329 231	-147 249 138	-60%
Pretax profit	18 441 481 048	12 176 646 384	6 264 834 664	51%
Income tax expense	7 435 833 175	7 867 360 092	-431 526 917	-5%
Net income	11 005 647 873	4 309 286 292	6 696 361 581	155%

The end year result of December 31, 2018 has increased by XAF 6.7 billion compared to the previous year (or 155%), rising from XAF 4.3 billion in 2017 to XAF 11 billion.

3.3. ANALYSIS OF SOURCES AND USE OF FUNDS (CASH FLOW)

3.3.1 Gross operating surplus (EBITDA)

The positive Variance in EBITDA of XAF 6.8 billion is due to a more than proportional increase in demand-driven turnover compared to the increase in operating expenses.

3.3.2 Self-financing Cash Flow

No dividend distribution was made in 2018.

Cash flow has increased by 23%, or XAF 34.7 billion in 2018 against XAF 28.3 billion in 2017. This is due to the increase in the gross operating surplus (XAF 53.1 billion in 2018 against XAF 46.3 billion in 2017) following a slightly lower level of investment compared to 2017.

3.4. ANALYSIS OF FINANCIAL EQUILIBRIUM

The potential cash generated by ENEO in 2018 is XAF 17.9 billion compared to XAF 52.1 billion the previous year. This poor performance is the result of a repayment of short-term debt up to XAF 30 billion. However, to maintain an investment up to XAF 30 billion, a debt of XAF 35 billion has been contracted.

The Self Financing Capacity generated has enabled among others to:

- ✓ Repay foreign syndicated loans obtained under the vast investment program for a value of XAF 31.7 billion;
- ✓ Ensure investment to XAF 30.9 billion in 2018 significantly less than in 2017 which stood at XAF 31.5 billion.

Financial statements - Appendices note

Documentary credits obtained	2018	2017	Variance	%
Line construction : 225kv Bekoko Nkongsamba	23 070 191	23 070 191	0	0%
Line construction 30 KV Waza – Kousseri	211 730 455	211 730 455	0	0%
Extension and construction of Nord-South interconnexion Sub-station	205 343 303	205 343 303	0	0%
Supply and construction of EDEA discharge	23 795 015	145 323 972	-121 528 957	-32%
Supply and construction of EDEA discharge	145 323 972		145 323 972	
Supplies and installation of optic fibre	330 674 550	330 674 550	0	0%
Supplies of safety material and Equipment for cases of pylon collapse	0	0	0	0%
Supplies of transformer equipment Bafoussam Nkongsamba	0	0	0	0%
Supplies of transformer equipment Oyamabang	23 007 692	23 007 685	7	0%
Supplies of SCADA installation equipments	215 925 590	215 925 590	0	0%
Supplies of numeric protection and others	71 304 101	71 304 101	0	0%
Rehabilitation of Songloulou hydro-plant	1 932 224 983	256 734 531	1 675 490 451	461%
Renewal of equipment of Deido sub station	83 852 295	83 852 295	0	0%
Renovation of Bamenda sub station 30 KV de Bamenda	20 632 471	20 632 471	0	0%
Supplies of transformer equipment DJAMBOUTOU	547 836 591	433 722 704	114 113 887	0%
Foreign exchange loss	-5			
Total	3 834 721 204	2 021 321 848	1 813 399 360	36%

3.7.1.2 Cautions obtained

The projects mentioned above are for the most part financed by letter of credit of at least 80% and the remainder by a cash advance granted to the project manager.

In return, the company obtains guarantees for the execution of projects of the same amount as the cash advances paid to the project manager.

These deposits amount to XAF 7.61 billion in 2018 against XAF 7.68 billion in 2017. They are as follows at 31st December 2018:

Cautions obtained	2018	2 017	Variance	%
Advance payment	1 158 996 191	1 143 400 855	15 595 336	1%
Bank Guarantee	101 436 386	261 436 386	-160 000 000	-61%
Legal caution	85 204 634	97 606 883	-12 402 249	-13%
Execution guarantee	2 796 715 384	2 588 104 097	208 611 287	8%
Completion guarantee	33 139 291	33 139 291	0	0%
Repayment caution	1 265 437 140	752 758 959	512 678 181	68%
Advance payment caution	1 813 053 744	2 282 570 160	-469 516 416	-21%
Quality assurance guarantee	380 639 410	522 231 865	-141 592 455	-27%
Exchange difference	-19 908 484	107 336	-20 015 820	-18648%
Total	7 614 713 696	7 681 355 832	-66 642 136	-1%

