Annual Results 2012

Analyst Presentation

February 21, 2013

Maroc Telecom

Annual Results 2012

Group Performances

SLOWER ECONOMIC GROWTH IN 2012

32.5 M
Population(1)

+1.3%
Inflation(2)

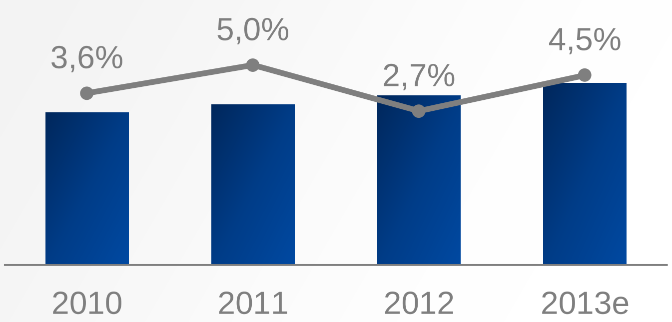
97.2 Bn $
GDP(1)

8.8%
Unemployment rate(2)

≈ 5,256 $
Per capita income (PPP)(1)

Source:
(1) IMF, Oct. 2012
(2) HCP at end 2012

GDP Growth

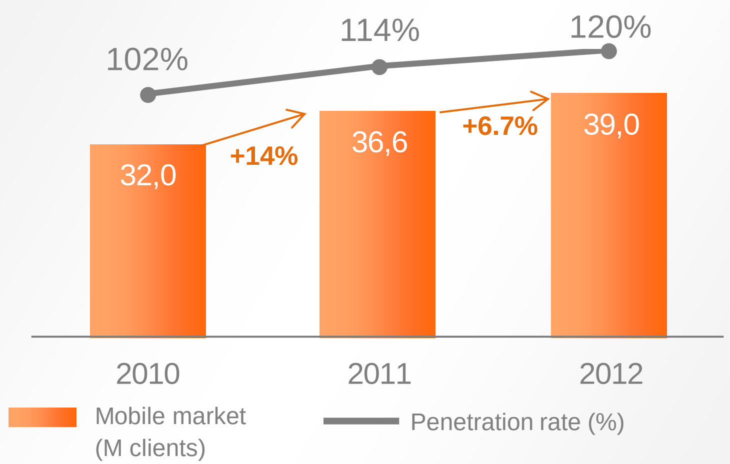


Source: Ministry of Finance

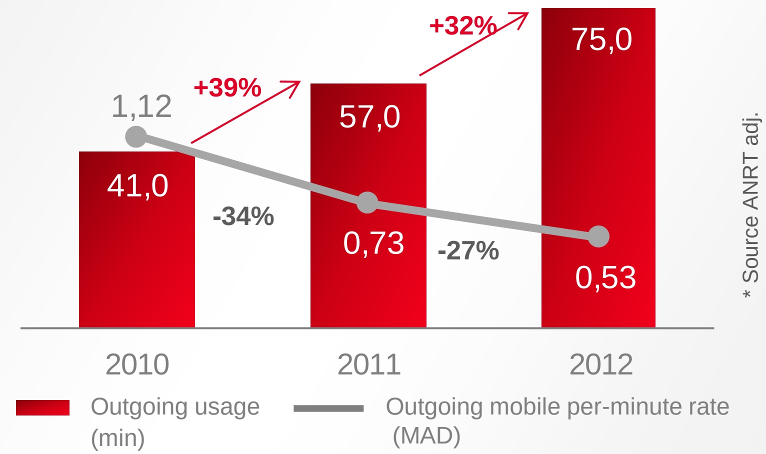
- **Slowdown in economic growth in 2012**
- **Return to sustained growth forecast for 2013**
- **Lower taxes: the contribution to the solidarity fund falls to 2.0% of net income in 2013 (vs. 2.5% en 2012)**

A MATURE MOBILE MARKET THAT STILL HAS MOMENTUM

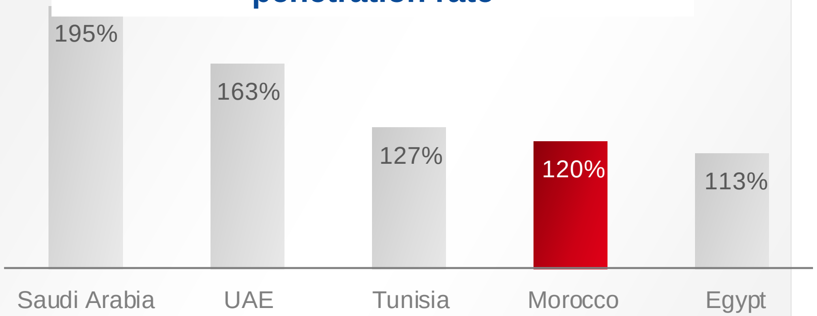
A market still growing



Good elasticity to price cuts

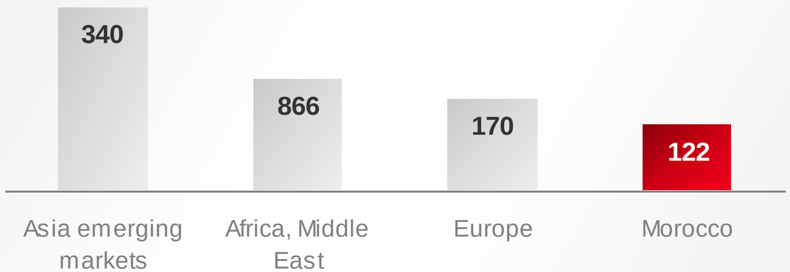


Further growth potential for mobile penetration rate



Sources: BMI, ANRT 2012

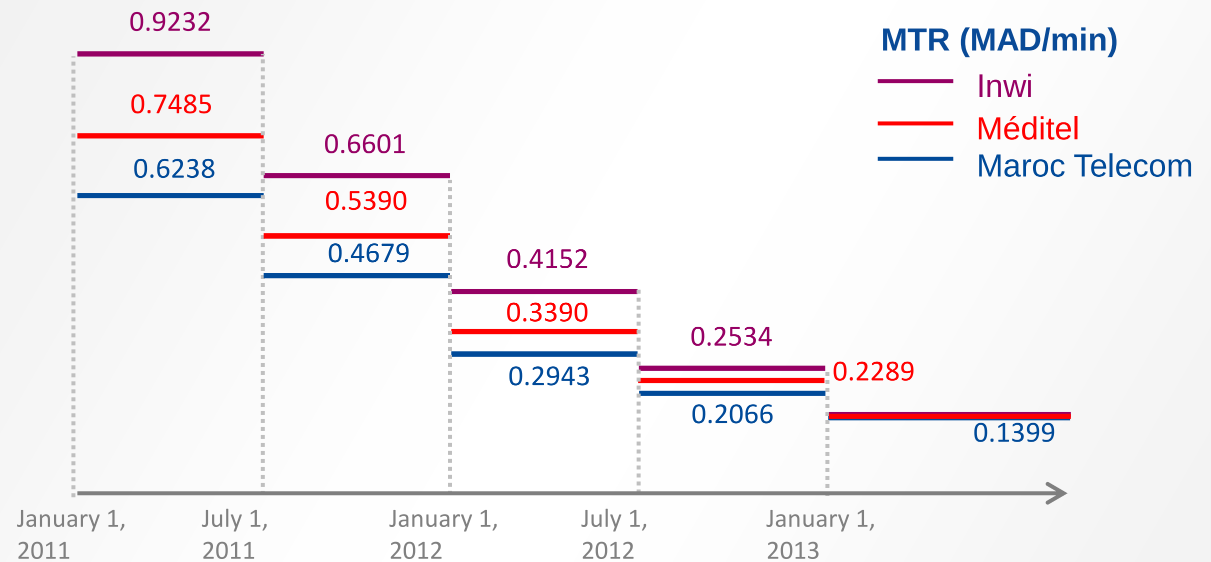
Significant growth margin in mobile usage (outgoing + incoming usage in min per month)



Sources: Maroc Telecom, Merrill Lynch Global Wireless Matrix Q4 2012

REGULATORY ENVIRONMENT IN MOROCCO

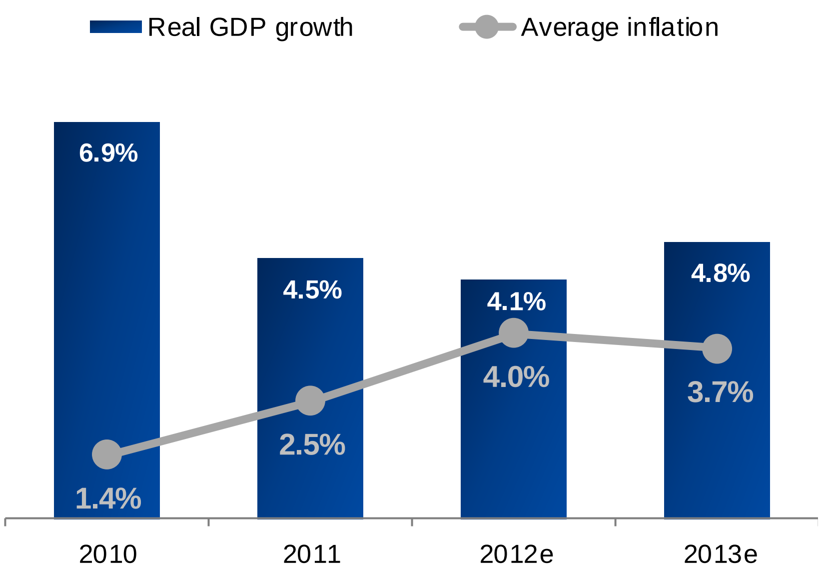
- **Implementation as from January 1, 2013, of symmetrical voice MTRs** between operators at a **new unique rate of MAD 0.1399 (excl. tax)**.

