

Maroc
Telecom



Tuesday, February 22, 2011

ANNUAL RESULTS 2010

ANNUAL RESULTS 2010

A photograph of a smiling woman with dark hair, wearing a green sleeveless top, holding a white remote control. The photo is framed with a blue border.

Highlights

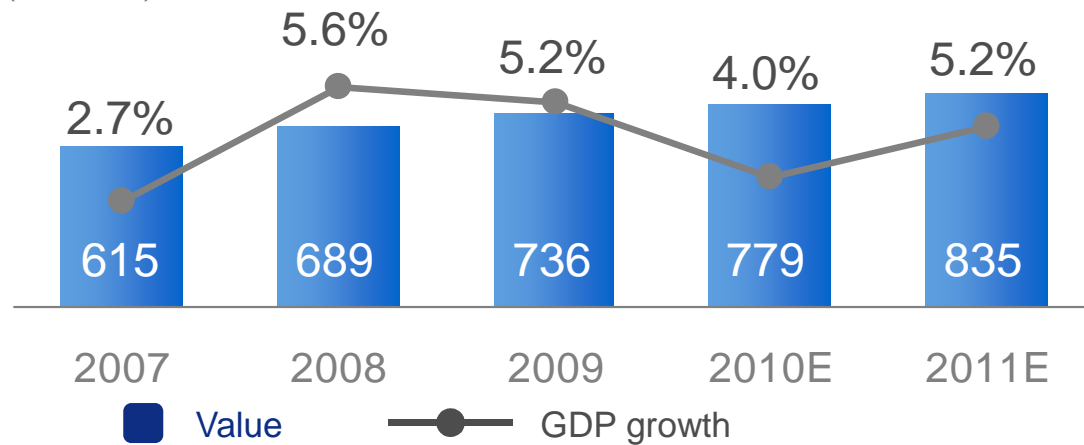
Business review

Financial results

Outlook

The Economy in Morocco

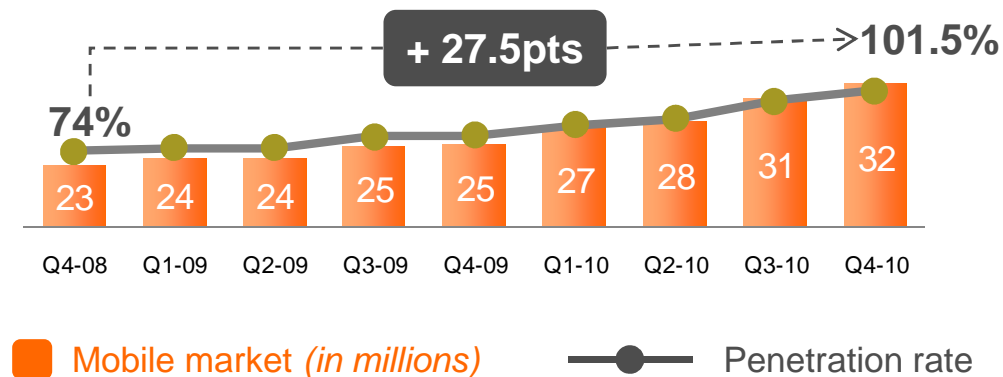
(MAD bn)