3.7.2 Commitments given

They include customs bonds, securities deposits and bonds given to the postal administration according to the table below:

Cautions given	2018	2 017	Variance	%
Cautions on custom duties	3 553 589 495	3 802 349 500	-248 760 005	-12,05%
Legal cautions	128 750 000	128 750 000	0	0,00%
Postal services cautions	2 306 098	3 479 107	-1 173 009	-50,87%
Given bank guarantees	27 882 556 364	24 863 570 435	3 018 985 929	12,72%
Exchange (Loss) / gain	-8 056 785	-8 056 781	-4	0,00%
Total	31 559 145 172	28 790 092 261	2 769 052 911	10,68%

(*) The guarantee on the concession contract no longer appears in off-balance sheet commitments as it is recorded on the balance sheet in the item "CBC guarantee deposit linked to the Concession" (see - Other fixed assets)



Appendices

Macroeconomic environment in 2018

As at Dec. 2018, losses incurred by Eneo due to the NOSO crisis stands at **CF AF 10 Billion**

At the end of 2018, the International Monetary Fund projected that the world's growth rate would stagnate around 3.7% for the 2018-2019 period, representing a -0.2% drop compared to April 2018 forecasts, and a -0.1% drop in relation to 2017.

Thus, 2018 witnessed:

- A slight increase in growth (2.9%) in the United States (i.e. +0.7% compared to 2017). A drop in the vitality of this growth is expected to be witnessed in 2019 ;
- A decline in the Chinese economy from 6.9% in 2017 to 6.6% in 2018, being a -0.3% drop. This decrease is expected to continue in 2019;
- A -0.6% Euro Zone decrease in growth, being 1.8% in 2018 as against 2.4% in 2017. This downturn should worsen in 2019;
- A 2.9% stagnation in the economies of Sub-Saharan African countries, with a forecast of a slight growth recovery rate of 3.5% in 2019
- A 1.7% growth rate in the CEMAC zone compared to quasi-nil growth rate of 0.2% witnessed in 2017; this growth rate is expected to hit 2.2% in 2019.

Besides the Sub-Saharan African Zone, the other aforementioned economies recorded an increase in inflation that would tend to be sustained in 2019.

In the case of Cameroon, its economic growth stood at about 4% greater than in 2017. This was achieved amid a context characterized by the following major highlights:

- Generalized insecurity in the Anglophone regions. The shortfall in the earnings of companies since the onset of this crisis till date is estimated to be greater than FCFA 269 billion, with the agro-business, especially the cocoa-coffee sector being the hardest hit. Eneo's activities have equally suffered a lot from this crisis, with a tentative shortfall of FCFA 10 billion;
- Withdrawal of the hosting of AfCON 2019 from Cameroon, which dampened activities in the building and construction sector;
- Drop in national fuel production, over 31% rise in international fuel prices;
- Creation of new oil production units by SO NARA
- Significant increase in natural gas production of 90.25 %, thanks to the launching of Hilli Episayo natural gas liquefaction operations;
- 15.6% drop in oil production as compared to the same period in 2017;
- Considerable drop in the physical execution of the Public Investment Budget;

According to the National Institute of Statistics, inflation would appear to have been less than 2% in 2018.



Challenges of Eneo's Business

Demand trend

	2018	2017	Variation
Alucam & Socatral	1,398	1,544	(9,40%)
Cimencam Bonabéri, Dangote & CIMAF	132	135	(2,38%)
Distribution network	4,919	4,747	3,62%
<i>SOUTH Interconnected Grid</i>	4,474	4,332	3,29%
<i>NORTH Interconnected Grid</i>	365	332	10,07%
<i>Standalone power plants</i>	79	83	(4,76%)
Total Energy Generated (HV & MV)	6,449	6,425	0,37%

Energy demand trend in 2018

Initially projected to be about 5.5 % in 2018, the energy served via the Distribution network witnessed a growth rate estimated at 3.6%, below the historical trends of growth rates of about 6%.

This downward trend can partly be attributed to two major factors namely:

- Unserved Energy
- Slowdown of economic activity in the North West and South West region.