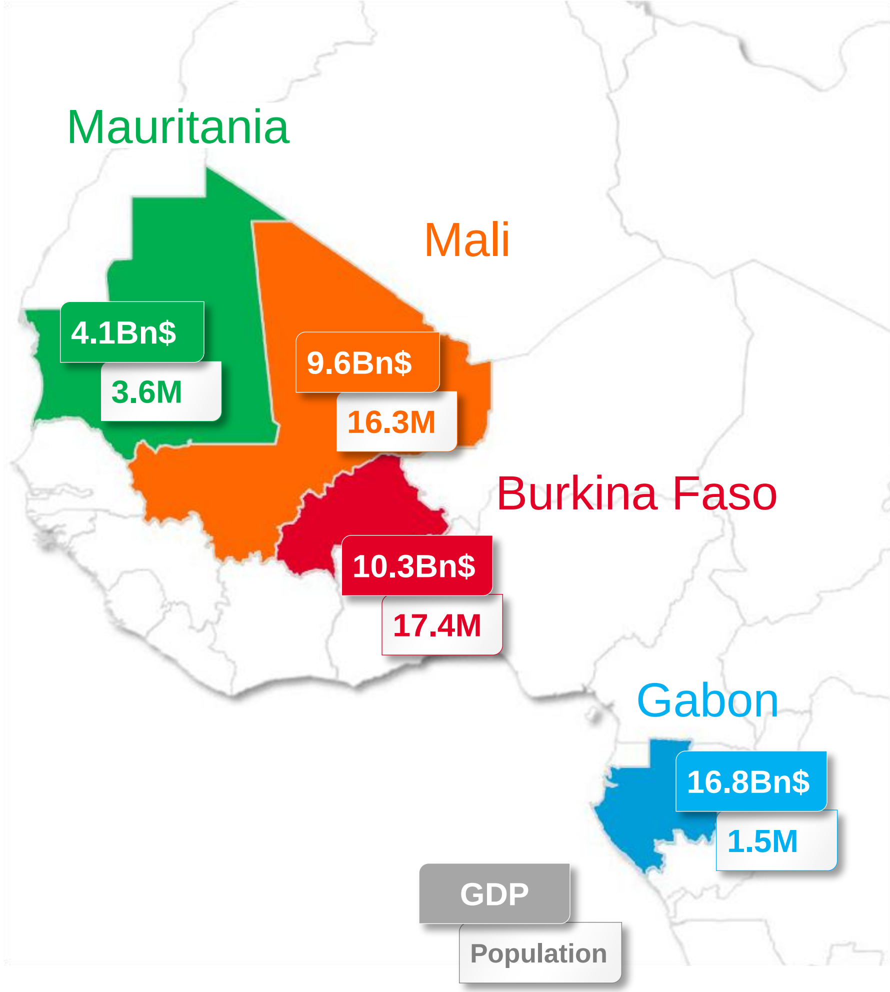


Until December 31, 2012, the MTR was calculated as the average of peak and off-peak MTRs.

- **Obligation of nondiscriminatory on-net / off-net rates** for prepaid mobile calls
- **Obligation to identify mobile customers** as from January 1, 2012, within 12 months, with an objective of identifying 25% of the unidentified customer base each quarter
- **First orders for unbundled lines expected in 2013**

SUSTAINABLE ECONOMIC GROWTH IN COUNTRIES OF SUBSIDIARIES



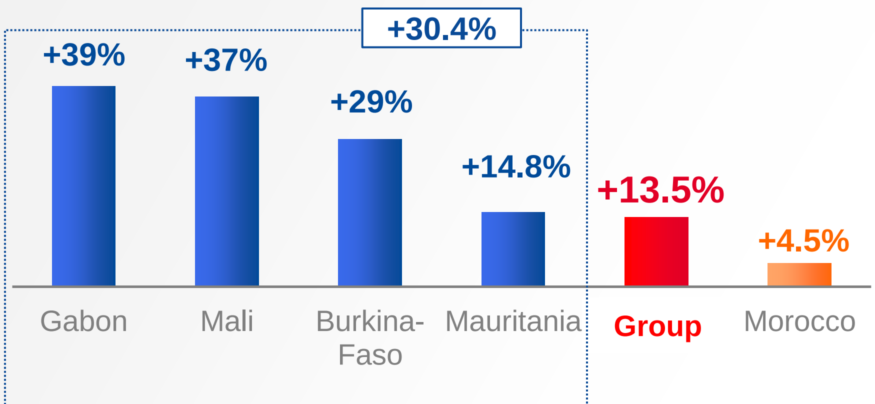


- **Subsidiaries benefit from sustained long-term economic growth**
- **Inflation is under control**

Source: World Bank, IMF

STRONG GROWTH IN INTERNATIONAL REVENUE BOOSTED BY STEADY MOMENTUM OF CUSTOMER BASES

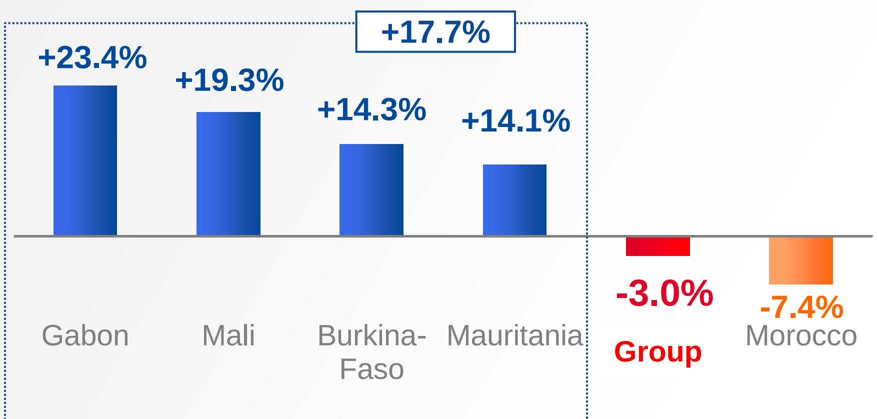
Growth of customer bases
(2012 vs. 2011 like for like in %)



Growth of 13.5% in Group customer base, to 33 million customers

- Morocco (+849 000 customers): growth in customer bases: mobile postpaid, 18%; 3G internet, 40%; and ADSL, 16%;
- International (+3.1 million customers): 32% growth in total mobile customer base.

Revenue growth
(2012 vs. 2011 like for like in %)



International revenue growth of 18% compensates for the slowdown in Morocco

- Acceleration of revenue growth,
- Impact of mobile price cuts and reduced MTRs in Morocco.

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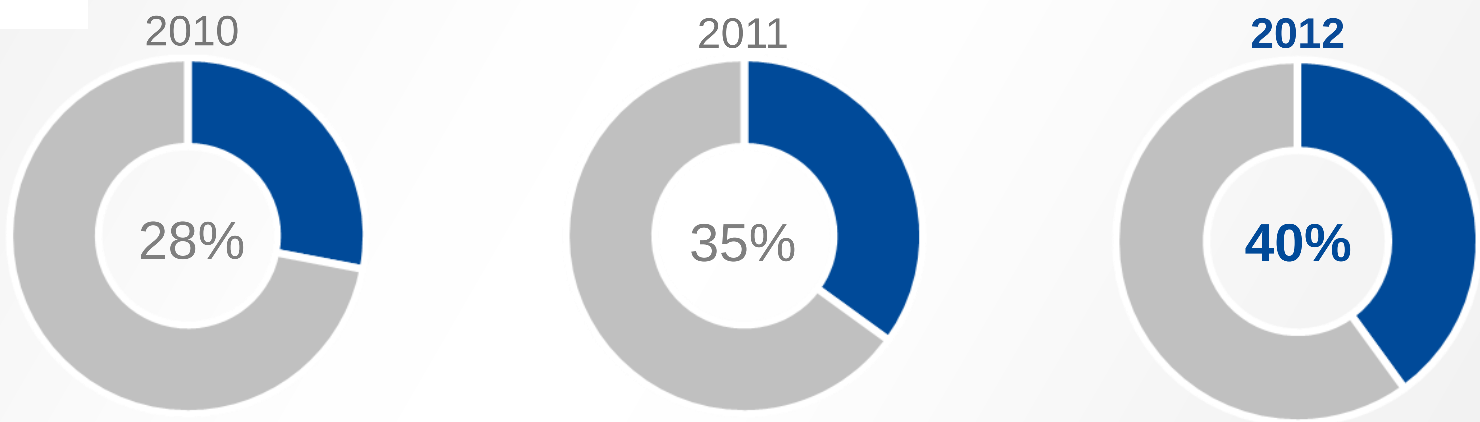
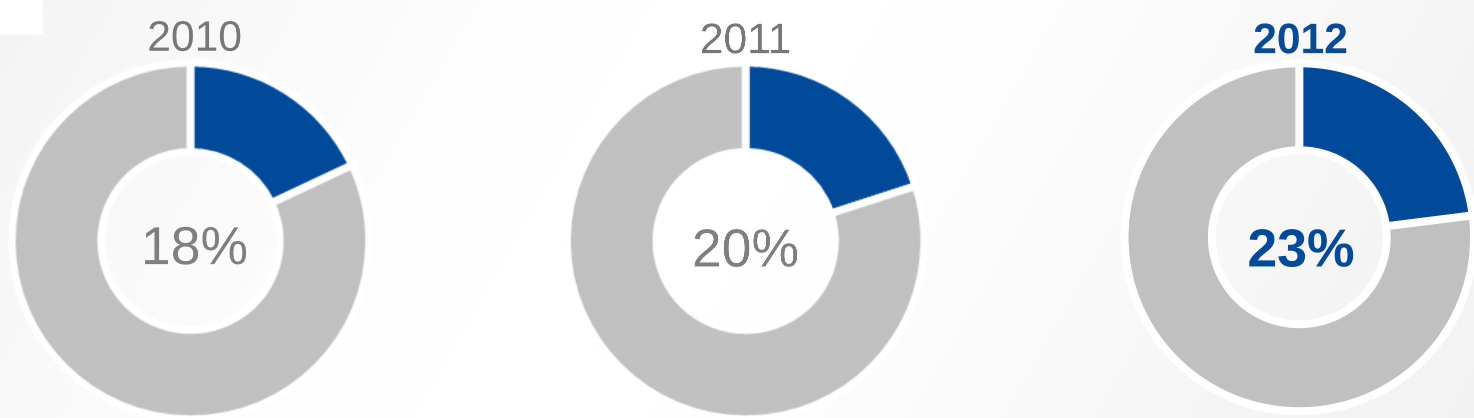
SUCCESS OF INTERNATIONAL DEVELOPMENT STRATEGY

% customer base



% Group revenues



CONTINUAL EFFORTS TO OPTIMIZE COSTS

- **Success of voluntary redundancy plans:**
  - Morocco: 1,404 departures, i.e., 14.1% of total workforce
  - Mauritania: 51 departures, i.e., 13% of total workforce
  - Mali: 66 departures, i.e., 9% of total workforce

for a total cost of MAD 877 million

- **Voluntary reduction in handset subsidies in Morocco**

- **Lower general and administrative costs**
- **Optimized maintenance costs and energy consumption**

