



Leading international investors in Togocom's capital

A new chapter in Togo's digital transformation

November 6th 2019, Lomé - The Togolese Government announces that it accepted the offer submitted by Agou Holding, a leading international consortium composed of Axian Group ("Axian") and Emerging Capital Partners ("ECP"), to acquire a 51% stake in Togocom, holding of Togo Telecom and Togocel, giving Togocom an enterprise value of more than 210 billion XOF. In addition, the consortium intends to invest 245 million euros (about 160 billion XOF) over the next seven years to revolutionize the digital sector in Togo.

Through the entry into Togocom's capital by two international players combining sectoral expertise and financial capacity, this operation aims to enable Togo to become the regional reference for very high-speed broadband performance, financial inclusion and technological solutions for companies.

A leading consortium

Axian is an African group with an international footprint operating in the telecoms, energy, financial services, real estate and innovation sectors. The group has expertise in telecoms through its subsidiaries in the Indian Ocean and Sub-Saharan Africa. Its subsidiary Telma, former national operator in Madagascar, is now leader of the sector in the Indian Ocean (Madagascar, Comoros, Reunion Island and Mayotte). Thanks to the transformation and the investments made by Axian, Madagascar now has one of the fastest Internet connections on the African continent, which notably promotes job creation. Axian group now operates a customer base of around 10 million mobile customers, 80,000 fixed-line customers and more than 3 million mobile money customers while operating more than 12,000 kilometres of underground optical fibre. Axian Group is also present in Senegal through the operator Free Senegal which connects more than 4 million customers.

Emerging Capital Partners is a major international private equity player with a presence in Africa for nearly 20 years. Through its 60 investments, ECP has invested in more than 40 countries across the continent and has engaged more than \$3.2 billion in private equity through its funds and co-investments. ECP also benefits from strong expertise in telecoms, as evidenced by its investments in MTN Côte d'Ivoire, Orascom Telecom Algeria, Airtel, Wananchi and IHS. Through this transaction, ECP reaffirms its full confidence in the Togolese economy: the Group has been supporting the developments of the Oragroup banking group, recently listed on the BRVM Regional Stock Exchange, since 2008 and the pan-African industrial group Eranove operating in the water and energy sectors.

A transaction serving Togo's digital transformation and benefiting Togolese

Digital transformation is at the heart of the implementation of National Development Plan and this emblematic operation aims to meet the challenges of the NDP as well as the Regional Development Plan by deploying a dense and efficient mobile and fixed network. As a shareholder, the Togolese State, has up to now supported Togocom's development, enabling it to become a solid, innovative player ready to enter a new phase of accelerated growth. With the support of the new shareholders, the Group will be able to meet the Togo's digital challenges.

The Group's priority will continue to be to improve services for Togolese while ensuring a redesign of pricing structures. It will focus on improving mobile Internet coverage and support the increase in Smartphone equipment rates. Financial inclusion will also be at the heart of the Group's ambitions by restructuring the mobile money distribution network, developing the T-Money partnership ecosystem and introducing new services. These major projects will serve Togo's ambition to be the reference telecoms market in the region by being the first 100% fibre optic country in the region and the first country to launch 5G.

An ambitious strategic plan to support this transformation over the next seven years

- **Investment of nearly 245 million euros (160 billion XOF) to prepare Togocom's network for the digital challenges of the future:** improving international connectivity, strengthening land transport, and increasing the size of the very high-speed fibre and mobile access network.
- **Introduction of new technologies to support the digitisation of Togo:** platforms for easy access to content providers, solutions for e-Administration, unified communication tools for the private sector, IoT solutions on the 5G network for the logistics (including harbour), mining and communications sectors.
- **Rationalisation and implementation of best practices** such as training and skills development for Togocom teams, implementation of distribution channel synergies, performance management and information system security.
- **Alignment with international service quality standards**, in particular on network coverage, Internet speed performance, customer service efficiency, proximity of the distribution network and availability of products and services

Building future together with Togocom's teams

Togocom's employees who work daily to provide quality service to Togolese are at the heart of the group's successes and will be key to its future success. Therefore? the consortium intends to capitalize on their expertise and know-how to successfully carry out this strategic project. It will be based on the reorganisation of Togocom's teams, which was carried out in 2018 with a view to achieving operational efficiency and adapting to market developments. To support this growth project, the consortium intends to support the skills development of the teams and deploy several measures to strengthen resources for growth activities, transfer of know-how, training, international mobility and an incentive compensation policy. Therefore, the consortium intends to rely on their expertise and know-how to successfully carry out this transformation project. An ambitious plan will be deployed to mobilize Togocom's teams and will be based on several elements: strengthening teams on growing activities, know-how transfer, training, international mobility and an incentive compensation policy.

