



**H1 2013  
RESULTS**  
JULY 25, 2013

## SOLID FUNDAMENTALS

**GROWTH IN VOICE AND DATA USAGE** in Morocco  
under challenging competitive and macroeconomic conditions

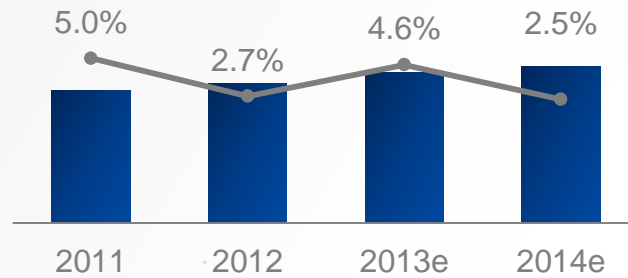
**STEADY GROWTH** in international business

**STRONG RISE** in margins, attributable mainly to the impact of voluntary  
redundancy plans

**ACCELERATION OF UPGRADES**  
for broadband fixed-line and mobile networks

# ECONOMIC ENVIRONMENT

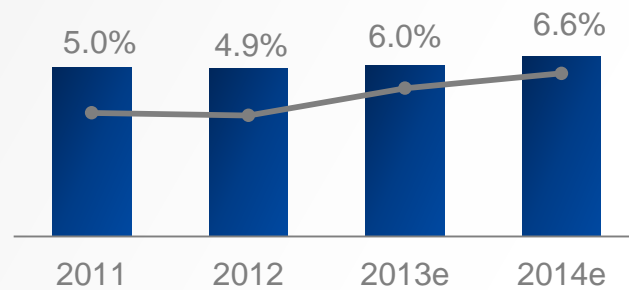
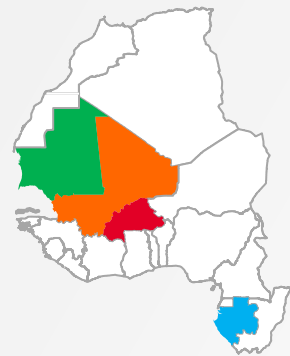
## GDP growth



Source: Ministry of Finance, HCP

### MOROCCO

- A first-half notable for slowdown in consumer spending
- Faster growth in 2013, boosted by an abundant grain harvest



Source: Data IMF – April 2013

### INTERNATIONAL

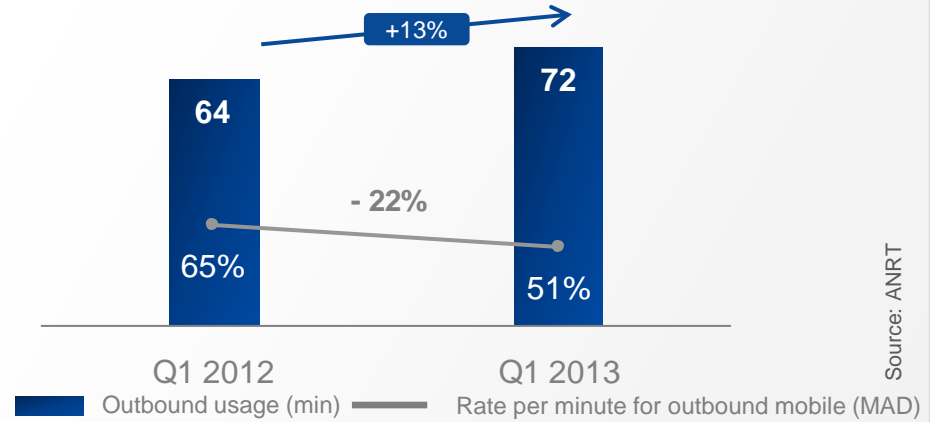
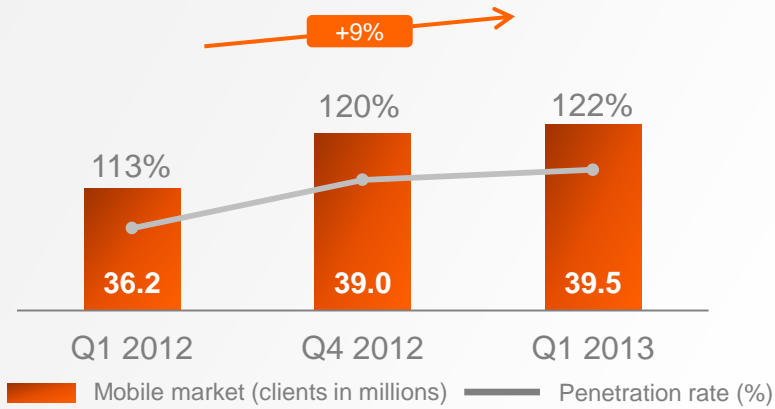
- Subsidiaries enjoy steady long-term economic growth
- Inflation is manageable, at approximately 4.0%

# MOBILE MARKETS MAINTAIN MOMENTUM

## A still-growing market

### MOROCCO

## Price elasticity

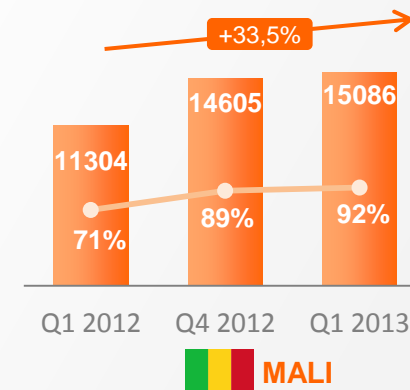
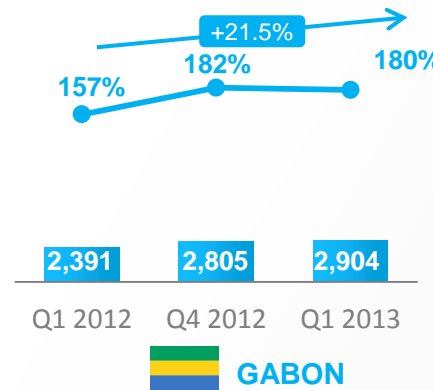
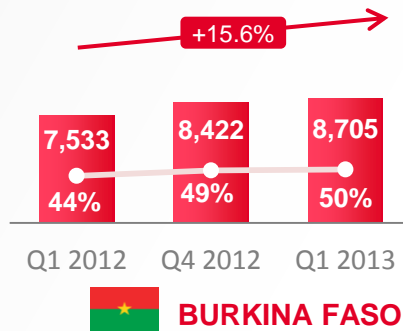


Competition and multiple SIM cards are favorable to customer-base growth.

Low levels of consumption in H1 in Morocco slowed volume growth.

x% →

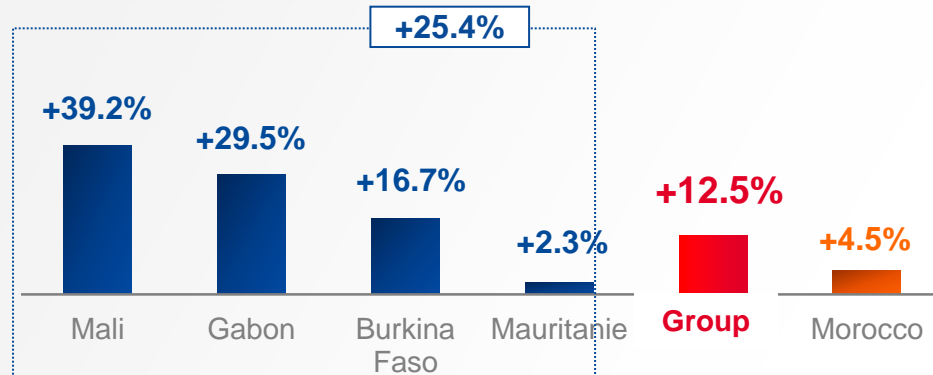
Growth of customer base    Mobile customer base ('000)    Mobile penetration rate (%)



Source: Dataxis

# INTERNATIONAL GROWTH SUPPORTS GROUP PERFORMANCE

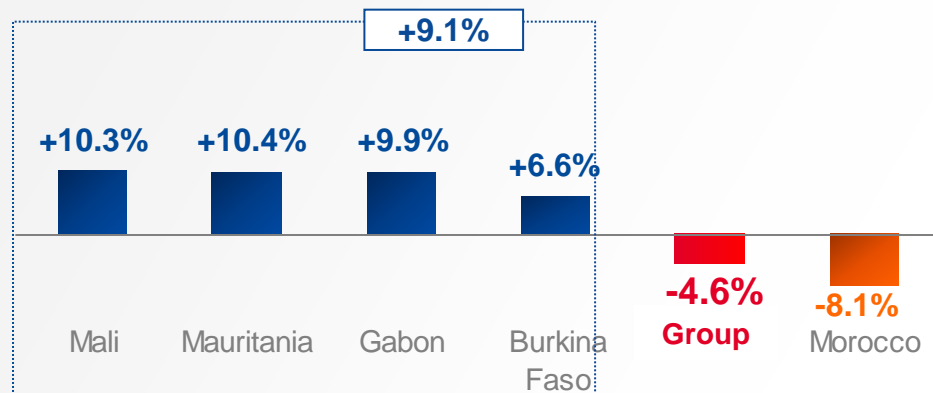
## Growth of customer bases (H1 13 vs. H1 12 in %)