2012 RESULTS EXCEED PREVIOUSLY ANNOUNCED OBJECTIVES

Operating margin (EBITA)* of more than 38%

Target	Reported
> 38%	39.6% ✓

- **High margin (43.2%) maintained in Morocco as a result of cost optimization**
- **Strong international performance (+7.3 pts, to 25.6%)** resulting from business growth and cost control

Cash flow from operations (CFFO)* stable at MAD 11.5 billion

Target	Reported
11.5 Bn	12.6 Bn ✓

- **Morocco: CFFO down only slightly (-2.4%)** as a result of careful management of WCR
- **International: CFFO multiplied by 4,** the consequence of a sharp rise in EBITDA (+36% like for like) and lower CAPEX (-17%)

*excluding restructuring

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VERY ATTRACTIVE DIVIDEND YIELD MAINTAINED

Proposed distribution
of **MAD 7.4 per share**:

100% of distributable earnings

Yield of 7.0%*

*Based on the share price at February 20, 2013 (MAD 106.40)

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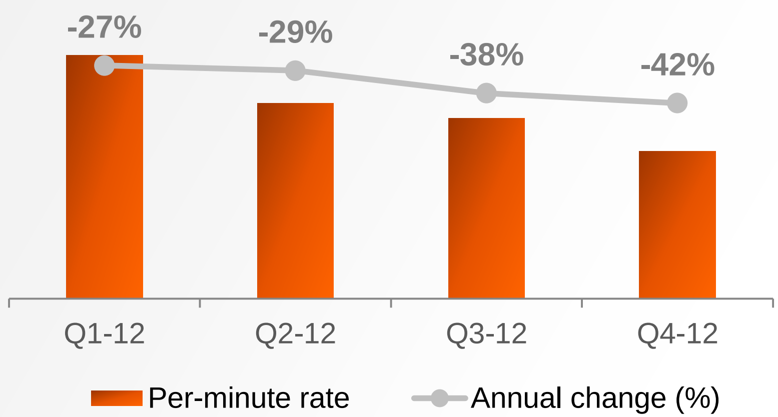
STEADY FALL IN PRICES PARTLY COMPENSATED FOR BY HIGHER USAGE

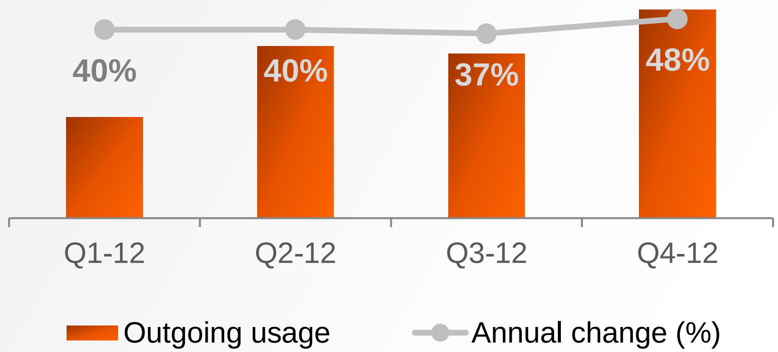
Change in per-minute rate



Continued steep decline in Maroc Telecom tariffs:

- Acceleration of price cuts in Q3 and Q4 because of increased number of promotional days

Change in outgoing usage



Continued strong growth in outgoing usage

- Excellent elasticity, despite decline since Q3

PROMOTIONS, THE KEY TO BOOSTING USAGE

2012 | Jan. | Feb. | Mar. | Apr. | May | June | July | Aug. | Sept. | Oct. | Nov. | Dec.

Double/Triple Permanent Top-up

Promotion Jawal Top-up Credit x3 & x5

Promotion Bonus SMS/MMS

Promotion Jawal Top-up Credit x4 & 5

Promotion Recharge Thaniya Crédit x2

Promotion Jawal Top-up Credit x5 & 6

Promotion Thaniya Top-up Crédit x3

Promotion Jawal Top-up Credit x5/x7

Pass MAD 50

Pass MAD 100

Pass MAD 5 & MAD 10

Rebalancing international tariffs

Overhaul of mobile rate plans: addition of 1H/2H

Overhaul of thematic rate plans: addition of one hour

Overhaul of mobile rate plans: inclusion of free credit in principal plan

Doubled bandwidth for 3G PRP, from 3.6 to 7.2 Mb/s

Bandwidth doubled regularly for 3G PoP, and new bandwidth of 14.4 Mb/s

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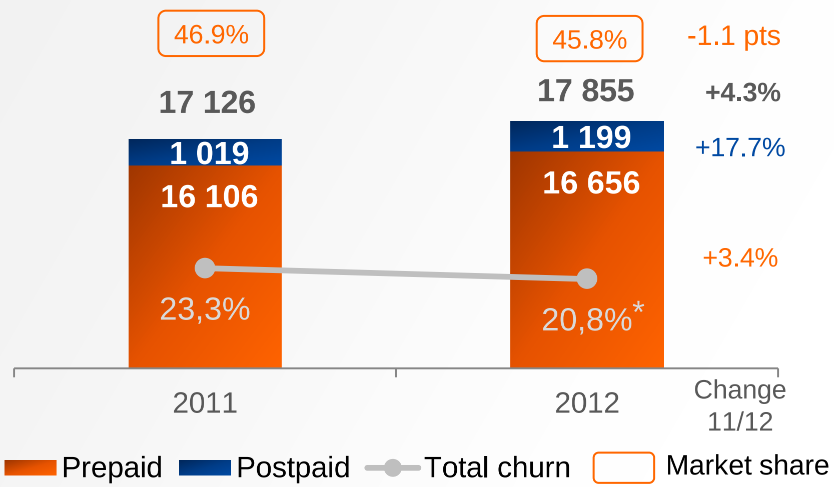
SOLID GROWTH IN CUSTOMER BASE

Mobile customer base (thousands)

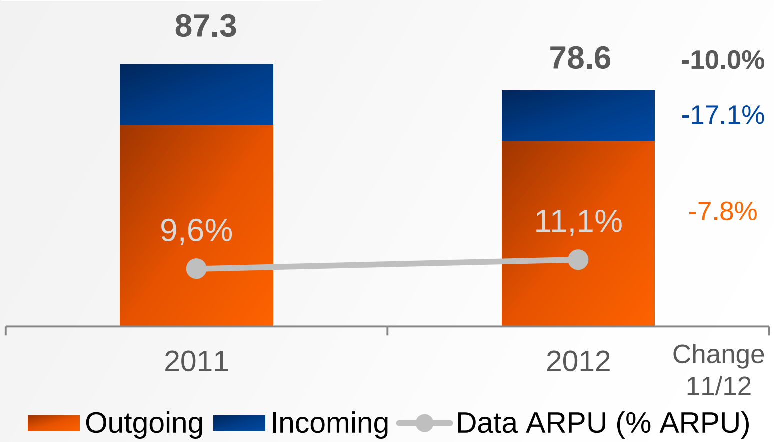


In 2012, return to strong growth in mobile customer base:

- Customer base growth driven by prepaid (+550,000 customers)
- High growth rate maintained in 3G internet customer base (+40.3%), due to the gain of 1.0 pts of market share to 47,2%

* Excluding the impact of nonrecurrent termination of inactive customers.

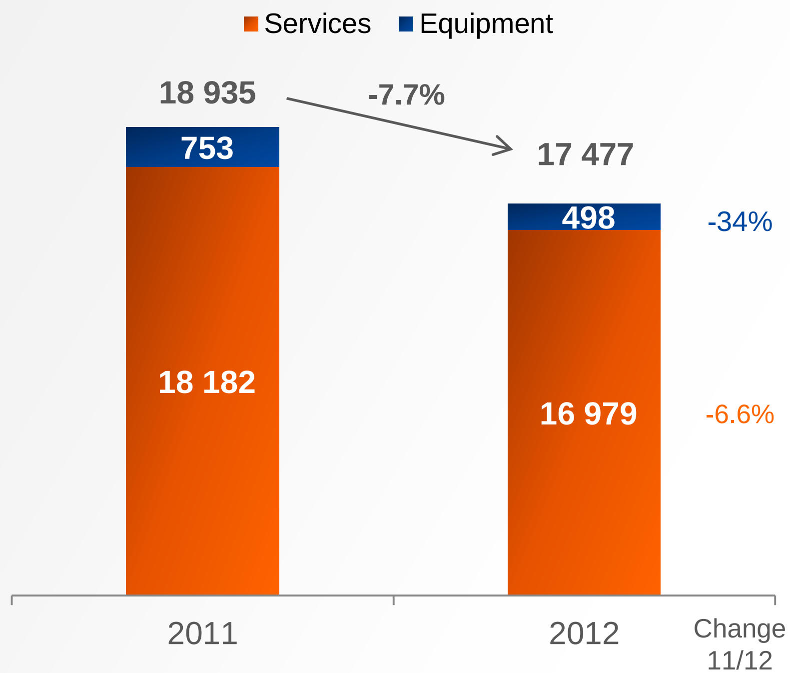
ARPU (MAD)



- **Strong impact of lower MTRs on incoming ARPU**
- **Limited decline of outgoing ARPU,** despite expanded customer base and price cuts, as a result of increased voice and data usages

GROSS MARGIN IMPROVED

Mobile revenue (MAD millions)

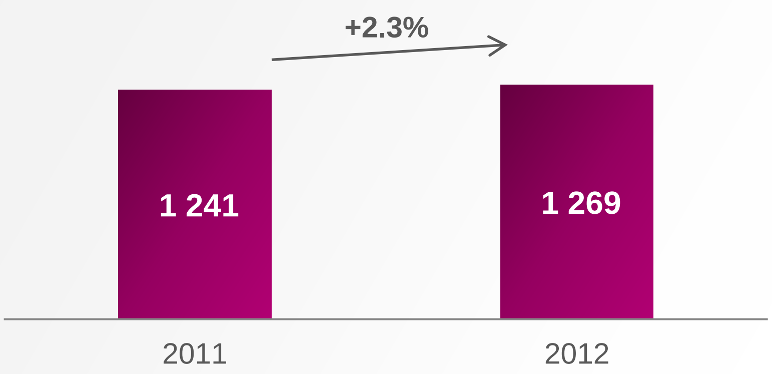


Gross Margin

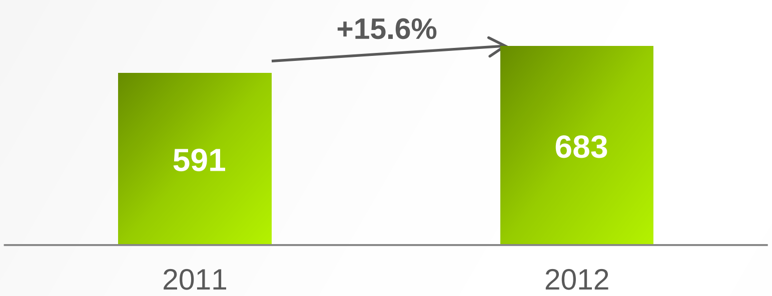
- **Fewer handset purchases**
- **Decline in commissions**
- **Lower interconnexion costs**

GROWTH OF FIXED-LINE CUSTOMER BASE DRIVEN BY BROADBAND INTERNET

Fixed-line customer bases (‘000)



ADSL customer bases* (‘000)



- **Growth of fixed-line customer base, particularly the residential segment (+8.4%) driven by:**
  - success of broadband internet offers (+16%)
  - incoming international call traffic
  - despite the downturn of public-telephony segment, seriously threatened by mobile
- **Strong growth of ADSL customer base thanks to:**
  - success of Double Play plan
  - expansion of sales offerings

*Includes narrowband access and leased lines.

