

# Step by Step,

## Eneo is Transforming the Electricity Service

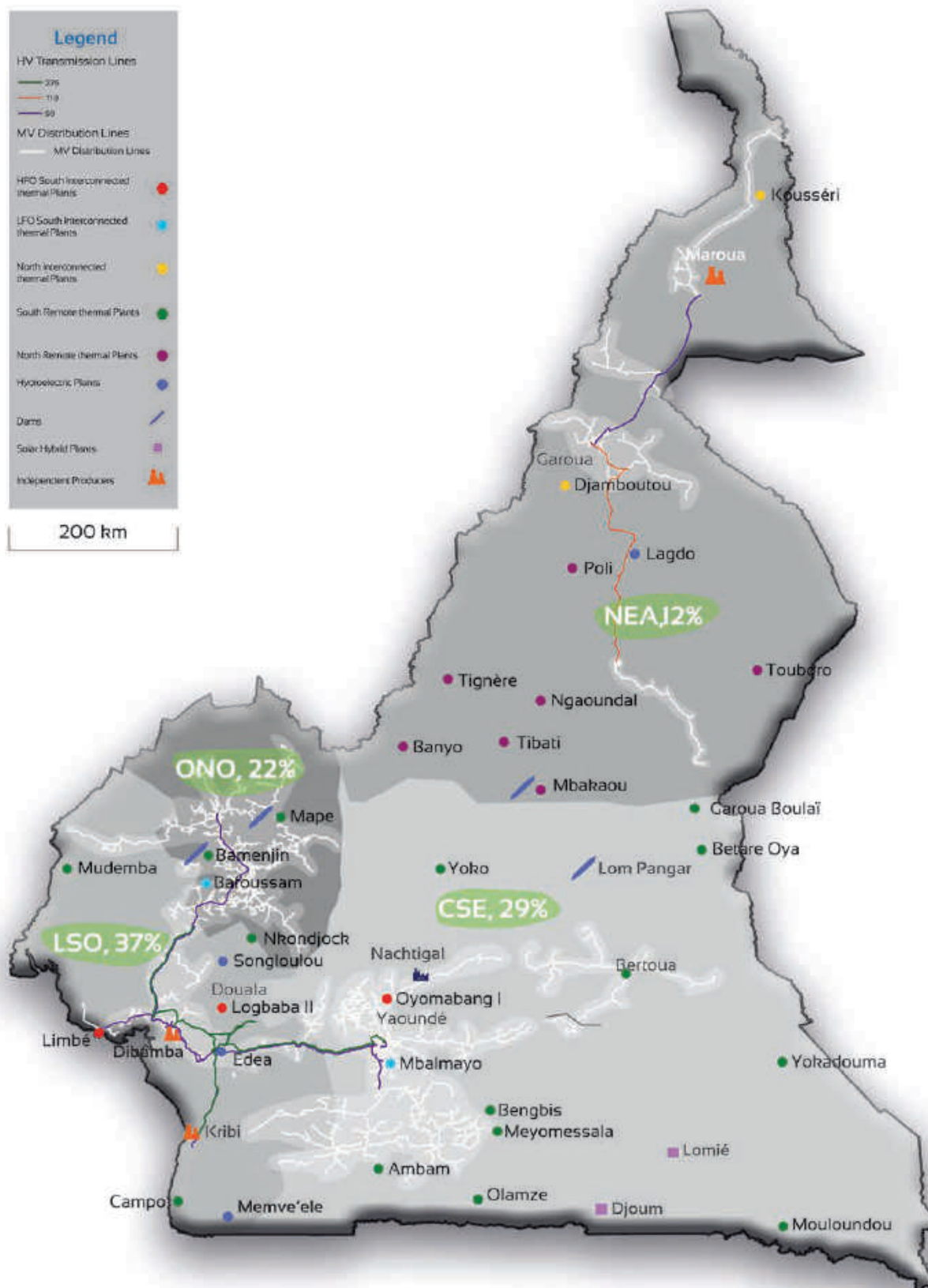
Speeding up the modernization and standardization of distribution networks



Standardizing installations, guarantee of safety and comfort of customers as well as social justice

## 2019 Annual Report

# ELECTRIC MAP



## Some key figures as at 31 December 2019

Active customers : 1 360 027 (8.1% more than in 2018)

Headcount : 3 759

Electricity access rate : 62,7% in 2018, 62% in 2017, 60,1% in 2016, 58,1% in 2015  
(\*World Bank figures)

Cameroon's installed capacity : 1 526.9 MW





## About Eneo

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

Integrity, cohesion, respect and commitment, which underpin its business, are the fundamental values on which Eneo establishes its identity. They are essential for the successful accomplishment of its public utility missions, including the satisfaction of its customers and generally all its stakeholders.

With a headcount of 3 759 spread all over our main activities viz generation, distribution and sale of electrical energy, Eneo invests each day to improve the quality of 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.

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 from 18 July 2021, by decision of the President of the Republic.

Eneo has an installed generation capacity of 998.939 MW. The generating facilities consist of a total of 37 generation power plants of which 13 grid power plants and 24 remote power plants. Eneo's production source consists of 73.30% hydro, 26.66% thermal and 0.04% solar. The contribution of Eneo's generation facilities to the energy mix of the country amounts to 65.42%, Memve'Ele 13.82%, KPDC 14.15%, DPDC 5.63% and Aggreko 0.98%.

The Distribution network consists of 11,450 kilometres of lines ranging from 5.5 to 33 kilovolts and 11,158 kilometres of lines from 220 to 380 kilovolts. As at 31 December 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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- 2019 key statistics
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- Eneo: A digital and humane employer
- 2019: A step further towards more robust governance
- CSR: More collaboration with local communities for a mutually beneficial relationship
- Electrical safety: a herculean national challenge
- Modernizing the metering of electricity consumptions of our customers
- Prepayment: A positive experience for customers who are using it
- Songloulou: Stability confirmed by a study-works ongoing
- Pole mix: A local solution for the procurement of concrete poles
- Supply-Demand: Generally, supply-demand balance guaranteed within a context of unavoidable rationing
- Djoum, Eneo is expanding its solar facilities and improving the ecological impact of its operation in this town
- Kyé-Ossi: the junction town is lit up
- Mundemba : Mundemba: A new genset commissioned to improve supply
- Technical service quality dropped due to rationing and fraud
- Ebolowa – Sangmelima – Mbalmayo: Over 100 villages supplied with electricity after going for months without electricity
- Access to electricity: increase in energy injected by 6.50% due to over 600 000 new persons and businesses connected in 2019
- Payment of bills via operators other than Eneo: 2 new active operators since 2019 and solutions to improve the quality of service provided to customers
- Standardization and reduction of losses: the health of the sector depends largely on the latter
- Dematerialization of supplier relations as lever for the improvement of service quality

## Appendices

- Eneo's contractual obligations
- Macro-economic environment in 2019
- Electricity tariff, a major challenge
- The major challenges of the sector
- Support of the Government is necessary
- Other performance indicators
- 2019 financial results

## 2019 key figures

2018 statistics

### Active Customers

**1 360 027** ↑

1 258 340

### Connections realized

**82 129** ↑

81 296

### Distribution average duration of interruptions is decreasing

**90.5 hours/year** ↑

97,65 heures/an\*

### Distribution average frequency of interruptions has dropped

**26,75** ↑

28,05

### Demand coverage

**98,98%** ↓

99,17%

**Unservd Energy is increasing by 6.3% overall, and by 15.9% due to load shedding** ↓

### Headcount

**3 759** ↑

3 697

### Distribution Efficiency

**67,97%** ↓

68,93%

### Collections

**83,50%** ↓

97,72%

### Demand growth rate

**6,5%**

### Investments realized

**32 986 billion** ↑

31,445 billion\*

\* Adjusted figures

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## Foreword

In 2019, Eneo continued efforts aimed at modernizing distribution and improving service quality. Eneo recorded progress in several segments of its business as well as addressing the major challenges it faces.

The year was marked by a particularly difficult socio-economic context, characterized by an acute liquidity crisis in the country and in the sector in general. At Eneo, in particular, the financial situation deteriorated due to huge outstanding bills that prevent the company from honouring its engagements vis-à-vis its suppliers. The most visible impact is the difficulty related to the daily supply of fuel in thermal power plants, leading to rationing that is prejudicial to customers and generally to the economy of the country.

Eneo closed the year with huge debts vis-à-vis its partners as well as increasing outstanding bills with regard to its large customers; a huge challenge for Mr Eric Mansuy, the new general manager, who was appointed to manage the affairs of the company at the end of an extraordinary board meeting on November 28, 2019.

Amendment No.3 commits Eneo to informing the Government of any situation or any action likely to prevent the company from fulfilling its obligations provided for in the concession agreement. Thus, a consultation platform has been put in place with the Government and all actors of the sector; deliberations should make it possible to find appropriate solutions in 2020.

Within this particular context, several projects were launched in 2019, and the main results recorded are:

At the governance level, 2019 was a significant turning point with regard to the structuring of governance organs

and especially the revision of their actions. The guidelines and actions carried out within the framework of the programme relating to the transformation of governance strengthens the role of Internal Audit and Compliance in the corporate management process as well as control based on a risk mapping at the strategic and operational levels.

**At the CSR level:** the company continued to maintain close relations with local authorities, non-governmental organizations, business partners of the private sector, councils and associations in order to create concrete synergies, mutually beneficial and sustainable in accordance with its values.

**At the electrical safety level:** the company is committed to modernizing facilities in order to meet the ever increasing demand. This new dynamic could give the impression of emergency and expose both technical teams and the public to electric current related risks. This is what guides the putting in place in 2019 of the new safety policy of the company.

The No. 1 priority of the company is that each and every employee should go back home each day safe and in good health and above all the public should enjoy electricity service in complete safety.

**At the electricity generation level:** a good hydrology was recorded and the implementation of the maintenance programme led to an increase by 4.11% of hydroelectric energy generated in the Northern and Southern parts of the country. All sources taken together, the total energy generated is increasing.

At the service quality level: Generally, the service quality indicator dropped including an increase in unserved



## Foreword

energy due largely to the rationing of generation and scheduled works on the network. Whereas with regard to Distribution, the reduction of average duration and frequency of interruptions lowers this curve. A consecutive upturn following the rigorous continuation of scheduled works, of maintenance/repair of defective cables (underground and overhead), cabinets as well as the progressive replacement of rotten wood poles with concrete or metal poles on critical lines.

**At the level of access to electricity:** Contractual engagements as far as connection is concerned were exceeded including the connection to the electrical network of slightly more customers and businesses compared to 2018.

**At the level of losses:** Distribution losses increased slightly in 2019. The company put in place a vast programme relating to loss control based on several aspects; notably intensification of standardization and safety operations for facilities and installations. Its survival and that of the sector entirely depends on it.

The programme for the installation of smart meters (post-paid and prepaid) was pursued. It aims at guaranteeing a better reliability of metering as well as autonomy to customers. Furthermore, over 28 224 illegal consumers were also converted into customers.

At the financial level: The unprecedented deterioration of the financial situation of Eneo and consequently the entire electricity sector in Cameroon in the year 2019 is attributable to the accumulation of outstanding bills by certain large consumers. This situation was compounded by the increase in Eneo's debt vis-à-vis energy and fuel supply companies for the replenishment of thermal power plants.

In the second half of 2019, the State of Cameroon was able to partially clear its debt while making it possible

for Eneo to continue to ensure the supply of fuel to power plants. However, the amount of accumulated debt is still quite huge, over XAF 180 billion as at 31 December 2019, of which XAF 63 billion for public corporations and/or public companies alone.

On its part, Eneo owed energy and fuel suppliers the sum of XAF 155 billion on the same date.

As part of consultations led by the Prime Minister, it is worthwhile hailing the decision of the State of Cameroon to settle a first batch of certified invoices of a total amount of XAF 45 billion through the issuance of Treasury Bonds (OTA) allowing for the injection of fresh money into the sector. This operation that we wish to see realized as soon as possible will make it possible to clear partially the debts of energy and fuel suppliers, to ensure the regular supply of fuel and to invest in order to enhance service quality.

Some internal or external factors have however diluted these performances:

- Drop in distribution efficiency;
- Drop in collection rate ;
- Low liquidity;
- Resumption of rationing;
- Crisis in the North-West and South-West Regions;
- Constraints related to overload of transformers at Bekoko and Logbaba ;
- Accidents on the electrical network.

We are pleased to present our 2019 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 team spirit. Our activities must be a sustainable source of progress for the country and growth for Eneo's staff.