Ministry of Economy and Finance

- Sustained GDP growth in 2010
- Growth acceleration in 2011

The Telecom market

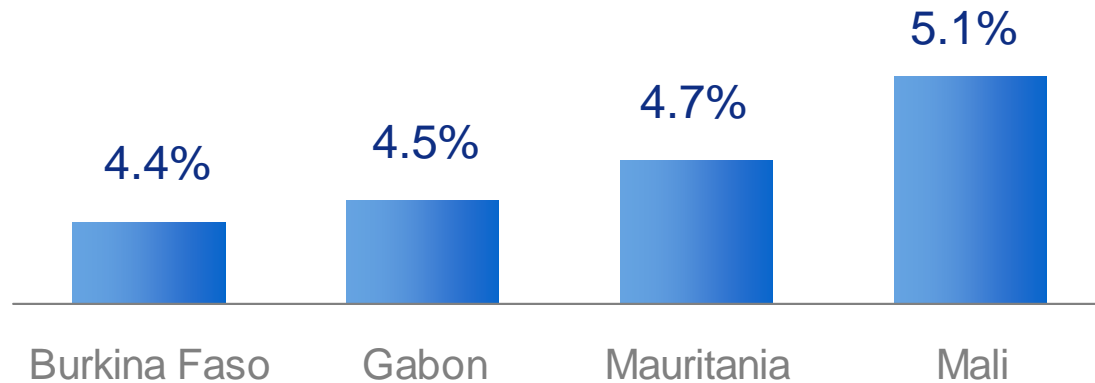


Source : ANRT

- Mobile market still growing
- Dynamic competitive environment
- Usage growth

Environment in Sub-Saharan Africa

2010^E Real GDP growth

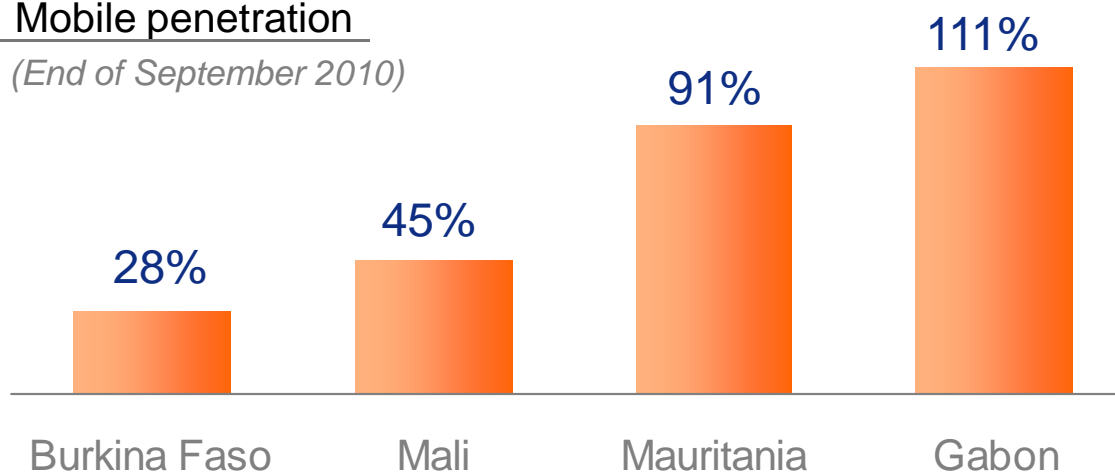


IMF

- Sustained economical growth in the Sub-Saharan area

Mobile penetration

(End of September 2010)