GROWTH OF CUSTOMER BASE THROUGH CONTINUAL ENHANCEMENT OF SALES OFFERINGS

Promotion 1H Al Manzil
to mobiles (January to April)

Up to 58% reduction in fixed-to-mobile rates

Reduction of fixed-line rates: 2 min = MAD 1 to fixed lines and mobiles in Morocco and to major international destinations: France, UK, US, etc.

Promotion Phony tout temps offered for free for 1 month to Phony W&WE customers

Rate cuts for calls from telestores to mobiles in Morocco, at MAD 1 per minute

Overhaul of Phony fixed-line rate plans
- additional free hours to mobiles in Morocco
- free unlimited fixed-line calls 24/7

2012	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.

ADSL bandwidth doubled for the same price

Promotion MT DUO:
MAD 100 call credit offered for free

Promotion MT DUO:
-50% off the first three bills (3 months)

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MAD 100 call credit offered for free

Promo MT DUO:
-50% off the first three bills (3 months)

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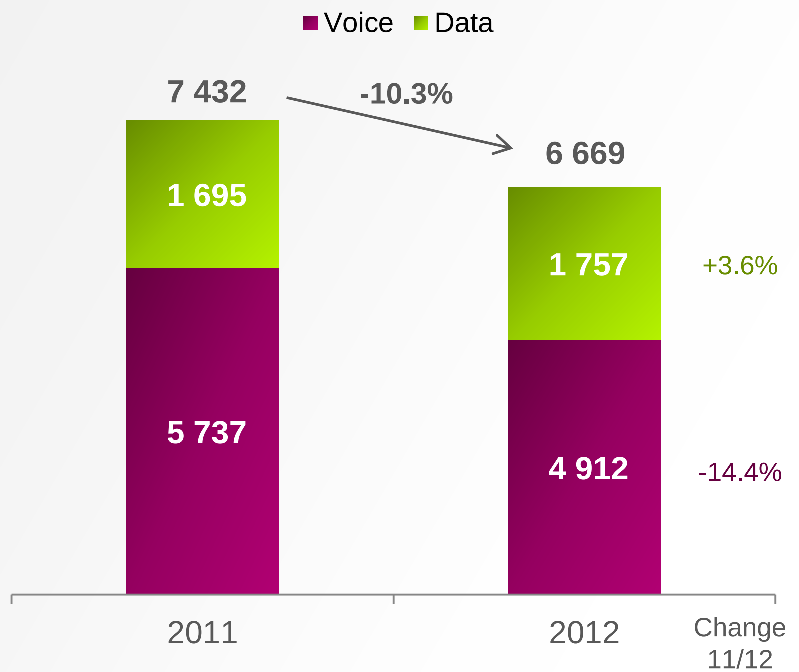
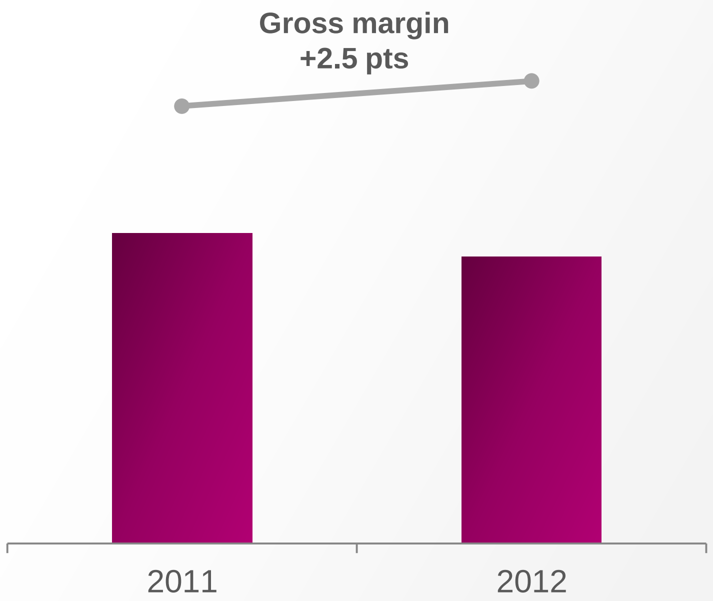
DATA GROWTH AND NET IMPROVEMENT OF GROSS MARGIN

Fixed-line and internet revenues (MAD millions)



Gross margin

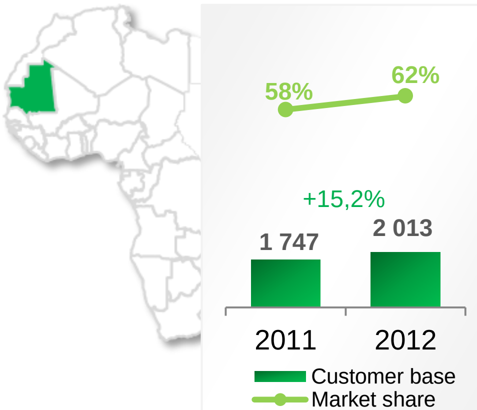


- **Near-total closing of public-telephony segment, the main source of decline in voice (-86% over three years)**
- **Rapid development of data (26.3% of fixed-line and internet revenues) and of international wholesale (multiplied times seven over three years)**
- **Improvement of gross margin related to decline in voice usage and to lower MTRs.**

STRONG BUSINESS GROWTH DRIVEN BY CUSTOMER-BASE GROWTH AND INCREASED MARKET SHARE

Mauritania

Mobile customer base ('000)

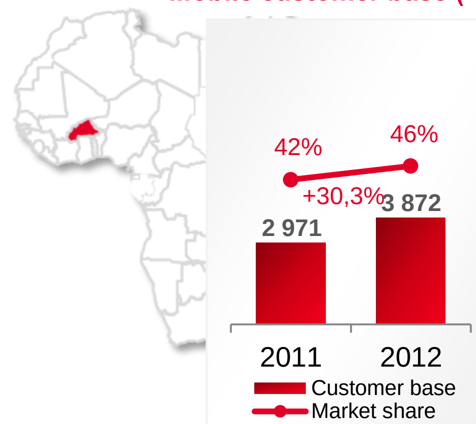


Revenues (MAD millions)

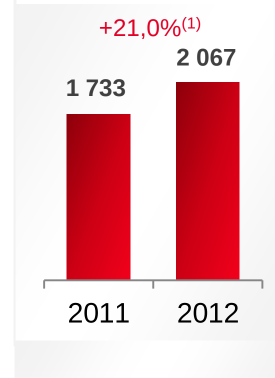
Source: Dataxis, Q3 2012 vs. end 2011 data

Burkina Faso

Mobile customer base ('000)



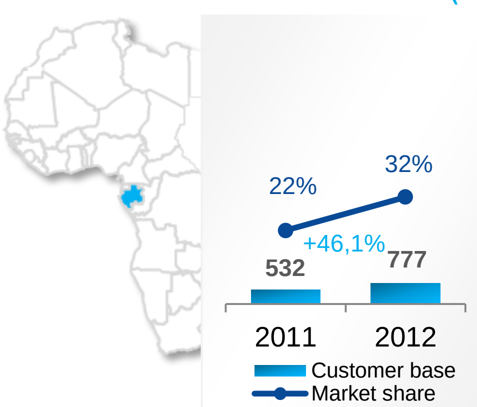
Revenues (MAD millions)



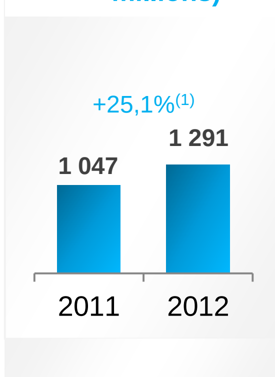
Source: Dataxis, Q3 2012 vs. end 2011 data

Gabon

Mobile customer base ('000)



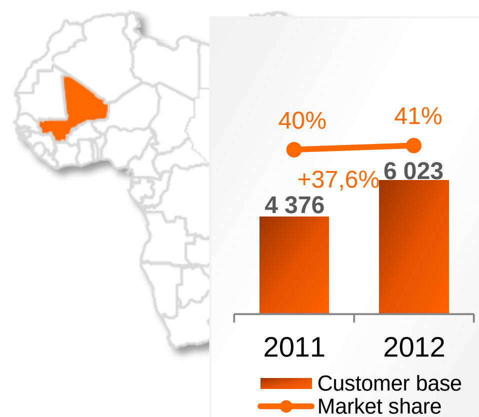
Revenues (MAD millions)



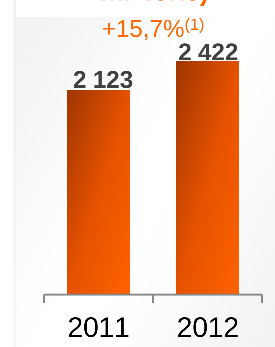
Source: Dataxis, Q3 2012 vs. end 2011 data

Mali

Mobile customer base ('000)