A state-of-the-art bidding process

This operation completes a privatisation process announced in 2018 when the Government's digital roadmap was presented. In the context of a competitive call for tenders, several international players have expressed their interest in providing financial support and expertise to Togocom's development. After an in-depth study, the Government selected the consortium that it considered most likely to bring Togocom's long-term ambition to the benefit of all Togolese. For this operation, the Government mandated leading international advisors, namely the investment bank Lazard Frères and the law firm Jones Day.

Togo, a catalyst for attracting international investors

The consortium is willing to invest €245 million in Togocom's development which reflects its confidence in the Togolese economic and regulatory environment. This materializes the attractiveness of Togo's business climate as evidenced by the World Bank's *Doing Business 2020* report, which ranks Togo as the country with the best business climate in West Africa. Thanks to the political will of President Faure Gnassingbé, Togo has in recent years pursued a policy of structural reform with a view to establishing a regulatory and institutional framework conducive to international financial operations and investment. Togo is one of the top 3 countries that have carried out the most reforms in the world since 2014 and has moved up 4059 places over the past two years in the World Bank's ranking.

Mrs Cina Lawson, Minister of Posts, the Digital Economy and Technological Innovation, stated: "*This major operation marks a crucial step in the government's digital roadmap. It will enable us to become the reference market for telecoms in the region and consolidate our leadership in digital transformation. Thanks to the support of these new shareholders, Togocom will accelerate its development to benefit all Togolese, companies and our national reputation.*"

Mr Sani Yaya, Minister of Economy and Finance added: "Thanks to the structural reforms led by the President of the Republic and the improvement of the business climate, Togo has become one of the most attractive countries in the region for international investment. This is evidenced by the consortium's long-term commitment through an investment of 245 million euros to support Togocom's development. This significant investment will catalyze the country's digital transformation and support the growth of our economy."

Mr Vincent Le Guennou, Co-CEO of ECP concludes: "This investment reinforces ECP's vocation to promote the emergence of African champions in sectors of activity that are strategic for the development of African economies. With its vast experience investing in the telecommunications sector, ECP is making a strong contribution to Togocom's development and to Togo's digital transformation."

Media contacts

For the Togolese Republic:

Press Office of the Ministry of Posts, the Digital Economy and Technological Innovation

+228 22 21 25 28 // +228 22 20 44 24

presse@numerique.gouv.tg

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For Togocom:

Brunswick

Hugues Boëton	Ariane Vitou
+33 6 79 99 27 15	+33 6 01 22 64 15

togocom@brunswickgroup.com

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For Axian Group:

Jean-Denis Boudot

+261 34 07 042 70

Jean-denis.boudot@axian-group.com

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For ECP:

Emerging Capital Partners	35°Nord - Agence de relations presse
Alison Kieler	Philippe Perdrix
+1 202 706 7875	+33 6 84 24 62 96
kielera@ecpinvestments.com	pp@35nord.com

About Togocom

Togocom is the leader in the Togolese telecommunications market, serving all Togolese people wherever they may be in the country. The Group is the product of the merger, in 2017, of the activities of Togo Telecom, the long-standing fixed-line operator in Togo, and Togo Cellulaire (Togocel), the mobile phone operator.

Since its creation, Togocom has focused on developing innovative services for the Togolese population. The company has developed optical fiber (FTTH) offerings, deployed a 4G network and is working to improve the quality of service for fixed and mobile connections. At the end of August 2019, Togocom had more than 4.1 million mobile phone subscribers and 41,000 fixed-line subscribers.

About Axian

Established in Madagascar for more than 150 years, Axian is a family group and a major economic player in the Indian Ocean. It holds activities in five strategic sectors: Telecoms, Energy, Real Estate, Finance and Innovation. With more than 3,700 employees in the Indian Ocean and Africa, we are a partner in the economic transformation of emerging countries. We systematically ensure that our activities have a lasting and positive impact on the daily lives of as many people as possible. Because being connected is now becoming a fundamental right, Axian supports companies in the Telecom sector to offer the best of digital innovations and enable as many people as possible to be connected to their loved ones and the world. To learn more about Axian: www.axian-group.com

About ECP

With more than 19 years of experience in private equity in Africa, ECP has completed more than 60 transactions and nearly 50 exits. ECP has raised more than US\$3.2 billion in development capital through its funds and co-investments. ECP seeks to identify companies that will benefit from the demographic and structural economic changes that drive Africa's long-term growth. ECP works closely with its portfolio companies to implement best practices and strengthen their leadership. ECP has a field team with four offices covering the main African economies. For more information about ECP: www.ecpinvestments.com