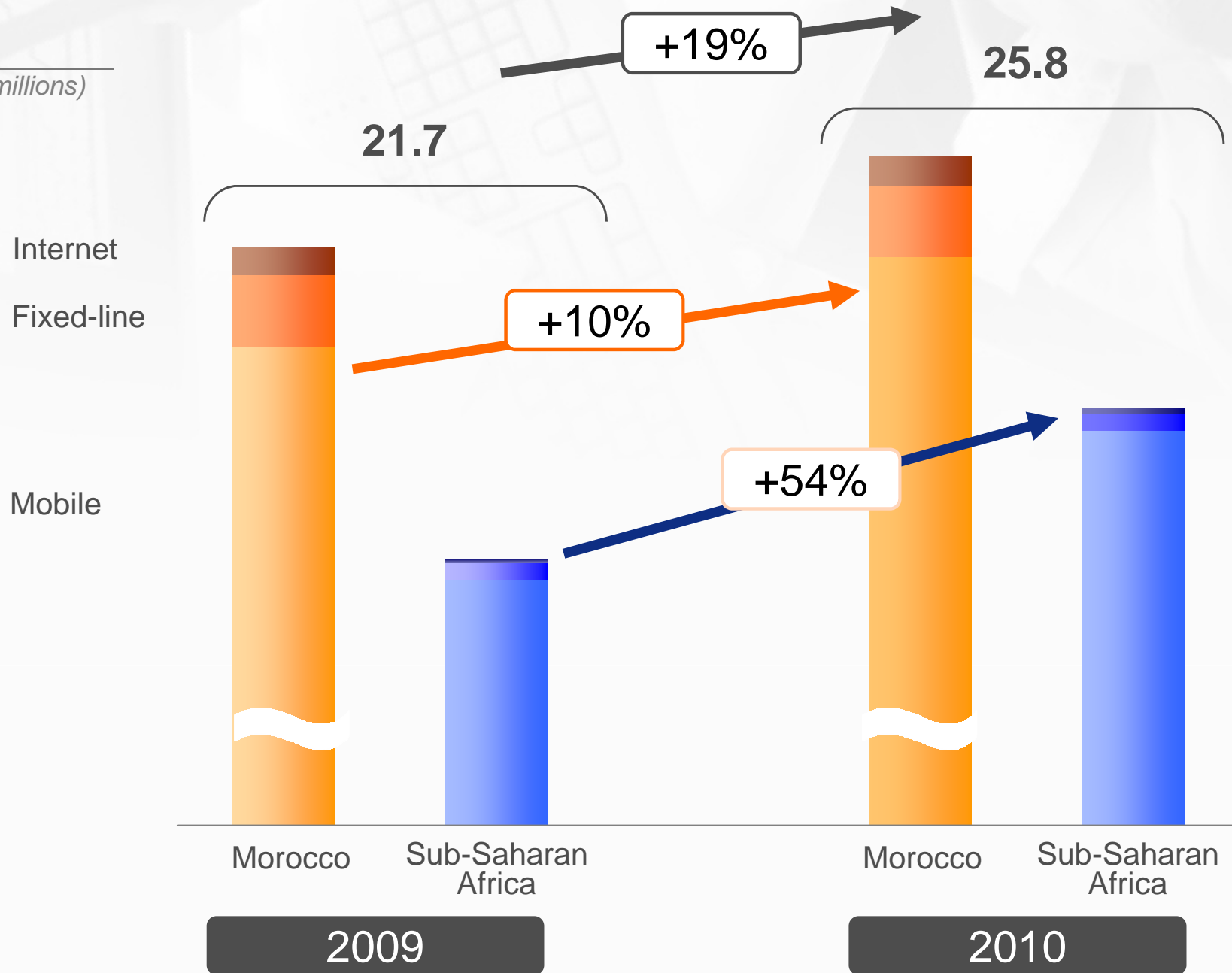


Dataxis; market data

- Strong Mobile customer base growth
- Heavy multiple SIM trend
- Intense competitive environment

Strong growth of the Group's customer base

(In millions)



Higher than expected results

2010

Maroc Telecom Group	MADm	Chg.	Comparable basis
Revenues	31,655	+4.3%	+2.4%
Operating income	14,335	+2.3%	+2.7%
Operating margin	45,3%	-0.9pt	+0.2pt
Net earnings group-share	9,536	+1.2%	+2.3%
Cash Flow from operations	12,836	-2.7%	

Proposed dividend of MAD 10.58 per share, representing :

- 100% of annual distributable earnings
- A 2.6% growth
- A dividend yield of 6.8%*

** Based on share price at February 18, 2011 (154.50 MAD)*

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Highlights

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MOBILE IN MOROCCO

USAGE STIMULATION

- Plans : more minutes & 1 unlimited free number
- More attractive prepaid bonuses