Revenues (MAD millions)



Source: market data at end 2012

(1) Change like for like

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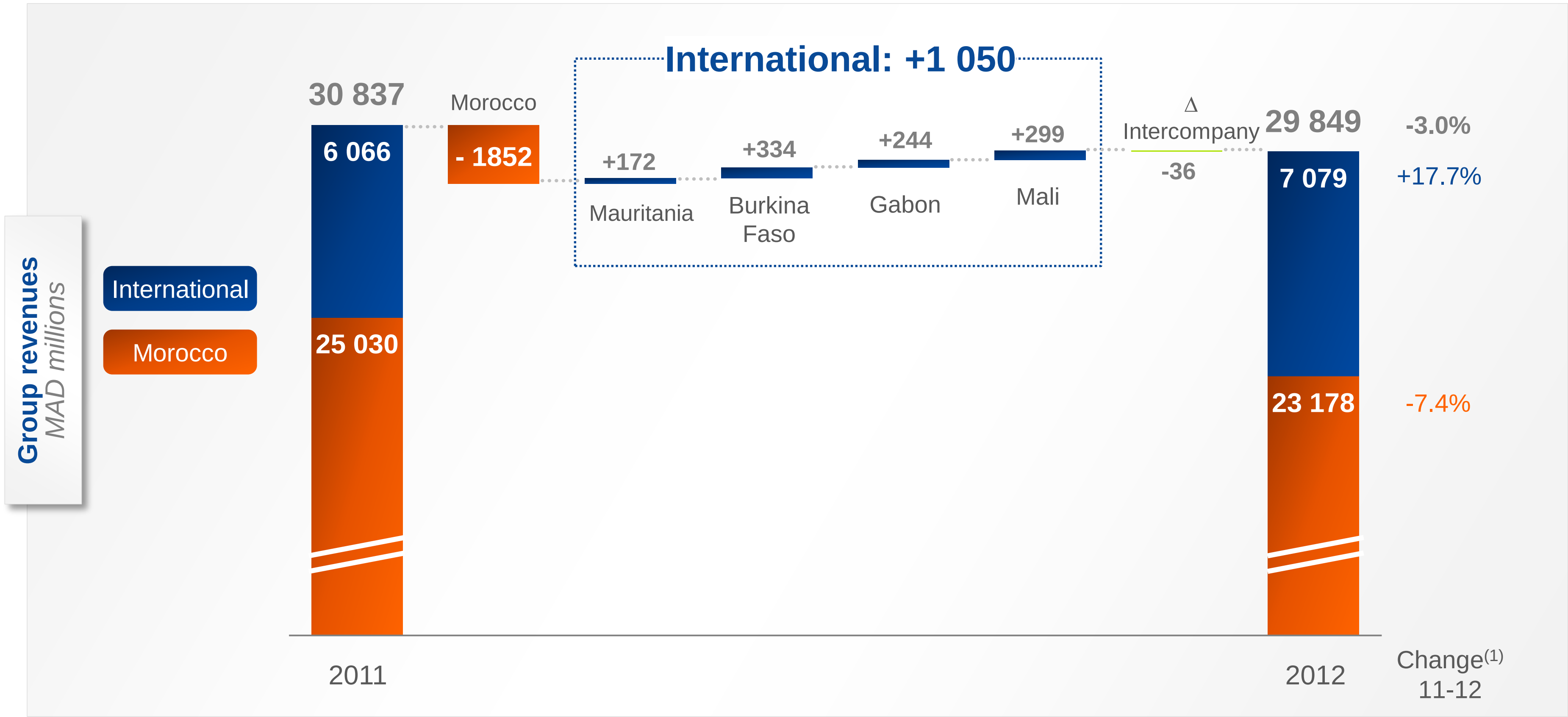
GROUP PROFITABILITY IMPROVES

In MAD millions	2011	2012	Change 11/12 like for like
Revenues	**30,837**	**29,849**	**-3.0%**
EBITDA	**16,996**	**16,703**	**-1.6%**
% Revenues	*55.1%*	***56.0%***	*+0.8 pts*
EBITA(1)	**12,375**	**11,835**	**-4.3%**
% Revenues	*40.1%*	***39.6%***	*-0.5 pts*
CFFO(1)	**11,647**	**12,635**	**+8.5%**
CFFO/EBITDA	*68.5%*	***75.6%***	*+7.1 pts*

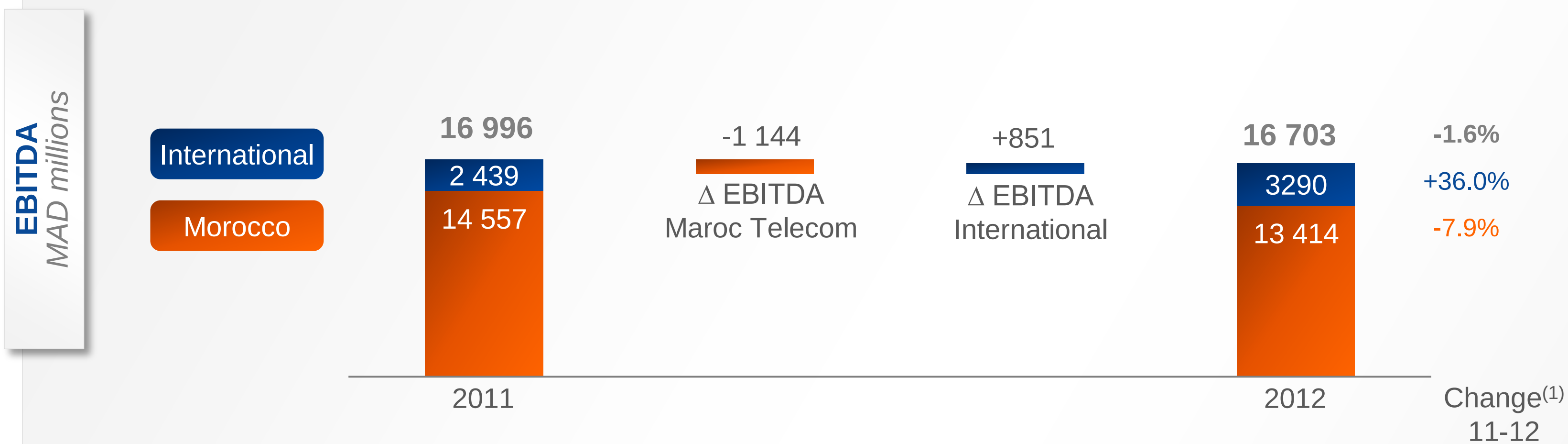
(1) Before restructuring

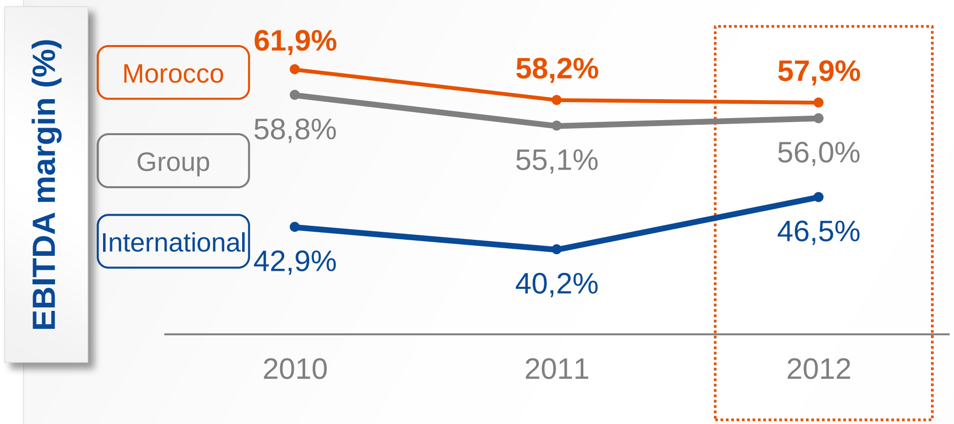
REVENUE GROWING IN SUBSIDIAIRIES



(1) Change like for like.