### Regional Directors (2020)

<b>DOUALA</b> <i>Abel Ekolo</i> 694 19 35 00 <a href="mailto:abel.ekolo@eneo.cm">abel.ekolo@eneo.cm</a>	<b>YAOUNDE</b> <i>Ernestine Mboa Eyinga</i> 658 80 00 21 <a href="mailto:ernestine.eyinga@eneo.cm">ernestine.eyinga@eneo.cm</a>	<b>WEST and NORTH-WEST</b> <i>Bernard Fanga Djamen</i> 690 02 09 39 <a href="mailto:bernard.fanga@eneo.cm">bernard.fanga@eneo.cm</a>
<b>SOUTH-WEST and MOUNGO</b> <i>Marie Charlie Bassega</i> 691 01 79 91 <a href="mailto:mariecharlie.bassega@eneo.cm">mariecharlie.bassega@eneo.cm</a>	<b>NORTH, FAR NORTH, ADAMAWA</b> <i>Hilaire Evina</i> 698 81 45 11 <a href="mailto:hilaire.evina@eneo.cm">hilaire.evina@eneo.cm</a>	<b>SANAGA OCEAN</b> <i>Génie Ngongang</i> 697 90 74 11 <a href="mailto:genie.ngongang@eneo.cm">genie.ngongang@eneo.cm</a>
<b>CENTRE</b> <i>Tony Joss Mpoudi Ngolle</i> 691 93 27 11 <a href="mailto:tony.mpoudingolle@eneo.cm">tony.mpoudingolle@eneo.cm</a>	<b>EAST</b> <i>Babba Issou</i> 699 00 85 16 <a href="mailto:babba.issou@eneo.cm">babba.issou@eneo.cm</a>	<b>SOUTH and MBALMAYO</b> <i>Rodolph Mbimbe</i> 697 32 03 15 <a href="mailto:rodolph.mbimbe@eneo.cm">rodolph.mbimbe@eneo.cm</a>

# Management structure

The Board of Directors in 2020



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

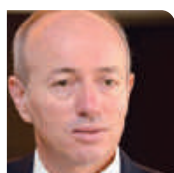
## Representatives of Actis



David GRYLLS



David ALDERTON



Philippe WIND



Ralf NOWACK



Eric MANSUY  
General Manager Eneo

## Independants Directors



Elias PUNGONG PUPESIE



Gérard Roth

## Government Representatives



Gilbert Didier EDOA  
Ministry of Finance  
Representative



Adolphe THOME  
Ministry of Energy  
Representative



Alhadji MAGRA MASSAOU  
Ministry of Economy  
Representative

## Representative of Workers' Shareholding



Martin Luther  
NJANGA NJOH

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

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

Board members	Operations	Remuneration and Appointment	ESG	Strategic Affairs	Audit
Séraphin Magloire FOUDA					
David Grylls		Member			Member
David Alderton	Member	Chairman		Member	Member
Phillippe Wind	Member		Member		
Eric Mansuy	Chairman	Observer			
Gérard Roth	Member			Chairman	
Ralf Nowack			Chairman		
Elias Pungong Pupesie		Member			Chairman
Gilbert Didier Edoa		Member			Member
Adolphe Ndjouke Thome	Member		Member		
Alhadji Magra Massaou			Member	Membre	
Martin Luther Njanga Njoh	Observer	Member			Member

## 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.

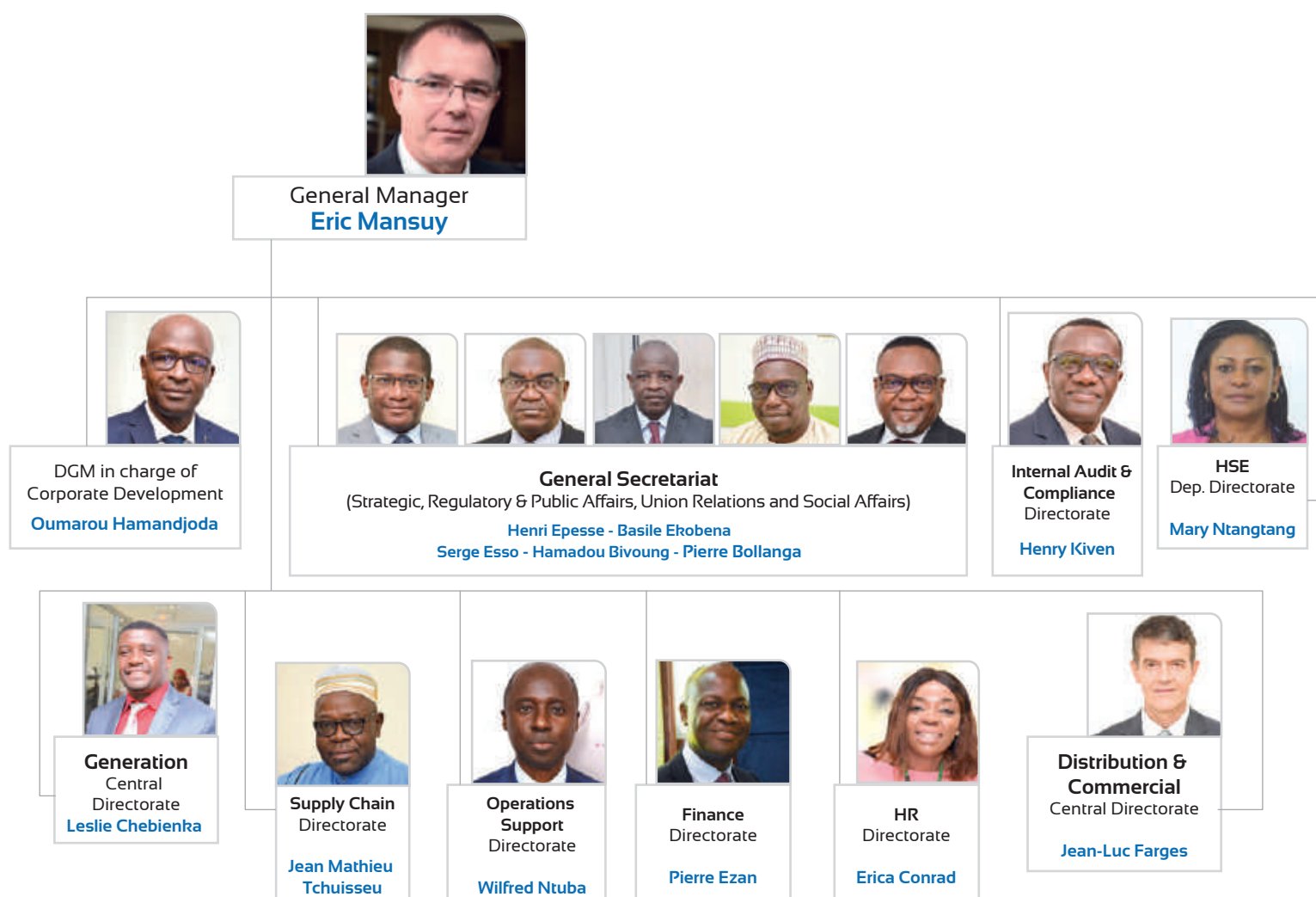
## About Actis

Actis is a leading investor in the markets of Africa, Asia and Latin America. 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 has 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.



# Organization Chart 2020

## Coordination Committee



This new organization, which entered into force following the board of directors' meeting of 28 November 2019 relies on the following main drivers:

- General stability in order to ensure continuity and optimization of services further to the important re-organization implemented in May 2019;
- Regrouping of Operational Support in order to improve the interfaces between processes:
  - Control of process and continuous improvement
  - Infrastructure
  - Information Systems
  - Logistics (Management of warehouses and Fleet)
- Attachment of Distribution and Commercial units to the COO for Distribution and Commercial (Creation of a Central Directorate for Distribution and Commercial);
- Operations Support and the HSE Deputy Directorate report directly to the General Manager in order to improve efficiency and reporting;
- Creation of a « General Secretariat » with Special Advisers in charge of Strategic Issues, of Regulation and of Public Affairs;
- The Audit and Internal Control Department (DACI) becomes the Internal Audit and Compliance Department (DAC).

# Management structure

Organization chart (2020)









## 2019 management report

### Key Facts

#### Positive aspects

In 2019, in an increasingly difficult socio-economic setting, efforts to modernize electricity distribution and improve quality of service remained a priority. This led to a decrease in the duration and frequency of outages experienced by customers. This represents an improvement of 8.10% and 4.64% respectively.

Despite the economic situation, the number of new connections made rose by 1%, i.e. 833 more connections than in 2018.

#### Areas in need of improvement

08 unfortunate public fatalities have taken Eneo far from its goal of "*0 deaths, 0 accidents.*" Safety underpins the very mission of the company and remains a major concern. The fatalities and accidents recorded in 2019 indicate that there is still a need to strengthen all the actions underway, especially raising awareness among the public and all the company's stakeholders.

This year, unserved energy (UE) increased by 6.3% with a negative impact on service quality and overall customer satisfaction.

In terms of operational efficiency, there was a 14.22% decrease in collection and a 0.97% decrease in Distribution Efficiency compared to 2018.

#### Other important facts

- Signing of an agreement between Eneo and Société Immobilière du Cameroun (SIC) on 7 February for the modernisation and security of electrical installations in its buildings with the installation of prepaid meters;

- Holding of the 2019 edition of the SYWES programme from 01 to 09 February 2019 in schools throughout the country;
- Structural and nominal reorganization of the company including :
  - The creation of a second position of Deputy General Manager in charge of commercial and distribution activities with the overhaul of the activities of the former Central Directorate for Operations and the dissolved Central Directorate for Technical Activities;
  - Creation of a Central Directorate in charge of Generation, as a prelude to the transfer of Generation activities contained in Amendment No. 3;
- Launch of the new company safety policy ; Holding of an ordinary session of the Board of Directors on 28 November 2019 in Yaounde, at the end of which Eric MANSUY, until then Deputy General Manager in charge of Distribution and Commercial, was appointed new General Manager to replace Joël NANA KONTCHOU.



## Eneo: A digital and humane employer

**478** young people recruited in 2019

### The women and men of Eneo at the service of development and the economy

With a workforce, 99.87% Cameroonian, of 3,759 employees as at 31 December 2019, Eneo is in the top 4 largest employers in the country.

Through its more than 1,000 partner companies, Eneo creates more than 10,000 indirect jobs. This role in national employment reflects a high wage burden that directly benefits the local economy wherever the employees of Eneo and its partner companies are located.

### The recruitment of younger staff: twice as many new recruits in 2019

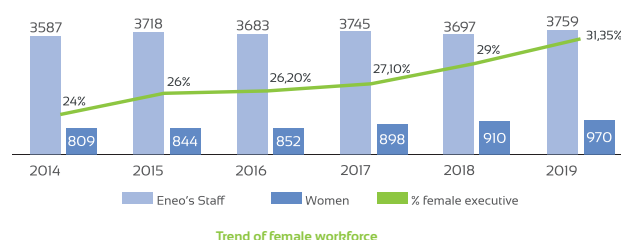
True to its commitment to recruiting a younger workforce, Eneo recruited 478 young people in 2019. A total of 1,537 youths were recruited between 2014 and 2019, thereby raising the average age from 45 to 42 and the average seniority to 12 years. The goal is to reach an average age of 40 by 2022.

416 employees left the company, including 193 transferred to SONATREL in June, 157 retirements and 66 others (death, negotiated departures, dismissals, end of contract, etc.).

YEAR	WORKFORCE
2019	478
2018	218
2017	255
2016	162
2015	313
2014	111
	<b>1 537</b>

### Diversity

Diversity is a core value at Eneo which makes it a principle of governance. As at 31 December 2019, the company's female workforce represented 25.80%, compared to 24.61% in 2018 and 24% in 2017. The representation of women in management has followed the same upward trend, from 29% in 2018 to 31.35%.



### Youth empowerment and responsibility

*Since 2015, management has been empowering young people much earlier at Eneo...*

Young people who are open-minded, familiar with new technologies, and able to challenge the status quo are increasingly charged with great responsibility, with sufficient autonomy to tackle day-to-day problems, especially those related to quality of service, both technical and commercial.

### Skills development, a pillar of ongoing cultural transformation

*Eneo and Subcontractor training almost doubled from 2018 to 2019.*

4579.57 man-weeks of training provided compared to 2516.98 in 2018, an increase of 282%. At the heart of this increase is the strengthening of training in the areas of Network and Sales.





## 2019 : A step closer to better governance

*The year 2019 marked a turning point in the structuring of the governance bodies and, above all, the overhaul of their actions. The orientations and actions carried out as part of the governance transformation programme reinforce the role of Internal Audit and Compliance in the company's management process, as well as management based on risk mapping at the strategic and operational levels.*

At the organizational level, the Central Directorate of Controls, which became the Directorate in charge of Audit and Compliance, was confirmed in its role as the 3rd independent line of defence with the transfer of permanent control missions to the Directorate of Operational Support (2nd line of defence).

At the functional level, important measures have been taken to stay the course and strengthen the company's ethics culture.

- A survey of the perception of ethics and compliance at Eneo was conducted. It identified residual gaps that are currently being addressed. Eneo's Code of Ethics was reviewed and updated in line with the evolution of the organisation's objectives and strategy.
- The training of Eneo employees and those of partner companies regarding the Code of Ethics and Business Conduct has been intensified.