KEEPING THE BEST QUALITY OF SERVICE

- +330 2G BTS
- +800 3G BTS

EXTENSION OF THE LARGEST DISTRIBUTION NETWORK IN MOROCCO

349 OWNED-SHOPS



INNOVATION

- Mobile Payment (Mobicash)
- International recharge transfer from abroad
- Universal Music / MTV plan
- Unlimited mobile Internet included in all plans



RETENTION

- Permanent bonus
- Extension and improvement of the prepaid loyalty program

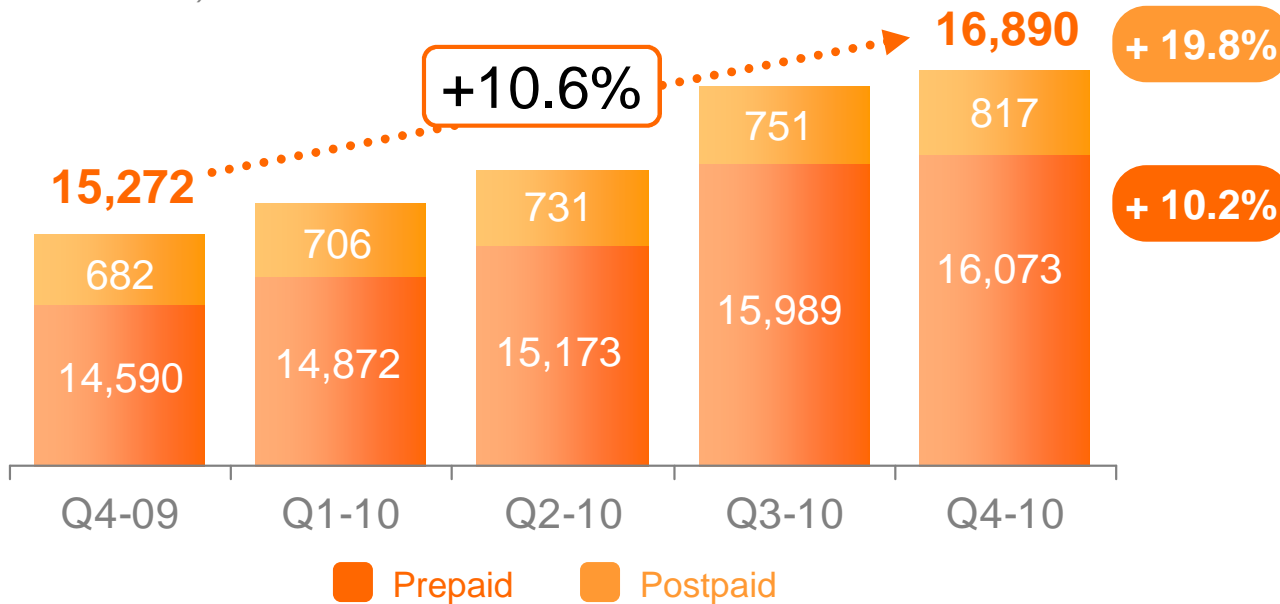


Business review

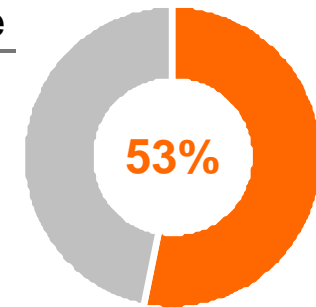
MOROCCO

Mobile Customer base

(In thousands)