## Maroc Telecom Group had more than 35 millions customers at June 30, 2013

- Morocco (+869,000 customers) customer-base growth: postpaid mobile, 16.7%; internet, 19.8%; and fixed line, 6.4%
- International (+3 million customers): 26.5% growth of mobile customer base

## Revenue growth (H1 13 vs. H1 12 like for like in %)

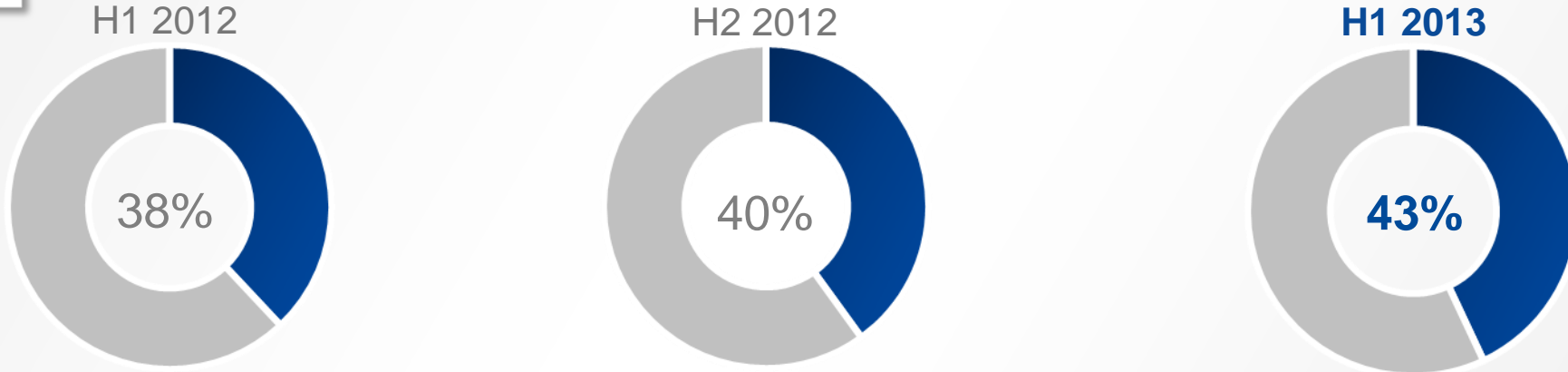


## International revenue growth partially compensated for the slowdown in Morocco

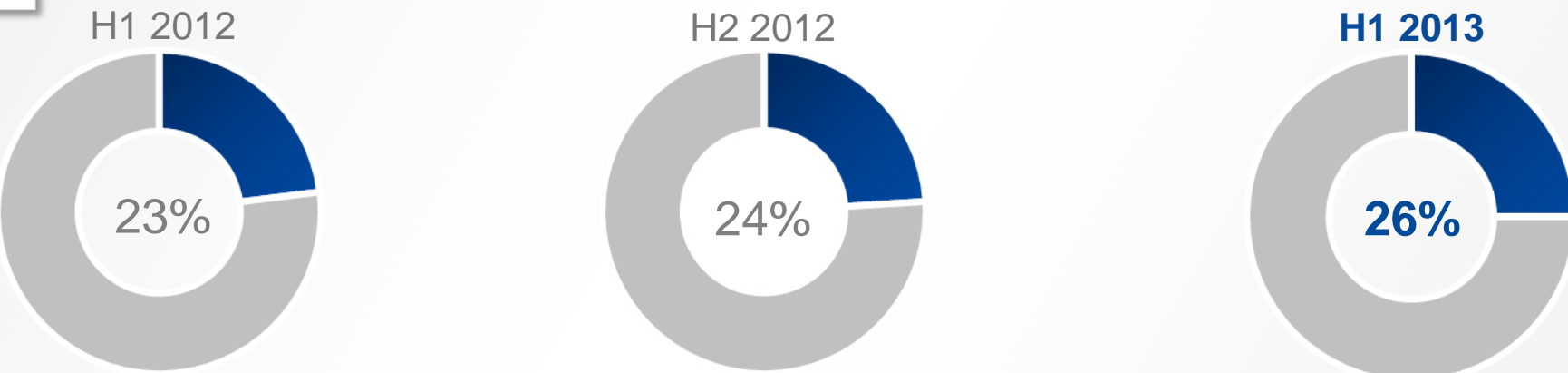
- Impact on business in Morocco from competition, weak consumer spending, and lower MTRs
- Continued robust growth internationally, especially in Mali (+10.3% in H1 2013)

# SUCCESSFUL DEVELOPMENT STRATEGY FOR INTERNATIONAL ACTIVITIES

## % Customer base



## % Group revenues



# SIGNIFICANT CAPITAL SPENDING FOR TOMORROW'S BROADBAND NETWORKS



## MOBILE BROADBAND

TARGET: migration of 50% of 2G to single RAN (2G/3G/4G ready)

→ **Significant gains in coverage, service quality, and cost cutting**

→ More than 1,500 sites, or nearly two-thirds of the annual target, were deployed in H1

## FIXED-LINE BROADBAND

TARGET: replace obsolete fixed-line switches and DSLAM with MSAN

→ **Continued augmentation of bandwidth with VDSL and FTTx**

→ Bandwidth installed at June 30, 2013: 645k voice lines and 350k ADSL/VDSL lines

**44% increase of international bandwidth**, to 360 Gbit/s at June 30, 2013

**56% of CAPEX in H1 in Morocco**



# SOLID HALF-YEAR RESULTS

**EBITDA**

+0.6%

- Full impact from voluntary redundancy plans carried out in 2012

**EBITDA margin**

+3.0 pts. to 58.1%

- The margin from international activities rose by 7.0 pts

**CFFO**

-1.9%

- Scheduled increase of CAPEX in H1
- WCR managed through collection of receivables





## **BUSINESS OVERVIEW**

Financial results

Outlook

Annexes



# ENCOURAGE VOICE AND DATA USAGE

## Growth of prepaid mobile usage

- Widespread use of per-second billing
- Enhancement of prepaid time-based top-ups
  - Example: MAD 20 provides 1h + MAD 20 of credited call time
- Extension of validity of prepaid mobile data top-ups
  - Example: a MAD 100 top-up is valid one month vs. 15 days previously, with daily limit of 400 Mo maintained

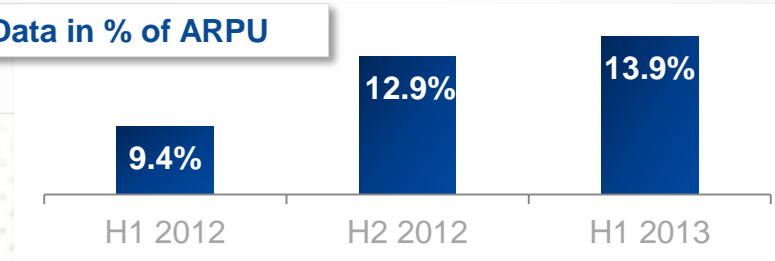


## Data monetization

- End of unlimited data volume for free mobile internet access included in all postpaid voice rate plans
  - Bandwidth raised from 128 kbit/s to 3.6 Mbit/s
  - Monthly limit of 1 Go (connection cut beyond that limit); customers can buy top-ups of 2 Go for MAD 50
- Postpaid access at 7.2 Mbit/s and 14 Mbit/s, restrained after 5 Go
  - Bandwidth reduced to 128 kbit/s after 5 Go and to 64 kbit/s after 10 Go