	2018	2017	Variation
Eneo	5,462	5,328	2,5%
Hydro	5,023	5,008	0,3%
Songloulou	2,796	2,788	0,3%
Edea	1,939	1,920	1,0%
Lagdo	289	300	(3,7%)
Eneo thermal Grid	359	236	52,4%
Standalone thermal power plant	79	84	(6,5%)
Independent Power Producers	1,515	1,533	(1,2%)
Globeleq (Kribi & Dibamba)	1,463	1,266	15,5%
Altaaqa (Logbaba & Bassa Gas)	3	259	(99,0%)
Aggreko (Maroua)	50	8	562,7%
Total Production (GWH)	6,977	6,861	1,7%

Energy supply dispatch strategy

Globally, demand growth rate was 0.37 % between 2017 and 2018. This growth rate had been affected mainly by the slowdown of Alucam activities (-145 GWh) as compared to 2017 and by the moderate growth of the public sector (+172 GWh).

The generation strategy was similar to that of 2017, with priority being dispatch of hydroelectric source.

Various contributions to demand satisfaction remained fairly stable, 72% as against 73% in 2017 for hydroelectric plants, 6.3% for Eneo thermal plants (4.7% in 2017), and 21.7% for independent producers (22.3% in 2017).



Challenges of Eneo's Business

Electricity tariff

The institutional, regulatory and contractual framework defines the rules and principles for the annual adjustment of electricity tariffs, which are controlled by the Regulatory Agency. Tariffs are supposed to be adjusted annually, even if this has not been the case since 2012.

In general, tariffs are used to cover expenses and to finance the development of the electricity sector. The factors that determine tariffs are: investments, inflation, operations (variable expenses that change with demand, such as fuel, KPDC energy purchases, DPDC, Gas), debt service and penalties.

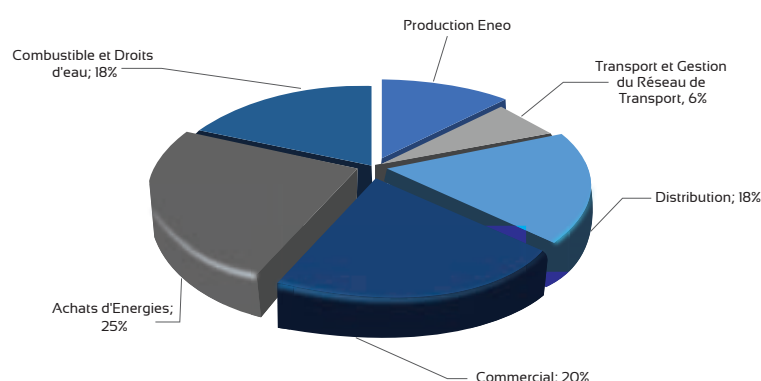
The tariffs currently in force are those set in June 2012 by ARSEL. In the case of small households, the tariff applied has even remained unchanged for 15 years. It is FCFA 50 for customers who consume less than 110 KWH. These customers represent more than 60% of our portfolio. Taking into account only the inflation criterion, the tariff to be applied in this category could already have reached FCFA 80. If it has remained unchanged, it is because this tariff is subsidized by both the State and large consumers.

For all other categories, the rate has not been readjusted since 2012, due to the compensation mechanism set up with the State. In fact, when the various factors are taken into account, it is clear that price stabilization or decline cannot yet be achieved in normal times. The political will to compensate for the tariff shortfalls was maintained in 2018, and continues through the various amendments to the debt agreement of Wednesday, December 28, 2005 between the State and AES-SONEL to allow the operator to cover its costs.

The development of the sector has a significant need for financing for massive investments, while operating expenses increase with the growth in demand.

To contain and even lower the cost of electricity for households and businesses, there are adjustments to be made:

- Accelerate investments in the sector;
- Diversify the energy mix by adding more renewable and hydroelectric energy. As far as Eneo is concerned, the solar plan has already been rolled out;
- Fight fraud within the electricity sector. Regular customers pay for themselves, but also for fraudsters. So, the fight against fraud must be a common cause.



Revenue breakdown in the rate 2018 : When a customer pays their bill, here is a breakdown of the expenses to which this money is allocated, with a quarter going to energy purchases and 55% to generation as a whole

Major challenges of the sector

Customer satisfaction is at the heart of customer relations issues. Eneo's ambition is to professionalize and institutionalize the processes, actions and behaviours of excellence within Eneo so that its customers benefit from interactions and results that meet the required standards, regardless of the region in which they are located.