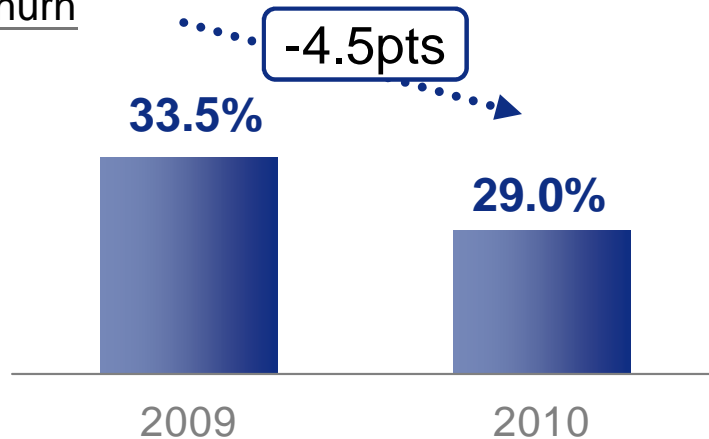


Market share



- Maroc Telecom maintains its strong leadership in the high value segment (66% market share in the postpaid)
- Continuing strong growth of the Mobile customer base

Churn



Significant churn decrease through:

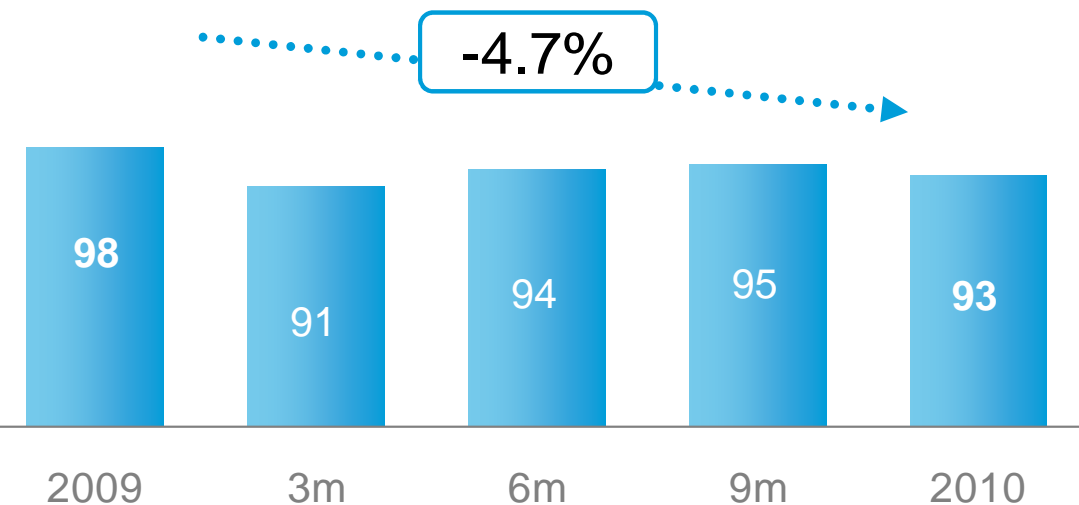
- Offers enhancing customer loyalty
- The enrichment of loyalty programs

Mobile in Morocco

ARPU & USAGE

Blended ARPU

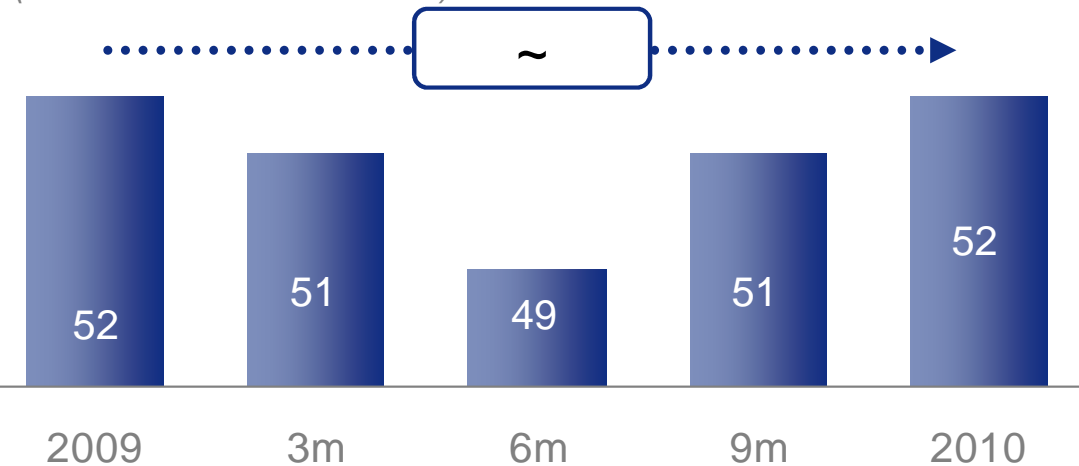
(MAD / customer / month)