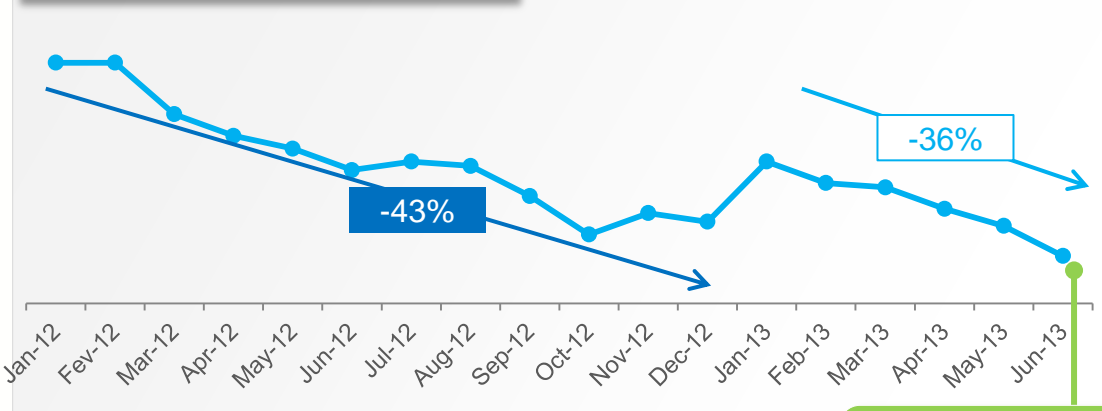
10% of customers topped up in June

Data in % of ARPU



# CONTINUAL PRICE CUTS PARTIALLY COMPENSATED FOR BY HIGHER USAGE

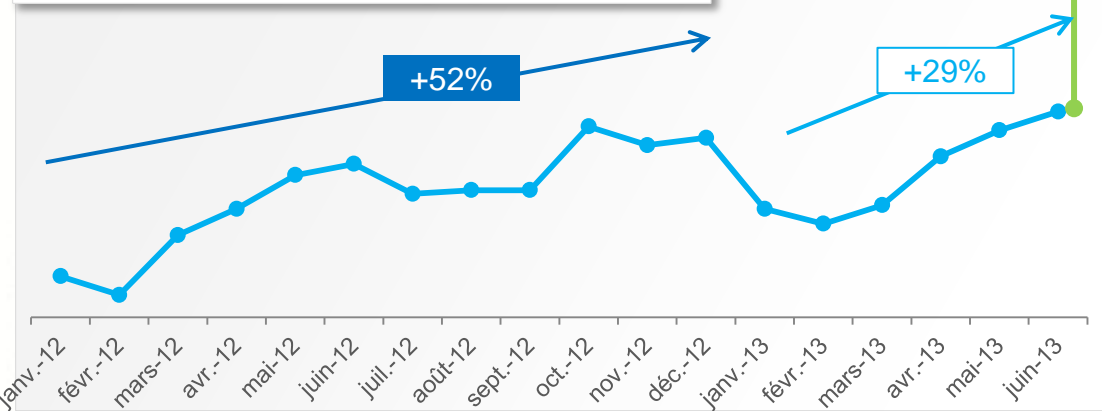
Rate change per minute



## Ongoing significant price cuts by Maroc Telecom:

- Continual price cuts in 2013 because of intense competition in the prepaid segment

Change in outbound usage (per customer)



Widespread adoption of per-second billing

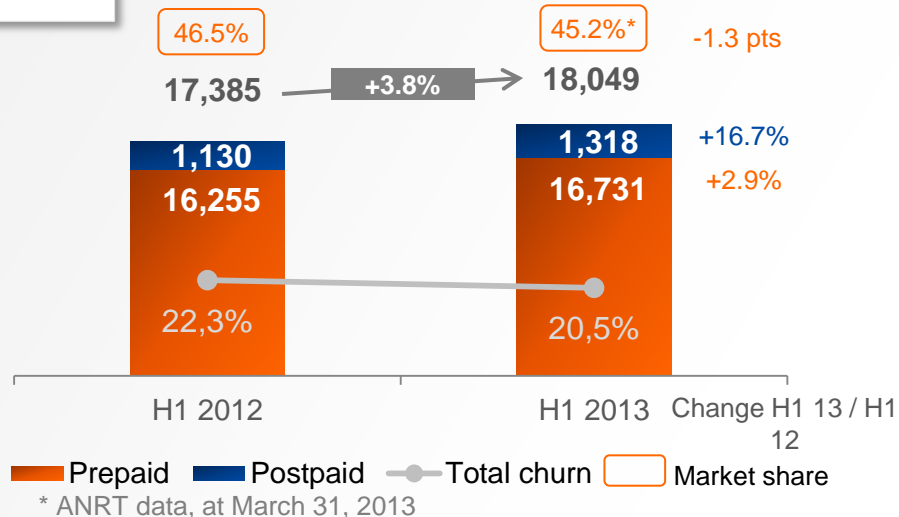
## Strong rise in consumption

- Elasticity reduced in H1 2013 because of weak consumer spending



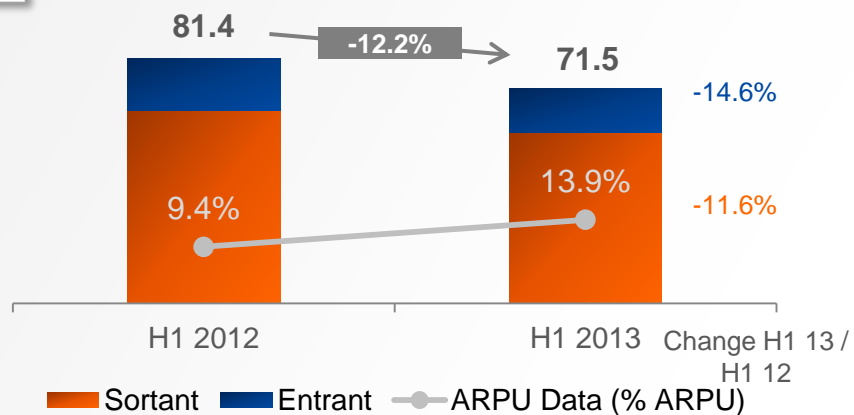
# SOLID GROWTH OF CUSTOMER BASE

Mobile customer base ('000)



- Continued customer-base growth
- Rapid growth maintained in 3G-internet customer base (+32%)
- Continual improvement of churn rate

ARPU (MAD)

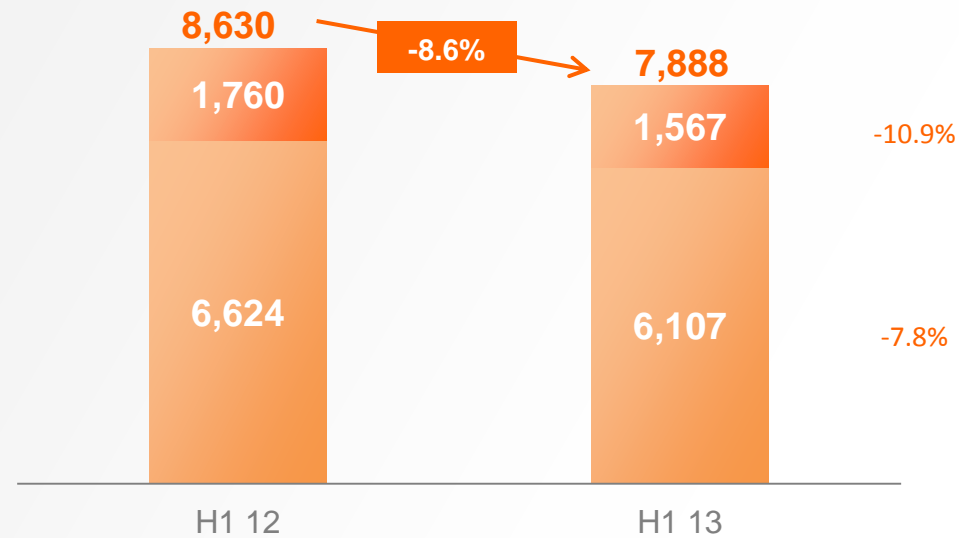


- Significant impact on incoming ARPU from cuts in MTRs (-52% vs. H1 2012)
- Lower outgoing ARPU because of price cuts that do not compensate for growth in voice and data usage

# FOCUS ON MOBILE REVENUES

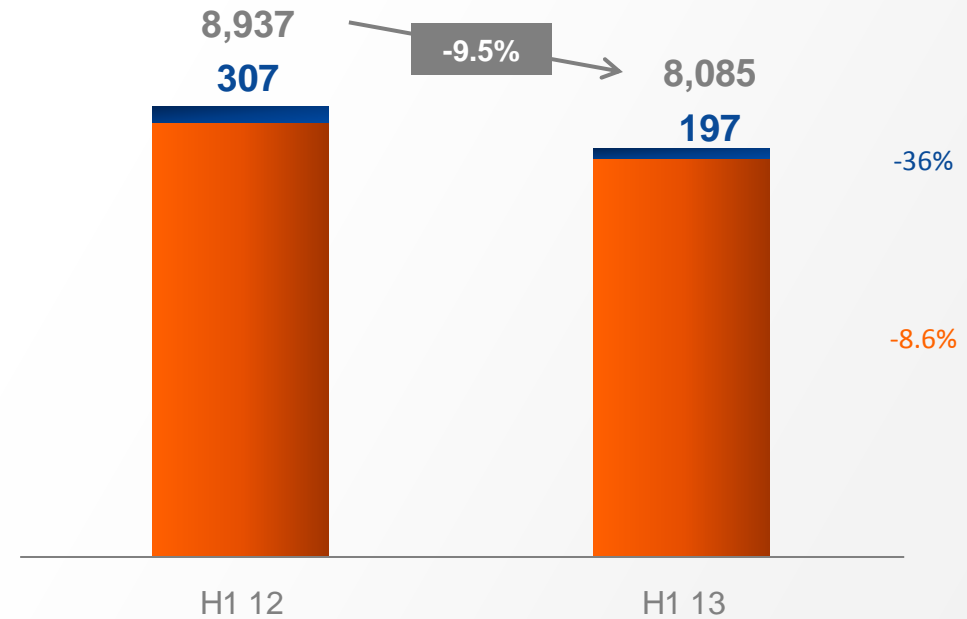
Mobile-services revenues (MAD millions)

Outgoing Incoming



Mobile revenues (MAD millions)