Special emphasis has been laid on leaders identified as a risk category in the context of ethical breaches. This sensitisation measure was accompanied by the introduction of an incentive programme called "Ethics Champions" designed to encourage good behaviour among staff.

- strengthened: there were more than 16 dismissals for violations of the code in 2019 (theft, fraud, gross negligence, scams and customer racketeering). In addition, 8 partner companies were suspended for violating our code of ethics. In the same vein, the zero tolerance rule for unethical behaviour has been reaffirmed by Senior Management.
- In terms of tools, improvements have been made to the web platforms designed for online training and for reporting violations in terms of accessibility and operability.

Eneo also pursued its efforts in the overall management of the company's risks, the full implementation of the annual audit plan as validated by the Board of Directors and the follow-up of recommendations resulting from internal audits.

	2019	2018	2017	2016
Code of Ethics	x	x	x	x
Training of staff and business partners on the Code and the Compliance Hotline	x	x	x	x
Member of the Business Coalition for Good Governance	x	x	x	x
Risk Management and Risk Matrix	x	x	x	x
Rapid Results Initiative (RRI) to Improve Connection Delays		x	x	x
Management of subcontracting	x	x	x	x
Technical Audit / Quality Assurance on data and information	x	x	x	
Gifts and Entertainment Policy	x	x	x	
Monitoring control of operations in the districts	x	x		
Compliance procedures on payments to public stakeholders	x	x		
Ethics Incentive Program	x			





## CSR: Greater collaboration with local communities for a mutually beneficial relationship

*The company has maintained close relationships with local authorities, non-governmental organizations, private sector business partners, communities and associations to create concrete, mutually beneficial and sustainable synergies consistent with its values.*

Opportunities  
for **30 CIGs**  
in 2019

This ongoing commitment has resulted in the creation of new social initiatives and multifaceted support for actions and projects carried out in the communities. The active involvement of employees around four major areas of intervention:

1. Health and Environment
2. Education and Youth Employment
3. Local Development
4. Social Solidarity

### Local Development

- ***Distribution line cleaning project (D-Line Cleaners)***

This is an innovative and more efficient way to help keep Cameroon's electricity distribution network safe from dense vegetation and bush fires. The D-Line Cleaners Project continued and was expanded to cover the entire Cameroonian distribution network. In 2019, 30 new CIGs were hired and trained in monitoring, cleaning, security and reporting techniques. More than 700 new jobs were created in local communities. With the bulldozing of the line corridors, 10 local companies were also involved in the project and increased their annual turnover. More than 5,000 km of sensitive lines have been cleaned, considerably improving the quality of service provided to the population. Through this initiative, local communities have a better quality of life while the electricity distribution network is getting better and better ...

Thanks to the opportunities provided by this project, the CIGs have diversified their income-generating activities and increased their turnover. They are now more financially autonomous and participate effectively in local development. Their members have also set up small individual business activities and improved their quality of life.

### Education and Youth Employment

- ***Promoting a Culture of Electrical Safety in Schools and Communities***

The public safety awareness programme was intensified in 2019 in schools and communities, with more people directly sensitized than the previous year, 786,393. Direct outreach was strengthened with the broadcasting of safety messages in local languages, enabling 27 community radio stations to improve their financial self-sufficiency through partnerships signed with Eneo for this purpose.

- ***Recruitment of youths in local communities***

In addition to keeping more than 4,000 young people in their respective jobs thanks to the strengthening of our various partnerships with subcontracting companies and the admission of more than 5,000 young Cameroonians to academic internships each year, Eneo recruited 07 youths in 2019 in the local communities bordering our Generation Units. These young people, who had no qualifications to begin with, were trained before being assigned to their jobs.



*CSR: Greater collaboration with local communities for a mutually beneficial relationship*

## Health and Environment

- ***BlackFly Control Program***

In 2019, Eneo continued its black fly control programme in the Sanaga Basin and around the Mbakaou, Mapé and Bamendjin generation sites. Treatment campaigns were initiated along the Sanaga River to eliminate the black fly and provide a healthier living environment for local communities whose agricultural, economic and educational activities are generally disrupted during periods of black fly invasion.

03 of the 04 treatment series planned per year were carried out in 2019 on 10 points along the Sanaga River and in the waters of 07 tributaries upstream and downstream of the Edéa and Songloulou plants.

- ***"Waste Bin Initiative"***

This involves the collection and recycling of scrap metal stored at Eneo's generation sites. The company launched this programme to contribute to the fight against environmental pollution. In 2019, 268 bins were distributed to schools, health centres, places of worship and town halls in Douala (100), Yaoundé (100), Edéa (04), Bertoua (60) and Sangmélina (04).

## Social Solidarity

- ***Community electrification***

In addition to the more than 30 community events that were supported in 2019, notably through donations in kind and free electrification of event sites, Eneo has graciously electrified 11 local chiefdoms with the construction of mini power grids in some communities. Facilitating access to electricity has considerably contributed to improving the quality of life of these beneficiary local communities.

The project to standardise electricity networks in the communities bordering the Edéa and Songloulou hydroelectric power stations was implemented to improve the quality of service provided to them in a sustainable manner.





## Electrical Safety: A Major National challenge ...

**9 manufacturers  
of concrete poles  
engaged in  
2019**

**S**afety is at the very heart of the company's mission: to provide reliable, continuous, and safe energy. The activities directly linked to this mission involve permanent dangers for Eneo staff, its partners and the public.

The company is engaged in the modernization of its structures to meet the ever-increasing demand. This new dynamic could create an impression of urgency, and further expose technical teams, customers and the public to the risks related to electricity.

The company's primary priority is that every employee comes home alive and healthy every day, and most importantly, that the public enjoys their services safely.

Any accident is avoidable. To this end, all actors, whether public, parapublic or private, must get involved, commit to respecting the rules so that electrical safety becomes truly a national cause.

Wood poles remain the most important factor responsible for public fatalities. They represent 32% of causes of death related to the condition of the network.

More than 40 000 wood poles identified as critical have not yet been replaced. Scarcity in raw materials caused by the security crisis in the North-West is the main reason for this obstacle.

### Measures taken to ensure network and public safety

The network security strategy implemented in 2018 continued in 2019, in particular with:

- Systematic inspection of Medium Voltage lines, especially in high-risk areas;

- Identification of poles in critical situation on the Medium Voltage network, and their replacement as a priority;
- Gradual introduction of metal and concrete poles.

In addition, concrete pole purchase contracts have been signed with 9 manufacturers for approximately 5 000 poles. To compensate for the shortage due to the crisis in the North-West, an authorization to exploit the eucalyptus forests in Bana was issued by the Ministry of Forests.

Risks related to the safety of third parties are closely monitored, in particular through information campaigns geared towards communities particularly exposed to contact with the electricity network.

The company regularly educates its customers about electrical risks through multifaceted communication, emphasizing on prevention. Some examples of these actions include:

- Permanent public awareness (schools, markets, communities, churches, associations, and other public places);
- Awareness raising by all Eneo employees in schools across the country through a huge special campaign during the youth week;
- Distribution of leaflets, posters, picture boxes and safety manuals to communities at risk;
- Broadcasting of messages on digital platforms and community radios;
- Partnerships with organized professional groups and public institutions, with a view to positioning electrical safety more as a national cause ...





### *Sécurité électrique : un défi national herculéen...*

In 2019, the security situation in the South-West and North-West seriously impacted the number of awareness-raising actions, causing it to drop by 1 885, compared to 2018. However, the number of people sensitized increased by 7%, i.e. 55 196 more.

Unfortunately, the number of deaths and injuries in the public, due to the condition of the network, remains high in 2019. The deaths rate remained the same (8 as in 2018), while the injured cases decreased by 50% (24 against 48 in 2018).

Among the factors that aggravate the persistence of incidents and accidents on the national electricity network, are:

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

### **Environmental Protection**

In 2019, Eneo's main actions included:

- withdrawal from the network and replacement of 47 transformers identified as contaminated with Polychlorinated Biphenyls (PCB);
- elimination and shipment abroad, with certificate, of 60 tonnes of PCB-contaminated concrete;
- improvement of its capacity to fight against pollution across the country, in particular with more than 500 kits to fight against spills, training, maintenance, etc.)

Eneo Cameroon S.A. works for the protection of the environment by reducing the impacts resulting from its activities and promoting healthy environmental conditions. Eneo recognizes its obligation to apply the best environmental standards in the industry, strives to improve its performance over the years and to be proactive in improving environmental conditions.



## Modernization of the electricity metering systems among customers

*One of the major provisions of the specifications of Amendment No.3 to the Concession Agreement signed between the company and the State of Cameroon in 2018 deals with the modernization of electrical distribution.*

*Technology is at the heart of this process. The transformation underway at Eneo involves the introduction of modern management and operating tools. The company has no choice but to prepare for a natural technological evolution of its energy tools.*

### A more accurate measurement of consumption

Eneo has started installing new meters among its customers.

For Low Voltage customers, it involves the replacement of electromechanical meters with so-called "standard" electronic meters. They have the particularity of capturing consumption to the closest details. They are intended to reinforce the reliability of the data and accuracy of bills.

These meters are available in "prepaid" and "post-paid".

For large customers, "communicating" or "smart" electronic meters are installed in place of electromechanical and electronic. These new systems measure energy consumption by providing more information. For example, in case of problems with the meter, the customer no longer needs to go to Eneo, rather it is Eneo that goes to the customer because the meter transmits and receives data on the service remotely. They also exist in "prepaid" and "post-paid".

In post-paid, measurement of the customer's electrical consumption is regular and reliable. The distribution of bills is better stabilized, and the risk of

disputes reduced. The possibility of intervention meter-readers on the meter to which the customer is exposed is thus eliminated, for prepaid meters.

### Why replace the meters?

The goal is to gradually rejuvenate the fleet in order to reduce the problems of accuracy in billing. In reality, beyond 10 years of age (this is the case with a large part of the fleet), electromechanical metering equipment (old) runs the risk of counting either too much or less. This generates under billing (prejudicial to Eneo) or over billing (prejudicial to the customer). In both cases, the relationship of trust that Eneo and his customer should maintain will deteriorate.

This operation is part of preparation in view of changes in the energy landscape, with the gradual introduction of smart networks. In addition, better knowledge of real energy consumption will allow Eneo to invest in a much more targeted manner on distribution networks and make better decisions to further improve its service.



## Prepayment: A positive experience for customers who have adopted it

*At the end of 2019, just over 20 000 households and businesses had an Eneo prepaid meters.*

«we are careful to  
**stop appliances**  
that are not in use»

N. Jean Marie, promoter of a small and medium-sized business based in the heart of Douala, has been experiencing prepaid system for several months. There are many advantages to it. He sums up his experience by confirming that it is a practical tool,

which allows great autonomy for the consumer and ability to control and save energy.

*"In reality, they are practical for us, because we no longer suffer the inconveniences of disconnections by Eneo agents (for unpaid bills). At the time, after a cut, even after paying the bills, recovery took time. So currently we are autonomous, we manage our consumption ourselves and everything is ok for now. And since we consume what we have refilled, we are careful to stop appliances that are not in use, stop air conditioners when we are not using them..."*, says this manager.

**After the experimental phase in 2017-2018 in a part of Douala, the "Prepaid" project entered an advanced pilot phase in 2019.**

Encouraged by its strategy of technological transformation and its commitment to the government to popularize smart meters, considering the feedback from the experimental phase, Eneo intensified the deployment of "Prepaid" meters by installing, as of 31 December 2019, a little over 20 000 prepaid meters. These are just as many customers who have thus freed themselves from

the numerous inconveniences related to the distribution of bills, meter-reading, surprise of high bills and disconnections for unpaid bills. In fact, according to a 2014 report from the World Bank, *"prepaid energy management systems generally win the support of users: they see their expenses decrease, they know the amount of energy they will receive, which thus allows them to better plan their consumption and their expenses, and are less exposed to energy restrictions"*.

*"Over time, I realized that I could control the electricity I use at home. I saw that my consumption was going down and I was making savings. I am even trying to apply for two other meters for my tenants,"* said another customer.

The 2019 objective was mainly achieved thanks to the agreements signed with private, social and institutional landlords such as SIC and CNPS, and HEVECAM in Kribi. 2 669, 257 and 4 636 prepaid meters were installed there respectively.

Concretely, the prepaid meter is a lever to facilitate access to electricity. It remains completely free for customers who already have a subscription, and offered at a moderate price for new applicants who pay only for connection without any consumption deposit. More and more owners of buildings or properties with several apartments, studios or rooms are requesting this solution. This metering method in fact solves the problem of the





### *Prepayment: A positive experience for customers who have adopted it*

joint bills, especially since each household now has a unit that allows it to manage the consumption of electricity for a group of persons living in the same premises or the same building.

A network of token distributors is available and helps facilitate the adoption of this solution by customers. Eneo, Orange, Afrik Pay, MTN Cameroon and today YUP allow the customer to gain autonomy and time. Dedicated teams have been put in place to support customers in this transition.

