

March 28, 2018

Management Report on the Consolidated Financial Statement for the year ended 31 December 2017

1-Revenue, Profit and Earnings Per Share:

The company's performance for the year ended 31 Dec 2017, remained generally stable with appreciable improvements in some key operational performance indicators over last year as shown below:

- a) Operating revenue increased impressively by USD 37 million (8%) from USD 476 million in 2016 to USD 513 million in 2017. This was achieved at a time of steady currency devaluation and accompanying inflation and steep competition that characterized the economies of most of the countries where we operate.

The picture is even brighter in terms of Gross Profit which recorded 17% growth from USD 183 million posted in 2016 to USD 214 million posted in 2017; a positive variance of USD 31 million.

The above achievements were made possible by a number of factors including the reaping of the benefits of network modernization, expansion and optimization, implementation of effective sales and marketing strategies, fine-tuning of our business model which are all the major pillars of the group's long term strategic plan

- b) In line with the positive variances achieved in both operating revenue and gross profit, there was corresponding increase in general and admin & marketing costs of USD 24 million from USD 111 million reported in 2016 to USD 135 million recorded in 2017. The increase mainly resulted from investment in new products and services development as well as investment in staff benefits and their development. It is believed that the company will continue to reap the benefits of these investments well beyond the current financial year.

Tax and zakat increased by USD 9 million from USD 15 million in 2016 to USD 24 million in 2017 due to the increase in the tax base (total revenue) as well adoption of new tax laws in some of our countries of operation

The cumulative effect of the above was a marginal drop of USD 2 million in net income from USD 47 million posted in 2016 to USD 45 million posted in 2017.

- c) Earnings per share dropped marginally from USD 0.0388 per share in 2016 to USD 0.0372 in 2017.

مجموعة سوداتل للاتصالات
Sudatel Telecom Group Ltd.

Sudatel Tower- Khartoum, Sudan-P.O.Box 11 155

Tel:+249 183 761 100 - 183 797 400

Fax: +249 183 782 322

Contacts:stginfo@sudatel.sd

2- Group Net Assets:

Compared to 31 December 2016, the group's net assets increased by USD 34 million (7%) from USD 486 million to USD 520 million, as at 31 Dec 2017 in spite of the appropriation from reserves of USD 22 million. The increase resulted largely from the net income of USD 45 million recorded for the year ended 31 Dec 2017

3- Capital expenditure:

The group invested USD 183 million in capital expenditure in the year ended 31 Dec 2017

4- Operating Highlights:

Mobile subscribers continued to grow from various countries of operation for the year ended 31 Dec 2017 closing at 12 million subscribers.

5- Financial risk:

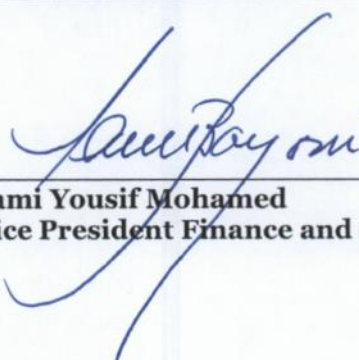
The group has restructured most of its vendor/bank borrowings aimed at improving its liquidity situation. The group is exposed and affected by the instability and foreign exchange rate fluctuation being experienced in some countries of its operation. The negative effect is however lessened by a steady and reasonable share of its revenue denominated in foreign currencies.

6- Brief of the balance sheet:

	31 Dec 2017	31-Dec-16
Total Non –Current Assets	986,214,928	856,379,650
Total Current Assets	240,703,150	251,609,541
Total Current liabilities	354,437,107	340,338,205
Total Non -Current liabilities	351,995,050	281,867,147
Total Shareholders' Equity	520,485,921	485,783,839

7- Brief of the Income Statement:

	31 Dec 2017	31-Dec-16
Total Operating Revenues	513,160,532	476,175,020
Net Operating profit	83,760,260	93,452,977
Net Income	45,021,791	46,975,494
Earnings per share	0.0372	0.0388



Sami Yousif Mohamed
Vice President Finance and Operation Support