Services Equipment



- Continuation of policy focused on subsidies for handset sales

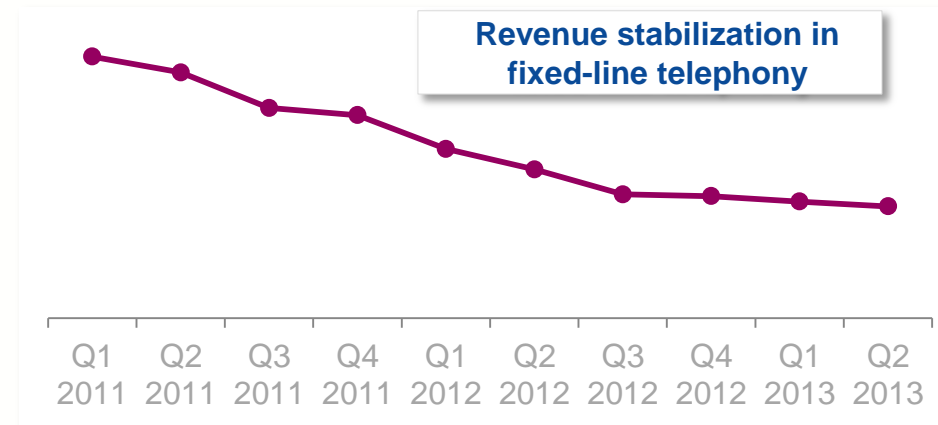
# CONTINUED GROWTH FOR FIXED LINED AND INTERNET CONSUMER BASES

- Enhanced unlimited plans to fixed lines, with higher prices

- Unlimited evenings and weekends at MAD 156 / month → unlimited 24/7 + 1h to mobile numbers at MAD 176 / month
- Three additional hours to mobile numbers with unlimited 24/7, at MAD 229 / month



\*Offre valable du 1<sup>er</sup> avril au 31 mai 2013



- Ongoing enhancement of ADSL offers that boost growth of fixed-line and internet customer bases

1-PLAY	2-PLAY	3-PLAY
ADSL access at 4 Mbit/s	<b>MTDuo</b> Fixed line + ADSL (4M)	<b>MTBox</b> Fixed line + ADSL (4M) + unlimited calls to fixed lines + IPTV
MAD 99 / month	MAD 199 / month	MAD 299 / month

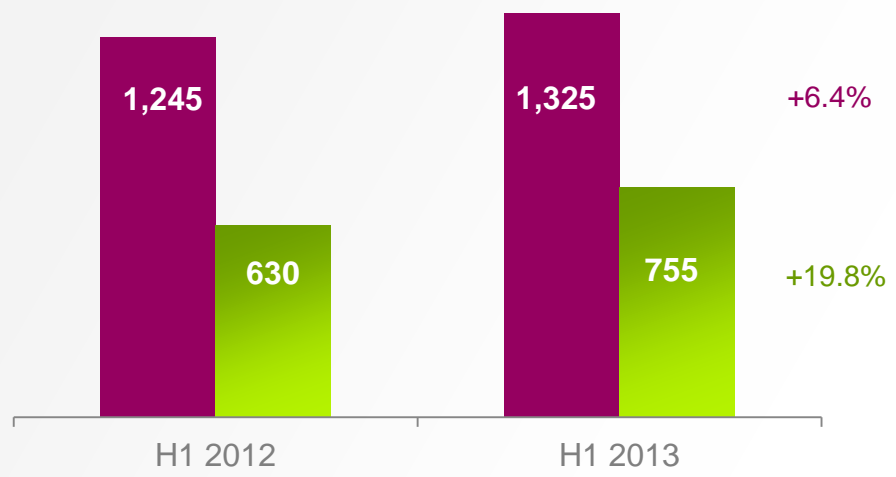
**NEW**  
**PhonyDuo**  
 Fixed line + ADSL (4M)  
 + unlimited calls to fixed lines

MAD 249 / month

# FOCUS ON FIXED-LINE BUSINESS

Fixed-line and internet customer bases ('000)

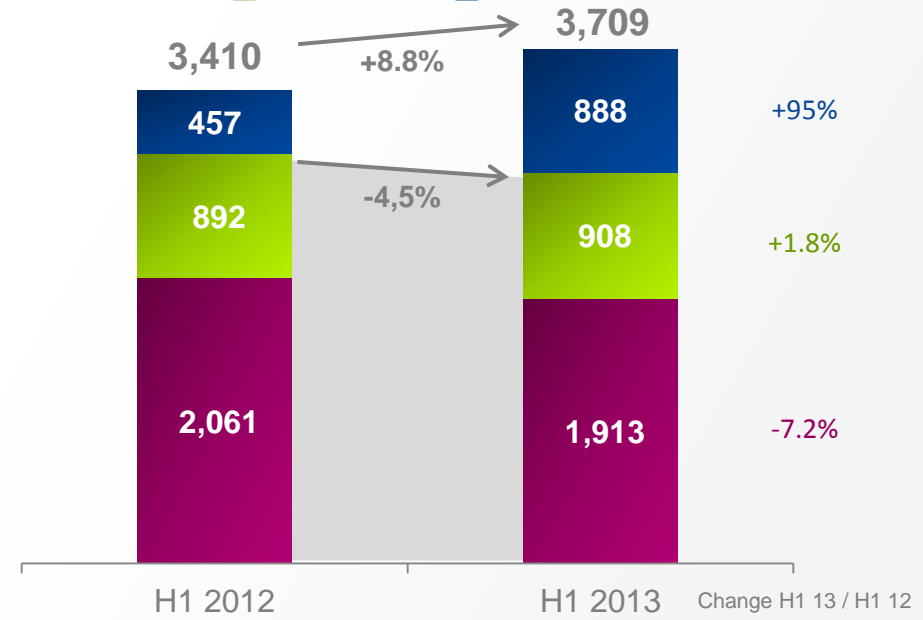
Fixed line ADSL\*



\*Including narrowband and leased lines.

Fixed-line and internet revenues (MAD millions)

Voice Data LL intra Maroc Telecom



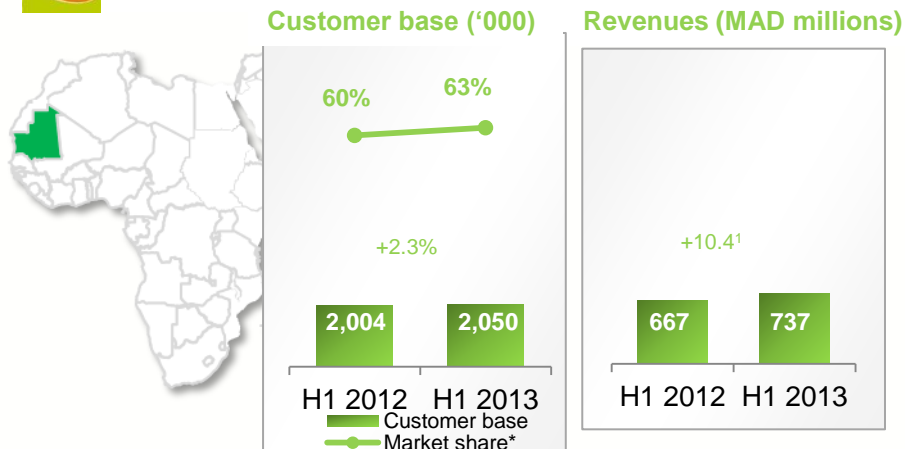
\*\*Fixed-line data comprise internet, ADSL TV, and data services for businesses.

- Faster growth of fixed-line customer base, particularly the residential segment (+12%), a result of the multiplay offers
- Strong growth of the ADSL customer base. thanks to enhanced rate plans
- Rapid development of data (24% of fixed-line and internet revenues), thanks to IP products

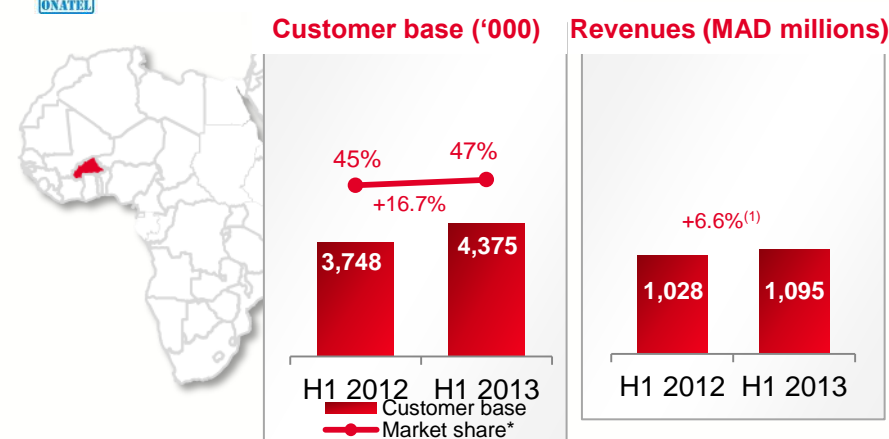
# STRONG BUSINESS GROWTH DRIVEN BY EXPANDING CUSTOMER BASES AND MARKET-SHARE GAINS