#### **What the prepaid meter brings to customers**

Eneo's "Prepaid" solution has several advantages for the customer, namely:

- No more excuses for not having your own meter because no deposit is required, so easy access to electricity;
- The customer only consumes what he can pay. He controls his consumption and his electricity budget;
- And because he has control, he can anticipate his consumption and save money;
- It avoids unpleasant surprises, because it pays progressively with its financial capacities. He is completely free from the hassles of invoicing;
- He no longer has to queue in agencies for the payment of bills,
- He can easily pay his electricity token from his living room thanks to mobile payment partners

#### **Customers share their experiences**

##### ***Mrs E., "... I can pay my consumptions as I wish"***

*I am particularly satisfied. I can adjust my consumptions as I wish. When I put for example fifteen thousand francs, before the end of the month, I can still add two thousand francs. Before I took the prepaid meter, I consumed around twenty thousand francs a month. So I think that the prepaid management system also takes into account the comfort at home, it allows you to reduce your consumption. For example, when using the air conditioner, you can no longer use it anyhow because you know that your consumption will be a little high ... So there are a lot of adjustments that we try to make to stay within budget. "*

##### ***Mr. A., building owner, "... there is no risk that a tenant will leave unpaid electricity bills upon departure"***

*"I find these meters to be excellent, because, since they were installed, I am satisfied with them. When your units are exhausted, you have the option of refilling them immediately. In a building like ours where we have at least fourteen tenants, you don't manage their electricity problems. This is a very good thing for me, because there is no risk that a tenant will leave behind unpaid electricity bills upon departure, since he does not receive any. He pays before consuming..."*



## Songloulou: Stability confirmed by a study, work ongoing

*Phase 1 of the major construction site of the Songloulou power plant continued, in accordance with Eneo's commitment to rehabilitate the Songloulou, Edéa and Lagdo dams. This provision is contained in Amendment No. 3 of the Concession Agreements between the State of Cameroon and Actis/Eneo signed in November 2018.*

*Important clarification: studies carried out in 2018/2019 by specialized companies confirm the stability of the Songloulou intake dam.*

### Songloulou's Stability confirmed

**The main progress made at the end of 2019, as part of the first phase of works include:**

- Complete updating and modernization of the dam surveillance system. Data of some critical equipment is automatically read through a smart system designed for this purpose. This system comprises a set of control and alert devices which today offer a better capacity for anticipation or reaction in maintenance;
- Installation at the bottom of the intake dam of one hundred and ninety heavy iron bars to support the intake dam on its foundation and strengthen its stability;
- Treatment of cracks progressing by more than 80%. Clogging of cracks on the dam protects it from water infiltration which promotes corrosion of the reinforcement and the swelling reaction of concrete;

- Rehabilitation of the spillway gates allowing this structure to fully play its role of securing the structure against water flows (floods).

As recommended by the rules in the field, the dam must undergo a general safety review every 10 years, maximum, in order to anticipate risks. Considering that the last one was conducted in 2010, another safety review, which is under preparation, will be carried out in 2020. The 2010 review was followed by the implementation of phase I of the rehabilitation program under completion. The 2020 safety review will precede the second phase of this program and will make it possible to prioritize the work to be carried out.

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



**Lagdo Hydroelectric Dam, from 25 June to 3 July 2019 :** Annual maintenance work: Maintenance of spillways, the evacuation tunnel, and the irrigation canal. General cleaning, control, repair of fault segments, application of greases to guarantee the flexibility of the equipment, etc. Namely, the Lagdo dam (72 MW) is the main source of generation of the North Interconnected Grid



**Edéa power plant :** Renovation works on the control systems of two units that will improve operational flexibility and machine safety.





## Pole mix: A local solution for sourcing concrete poles

### Poles strategy based on 4 pillars

For 2019, the real challenge for Eneo has been the supply of raw wood poles, due to the inaccessibility of traditional areas of supply of raw wood poles (North West region).

To overcome this major difficulty, the unit at the end of 2018 initiated the signing of two major contracts with ANAFOR and the Town of Bangangté. These contracts are aimed at developing the eucalyptus forests in the West region, particularly in the Noun and Ndé regions, for an estimated potential of 50 000 raw wooden poles per year.

This approach is part of the Eneo poles strategy implemented since 2018, and based on 4 pillars:

**Prioritization:** The teams are committed to replacing 100% of the Medium Voltage poles deemed critical, once they identify them. The work of identifying the critical poles stems from the systematic inspection of the structures accompanied by their geolocation. These inspections make it possible to classify the structures according to the level of severity of their condition and to plan maintenance actions on each of them. In 2019, more than 40% of Medium Voltage structures were inspected and 9.4% of critical poles changed. Similarly, around 4 700 wooden poles were replaced on main lines.

**The mix:** Gradually Eneo is injecting metal and concrete poles into the network, mainly on medium voltage lines, replacing poles for structures such as transformers or those placed in swampy environments or in the centre of commercial or play areas.

In 2019, Eneo entered into partnerships with local companies for the manufacture of concrete poles. This current experimental phase made it possible to manufacture 1,858 concrete poles. Arrangements are being made in 2020 to ramp up production, with an annual target of 17 450.

**Quality and standardization:** Experts from Eneo and its Design Office have revisited the planting, treatment, generation and implementation processes of wood poles, as well as concrete and metal poles. This has resulted in the production of a guide on standards shared with the other players in the sector in order to guarantee the standardization of the process throughout the chain and, thus, guaranteeing the quality of all installations.

**Generation:** While working to improve the quality of the poles, reforms initiated in the planning and generation in the Bafoussam Eneo wood pole unit make it possible to improve its production volumes (subject to the availability of the raw material.)

In 2019, Eneo's Pole Planning and Generation Unit (U3PB) produced only 37 000 wood poles compared to 71 000 in 2018; a drop of nearly 50% in generation due to the security crisis in the North-West. Until 2018, more than 90% of the raw wood poles treated at the U3PB came from the Northwest. The worsening security situation has prevented supplies from this region for several months.

Steps taken and monitored since the end of 2018 with the public authorities for authorization to carry out logging in forests in the West have led to agreements in principle. The first cuttings are expected in 2020 in the Baleng forest.





## Demand-Supply: Overall, balance guaranteed in a context of unavoidable rationing

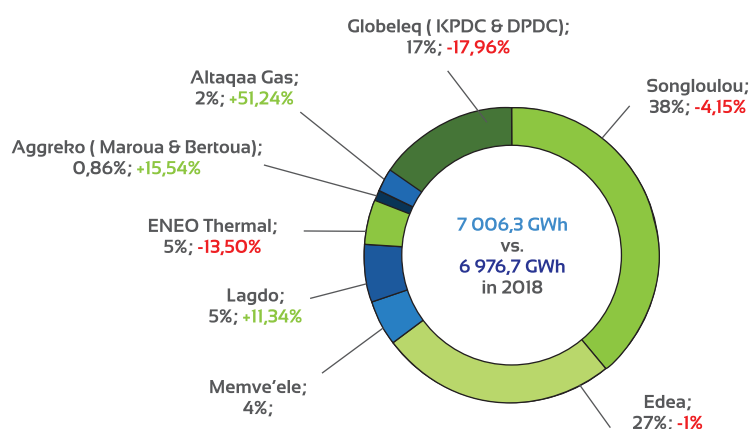
*In terms of supply, in 2019, good hydrology led to a 4.11% growth in the hydroelectric power generated in the northern and southern parts of the country. Thermal generation sources were less used due to fuel shortage recorded in some power plants, which led to rationing. All sources combined, the total energy generated increased by 29.5 GWh, or 0.42%, compared to 2018.*

**+16,17%**  
load shedding,  
tight cash  
situation

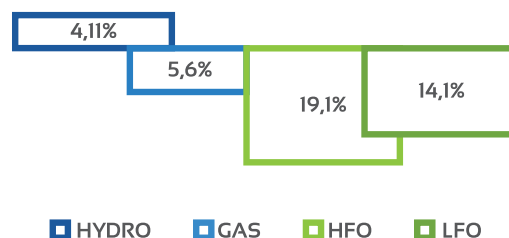
The growth in generation (+ 0.42%), combined with a drop in overall activity (- 14.70%) stemming from some large customers, stopping of CAN construction sites and major emerging projects, made it possible to meet demand in general, especially in the public sector (+ 6.50%).

The security situation in the North West and South West is largely responsible for the drop in activity mentioned.

We saw a significant increase in load shedding by about 16.17%, compared to 2018. This is largely due to prolonged rationing over the last part of the year, following the fuel deficit caused by the particularly tight cash situation of the company.

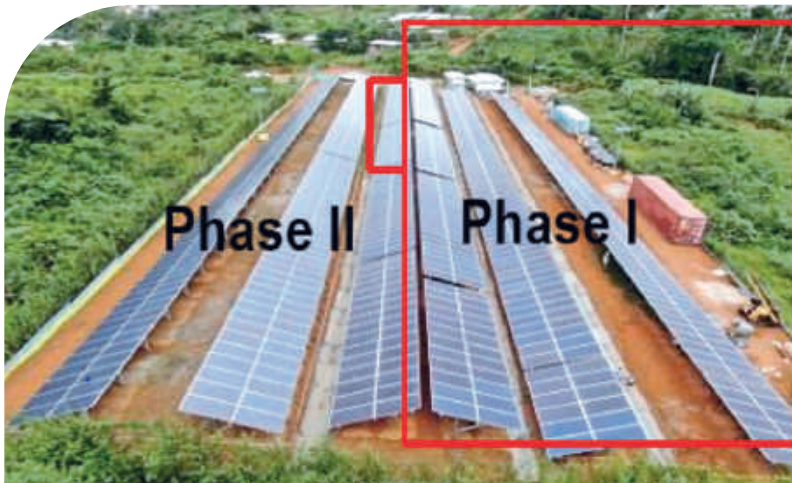


Energy growth produced by source 2019 vs 2018



Energy growth produced by source

Contribution of power plants in meeting demand



## Djourn, Eneo expands its solar fleet and improves the ecological impact of its operations in this town

*Since mid-September 2019, the Djourn hybrid power plant has seen its solar capacity doubled. The amount of clean energy injected into the small town's supply circuit has increased considerably, from around 10% of electricity consumed to a little over 26%*

**Djourn,**  
a successful  
pilot

**D**journ's solar capacity is now 369 KWp, compared to 186 KWp more than a year ago.

The second solar farm at the Djourn power plant has been operational since mid-September 2019. The first was installed and commissioned at the end of 2017. The extension of the structure includes the installation of accumulator batteries which make it possible to permanently supply the heart of the city of Djourn using solar energy.

As a reminder, at the outset, the Djourn power plant was an entirely thermal generation plant. As part of the implementation of Eneo's solar plan, it was transformed to a hybrid, solar and thermal power plant. This is a pilot operation which aims to boost the hybridization of other remote power plants in the Eneo generation fleet.

## Mundemba: A new genset commissioned to improve supply

*The installation in May 2019 of a brand new genset in the Mundemba's power plant (South-West) is part of the program to rehabilitate remote thermal power plants launched in 2018.*

**A new  
genset for  
Mundemba**

**R**emote plants are those located in small towns hundreds of kilometres from the interconnected grid. They are therefore remote, as their names indicate, because they are each, alone in their corner, and very far from the grid plants.

Each remote power plant serves a locality of which it is the sole source of generation.

In 2018, Eneo reinforced its power plants with 12 new units representing a capacity of 4.2MW. Remote power plants like Lomie, Campo, Nkondjock, Mape, Ambam, Yokadouma, Bengbis, Yoko, Poli and Ngaoundal have been reinforced.

In terms of specific consumption efficiency (availability), there has been improvement. In addition, for consumers, continuity and quality of service have improved. New units work better. There are fewer incidents, therefore, fewer cuts in the beneficiary localities. The Divisional Officer of the Ntem Valley (Ambam) wrote to Eneo to hail the improvement in the quality of service in his locality.





## 25 MWp solar project in Guider and Maroua: Progress in 2019

*A memorandum of understanding signed with the consortium of developers. Environmental studies carried out. Start of compensation for the local residents of the sites.*

### Improving energy supply in the Grand North

**T**he solar capacities of Guider and Maroua will improve the energy supply in the Northern Interconnected Grid.

Energy of Cameroon S.A. (Eneo) and a consortium of developers comprising Scatec Solar, Izuba Energy Sphinx Energy (the Consortium) have signed a Memorandum of Understanding for the construction of two ground-based solar photovoltaic power plants with a total capacity of 25 MWp, a first in the Central African sub-region.

The two solar power plants will be built in the towns of Guider (10MWp), North Region and Maroua (15 MWp), Far North Region of Cameroon for a combined investment cost of 22 million Euros (14 billion CFA Francs) and are expected to provide 49 GWh of electrical energy annually, the price per kWh of which is considered very competitive with the market.