HIGH MARGINS MAINTAINED THROUGH CAREFUL COST MANAGEMENT





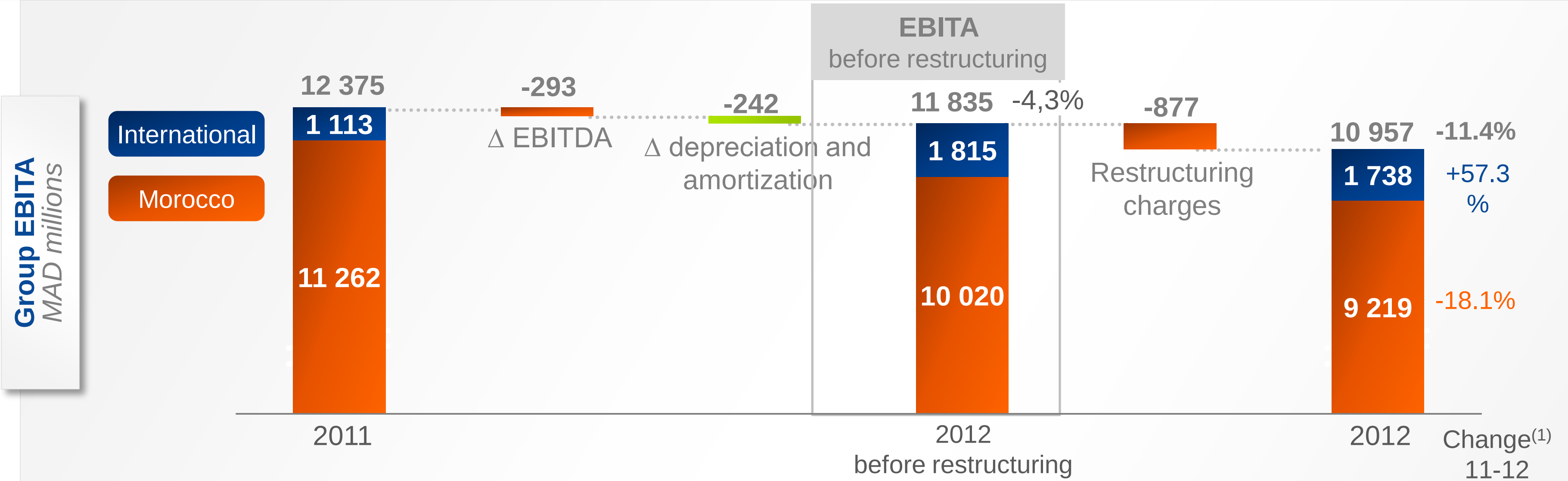
MT EBITDA margin vs. comparables

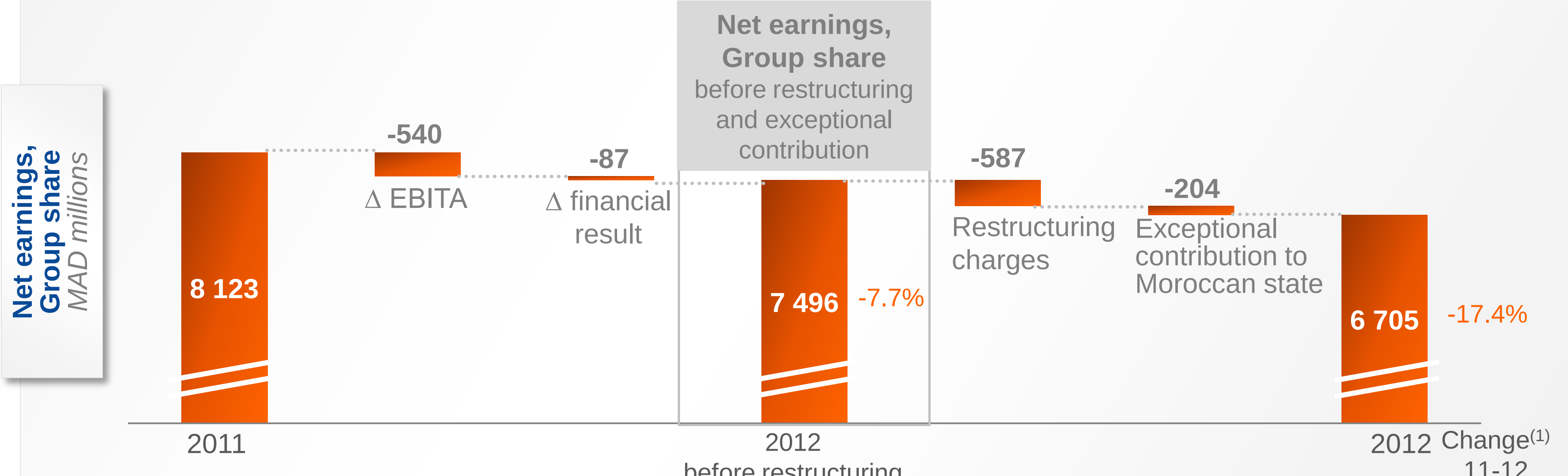
Operators	2012e
Maroc Telecom[2]	*56.0%*
Etisalat	*52.0%*
Qtel	*46.1%*
MTN	*43.5%*
Vodacom	*35.6%*
Telefonica	*34.1%*
France Telecom[2]	*31.7%*
Deutsche Telekom	*31.1%*
Vodafone	*29.9%*

Source: Factset, Feb. 20, 2012

(1) Change like for like
(2) Reported 2012

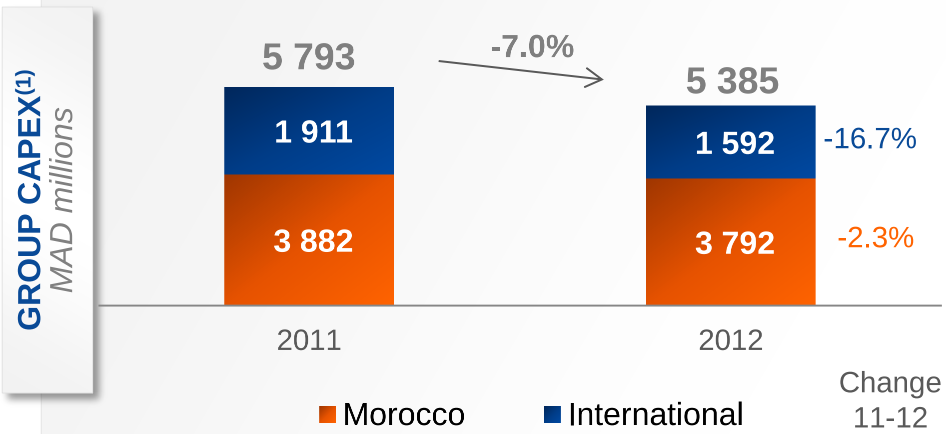
EBITA AND NET INCOME AFFECTED BY RESTRUCTURING CHARGES AND BY EXCEPTIONAL CONTRIBUTION TO MOROCCAN STATE

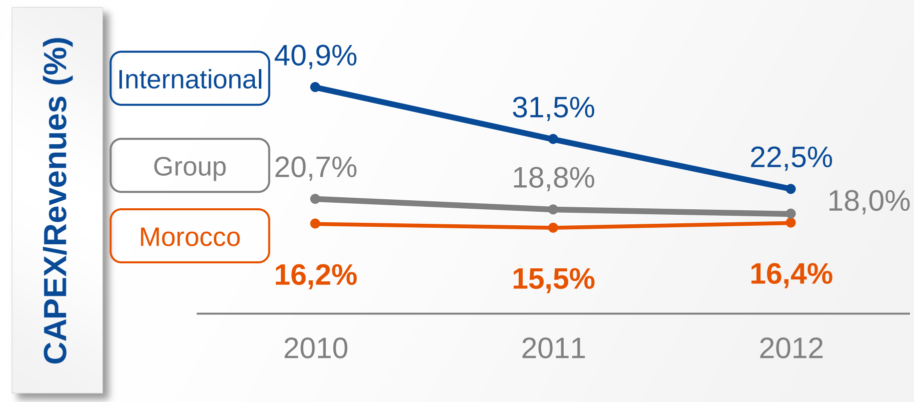




(1) Change like for like

GRADUAL REDUCTION OF CAPEX

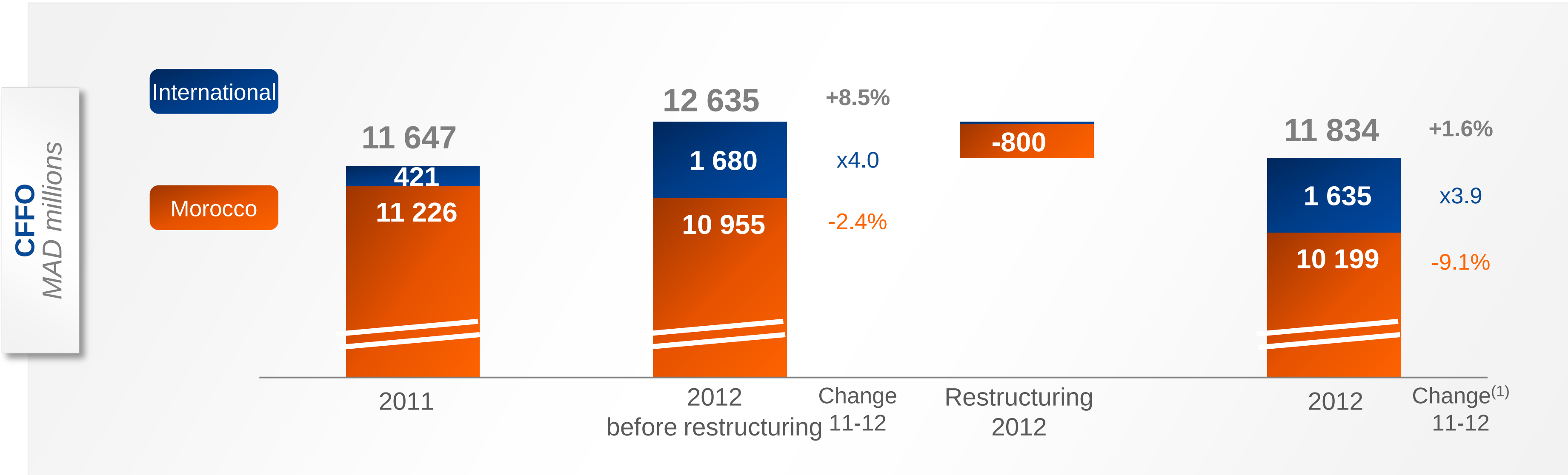


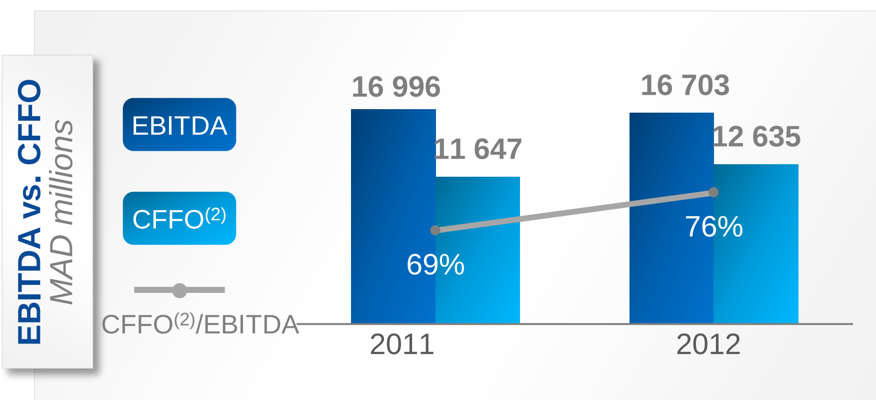


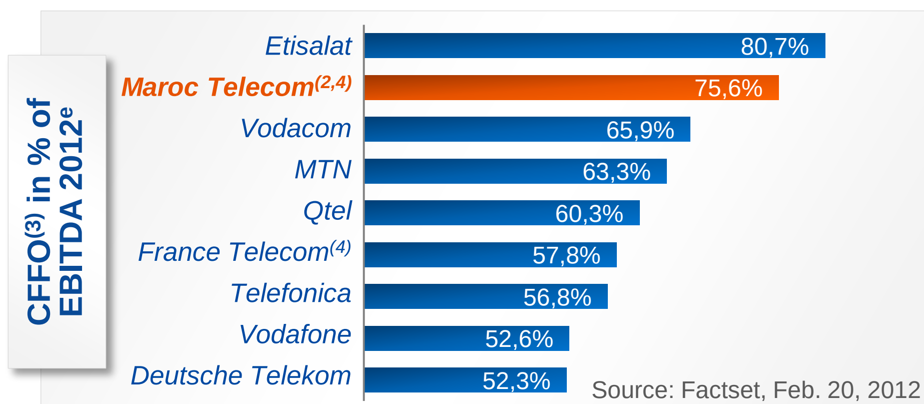
- Morocco: excellent management of CAPEX, despite investments in Fixed & Mobile networks upgrade (MSAN, SingleRAN ...)
- International: significant reduction of CAPEX after the completion of major programs for mobile coverage