Achieving this ambition will require a significant change in the way Eneo organizes and conducts its business. This will also and above all depend on how the main issues in the sector are addressed.

As the Government's Strategic Partner in the Electricity Sector, Eneo intends to play its full role alongside other stakeholders in the energy chain in order to address the many challenges facing the electricity sector:

The Supply/Demand Balance

- Construction of new electricity generating units: the company must work on the terms of reference for low-cost generation;
- Complying with deadlines for the commissioning of new units: any delay in the commissioning of new projects will lead either to a shortfall or to a temporary generation solution at very high costs;
- Diversified energy mix with the introduction of renewable energies (solar, mini hydro, etc.).

The Financial Balance of the sector

- Regulatory and financial model of the sector: need for publication of tariffs, calculation of penalties based on available resources and a balanced model for all stakeholders;
- Payment of bills due by the State;
- Payment of bills from public entities;
- Better collection from Eneo's customers;
- Pricing model for large industrial customers.

The implementation of the 2011 reform

- Operationalization of the SONATREL: In 2018, Eneo continued to work with the Government to make this operationalization effective with minimal impact on customers and its operations;
- Roles and responsibilities of the various actors: given the entry of new actors into the sector, the roles and responsibilities of each must be clearly defined.

Improving Operational Performance

- The key objectives of the 2019-2031 investment plan are to: Develop and extend distribution networks;
- Rehabilitate existing networks that are in poor condition;
- Modernize equipment and management tools;
- Improve access to electricity throughout the country;
- Improve safety and environmental performance
- Improve the balance between supply, demand and service quality;
- Reduce losses and increase operational efficiency;
- Facilitate access to Generation for new operators;

Ensure the maintenance of the works that are awarded by the State to Eneo, in particular Songloulou, Edéa and Lagdo.

Government's support is necessary...

The company remains fully committed to continuing the ongoing process of its transformation, and above all to contributing effectively to the attainment of the objectives set by the Government for the development of the electricity sector.

For the next twelve (12) years, there are plans to invest nearly FCFA 500 billion, more than half of which in the rehabilitation, reinforcement and extension of distribution networks. The mobilization of such a large volume of investment requires accompanying measures that Eneo has requested from the Government.

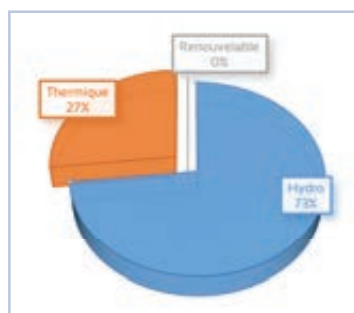
Until these measures are implemented and in view of the critical financial situation in which Eneo finds itself today, the company intends, first of all, to continue

the efforts made to improve its operational performance (distribution efficiency, collection rate, loss reduction, etc.), restore the main balances in its accounts, repay its debt and finance its investments. Secondly, the focus will be on accelerating investment with the new 2019-2031 plan.

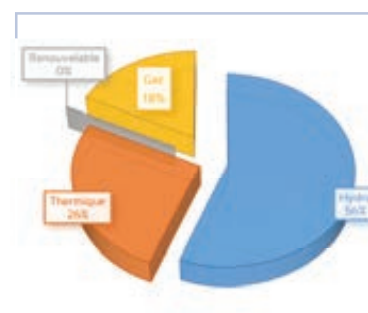
In addition to external financing, Eneo will have to secure self-financing, the two main sources of which are electricity tariffs and the payment of consumption by the State and its entities.

Cameroon Energy Mix (as of July 2019)	
Power stations	Power (MW)
Total Hydro	732.2
Total Thermal Eneo	267.512
Renewable (solar)	0.186
Total Eneo	999.90
Dibamba thermal plant	86.08
KRIBI Gas Thermal	216
Maroua thermal plant	10
Bertoua thermal plant	5
LOGBABA Gas Thermal	30
Hydro Memve'e	45
Total IPP (Independent Producers)	392.08
Total Cameroun	1,391.98

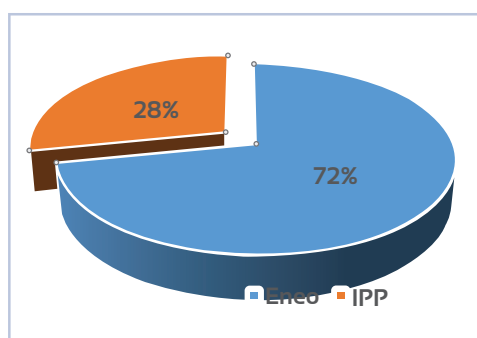
NB: Cameroon needs an additional capacity of 100 MW every year, in order to catch up on the delays and satisfy the growing demand.