These two plants will considerably improve the energy supply and mix in Cameroon, mainly in the northern interconnected grid, through the contribution of clean energy.

Eneo and the Consortium signed a Memorandum of Understanding on 16 July 2019 to define the

structuring of the Project, as well as the key stages in the development of the 2 solar photovoltaic power plants. The signing of this Memorandum of Understanding is an important step that paves the way for the finalization of the Power Purchase Agreement (PPA) with Eneo and the start of construction work, the environmental impact studies and the land component being more than 40% complete.

In accordance with Law No. 2011/022 of 14 December 2011 governing the electricity sector in Cameroon and its implementing Decree No. 2012/2806 of 24 September 2012, Eneo, which supports the Government in improving the supply of electricity in Cameroon through the development of renewable energy, had selected the Consortium comprising Scatec Solar, Izuba Energy and Sphinx Energy to finance, build, operate and sell the electrical energy generated by the Maroua and Guider solar power plants following an international bidding process launched on 6 October 2017 under the supervision of the Ministry of Water and Energy (MINEE) and the Electricity Sector Regulatory Agency (ARSEL).

By creating jobs, providing Cameroonians with training in the field of solar energy and investing in social actions, the Consortium aims to support the government's efforts to boost the economy of the North and Far North regions.





## Kyé-Ossi: the crossroad town comes out from the dark

*The border town comes out of several years of precarious power supply.... A thermal power plant built by the local council. After standardization and commissioning by Eneo at the end of 2019, the distribution network has been strengthened.*

**Kyé-Ossi  
shines !**

A crossroad town between Equatorial Guinea, Gabon and Cameroon, Kyé-Ossi has for years been a hard-working locality and catalyst for transactions between traders from the three countries. With the biggest customs post at the borders between the three countries, including a dozen hotels, hundreds of traders, more than 25,000 residents constantly moving, Kye-Ossi is operating but with a make-shift electric system. We find generators here and there at the centre of mini networks connecting shops and households, sometimes at the cost of CFAF 2 000 daily, in order to run business activities and ensure the bare minimum for households lighting.

*"At night ... The whole border is lit and there is no light here,"* said a frustrated resident. This was the case until the local council built a thermal power plant (1588 KVA), which was enough to better supply residents and provide street lighting.

To guarantee its sustainable operation through regular maintenance by expert hands, and operation according to standards, the State sold the power plant to Eneo.

After a check-up, teams from Eneo's Central Generation Department carried out standardization and safety works at the plant, followed by its commissioning.

The resulted in the progressive reduction in the suffocation of the forest and the buzzing sounds of engines scattered across the town. At the same time, with the coming of lights the town can afford to raise its evening activities to the same level of prestige as those of its Gabonese and Equatoguinean neighbours. In any case, this is almost situation for now.

The assessment made by Eneo on the town's distribution networks shows a need for renewal in order to strengthen and normalize them. The project is already underway by the Eneo teams. For the 5 existing transformers already in the city, Eneo plans to add at least 6 more. Studies show that with the installation of these new planned substations, the plant capacity is sufficient to serve customers in the town of Kyé-Ossi for the next 5 years, pending its connection to the South Interconnected Grid by an electric line connected to the substation at Djop.



## Decline in the quality of technical service due to rationing and fraud

*"During the year, there was some stability. But in the latter part of the year, we no longer understood what was going on," reports a customer in Douala.*

*In 2019, the average interruptions durations and frequencies, as well as overall unserved energies at Eneo (Generation and Distribution combined) increased compared to 2018. For the customer, this generally results in a decline in the quality of service.*



### Fraud

impacts quality of service

**T**his decline in the quality of service (on Eneo side) is mainly caused by rationing of power generated due to fuel shortage in thermal power plants, scheduled works in Distribution,

vegetation, rotten wood poles, defective underground and overhead cables.

**In Generation:** the decline (of 439.65%) in unserved energy is mainly explained by:

- Mass rationing following the fuel shortage in some thermal power plants;
- Major works to safeguard the Songloulou dam, and the annual overhauls in the hydro-electric power plants, notably Songloulou and Edéa.

**In Transmission:** There has been a sharp increase in unserved energy, interruption durations and frequencies, with a considerable impact on the Distribution of electricity, and therefore, the quality of service in general.

**In Distribution in particular, there was an improvement (of 9.76%) in unserved energy, average interruption durations and frequencies of 8.10% and 4.64% respectively.** This improvement is a result of the rigorous continuation of scheduled work, maintenance/repair of defective underground and overhead cables, cubicles, and the gradual replacement of rotten wood poles with concrete or metallic ones on critical lines.

### Some achievements that helped improve the quality of service in 2019

- In Medium Voltage, more than 40% of structures were inspected and 9.4% of critical substations changed ; About 4 700 wood poles replaced on main lines;
- Bulldozing of 479 km of line corridors (in Bafia, Sangmélima, Banganté, Obala, Minta, Abong Mbang) ;
- Installation of metal poles;
- Installation and repair of overhead circuit breakers to protect the network ;
- Maintenance actions on neighbourhood transformers ;
- Inspections on distribution lines and substations ;
- Upgrades in distribution substations;

The continuous improvement plan remains: focus is placed on the main problematic distribution lines already identified, and the rigorous continuation of the maintenance program.

Various fraudulent activities greatly impact the quality of service, safety and comfort of customers. These include, among others, overloaded transformers, disorderly clandestine connections, voltage drops, huge risks of electric fire and electrocution.



## Ebolowa - Sangmélina - Mbalmayo: More than 100 villages reconnected after long months without power supply

*« I have resumed my activity. I sell lollipops at the Minkan 1 market. Lollipops are eaten cold. Without electricity, my activity is grounded. Even if I spent more than 4 months without activity, I am making profits once again today thanks to Eneo that has reconnected us by giving us the possibility of having subscriptions and meters at half price »*

*Abessolo Eric, trader.*

More and **more families** agree to take their meters

Several inhabitants of 117 villages in the South and Mbalmayo have a recent history similar to that of Eric Abessolo. Located on the outskirts of the towns of Ebolowa, Sangmelima and Mbalmayo, these villages have just been reconnected to the electricity network. The people who live in these villages spent many months without power supply. In some cases, the ordeal lasted for a year and even more.

In Eric Abessolo's village, the prolonged lack of electricity was due to huge unpaid electricity bills by residents. In this context, cash collection actions were difficult to carry out because the money collected from the payment of the electricity bills is used mainly for the maintenance of the electric network which supplies the village. Elite of the village responded to Eneo's appeal. Payment of the arrears has started. Eneo has carried

out work which has brought the local transformer back into service. Several families who were poorly supplied by risky connections have agreed to take their meters under particularly advantageous conditions, as Eric underscored.

The approach used in Minkan 1 has been replicated in other localities. A total of 117 villages have been reconnected in the past two years. Some reconnected villages have not yet understood the need to pay electricity bills to facilitate the maintenance of their network. Local elite and Eneo continue to raise awareness in this regard.

To reconnect the hundred villages around Zoétélé, Mbalmayo, Sangmélina and Ebolowa, more than 120 transformers were replaced in 2018 and 2019; substations and cables were normalized.

With these joint actions, the situation is stable in these villages. People have come out of the dark to light and resumed their income-generating activities.





## Access to electricity: growth in energy emitted of 6.50% due to the connection of more than 600,000 new people and industrial customers in 2019

The contractual commitments in terms of connection (73,871) were exceeded, with the connection to the electricity network of 82 129 new families and businesses in 2019; an increase of 1.02% compared to 2018. If we consider that each family has an average of seven members, that's more than 600 000 people who had access to electricity in 2019. Electricity connection remains in the top 3 of the best scores in Cameroon's World Bank "Doing Business" Report for some years now.

**+600 000**  
people and  
businesses had  
access to electricity

**2** 019 ended with 1 360 027 active customers, 101 687 more than in 2018. Despite better availability of connection equipment, supply problems have persisted with an impact on connection completion deadlines.

Overall, the average connection deadline has increased by one (01) day compared to last year.

- average overall deadline went from 3 days to 4 days in 2019
- In urban areas the average deadline remains stable at 3 days between 2018 and 2019
- In rural areas the average deadline went from 4 days to 7 days in 2019

	Urban areas	Rural areas
Contractual deadlines	5 days	15 days
Average deadline 2019	4 days	7 days
Average deadline 2018	3 days	4 days

Eneo's contractual obligations in terms of new connections to be made and achievements

	2017	2018	2019	2020
Obligations	71 371	73 871	76 371	78 871
Achievements	99 431	81 296	82 129	

To help improve customer satisfaction, here are some actions taken, in addition to access to electricity:

- creation of new commercial agencies, for more proximity with customers;
- creation, strengthening and reorganization of several technical bases, to speed up interventions;
- reduction in the procedure for taking out equipment in the event of an incident on the network;
- gradual improvement of reception in commercial and online agencies found on MyEasyligHV (connection requests are now made online, and the customer can follow the progress of their file at any time; Live Chat which allows the customer to chat instantly with our call centre operators);
- creation of WhatsApp groups for the customers of each commercial agency, for more proximity. Here, however, it there is still needs to improve the response rate and the level of interaction with customers.
- strengthening of alternative means of paying bills, with the introduction of new methods, as well as new payment points;
- reflection on the complete dematerialization of billing by 2023, with pilot phases planned for 2020.



## Contribution to industrial growth: 7 MW of energy supplied by Eneo to Cimencam to increase its production capacity by 500,000 tonnes

+ 7MW for industries

By building a set of power dispatch facilities to transmit quality energy to the brand new cement production unit based in Nomayos in the suburbs of Yaounde, the Eneo teams in charge of design and construction have facilitated the increase of about 500 thousand tons of Cimencam's output capacity since March 2019. This infrastructure was inaugurated by the Minister of Industry (MINMITD) on April 2, 2019. Eneo's involvement has also resulted in the pre-financing of the construction of these facilities (substations and lines) and the provision of 50% of the costs related to compensation payments.

The power supply facilities were commissioned at the beginning of March 2019. From the constructed transformer substation, distribution lines will be

installed to improve service to the towns of Mbankomo, Makak, Ahala and the surrounding area.

The execution studies (90/30, 30/6 kV substation, 90kV line, 30kV evacuation line) and the construction of these infrastructure were carried out from start to finish by Eneo's technical teams under the guidance of its Technical Design Office.

"This was a good opportunity for the Young Engineers and technicians under the supervision of the Senior Engineers to acquire skills and expertise in the engineering of source substations, distribution lines (HV) and transmission lines (HV) meeting Sustainable Development standards. This incubation and the lessons learned will be used in the development of similar projects", said Nicolas Keedi, the Deputy Director in charge of engineering.

Progression du nombre de nouveaux menages et commerces raccordés au réseau

	2018	2019	Var
<b>Branchements neufs</b>			
DRD (Douala)	17 115	18 110	5,81%
DRY (Yaoundé)	20 956	18 777	-10,40%
DRC (Centre hors Yaoundé)	2 715	2 173	-19,96%
DRE (Est)	2 048	2 286	11,62%
DRNEA (Grand Nord)	10 567	14 118	33,60%
DRONO (Ouest et Nord-ouest)	16 013	14 434	-9,86%
DRSANO (Edéa-Kribi-Eséka)	2 362	2 120	-10,25%
DRSM (Ebolowa-M'byo-Sangmelima)	1 919	2 540	32,36%
DRSOM (Sud-ouest et Mounongo)	7 601	7 571	-0,39%
<b>Total</b>	81 296	82 129	1,02%





## Payment of bills outside Eneo: 2 new active operators available since 2019 and solutions to improve the quality of service offered customers

*Some of these Eneo partners, such as Orange Money, MVN Mobile Money, AfrikPay also make life easier for Prepaid customers, by allowing them to buy electricity credit without necessarily going to an Eneo agency.*

Towards an  
**integrative platform**  
to ease bills  
payment

**P**ayment of electricity bills, outside Eneo's counters, via its partners is a solution to make life easier for customers by limiting movements thanks to proximity payment points, or simply paying without having to travel through a mobile interface. .

Since 2015, Eneo has been expanding its network of partners allowing thereby the payment of its bills online or at physical points. From 3 partners in 2016, we are now at 9. They have contributed to the decrease in waiting time at Eneo agencies; from 2 to 3 hours 4 years ago, to less than 30 minutes in 2019. Societe Generale's YUP and UBA are the latest partners. These two operators launched their billing activity for Eneo customers in 2019, alongside older partners such as: Express Union, Orange Money, MVN Mobile Money, Smobil Pay, SOKAMTE, Express Exchange, AfrikPay.

The arrival of these new operators and the support provided to older operators by Eneo allowed for small progress between September and October 2019. A 34% increase in third-party collections volumes, but above all one additional contribution point in total collections for low voltage customers (including all other means of collection).