(1) CAPEX correspond to property, plant, equipment and intangible assets acquisitions recognized over the period

GROWTH OF CFFO AND EBITDA CONVERSION RATE





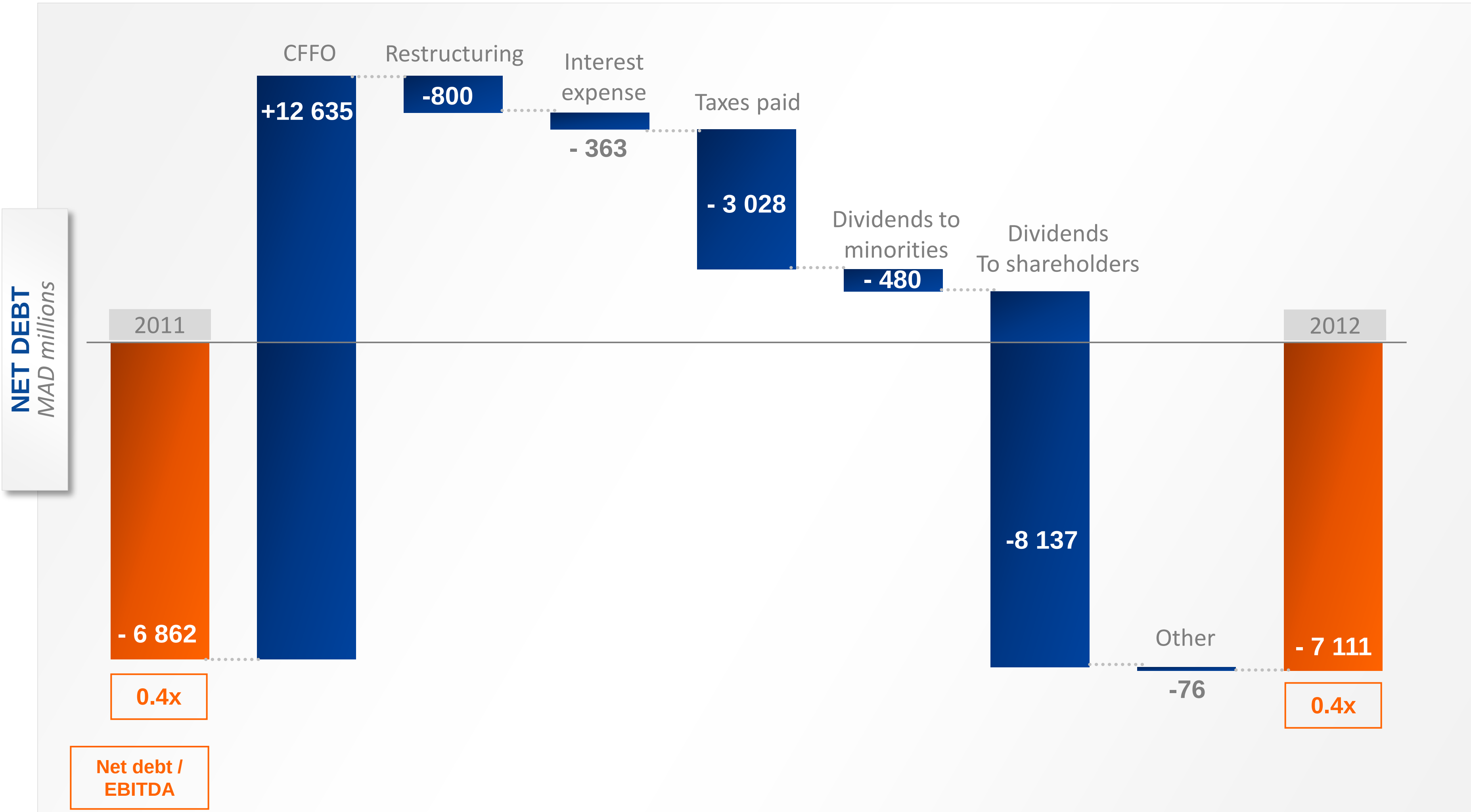


Source: Factset, Feb. 20, 2012

(1) Change like for like
(2) CFFO before restructuring

(3) For Maroc Telecom, CFFO = EBITDA – CAPEX – ΔBFR; for comparables, EBITDA – CAPEX
(4) Reported 2012

VERY LOW CONSOLIDATED DEBT



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Outlook

OUTLOOK FOR 2013

Trends for 2013

Morocco	International
• Continual increase in usage • Slight rise in capital expenditure	• Revenue growth in all countries • Cost optimization • Net decline in capital expenditure

Outlook for 2013

EBITDA margin maintained at a substantial level of approximately 56%

Slight growth in “EBITDA − CAPEX”(1,2)

(1) CAPEX correspond to property, plant, equipment and intangible assets acquisitions recognized over the period
(2) Excluding potential acquisition of spectrum and licenses

Annual Results 2012

MAROC TELECOM GROUP'S CONSOLIDATED INCOME STATEMENT

MAD millions	2011	2012	Change like for like
REVENUES	30,837	29,849	-3.0%
EBITDA	16,996	16,703	-1.6%
Margin (%)	*55.1%*	*56.0%*	*+0.8 pts*
EBITA before restructuring	12,375	11,835	-4.3%
Marge (%)	*40.1%*	*39.6%*	*-0.5 pts*
EBITA	12,375	10,957	-11.4%
NET EARNINGS, GROUP SHARE before restructuring	8,123	7,496	-7.7%
Margin (%)	*26.3%*	*25.1%*	*-1.2 pts*
NET EARNINGS, GROUP SHARE	8,123	6,705	-17.4%
Margin (%)	*26.3%*	*22.5%*	*-3.9 pts*

MAROC TELECOM GROUP'S CONSOLIDATED STATEMENT OF CASH FLOWS

MAD millions	2011	2012	Change like for like
EBITDA	16,996	16,703	-1.6%
Margin (%)	*55.1%*	*56.0%*	*+0.8 pts*
CAPEX	5,793	5,385	-7,0%
CAPEX/Revenues (%)	*18.8%*	*18.0%*	*-0.7 pts*
CFFO before restructuring	11,647	12,635	+8,5%
CFFO/EBITDA (%)	*68.5%*	*75.6%*	*+7.1 pts*
CFFO	11,647	11,834	+1.6%
NET DEBT	6,862	7,111	+3.6%
Net debt / EBITDA	*0.4x*	*0.4x*	*-*

Morocco

MAD millions	2011	2012	Change
Revenues	25,030	23,178	-7.4%
Mobile	**18,935**	**17,477**	**-7.7%**
Services	*18,182*	*16 979*	*-6.6%*
Equipment	*753*	*498*	*-33.8%*
Fixe	**7,432**	**6,669**	**-10.3%**
*Fixed-line data**	*1,695*	*1,757*	*3.6%*
Elimination	-1,337	-968	
EBITDA	14,557	13,414	-7.9%
Margin (%)	*58.2%*	*57.9%*	*-0.3 pts*
EBITA before restructuring	11,262	10,020	-11.0%
Margin (%)	*45.0%*	*43.2%*	*-1.8 pts*
EBITA	11,262	9,219	-18.1%
CAPEX	3,882	3,792	-2.3%
CAPEX / Revenues	*15.5%*	*16.4%*	*0.9 pts*
CFFO before restructuring	11,226	10,955	-2.4%
CFFO	11,226	10,199	-9.1%
Net debt	5,592	6,059	8.3%
Net debt / EBITDA	*0.38 x*	*0.45 x*	-

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

Morocco

Population	32.5 million
GDP	$ 97.2 billion in 2012e
Per-capita income (PPP)	≈ $ 5 256
Inflation	+1.3% (source HCP)

Source: IMF, World Economic Outlook Database, October 2012,.

Mobile	*2011*	***2012***	*Change*
Customer base ('000)	17 126	**17 855**	+4.3%
ARPU (MAD)	87.3	**78.6**	-10.0%
Market share	46.85%	**45.77%**	-1.08 pts
Penetration rate	113.6%	**120.0%**	+6.4 pts
Nb of operators	3	**3**	-
Fixid line			
Customer base ('000)	1 241	**1 269**	2.3%
Market share*	97.6%	**90.2%**	-7.4 pts
Penetration rate*	4%	**4%**	-
Nb of operators	3	**3**	-
Internet			
Customer base ('000)	591	**683**	15.6%

Source: ANRT Q4 12
* Data excluding restricted mobility restated by Maroc Telecom

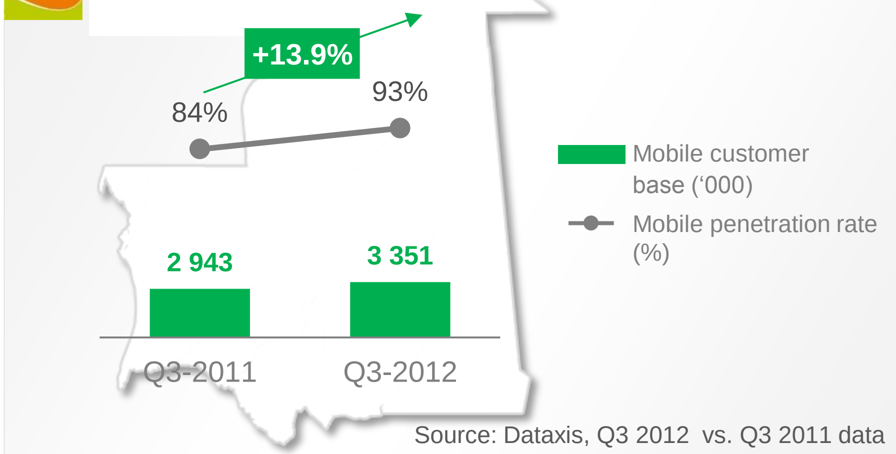
International

MAD millions	2011	2012	Change	Change like for like
Revenues	6,066	7,079	16.7%	17.7%
Mauritania	1,202	1,375	14.3%	12.6%
Mobile services	*1,033*	*1,257*	*21.7%*	*19.9%*
Burkina Faso	1,733	2,067	19.3%	21.0%
*Mobile services**	*1,401*	*1,694*	*20.9%*	*22.6%*
Gabon	1,047	1,291	23.4%	25.1%
*Mobile services**	*510*	*688*	*34.8%*	*36.7%*
Mali	2,123	2,422	14.1%	15.7%
Mobile services	*1,767*	*2,055*	*16.3%*	*17.9%*
Elimination	-39	-76		
EBITDA	2,439	3,290	34.9%	36.0%
Margin (%)	*40,2%*	*46,4%*	*+6.2 pts*	*+6.2 pts*
EBITA before restructuring	1,113	1,815	63.1%	64.3%
Marge (%)	*18,3%*	*25,6%*	*+7.3 pts*	*+7.3 pts*
EBITA	1,113	1,738	56.2%	57.3%
CAPEX	1,911	1,592	-16.7%	-
CAPEX / Revenues	*31,5%*	*22,5%*	*-9.0 pts*	*-*
CFFO before restructuring	421	1,680	x4.0	-
CFFO	421	1,635	x3.9	-
Net debt	1,270	1,052	-17.1%	-
Net debt / EBITDA	*0,5 x*	*0,32 x*	*-*	