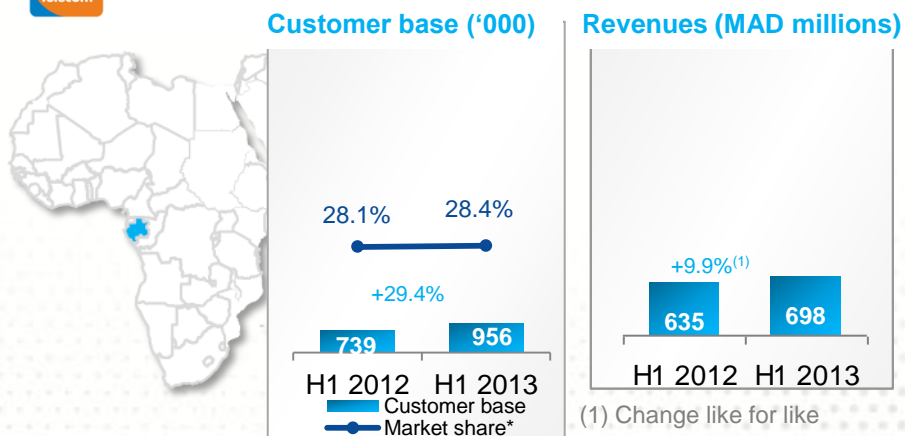
## Mauritania



## Burkina Faso



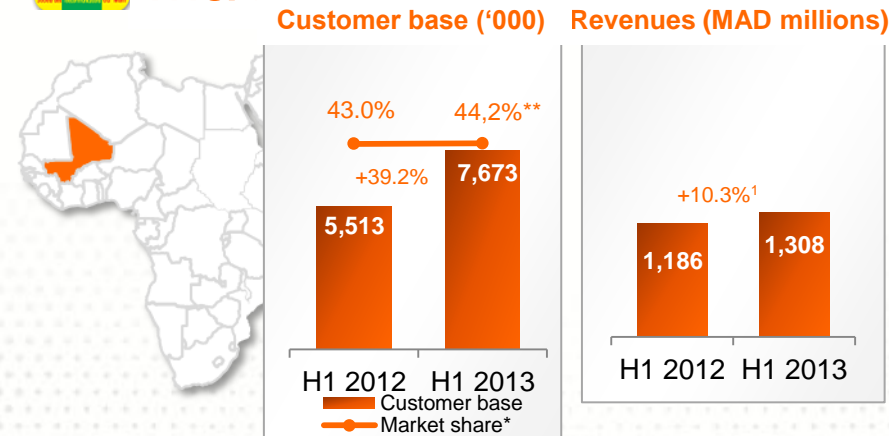
## Gabon



(1) Change like for like



## Mali



\*Source: Datisis date. Q1 2013 vs. Q2 2012

\*\* Source: market data at June 30, 2013





Business overview

## **FINANCIAL RESULTS**

Outlook

Annexes

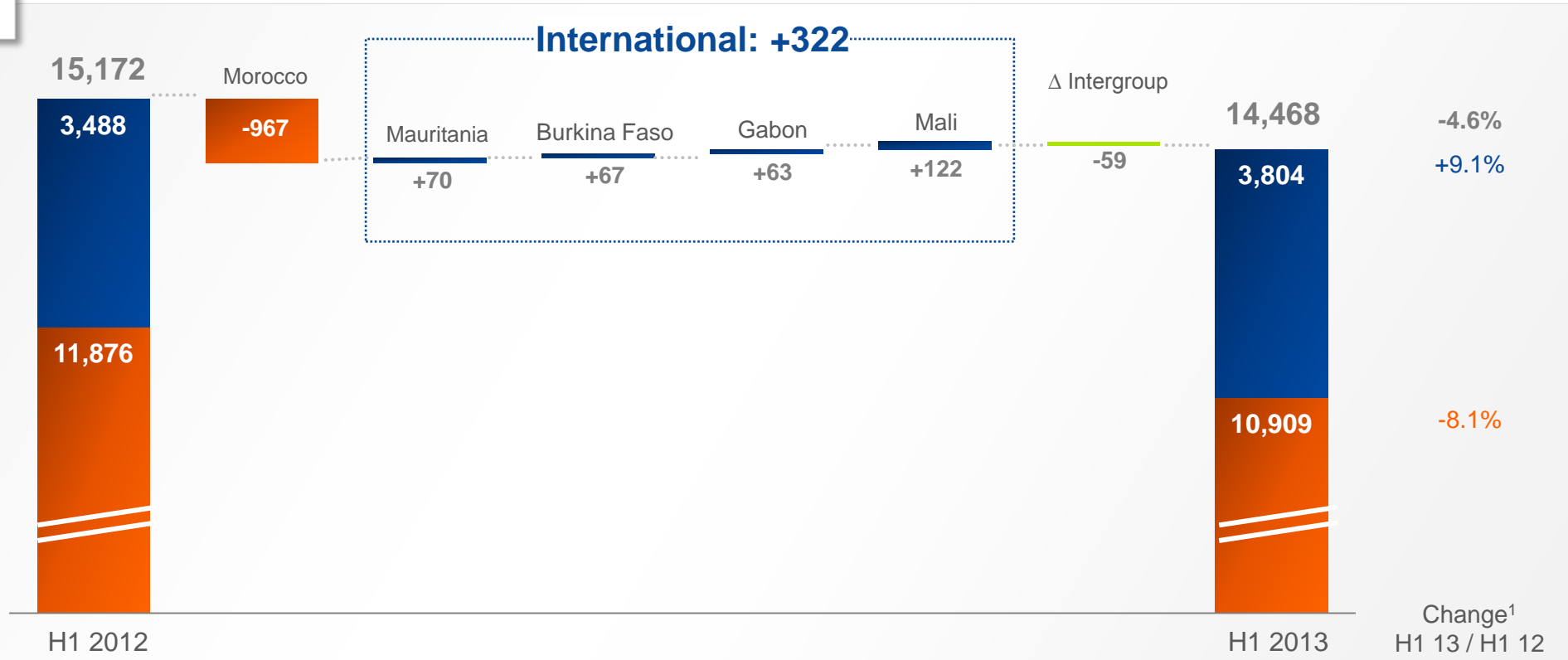


# CONSOLIDATED RESULTS

<i>MAD millions</i>	<b>H1 2012</b>	<b>H1 2013</b>	<b>Change like for like</b>
REVENUES	15,172	14,468	-4.6%
EBITDA	8,358	8,406	+0.6%
<i>Margin (%)</i>	<i>55.1%</i>	<i>58.1%</i>	<i>+3.0 pts</i>
EBITA	5,155	5,951	+15.4%
<i>Margin (%)</i>	<i>33.9%</i>	<i>41.1%</i>	
NET INCOME (GROUP SHARE)	3,128	3,521	+12.6%
<i>Margin (%)</i>	<i>20.6%</i>	<i>24.3%</i>	
EBITDA – CAPEX	6,343	5,653	-10.9%
CFFO	5,458	5,354	-1.9%