This momentum needs to be sustained or even strengthened in order to regain and even exceed the overall performance level of this activity during the last

years (13% decrease in volumes collected over the first 10 months of 2019, compared to the same period in 2018). In general, there has been deterioration due, among other things, to the crisis in the North West and South West, but also to the inconveniences faced by some customers. This essentially boils down to untimely disconnection of customers who have paid outside of Eneo's counters. This is a situation that concerns Eneo and its partners. It was examined at great length during the last meeting between Eneo and the latter. The main solutions being implemented are:

- implementation of an integrative payment platform, to allow Eneo to see, in less than 12 hours, the payments made by customers to its partners. The objective is to prevent the Eneo system from continuing to report no-payment whereas the payment was made to a partner. This will therefore, eliminate the risk of unjustified disconnection for reasons of non-payment of good customers. This platform will be operational in 2020;
- recruitment of new partners across the country;
- revision of current contracts, in order to optimize performance;
- support for partners;
- experience sharing between partners.





## Standardization and Loss Reduction: The health of the sector depends greatly on these factors

*Distribution losses, which stood at 32.03% overall, increased slightly in 2019 (by 0.97%, compared to 2018). One point of distribution efficiency is equivalent to CFAF 4 billion. Among other actions, the company has intensified its Standardization and safety program for structures and installations. Its survival and that of the entire sector depends on them.*

Fraud impacts  
**Safety, comfort,  
social justice...**

In 2019, Eneo began to focus on monitoring its facilities. This activity is governed by the Rules of Service in article 13, as well as by the guidelines on the control of electrical installations and the establishment of regularization bills.

It is basically an issue of standardizing commercial equipment.

The Standardization of commercial equipment in the network is in line with all the rehabilitation, renewal and modernization operations launched in all areas of Eneo's activity, from generation to commercial through distribution. Upstream, Eneo introduced solar energy, rehabilitated Songloulou to keep it in full generation capacity, strengthen the distribution network with new transformers and more concrete poles. To guarantee the safety of these distribution works and the quality of the energy supplied to households and businesses, Eneo is also bound to act downstream, i.e. closer to customers, on lines and meters.

For example, in less than 2 years, 500 new distribution transformers were installed in Douala, bringing the total number of transformers in the city to 2 570. These actions have helped to improve network safety and

quality of service, resulting in better resistance of power lines to thunderstorms, drop in outages and unserved energy by about 35%. However, Douala is still experiencing the phenomena of micro-cuts and voltage drop in certain areas, as well as fires from electrical sources. This phenomenon is caused by anomalies on some transformers and the low-voltage network, as well as the effect of disorderly connections (illegal) which overload the equipment including manipulations on meters and circuit breakers.

We are committed to cleaning up and normalizing our installations. The checks and inspections that we do on the facilities are part of this Standardization dynamic. The challenges therefore comprise:

**Safety** of the network, of the facilities, of our customers and also of Clandestine electricians who die while tampering with our facilities.

**Comfort:** eliminate pockets of voltage drop. Improve the quality of energy.

**Social justice:** why should some continue to pay for others? It's not normal for good customers to be paying for fraudsters.

**Confidence:** it is necessary to restore confidence in actors of the sector. Investors need to know that they are not putting their money into risky networks. Producers,



*Standardization and Loss Reduction: The health of the sector depends greatly on these factors*

transmitters and other major suppliers must be paid, or assured that they will be paid for them to continue their operations. Eneo itself must continue to expand distribution networks and improve access to electricity. However, the level of loss generated by fraudulent practices is very high, which is a risk to the stability of the entire electricity sector. Just to give you an idea, it practically represents the equivalent of the entire generation of the Songloulou power plant which is lost to fraudulent networks. In the jargon of electricity companies, performance is measured by distribution efficiency. Today, we are losing 30 efficiency points, to say the least. This represents an efficiency point equivalent of CFA 4 billion francs. For the electricity sector as a whole to regain its stability, these Standardization operations constitute a lever that should be implemented.

Governance: in all lucidity, we think that to aspire to become a model of governance in Africa, we must fight against bad practices and punish those who are the authors, both internally, with our partners and with our customers. In 2019, about 40 fraud barons were taken

to court; one of the barons was an actor who had a network of at least 100 households fraudulently. More than 10 Eneo employees dismissed for their complicity with fraudulent networks.

In 2019, overall, Eneo continued its Standardization and loss reduction program on the distribution network, based on 6 key initiatives:

- Standardization of large Low Voltage customers by installing smart meters (post-paid and prepaid), for better monitoring of billing and quality of service;
- Recovery of more than 28 000 illegal consumers as customers, and improvement of the quality of billing;
- Standardization and extension of the Medium Voltage (MV) and Low Voltage (LV) distribution networks, with the creation of new substations, construction of MV networks and f LV networks;
- Creation of new substations and maintenance of substations;
- Management and Standardization of MV Customers and street lighting.



## Dematerialization of the supplier relationship as a lever for improving the quality of service

*Good performance of our business partners is decisive in that of Eneo; if our business partners perform poorly, it is Eneo that is failing, and the impact on the quality of service that the customer receives is perceptible. This is a strategic issue, and to limit the effects of this vicious cycle, Eneo has finalized the implementation of its dematerialized platform for managing relationships with its suppliers (Supplier Management Platform, SMP). Good governance also depends on this, in the same way as the dematerialization of the other key activities of the company engaged since 2015.*

**Accessibility**  
to information,  
**Transparency,**  
Real-time  
monitoring

The SMP platform is ready and now allows you to implement all the Supplier Relationship management modules. Considerable progress has been made, with very encouraging results: modules on "Potential evaluation of business partners" and "Processing of requests and complaints from business partners" are 90% complete and in production. Such a device comes with many advantages: For our business partners:

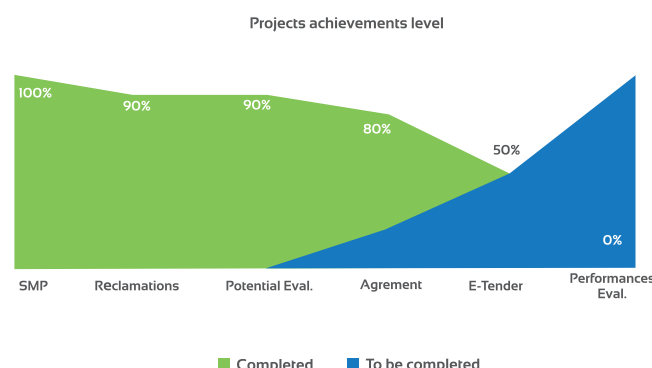
- Accessibility to information for users and partners;
- Transparency in the processing of transactions;
- Real-time monitoring of the evolution of their activities within the company, in particular requests/complaints;
- Substantial improvement in response times to requests and complaints from our business partners
- Professionalization and alignment of local partners to international business standards

For Eneo, the resulting simplification of its processes and better information management are key factors of productivity. The company is becoming more efficient in handling tenders. The effective measurement of the performance of business partners is also a key point, since the final impact is visible on the quality of service offered to Eneo customers.

Before the implementation of the platform, both Eneo and its partners complained, among other things, about:

- Manual processing of information, resulting in loss of information, time and money;
- Difficulty accessing information, very often held by one or a few people, during organizational changes
- Requests from business partners not resolved over several years;
- Average deadline for processing supplier complaints not defined;
- Significant financial, HSE and other risks incurred by the company;
- Complex and rigid processes.

As a continuation, modules on "Approval" of suppliers, "Performance Evaluation" of our business partners, "E-Tender for the management of calls for tenders" and "Processing of complaints" will be finalized in 2020.







## Appendices

### Eneo's Contractual Obligations

**New KPIs to be finalized**

#### General obligations

Eneo has the obligation to operate and maintain the components of the electricity sector (generation and distribution assets) under its responsibility in accordance with the Derivative Contracts (signed with the State of Cameroon) in compliance with the principles of equal treatment and non-discrimination, continuity and adaptability, and in the best conditions of safety, quality, cost, price as well as economic, social, energy efficiency and adaptation to services offered.

#### Responsibilities of shareholders

After the sale of 5% of the shares to the company's employees in 2017, the shareholding structure changed from two to three shareholders (Republic of Cameroon, Actis and GIC) with common objectives, but different expectations.

- The responsibility of the company is to protect and enhance the value of the company for the benefit of its shareholders. According to Eneo's management, a viable business is essential for every shareholder because it provides additional value and income for each shareholder. In this regard, we place particular emphasis on the value, in particular on the quality of the investments which - when chosen appropriately - allow an increase in the regulated asset base (RBA), improvement of the quality of service, improved operational performance, increased revenue.

The company also plans to conduct its activities taking into account the following expectations of each shareholder:

- The State expects the company to implement and support its strategy for the development of the electricity sector
- Actis expects the company to act in accordance with its commitments to the State of Cameroon in terms of investments, improvement of the quality of service, number of new connections and environmental issues
- The GIC (employee representative) expects the company to be viable and performant so as to increase employees' income and add value to their daily work.

#### New Obligations Arising from Amendment No. 3

Eneo has new obligations arising from amendment N ° 3 of the Eneo concession signed on November 1, 2018. This amendment N ° 3 extends the concession period from 18 July 2021 to 17 July 2031. These new obligations are:

##### 1. New investment periods

- The first investment period started on November 1, 2018 and will end on December 31, 2019. During this period, the following tasks will need to be accomplished:
  - CAPEX long-term financing plan;
  - Finalization of new KPIs and related penalties;
  - Resolution of the financial situation of the sector.



- The second investment period runs from January 1, 2020 to December 31, 2026. Eneo is expected to complete 70% of its investment plan by the end of this period;
- The third investment period runs from January 1, 2027 to July 18, 2031.
- Regarding the new KPIs, the most important ones are:
  - Access to electricity (average 2% per year);
  - SAIDI and SAIFI (target of 55 hours maximum by 2031);
  - Distribution efficiency (minimum 85% by 2031);
  - Installation of smart meters among a sample of LV customers and an MV substation for monitoring the quality of service.
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  - CAPEX long-term financing plan;
  - Finalization of new KPIs and related penalties;
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- Regarding the new KPIs, the most important ones are:
  - Access to electricity (average 2% per year);
  - SAIDI and SAIFI (target of 55 hours maximum by 2031);
  - Distribution efficiency (minimum 85% by 2031);
  - Installation of smart meters among a sample of LV Customers and an MV substation for monitoring the quality of service.

### 2. Approval of the tariff and the investment plan

The tariff process will now begin on 30 July of each year and will end no later than 30 September of the same year.

In addition, Eneo will submit its investment plan to the Ministry of Energy and Water Resources no later than 30 July of each year for approval.

### 3. Investments

Eneo would present to the government each year its needs for new investments:

- Obligation to rehabilitate Edéa, Songloulou and Lagdo;
- Unbundling of generation into a separate subsidiary by 2021.

### 4. Management of stakeholders in the sector

Eneo must inform the government of any situation or action likely to prevent the company from fulfilling its obligations under the concession agreement. In particular, when these actions or situations are due to:

- SONATREL
- Water management entity
- Delay in the payment of bills by the State for the municipalities
- Delay in the payment of the tariff compensation.

The implementation of this Amendment N ° 3 in particular in terms of evaluation of Eneo's performance on the resulting obligations also dependent on the recruitment of a consultant who will have to appraise the KPIs, penalties and electricity access obligations for the finalization of appendices 2 and 3 of Amendment N ° 3. To this end, a company has been selected for the role of consultant and the contract process is underway for the work which should last for 4 months.





## 2019 Macroeconomic Environment

### Impact of the socio-political crisis in the North-West, South-West and Far-North Regions

At the international level, the global economy recorded, for the second year in a row, a slow-down in economic activity. According to global economic perspectives updated in January 2020, global growth was estimated at 2.9% in 2019 compared to 3.6% in 2018 and 3.8% in 2017. In China, economic growth slowed down once more by 6.1% in 2019 compared to a 6.6% rate observed in 2018. In the Euro zone, growth dropped by 1.2% in 2019 compared to a 1.9% rate observed in 2018. This may be due to poor export performances. In the United States, growth decelerated by 2.3% in 2019 compared to a 2.9% rate attained the previous year. Growth in Sub-Saharan Africa recorded a slight increase of 3.3 % in 2019 compared to 3.2% recorded in 2018.

In the CEMAC zone, the upturn continued, driven by the combined effects of the increase in crude oil prices, the resilience of the service sector and the good performance of the agricultural sector. The IMF estimated a 2.5% growth in 2019 versus 1.7% in 2018.

At the national level, according to the ministry of Finance, the economy growth rate was estimated at 3.9% in 2019, compared to a 4.1% rate recorded in 2018. This drop in economic activity falls within a context characterized by:

- Persistence of the socio-political crisis in the North-West, South-West and Far-North Regions;
- The fire incident at SONARA that occurred at the end of May 2019 and significant increase in oil and gas production.

Concerning inflation, it rose significantly by 2.5% in 2019 compared to 1.1% in 2018.