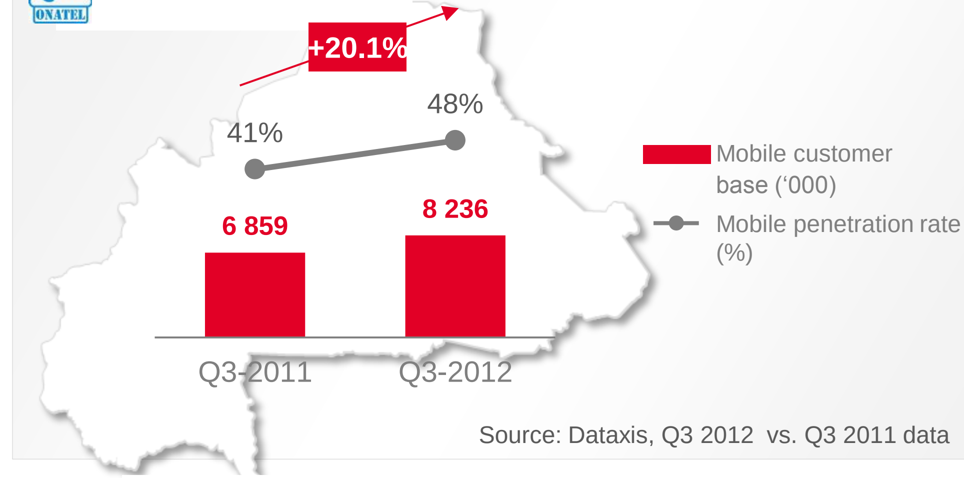
*Mobile infrastructure rental revenues from Onatel and Gabon Telecom were accounted for under mobile service revenue in 2012, but not prior to that year. Therefore data for 2010 and 2011 have been restated in order to facilitate comparison.

GROWTH OF MOBILE MARKETS IN COUNTRIES OF SUBSIDIARIES

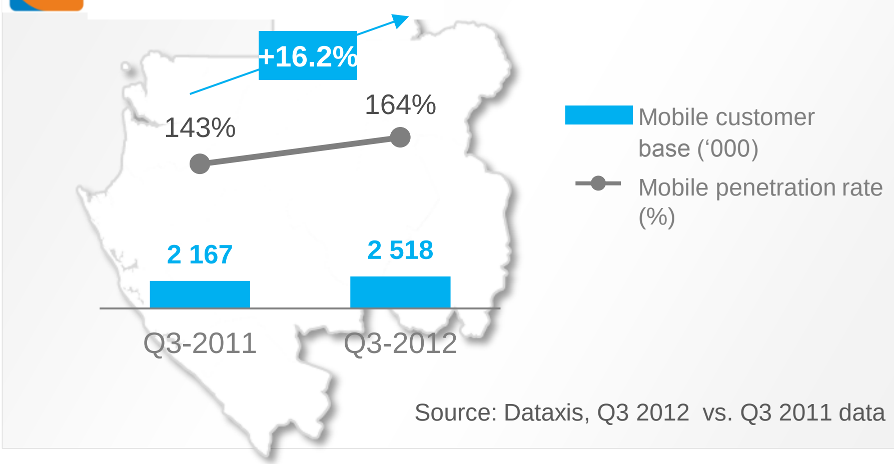
Mauritania



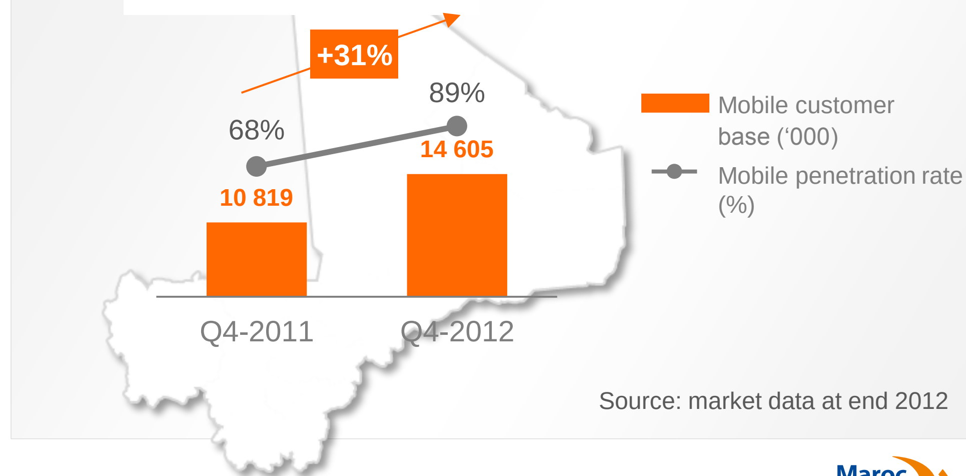
Burkina Faso



Gabon



Mali



Mauritania

Population	3.6 million
GDP	$ 4.1 billion +5.3% in 2012e
Per-capita income (PPP)	**$ 2 099 in 2012e**
Inflation	+5.9%
1 MAD =	**1 MAD = 34.3 MRO appreciation 1.5% vs. 2011**

Source: IMF, World Economic Outlook Database, October 2012.

Mobile	*2011*	***2012***	*Change like for like*
Customer base ('000)	1 747	**2 013**	15.2%
ARPU (MAD)	47.1	**53.3**	13.1%
Market share*	58.4%	**61.5%**	+3.1 pts
Penetration rate*	84.5%	**92.9%**	8.4 pts
Nb of operators	3	**3**	-
Fixed line			
Customer base ('000)	41	**41**	0.2%
Market share*	50.0%	**48.6%**	-1.4 pts
Penetration rate*	2.3%	**2.6%**	+0.3 pts
Nb of operators	2	**2**	-
Internet			
Customer base ('000)	7	**7**	2.5%

*Source: Dataxis, Q3 2012 vs end-2011 data

Burkina Faso

Population	17.4 million
GDP	$ 10.3 billion +7.0% in 2012e
Per-capita income (PPP)	**$ 1 384 in 2012e**
Inflation	+3.0%
1 MAD =	**1 MAD = 59.1 FCFA depreciation of 1.4% vs. 2011**

Source: IMF, World Economic Outlook Database, October 2012.

Mobile	*2011*	***2012***	*Change like for like*
Customer base ('000)	2 971	**3 872**	30.3%
ARPU (MAD)	40.7	**39.5**	-3.1%
Market share*	41.7%	**46.0%**	+4.3 pts
Penetration rate*	42.0%	**47.7%**	+5.7 pts
Nb of operators	3	**3**	-
Fixed line			
Customer base ('000)	142	**141**	-0.1%
Market share*	100%	**100%**	-
Penetration rate*	0.8%	**0.8%**	**-**
Nb of operators	1	**1**	-
Internet			
Customer base ('000)	31	**30**	-3.6%

*Source: Dataxis, Q3 2012 vs end-2011 data

Gabon

Population	1.54 million
GDP	$ 16,8 billion +6.1% in 2012e
Per-capital income (PPP)	**$ 17 339 in 2012e**
Inflation	+2.3%
1 MAD =	**1 MAD = 59.1 FCFA depreciation of 1.4% vs. 2011**

Source: IMF, World Economic Outlook Database, October 2012.

GABONTELECOM
Votre passerelle sur le monde

Libertis
VOTRE OPÉRATEUR NATIONAL

Mobile	*2011*	***2012***	*Change like for like*
Customer base ('000)	532	**777**	46.1%
ARPU (MAD)	97,8	**79.2**	-17.8%
Market share*	22.5%	**31.9%**	+9.4 pts
Penetration rate*	156%	**164%**	+8.0 pts
Nb of operators	4	**4**	-
Fixed line			
Customer base ('000)	22	**18**	-19.9%
Market share*	100%	**100%**	-
Penetration rate*	1.4%	**1.2%**	-0.2 pts
Nb of operators	1	**1**	-
Internet			
Customer base ('000)	24	**8**	-66.8%

*Source: Dataxis, Q3 2012 vs end-2011 data

Maroc Telecom

Mali

Population	16.3 million
GDP	$ 9.6 billion -4.5% in 2012e
Per-capita income (PPP)	**$ 1,062 in 2012e**
Inflation	+7.2%
1 MAD =	**1 MAD = 59.1 FCFA depreciation of 1.4% vs. 2011**

Source: IMF, World Economic Outlook Database, October 2012.

SOTELMA

Mobile	*2011*	***2012***	*Change like for like*
Customer base ('000)	4,376	**6,023**	37.6%
ARPU (MAD)	45.3	**33.2**	-26.8%
Market share*	40.4%	**41.2%**	+0.8 pts
Penetration rate*	68.3%	**89.6%**	+21.3 pts
Nb of operators	2	**3**	-
Fixed line			
Customer base ('000)	94	**98**	4.8%
Market share*	100%	**100%**	-
Penetration rate*	0.6%	**0.6%**	-
Nb of operators	1	**1**	-
Internet			
Customer base ('000)	37	**45**	20.5%

Source: market data at end 2012

*Dataxis: Q3 2012 vs. end 2011 data

Maroc Telecom

Annual Results 2012