# GROWTH OF INTERNATIONAL REVENUES

**Group revenues**  
MAD millions



(1) Change like for like

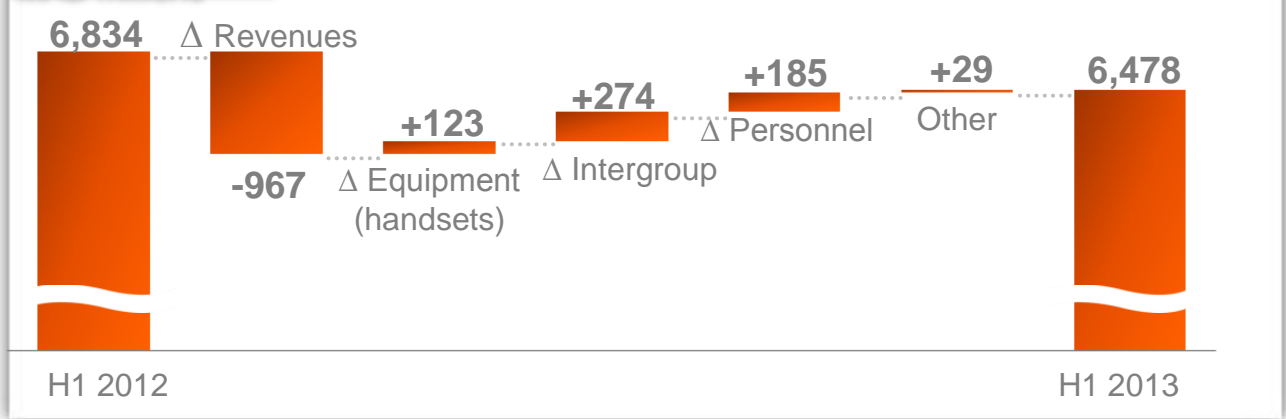
# EBITDA

## Strong growth of margins in Morocco and abroad

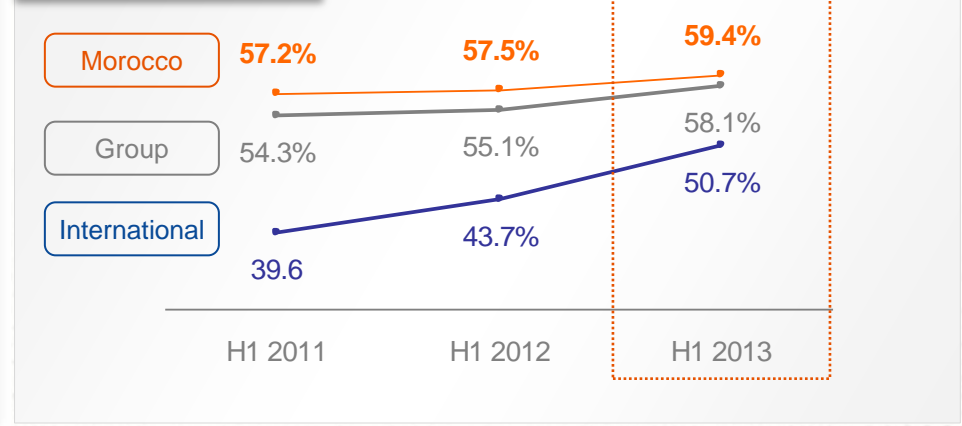
**EBITDA**  
MAD millions



**EBITDA Morocco**  
MAD millions

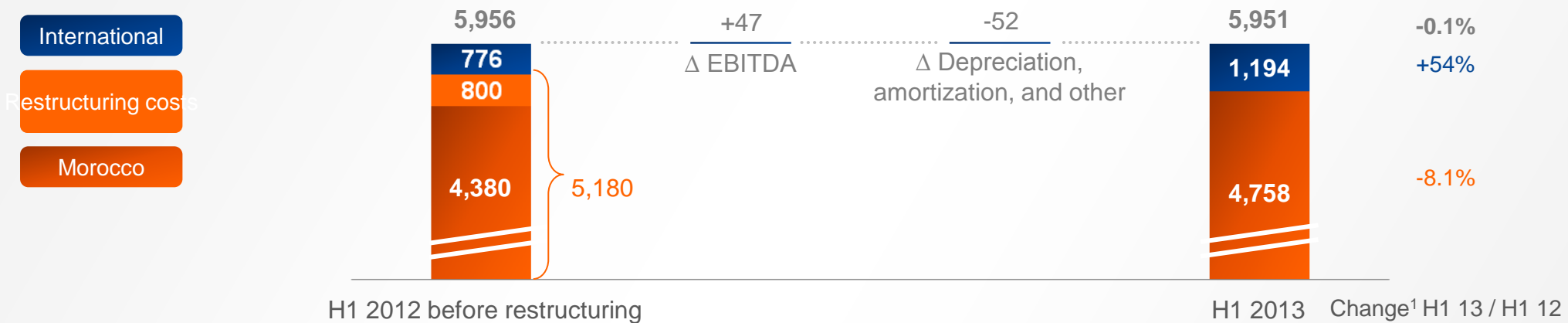


**EBITDA margin**  
%

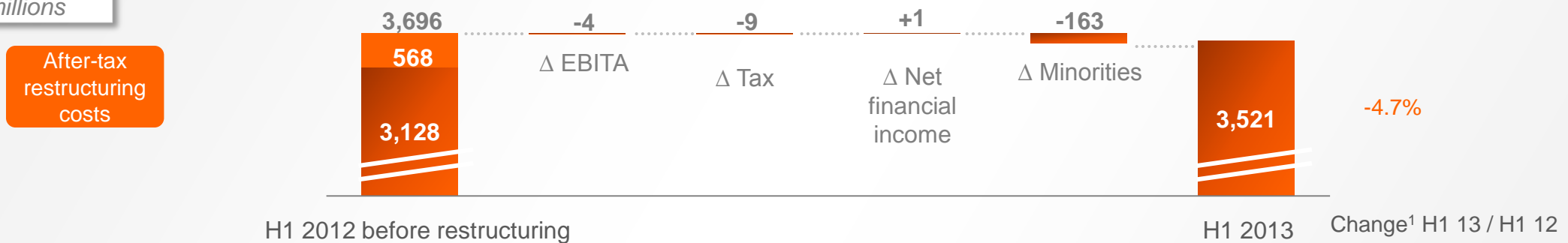


# STABILIZATION OF EBITA (EXCLUSIVE OF RESTRUCTURINGS CARRIED OUT IN 2012)

## Group EBITA MAD millions



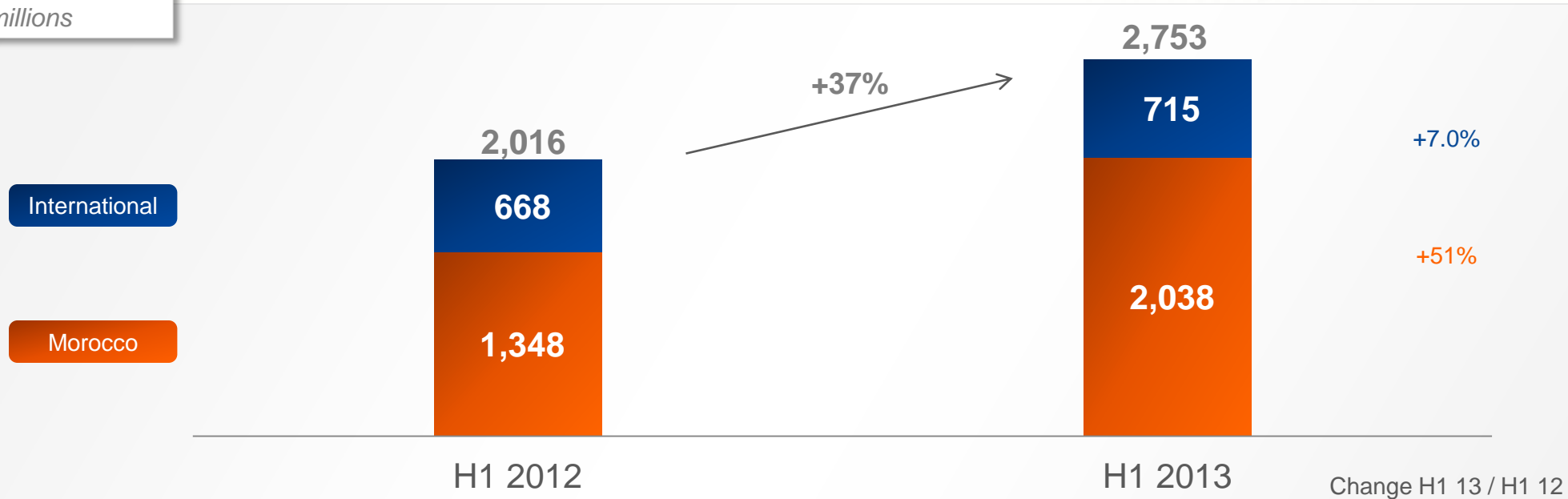
## Net income (Group share) MAD millions