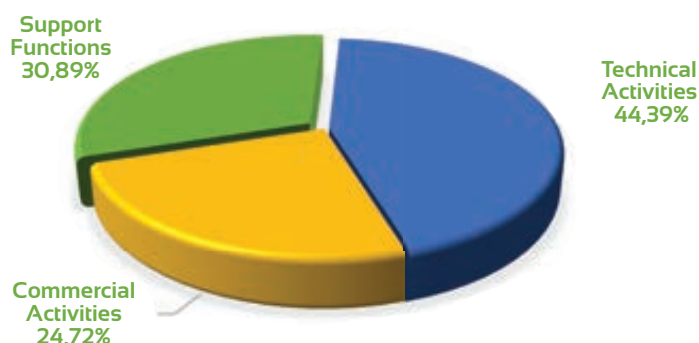
Eneo Generation Mix



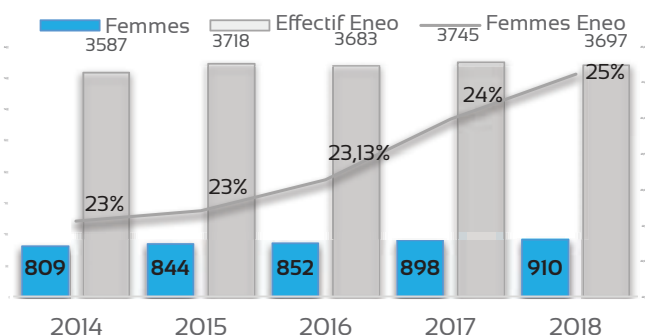
Cameroon Generation Mix



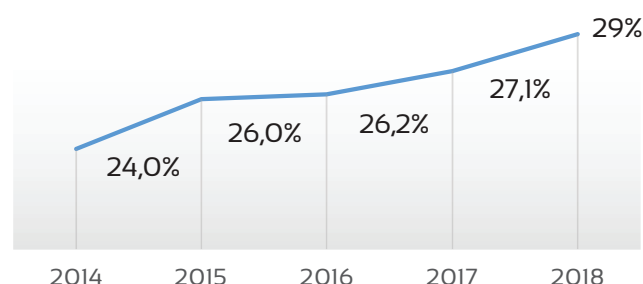
Contribution of the Eneo facility to the Cameroon Generation Mix



Breakdown of staff per activity



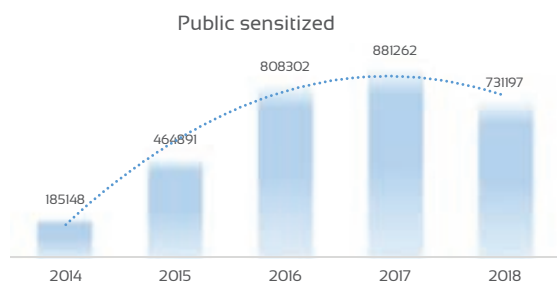
Female workforce trend 2014-2018



Female executives trend 2014-2018

Domain/Location of Training	Number of men Week		Number of employees Trained		Day Training	
	2018	2017	2018	2017	2018	2017
Management/leadership (local)	166	499	478	912	832	2,497
Technical (local)	1,806	4,465	1,225	2,470	9,030	22,324
Foreign training	124	126	61	46	621	630
Total	2096.4	5090.2	1764	3428	10483	25451