For the 2015-2019 period related to the implementation of phase 1 of the DSCE, Cameroon's economy slipped after the acceleration phase from 2010 to 2014. For the said period, the observed average growth rate stood at 4.4% (including a low point of 3.5% in 2017) versus 6.0% projected in the benchmark scenario. At the sectoral level, there was a balanced growth. The primary sector (representing 14.5% of the GDP) increased on average by 4.2%, secondary sectors (representing 28.2% of the GDP) and the tertiary sector (representing 57.3% of the GDP) that sustained the economy grew by 4.4% and 4.3% respectively.

However, economic activity that went down 1.6 percentage points compared to the expectations of the benchmark scenario for the 2015-2019 period was the result of several factors opposed to the initial assumptions. We note amongst others the following causes:

- The crisis rocking the Anglophone regions since 2016;
- The drop in oil prices in the world market;
- Delays in the launching and implementation of major infrastructure projects;
- Low execution of the public investment budget;
- Less favourable business climate (167th in the 2020 Doing Business Ranking in terms of doing business incentives) for private investment (17.2% of the GDP compared to a 19.2% benchmark for the period).

Concerning the implementation of phase 2 of the DSCE, a gradual improvement is expected following adjustment measures that will be undertaken by the State.





### Electricity tariffs, a major issue

The institutional, regulatory and contractual framework lays down the rules and principles for the annual electricity tariff adjustment which are controlled by the Regulatory Agency. Tariffs must be adjusted annually, although this has not been the case since 2012.

In general, tariffs are used to cover costs and finance the development of the electricity sector. Factors which determine tariffs are: investments, inflation, operation (variable costs which evolve with demand, notably fuel, power purchases from KPDC, DPDC, Gaz; Memve'ele, AGGREKO; water rights; SONATREL charges), debt service and penalties.

The tariffs currently in force are those adopted in June 2012 by ARSEL. In the case of small households, the tariff applied has even remained unchanged for 15 years. It is CFA 50 francs for customers who consume less than 110 KWH. These customers represent more than 60% of our portfolio. Considering the sole criterion of inflation, the tariff to be applied in this category could already have reached CFA 80 francs. It has remained the same because of subsidy by both the State and large consumers.

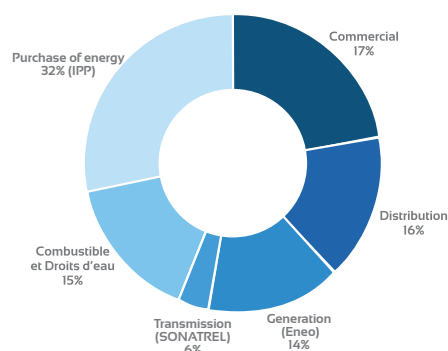
For all the other categories, the tariff has not been readjusted since 2012 because of the compensation mechanism set up with the State. Indeed, when the various factors are taken into account, it is obvious that tariffs cannot yet stabilize or drop in normal times. The political will to compensate for tariff shortfalls was

maintained in 2019, and continues through the various Amendments to the debt agreement between the State and AES-SONEL of 28 December 2005 to allow the operator to cover its costs.

The development of the sector has huge financing needs to allow for massive investments, while the operating costs are increasing with the growth in demand.

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

- Accelerate investments in the sector;
- Diversify the energy mix by adding more renewable and hydroelectric energy. Regarding Eneo, the solar plan is being implemented;
- Fight against electrical fraud. Regular customers actually pay their bills and those of fraudsters. So the fight against fraud must be a common cause.



The electricity tariff

Breakdown of income in the tariff in 2019: When a customer pays his bill, here is a breakdown of the charges to which this money is allocated, with 32% allocated to Energy Purchases, and 61% to generation overall.

### Major challenges of the sector

Customer satisfaction is at the heart of customer relations. The ambition of Eneo is to professionalize and institutionalize processes, actions and excellent behaviours of within the company. The objective is to allow its customers to take advantage of interactions and results that meet the required standards, regardless of the region in which they are located.

Achieving this ambition will require a major change in the way Eneo organizes and conducts activities. It will also and above all depend on how the main issues in the sector are approached.

As Strategic Partner of the Government in the Electricity Sector, Eneo intends to play its full role alongside the other actors in the energy chain in order to meet the many challenges facing the electricity sector in Cameroon:

#### Supply/demand balance

- a. Construction of new electricity generation units: the company must work on the terms of reference for generation at an affordable cost;
- b. Respect of deadlines in the commissioning of new units: any delay in the commissioning of new projects will result in either a shortage or a temporary very expensive generation solution;
- c. Diversified energy mix with the introduction of renewable energies (solar, mini hydro, etc.).

#### Financial stability of the sector

- a. Regulatory model and financial model for the sector: need to publish tariffs, calculation of penalties based on available resources and a fair model for all players;
- b. Payment of bills owed by the State;
- c. Payment bills owed by public entities;
- d. Better cash collection by Eneo from its customers;
- e. Tariff model for large industrial customers.

#### Implementation of the 2011 reform

- a. Operationalization of SONATREL;
- b. Roles and responsibilities of the various players: given the entry of new players into the sector, notably SONATREL, the roles and responsibilities of each must be clearly defined.

#### Improvement of Operational Performance

The 2020-2031 investment plan has the following key objectives:

- Develop and extend distribution networks;
- Rehabilitate existing net works which are in poor condition;
- Modernize management equipment and tools;
- Improve access to electricity nationwide;
- Improve safety and environmental performance;
- Improve the supply-demand balance and the quality of service;
- Reduce losses and improve operational efficiency;
- Facilitate the access of new operators to Generation;
- Ensure the maintenance of facilities conceded by the State to Eneo, notably Songloulou, Edéa and Lagdo.

### Government support is necessary ...

Actis and Eneo remain fully committed to continuing the transformation process underway, in order to contribute effectively to the achievement of the goals set by the Government for the development of the electricity sector.

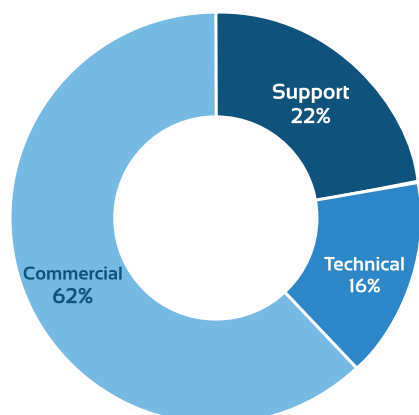
The Cameroonian electrical system is characterized by a relatively high energy demand which requires the commissioning of many facilities (generation, transmission and distribution) and therefore significant investments depending to the evolution the demand curve. Good coordination among stakeholders and massive investments will certainly reduce this constant stress between supply and demand. Eneo's investment needs over the 2020-2031 period are estimated at XAF 521 billion (EUR 795 million). Only a lasting consolidation

of the energy sector's finances will restore confidence in investors and mobilize funds necessary for these investments. Eneo has also requested support measures from the government.

Until these measures are put in place and given the critical financial situation in which Eneo finds itself today, the company is continuing its efforts to improve its operational performance (distribution efficiency, collection rate, loss reduction, etc.), to restore stability of its key accounts, repay its debt and finance its investments.

In addition to external financing, Eneo will have to mobilize self-financing, of which the two main sources are the electricity tariff and payment of State bills including those of government-related services.

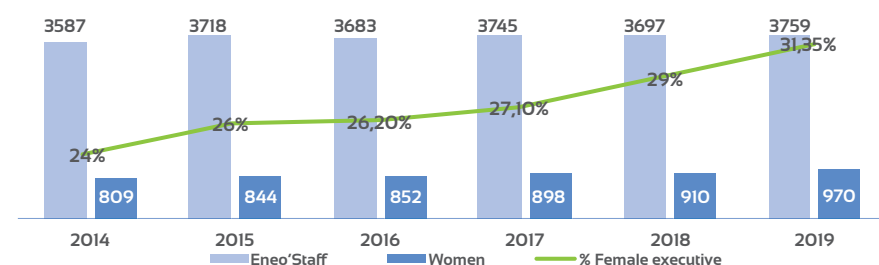
## Other Performance Indicators



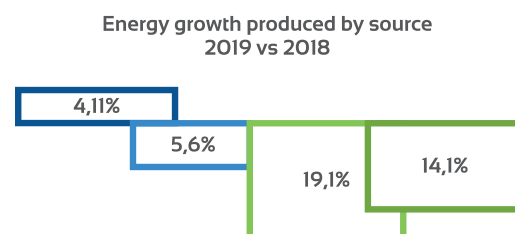
Breakdown of staff by function

	2018	2019	Var
HV & MV Energy injected (GWh)			
Customers HV	1 530	1 305	-14,70%
Alucam & Socatral	1 398	1 179	-15,70%
Other HV Customers	132	126	-4,10%
Public Sector	4 919	5 239	6,50%
Total	6 448	6 544	1,50%

Supply-Demand Balance: Energy Supply

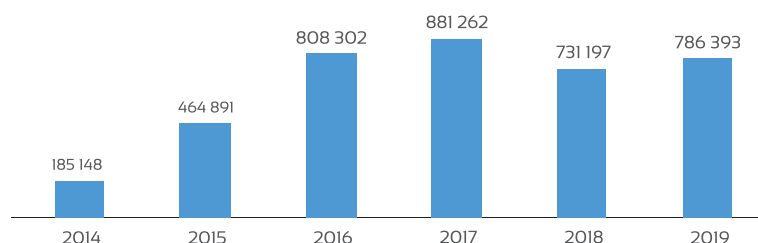


Evolution of female staff



■ HYDRO ■ GAS ■ HFO ■ LFO

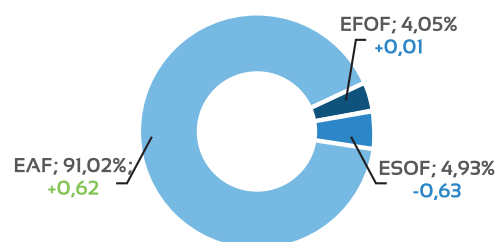
Energy growth produced by source



Evolution of public safety awareness

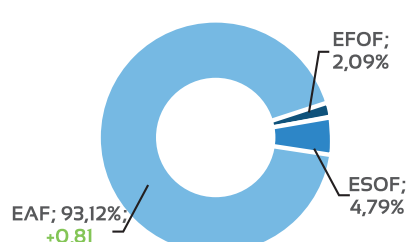
## Availability of production capacity

### GLOBAL



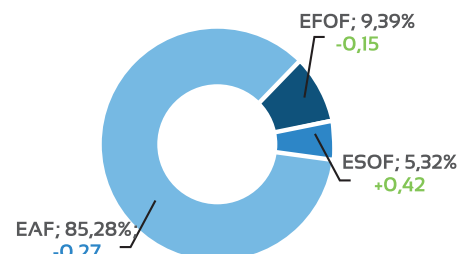
Global availability

### HYDRO



Hydro availability

### THERMAL



Thermal availability



### Installed capacities generation in Cameroon

Producers	Installed Capacity (MW)
Eneo	998,9
Memve'Ele	211
KPDC	216
DPDC	86
Aggreko (Maroua et Bertoua)	15
<b>Total</b>	<b>1526,9</b>

Eneo has an installed generation capacity of **998.939 MW**. The generation fleet is made up of 37 generation plants in total, including **13** grid and **24** remote thermal plants. Eneo generation facilities consist of **73.30%** hydro, **26.66%** thermal and **0.04%** Solar.

The contribution of the Eneo generation fleet to the Cameroonian energy mix is **65.42%**: Memve'ele **13.82%**, KPDC **14.15%** DPDC **5.63%** and Aggreko **0.98%**.