(1) Change like for like and exclusive of restructuring

# AGGRESSIVE CAPEX POLICY IN THE FIRST HALF

## Group CAPEX<sup>1</sup> MAD millions

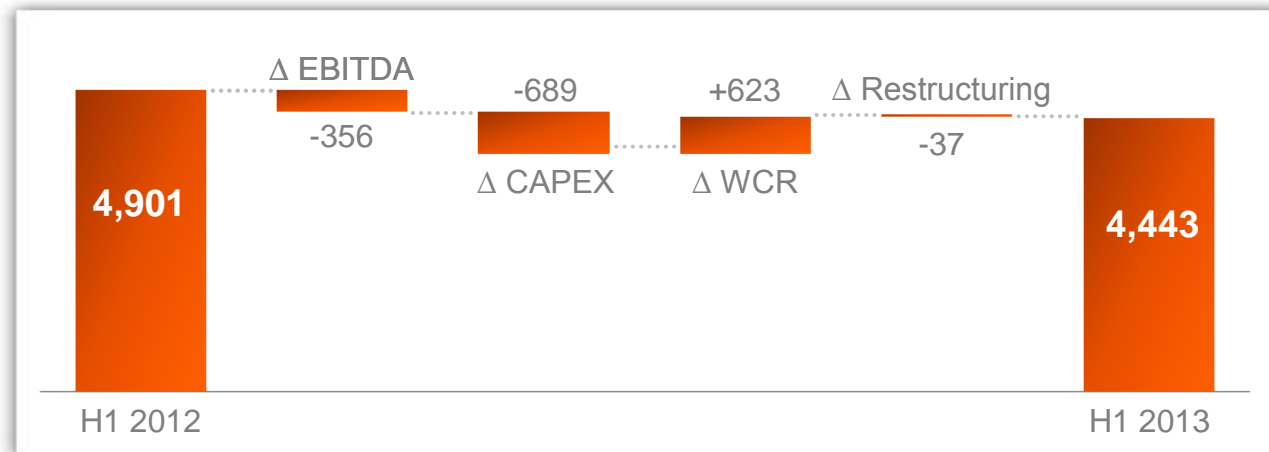
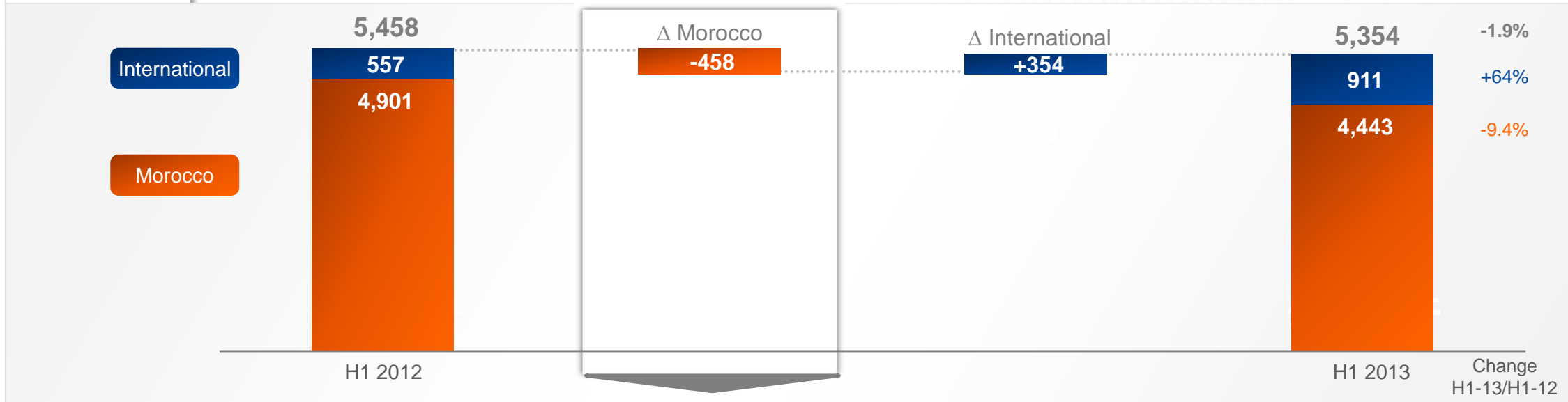


- Morocco: accelerated capital spending during the year for major modernization projects for fixed-line (MSAN) and mobile (single RAN) networks
- International: continual capital spending to promote business growth

(1) CAPEX corresponds to acquisitions of tangible and intangible assets accounted for during the period.

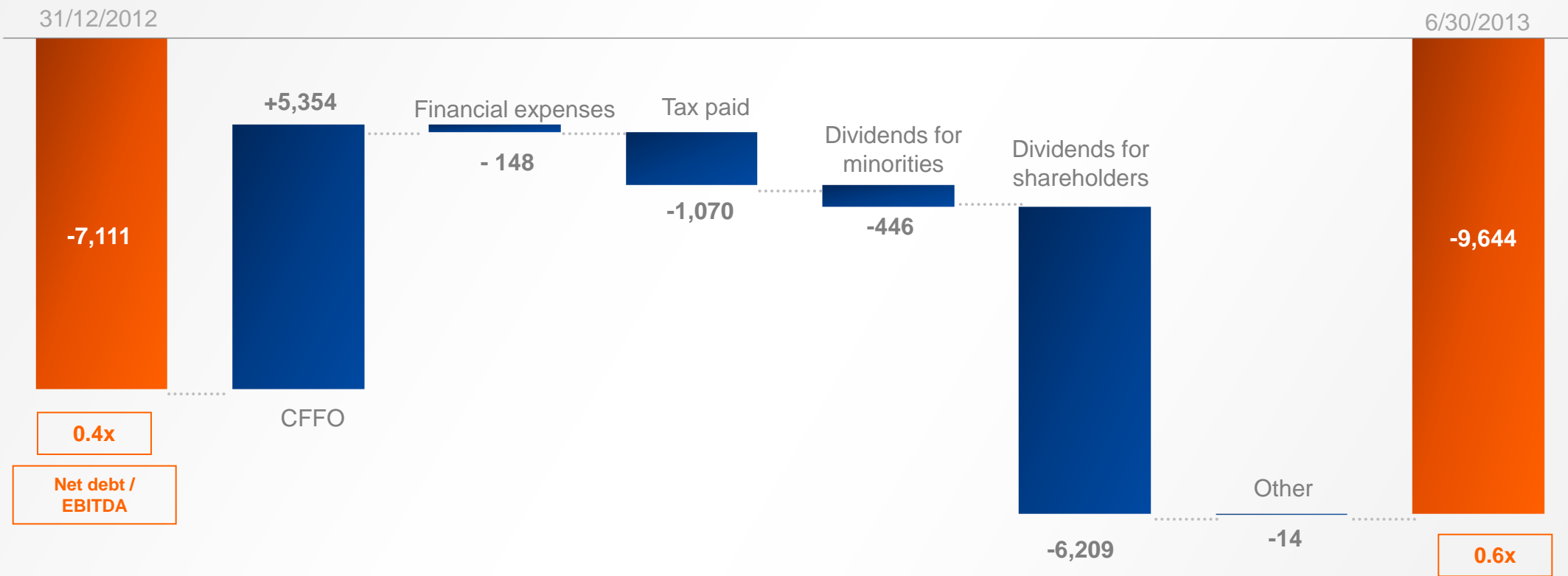
# CFFO STABLE DESPITE RISE IN CAPITAL SPENDING IN MOROCCO

## CFFO



# LOW LEVEL OF CONSOLIDATED DEBT

**Net debt**  
MAD millions







Business overview

Financial results

**OUTLOOK**

Annexes



# OUTLOOK FOR 2013 UNCHANGED

## TRENDS FOR 2013

### MOROCCO

- Continued efforts to boost usage
- Slight increase in capital spending

### INTERNATIONAL

- Revenue growth in all countries
- Cost optimization
- Lower capital expenditure

## OUTLOOK FOR 2013

EBITDA margin to be maintained at high rate of approximately 56%

EBITDA – CAPEX<sup>1</sup> up slightly<sup>2</sup>

(1) CAPEX corresponds to acquisitions of tangible and intangible assets accounted for during the period.

(2) Exclusive of acquisition of new frequencies or licenses.



Business overview

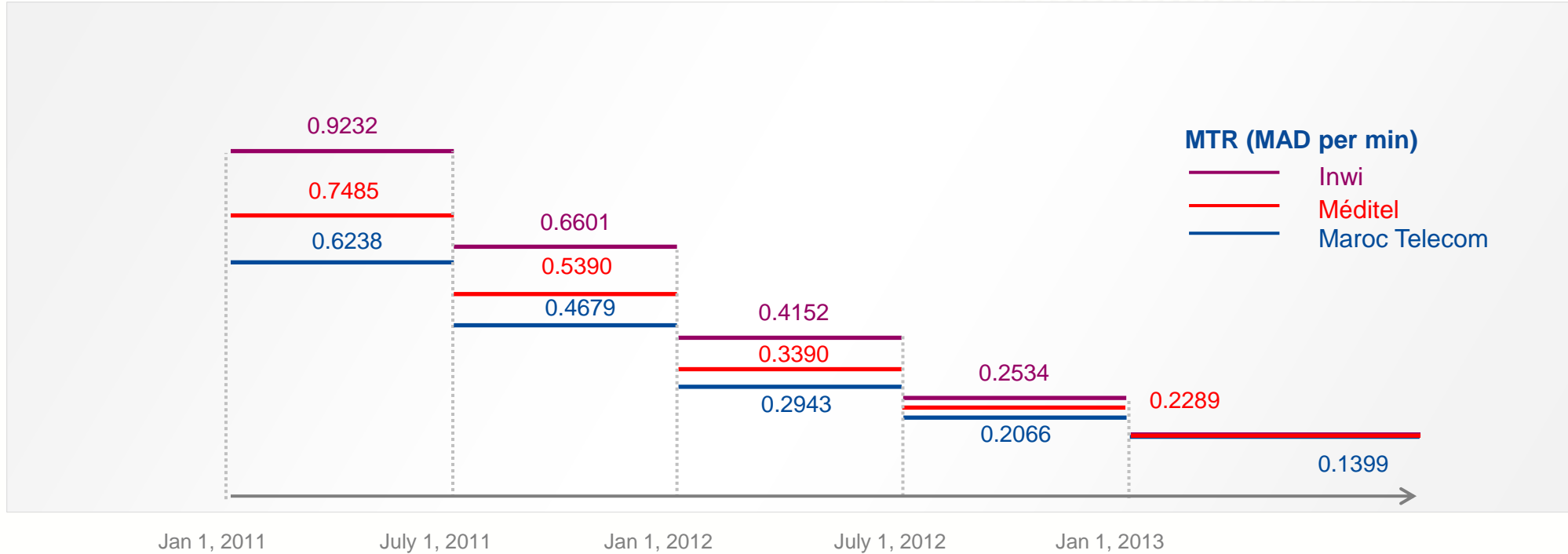
Financial results

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**ANNEXES**



# REGULATORY ENVIRONMENT IN MOROCCO



Until December 31, 2012, MTRs were calculated by averaging peak and off-peak rates.