Breakdown of training courses by type and year



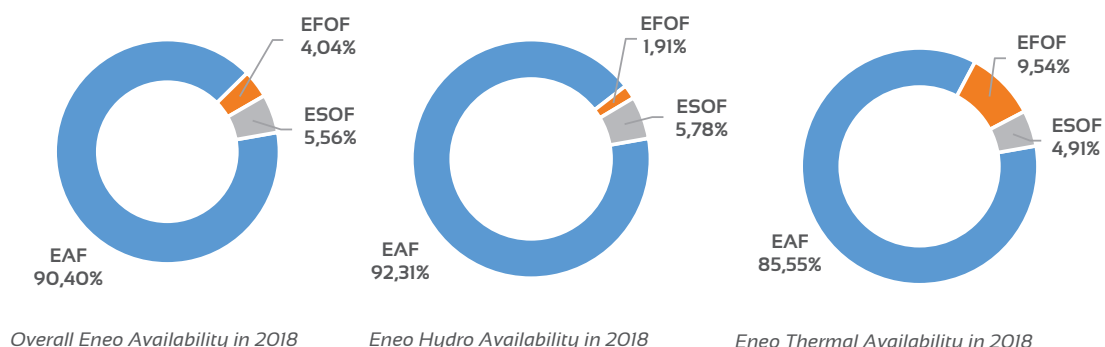
Rate of public sensitisation in on the dangers of electricity



Production rate of wood poles



Shipment of poles to warehouses



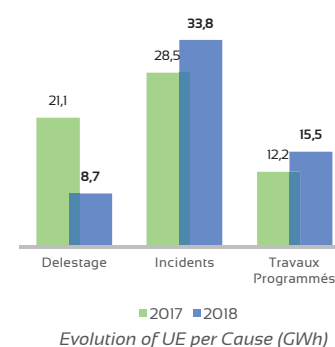
Overall Eneo Availability in 2018

Eneo Hydro Availability in 2018

Eneo Thermal Availability in 2018

	2017	2018	Variation
Unserved Energy (MWh)			
UE Distribution (MWh)	21 000	25 684	22,3%
UE Transmission (MWh)	17 026	20 588	20,9%
UE Generation Inc. (MWh)	2 677	3 068	14,6%
Total UE (MWh)	40 703	49 340	21,2%
Load shedding (MWh)	21 059	8 701	(58,7%)
Total UE with Load shedding (MWh)	61 762	58 041	(6,0%)
UE rate (compared to supply)	0,96%	0,90%	0,06%

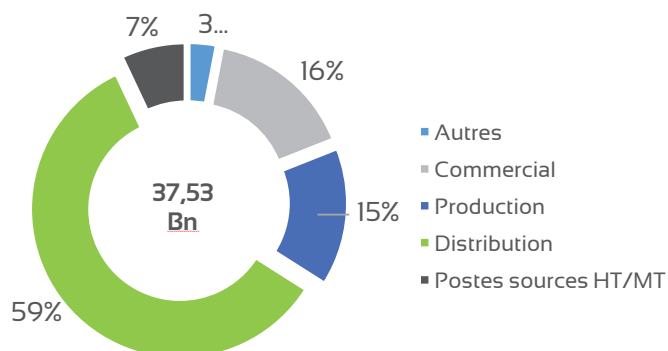
Unserved Energy in 2018



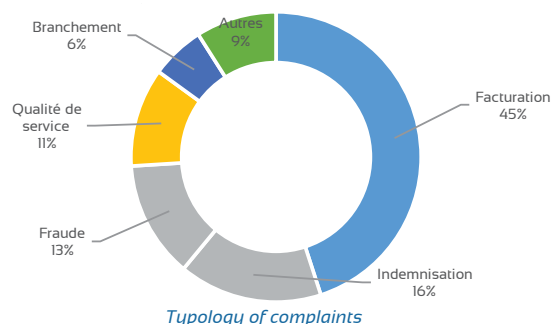
Evolution of UE per Cause (GWh)

	2017	2018	Variation
SAIDI (Duration, in hours)			
SAIDI Distribution	85,66	97,65	14.0%
SAIDI Transmission	43,1	45,94	6.6%
SAIDI Generation	6,99	11,01	57.5%
SAIDI Generation (Load shedding)	75,1	29,74	(60.4%)
SAIDI Total	210,85	184,34	(12.57%)
SAIFI (Frequency)			
SAIFI Distribution	25,02	27,95	11.7%
SAIDI Transmission	23,73	22,19	(6.5%)
SAIFI Generation	12,27	6,17	(49.7%)
SAIFI (Load shedding)	14,72	13,45	(8.6%)
SAIFI Total	75,74	69,76	(7.90%)

Outage Duration and Frequency in 2018



2018 Investment Programme



Typology of complaints

The most recurrent complaints remain those relating to the quality of billing and represent 45% of the complaints registered in 2018. This represents a decrease of 20% compared to 2017.