### Outage Duration and frequency

	2018	2019	Var
<b>SAIDI</b>			
SAIFI Distribution	98,5	<b>90,5</b>	8,10%
SAIFI Generation	40,8	<b>61,6</b>	-51,15%
Incident+Schedule works	11	<b>28,3</b>	-156,54%
Load Shedding	29,8	<b>33,4</b>	-12,14%
<b>SAIDI Eneo</b>	<b>139,2</b>	<b>152,1</b>	<b>-9,25%</b>
SAIDI Transmission	45,9	<b>157,2</b>	-242,20%
<b>SAIDI Global</b>	<b>185,2</b>	<b>309,3</b>	<b>-67,03%</b>
<b>SAIFI</b>			
SAIFI Distribution	28,05	<b>26,75</b>	4,64%
SAIFI Generation	19,66	<b>19,95</b>	-1,44%
Incident+Schedule works	6,17	<b>6,79</b>	-10,06%
Load Shedding	13,5	<b>13,16</b>	2,50%
<b>SAIFI Eneo</b>	<b>47,72</b>	<b>46,7</b>	<b>2,14%</b>
SAIFI Transmission	22,15	<b>36,38</b>	-64,23%
<b>Total SAIFI</b>	<b>69,87</b>	<b>83,07</b>	<b>-18,90%</b>

### New connections

	2018	2019	Var
<b>New connections</b>			
DRD	17 115	<b>18 110</b>	5,81%
DRY	20 956	<b>18 777</b>	-10,40%
DRC	2 715	<b>2 173</b>	-19,96%
DRE	2 048	<b>2 286</b>	11,62%
DRNEA	10 567	<b>14 118</b>	33,60%
DRONO	16 013	<b>14 434</b>	-9,86%
DRSANO	2 362	<b>2 120</b>	-10,25%
DRSM	1 919	<b>2 540</b>	32,36%
DRSOM	7 601	<b>7 571</b>	-0,39%
<b>Total</b>	<b>81 296</b>	<b>82 129</b>	<b>1,02%</b>

### Active customers

	2018	2019	Var
HV & Special Customers	9	10	1
MV	2 013	2 239	226
LV	1 256 319	1 357 778	101 459
<b>Total</b>	<b>1 258 340</b>	<b>1 360 027</b>	<b>101 687</b>

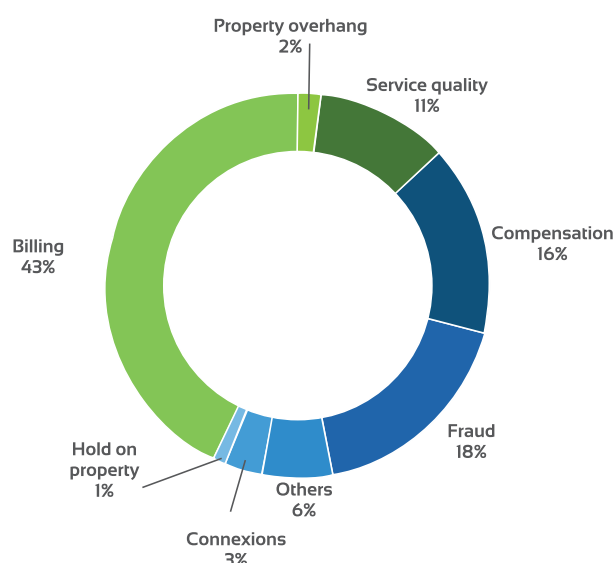
### Collection rate by customer category

	2018	2019	Var
<b>Collection (%)</b>			
LV Customers	94,62%	<b>91,87%</b>	-2,75%
MV Customers	90,52%	<b>97,97%</b>	7,45%
Industrial Customers	112,15%	<b>37,16%</b>	-74,98%
Public Customers	113,87%	<b>57,20%</b>	-56,67%
Fraud cases	100,00%	<b>100,00%</b>	-
<b>Total</b>	<b>97,72%</b>	<b>83,50%</b>	-14,22%

### Interactions with the Regulator

In 2019, 285 files were tabled during conciliation sessions organized by the Electricity Sector Regulatory Agency (ARSEL) in Yaounde, Douala and Ebolowa.

The table below presents the situation of the files tabled during the conciliation sessions.



Files situation during conciliation sessions

#### List of Abbreviations

LV: Low Voltage (networks, customers, etc.)  
 MV: Medium Voltage (networks, customers, etc.)  
 HV: High Voltage (networks, customers, etc.)  
 EAF: Equivalent Availability Factor  
 ESOF: Equivalent Scheduled Outage Factor  
 EFOF: Equivalent Forced Outage Factor  
 UE: Unserved Energy  
 SAIFI: System Average Interruption Frequency Index

SAIDI: System Average Interruption Duration Index  
 SMLY: Same month last year  
 MVD: Month to date  
 YTD: Year to date  
 DRD: Douala Regional Office  
 DRY: Yaounde Regional Office  
 DRC: Centre Regional Office  
 DRE: East Regional Office

DRNEA: North, Far North, Adamawa Regional Office  
 DRONO: West and North-West Regional Office  
 DRANO: Sanaga Ocean Regional Office  
 DRSM: South and Mbalmayo Regional Office  
 DRMOM: South-West and Mungo Regional Office



## 2019 Financial Results

Positive  
EBITDA,  
Negative  
Net income

Eno's sales in 2019 stood at CFAF 327.080 billion, an increase of CFAF 28.895 billion compared to 2018. These sales are however lower than what was projected for 2019, by CFAF 4.184 billion. EBITDA was positive and stands at CFAF 29.641 billion. This generally reflects a good control of operations. This positive result became negative,

because it was strongly impacted by exceptional events outside normal operation, in particular the costs of upgrading transmission infrastructure (SONATREL) and some penalties. Thus, we find a negative net result of CFAF -23.895, against CFAF 11.006 billion recorded in 2018.

The overall cash balance is CFAF -10.61 billion as at December 2019. This drop in the net cash position is caused by the low level of collections (in particular from the State and ALUCAM), as well as the low level of local debt repayment.

### Main financial aggregates

CFAF Millions	YTD			Vs Budget	Vs 2018
	Budget	2019	2018	YTD	YTD
Income	331.264	327.080	298.095	(4.184)	28.985
EBITDA	59.397	29.641	52.929	(31.636)	(36.116)
Net Income	13.026	-23.895	11.006	(36.921)	(34.901)

### Gap Analysis

CFAF Millions	YTD			Vs Budget	Vs 2018
	Budget	2019	2018	YTD	YTD
Income	331.264	327.080	298.095	(4.184)	28.985
Variable Costs	170.508	182.151	143.262	11.643	37 719
Fuel	41.827	40.967	47.591	- 860	(6 624)
Energy purchase	114.731	125.347	79.437	10.616	44 741
Others	13.951	15.837	16.234	1.886	(398)
Contribution margin (MCV)	160.756	144.929	154.833	(15.827)	(8 734)





## 2019 Financial Results

### Income

Income in 2019 was lower compared to budget (-4.2 billion FCFA YTD). Compared to last year, we recorded an increase of around CFAF 29 billion.

Compared to the 2019 budget, the performance is explained by:

- Regulatory compensation recorded at around CFAF 24 billion, against a forecast of CFAF 1.89 billion (+22 billion CFA), with an entry of CFAF 6.8 billion due to the inclusion of Transmission in the compensation.

On the other hand, there was a budgetary shortfall on:

- MV / LV sales (CFAF -20 billion);
- A drop in income from new connections (CFAF -1.62 billion);
- A decrease in income excluding taxes (CFAF-4.85 billion) due to the decrease in billing of Alucam;
- A decrease in the HV income (CFAF-4.85 billion) due to the decrease in billing of Alucam.

Compared to last year (2018), the good cumulative performance is explained by:

- MV / LV sales (CFAF +8.84 billion);
- Tariff compensation (CFAF CFAF +23.9 billion);
- New connection revenues (+2.5 billion).

We still note a decrease in sales, excluding taxes, of CFAF 4.2 billion.

### Variable Costs

Variable costs were overrun, compared to the budget, by 10.5 billion YTD. Compared to last year, there is an increase of CFAF 37.72 billion YTD.

Compared to the budget, the cumulative overrun is justified by:

- SONATREL expenses (CFAF +5.49 billion);
- Memve'ele expenses CFAF 13.4 billion for a budget of 11.41 billion (CFAF +1.99 billion);
- Energy purchases from Altaquaa exceeding 2.28 billion;
- Energy purchases from Dibamba increased by 1.38 billion.

The poor performance compared to 2018 is mainly due to costs that did not exist last year (2018):

- Energy purchases from Altaquaa with an increase of 12.71 billion;
- Sonatrel charges (CFAF +20.39 billion);
- Memve'ele costs CFAF (+13.4 billion);
- Energy purchases from Dibamba (CFAF +963 million).

The contribution margin represents 44.3% of revenue, against 48% targeted, and 51.94% last year.

CFAF Millions	YTD			Vs Budget	Vs 2018
	Budget	2019	2018	YTD	YTD
Contribution margin (MCV)	160 756	144.929	154.833	(15.827)	(9.904)
Fixed operating costs	101 359	115.247	101.904	(13.888)	(13.343)
EBITDA	59 397	29 .641	52.929	(29.756)	(23.288)



## 2019 Financial Results

### Fixed operational costs:

There was an overrun on the budget (CFAF +13.8 billion). Compared to 2018, there was an increase of approximately CFAF 13.34 billion. The elements that explain this variation are:

### In relation to the budget:

- Personnel costs (CFAF +2.57 billion YTD) due to the recognition of the provision for retirement according to the new accounting system, and the increase in compensation notice due to the departure of some employees to SONATREL ;
- Provisions for bad debts (+1.88 billion);
- Maintenance costs (+6.2 billion) mainly spare parts.

### Compared to last year :

- Maintenance costs increased by CFAF 3.63 billion in particular spare parts;
- Provisions for bad and disputed debts increased by CFAF 5.53 billion due to the reversal (CFAF - 8 billion) recorded in the third quarter of 2018;
- Staff costs (1, billion)
- Service contracts and consultant fees (+580 M);

### EBITDA:

The shortfall in income compared to the budget and the level of increase in operating expenses (especially fixed), brings EBITDA to CFAF 29.64 billion YTD below the budget of CFAF 29.76 billion, compared to last year with a decrease of CFAF 23.28 billion.

EBITDA represents 9.07% of income at year-end.

FCFA Millions	YTD		
	Budget	2019	2018
EBITDA	59.397	29.641	52.929
Depreciation & Amortization	26.165	27.530	27.230
Interests	2.960	3.423	2.843
Provisions	(741)	(12.147)	(4.246)
Other financial charges	7.918	27.546	8.661
Income tax	10.069	7.224	7.436
<b>Net income</b>	<b>13.026</b>	<b>(23.895)</b>	<b>11.006</b>

Vs Budget	Vs 2018
YTD	YTD
(29.756)	(23.288)
1.365	300
(462.97)	(579.98)
-11.406	-7.901
19.628	18.885
(2.845)	(212)
(36.921)	(34.901)

### Net Income:

EBITDA does not cover depreciation and other amortizations, as well as financial charges, hence the net loss of CFAF 24 billion, below forecasts (CFAF -36.9 billion) and down by 34.9 billion compared to last year.



2019 Financial Results

## Direct Cash

**Deterioration**  
due to the **low**  
**level** of  
collections

The overall cash balance is -10.61 billion as at December 2019. This deterioration in the net cash position is due to the low level of collections and the level of repayment of local debt.

Collections related to the sale of energy are overall YTD 286.56 billion, i.e. 253.54 billion for MV & LV customers excluding the State, 24.5 billion received from the State, 500 million payment from ALUCAM, and 8 billion for other HV customers. Operating expenses was 287.39 billion, investment expenses was 18.61 billion (payments made and linked to investments). 22.81 billion was allocated to the repayment of the local debts and 11.57 billion for international maturity. It should be noted that investment-related expenses are the various payments made to suppliers/service providers for investments out of an overall volume of investments estimated at CFAF 32 billion.

It should be noted that spot loans for an amount of 25.11 billion and medium-term cash loans for an amount of 8.5 billion sustained the activity of the company throughout the year.

- ✓ **Operating cash-flow:** EBITDA benefited from 34.84 billion, of which must be subtracted 580 million from transfers. It should be noted that SPOT credits for an amount of 25.11 billion and medium-term cash loans for an amount of 8.5 billion sustained the EBITDA throughout the year.

### a. Collections

Compared to last year:

- Collection from MV & LV customers excluding the State is up by 6.74 billion YTD (253.54 billion Vs. 246.8 billion in 2018), the collections from the State are down YTD by 26.06 billion (24.51 billion Vs. 50.58 billion in 2018) due to a better rate of payment by the State in 2018;
- Cash receipts from customers excluding taxes was 8.49 billion vs. 37.1 billion in 2018, a sharp decrease of 28.58 billion due to ALUCAM (-27.66 billion) and other HV customers (-926 million).





2019 Financial Results

## b. Expenditures

In YTD operating expenses decreased by 19.36 billion (286.8 billion Vs. 306.17 billion), mainly due to the drop in IPPs (-17.82 billion), fuel (-16.43 billion), bank charges (-1.62 billion); although at the same time other items are increasing, such as personnel costs (+3.9 billion), taxes (+6.2 billion), service contracts and consultants (+572 million), including technical assistance and consultants; payments to SONATREL (5.72 billion) and debt service with an increase of 2.32 billion.

Overall, operating-related expenses (including factoring and other transfers) stood at 287.4 billion compared to 315.4 billion in 2018, i.e. a downward difference of 28 billion.

It is important to note that these savings over the operating cycle are due to the supplier credit, which will sooner or later have to be settled and therefore lead to future cash disbursement.

- ✓ Investment Cash flow (CAPEX Payments).  
In cumulative value, the level of investment spending stands at 18.6 billion, or 11.83 billion less than last year (30.45 billion). Overall, the Operating Cash Flow is sufficient to cover the investment cycle, resulting in available cash after profitable investment of around 15.65 billion in YTD.
- ✓ Financing cash flow.  
In 2019 34.4 billion was recorded in the financial cycle, or 22.81 billion for the repayment of the local maturity and 11.57 billion paid for the offshore debt. Last year the financial cycle generated 28.87 billion in disbursements.