- Introduction on January 1, 2013, of MTR symmetry for interoperator voice calls at a single rate of MAD 0.1399 (excl. tax).
- Initial orders for unbundled lines are expected at the end of 2013.



# Morocco

<i>MAD millions</i>	<b>H1 2012</b>	<b>H1 2013</b>	<b>Change</b>
Revenues	11,876	10,909	-8.1%
<b>Mobile</b>	<b>8,937</b>	<b>8,085</b>	<b>-9.5%</b>
<i>Services</i>	8,630	7,888	-8.6%
<i>Equipment</i>	307	197	-36%
<b>Fixed line</b>	<b>3,410</b>	<b>3,709</b>	<b>+8.8%</b>
<i>Fixed-line data*</i>	892	908	+1.8%
Elimination	-464	-885	
EBITDA	6,834	6,478	-5.2%
<i>Margin (%)</i>	57.5%	59.3%	+1.8 pts
EBITA before restructuring	5,180	4,758	-8.1%
<i>Margin (%)</i>	43.6%	43.6%	0 pts
EBITA	4,380	4,758	8.6%
CAPEX	1,348	2,038	51.2%
<i>CAPEX/Revenues</i>	11.4%	18.7%	7.3 pts
CFFO	4,901	4,443	-9.4%
Net debt	9,528	8,297	-12.9%
<i>Net debt / EBITDA</i>	0.7 x	0.6 x	-

\*Fixed-line data comprise internet, ADSL TV, and data services to businesses.



# Maroc

<b>Population</b>	32.8 million
<b>GDP</b>	\$107.1 billion in 2013 <sup>e</sup>
<b>Revenue per capita (PPP)</b>	≈ \$5,537
<b>Inflation</b>	+2.4%

Source: IMF, World Economic Outlook Database, April 2013



	H1 2012	H1 2013	Change
<b>Mobile</b>			
Customer base ('000)	17,385	<b>18,049</b>	3.8%
ARPU (MAD)	81.4	<b>71.5</b>	-12.2%
Market share*	46.5%	<b>45.2%</b>	-1.3 pts
Penetration rate*	112.6%	<b>121.5%</b>	+8.9%
Number of operators	3	<b>3</b>	-
<b>Fixed line</b>			
Customer base ('000)	1,245	<b>1,325</b>	6.4%
Market share*	98%	<b>91%</b>	-7 pts
Penetration rate*	4%	<b>4.5%</b>	+0.5 pts
Number of operators	3	<b>3</b>	-
<b>ADSL internet**</b>			
Customer base ('000)	630	<b>755</b>	19.8%

\*Source: ANRT Q1 13 vs. Q2 12. Fixed-line data are exclusive of restricted mobility (adjusted by IAM).

\*\*The ADSL internet customer base includes leased lines and narrowband.



## International

<i>MAD millions</i>	<b>H1 2012</b>	<b>H1 2013</b>	<b>Change</b>	<b>Change like for like</b>
Revenues	3,488	3,804	9.1%	+9.1%
<b>Mauritania</b>	<b>667</b>	<b>737</b>	<b>10.5%</b>	<b>+10.4%</b>
<i>Mobile services</i>	607	673	11.0%	+11.0%
<b>Burkina Faso</b>	<b>1,028</b>	<b>1,095</b>	<b>6.5%</b>	<b>+6.6%</b>
<i>Mobile services*</i>	845	921	9.0%	+9.0%
<b>Gabon</b>	<b>635</b>	<b>698</b>	<b>9.9%</b>	<b>+9.9%</b>
<i>Mobile services*</i>	332	397	19.5%	+19.5%
<b>Mali</b>	<b>1,186</b>	<b>1,308</b>	<b>10.3%</b>	<b>+10.3%</b>
<i>Mobile services</i>	1,004	1,123	11.8%	+11.9%
Elimination	-28	-34		
EBITDA	1,524	1,928	26.5%	+26.5%
<i>Margin (%)</i>	43.7%	50.7%	+7.0 pts	+7.0 pts
EBITA	776	1,194	54%	54%
<i>Margin (%)</i>	22.2%	31.4%	+9.1 pts	+9.1 pts
CAPEX	668	715	7.0%	-
<i>CAPEX/Revenues</i>	19.2%	18.8%	-0.4 pts	-
CFFO	557	911	64.0%	-
Net debt	1,586	1,348	-15.0%	-
<i>Net debt / EBITDA</i>	0.5 x	0.3 x		



# Mauritania

<b>Population</b>	3.7 million
<b>GDP</b>	\$4.5 billion +5.9% in 2013 <sup>e</sup>
<b>Revenue per capita (PPP)</b>	<b>\$2,230 in 2013<sup>e</sup></b>
<b>Inflation</b>	+4.7%
<b>1 MAD =</b>	<b>1 MAD = 34.3 MRO stable vs. 2012</b>

Source: IMF, World Economic Outlook Database, April 2013



	<i>H1 2012</i>	<i>H1 2013</i>	<i>Change like for like</i>
<b>Mobile</b>			
Customer base ('000)	1,956	<b>2,000</b>	2.3%
ARPU (MAD)	53.8	<b>54.6</b>	+1.4%
Market share*	60.4%	<b>62.9%</b>	+2.5 pts
Penetration rate*	90.3%	<b>96.0%</b>	+5.7 pts
Number of operators	3	<b>3</b>	-
<b>Fixed line</b>			
Customer base ('000)	41	<b>42</b>	1.5%
<b>Internet</b>			
Customer base ('000)	7	<b>7</b>	4.2%

\*Source: Dataxis, end of Q1 2013 vs. end of Q2 2012





# Burkina Faso

<b>Population</b>	17.7 million
<b>GDP</b>	\$11.9 billion +7.0% in 2013 <sup>e</sup>
<b>Revenue per capita (PPP)</b>	<b>\$1,488 in 2013<sup>e</sup></b>
<b>Inflation</b>	+2.0%
<b>1 MAD =</b>	<b>1 MAD = 58.9 FCFA stable vs. 2012</b>

Source: IMF, World Economic Outlook Database, April 2013



	<i>H1 2012</i>	<i>H1 2013</i>	<i>Change like for like</i>
<b>Mobile</b>			
Customer base ('000)	3,574	<b>4,248</b>	18.9%
ARPU (MAD)	42.3	<b>37</b>	-12.5%
Market share*	45.1%	<b>46.6%</b>	+1.5 pt
Penetration rate*	46.2%	<b>49.9%</b>	+3.7 pt
Number of operators	3	<b>3</b>	-
<b>Fixed line</b>			
Customer base ('000)	143	<b>100</b>	-29.9%
<b>Internet</b>			
Customer base ('000)	31	<b>27</b>	-12.4%

\*Source: Dataxis, end of Q1 2013 vs. end of Q2 2012



# Gabon

<b>Population</b>	1.56 million
<b>GDP</b>	\$19.3 billion +6.1% in 2013e
<b>Revenue per capita (PPP)</b>	<b>\$17,586 in 2013e</b>
<b>Inflation</b>	+3.0%
<b>1 MAD =</b>	<b>1 MAD = 58.9 FCFA stable vs. 2012</b>

Source: IMF, World Economic Outlook Database, April 2013



	<i>H1 2012</i>	<b>H1 2013</b>	<i>Change like for like</i>
<b>Mobile</b>			
Customer base ('000)	714	<b>929</b>	30.2%
ARPU (MAD)	85.6	<b>77.7</b>	-9.2%
Market share*	28.1%	<b>28.4%</b>	+0.3 pt
Penetration rate*	166%	<b>180%</b>	+14.0 pts
Number of operators	4	<b>4</b>	-
<b>Fixed line</b>			
Customer base ('000)	18	<b>18</b>	2.3%
<b>Internet</b>			
Customer base ('000)	7	<b>9</b>	27.4%

\*Source: Dataxis, end of Q1 2013 vs. end of Q2 2012



<b>Population</b>	16.8 million
<b>GDP</b>	\$11.4 billion +4.8% in 2013e
<b>Revenues per capita (PPP)</b>	<b>\$1,136 in 2013e</b>
<b>Inflation</b>	+2.9%
<b>1 MAD =</b>	<b>1 MAD = 58.9 FCFA stable vs. 2012</b>

Source: IMF, World Economic Outlook Database, April 2013



	H1 2012	H1 2013	Change like for like
<b>Mobile</b>			
Customer base ('000)	5,377	<b>7,524</b>	39.9%
ARPU (MAD)	37.8	<b>27.9</b>	-26%
Market share*	43.0%	<b>44.2%</b>	+1,2 pt
Penetration rate*	78%	<b>103%</b>	+25 pts
Number of operators	2	<b>2</b>	-
<b>Fixed line</b>			
Customer base ('000)	95	<b>102</b>	7.3%
<b>Internet</b>			
Customer base ('000)	41	<b>47</b>	14.2%

\* Source: market data, end of Q2 2013 vs. end of Q2 2012

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