- Limited decline of the ARPU despite the mobile termination rate decrease

Blended outgoing usage

(Minutes / customer / month)

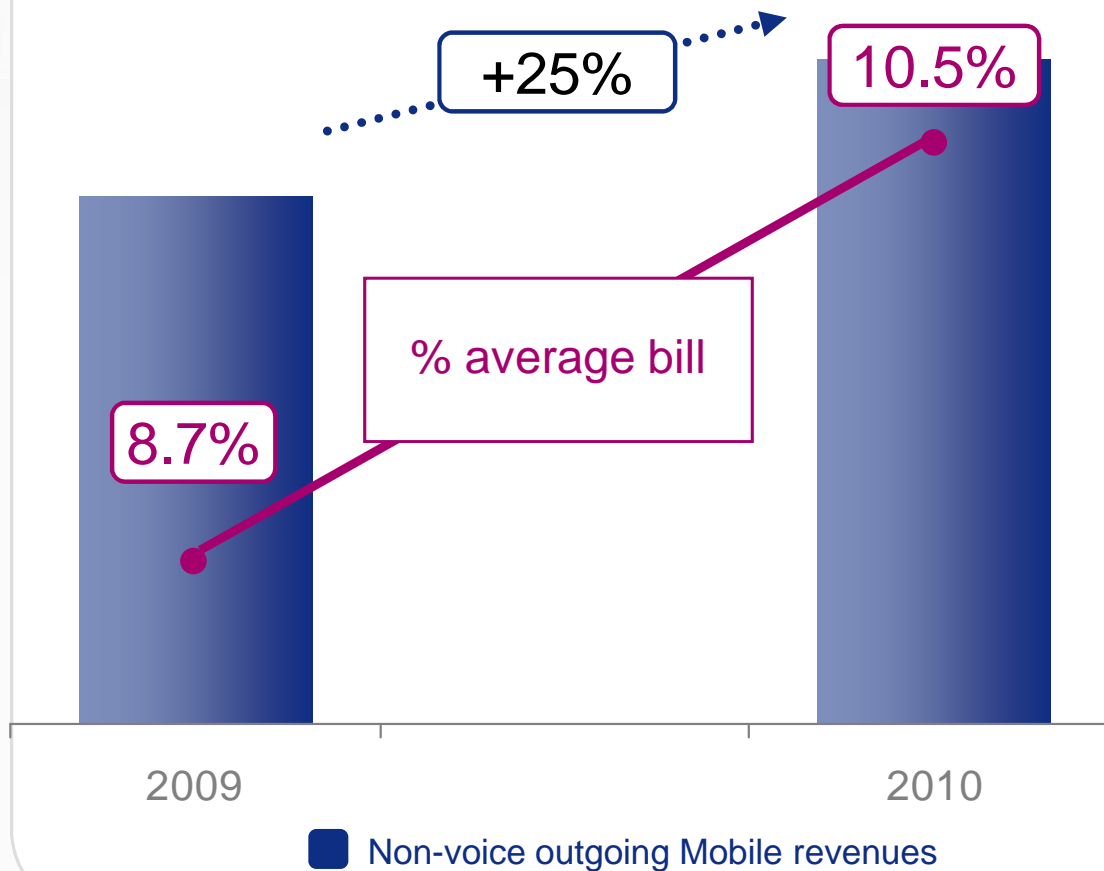


- Stable usage despite the growth of the customer base

Mobile in Morocco

STRONG GROWTH OF MOBILE DATA

Non-voice outgoing Mobile Revenues



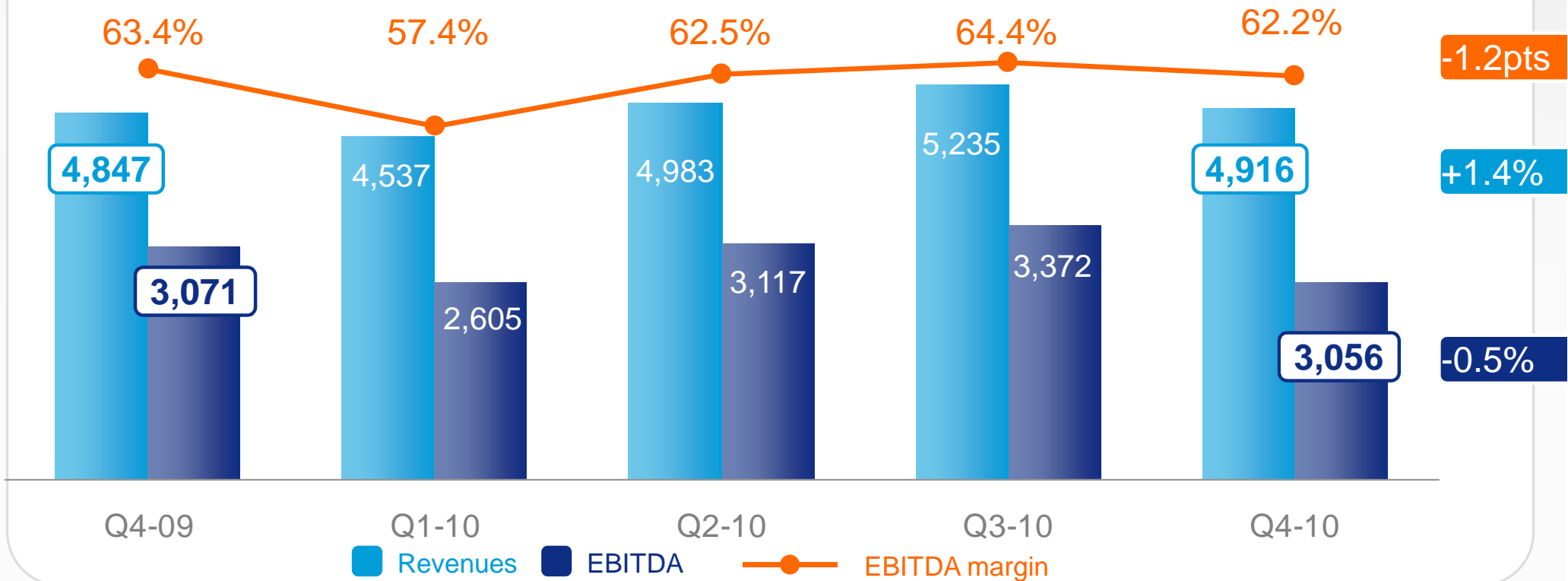
- Outgoing SMS: +38%
- 3G dongles up by 3.2x in only 1 year
- Generalization of Mobile Internet in all postpaid offers
- Mobile data growth will remain sustained in 2011

Business review

MOROCCO

Mobile in Morocco

(MADm)



- Continued growth of revenues through the growth of the customer base and the limited decrease of the ARPU, with minimal impact on margins

Highlights

FIXED-LINE & INTERNET IN MOROCCO

FIXED-LINE CUSTOMER BASE STABILISATION

- DSL
- IPTV
- Unlimited voice plans
- Unlimited incoming international calls



DSL CUTOMER BASE GROWTH

- 3-play offer: MTBox
- Increase bandwidth speeds



GROWTH OF THE CORPORTATE SUBSCRIBERS

- Significant price cuto
- IP solutions
- Fixed-Line/Mobile convergence (fleet pricing)



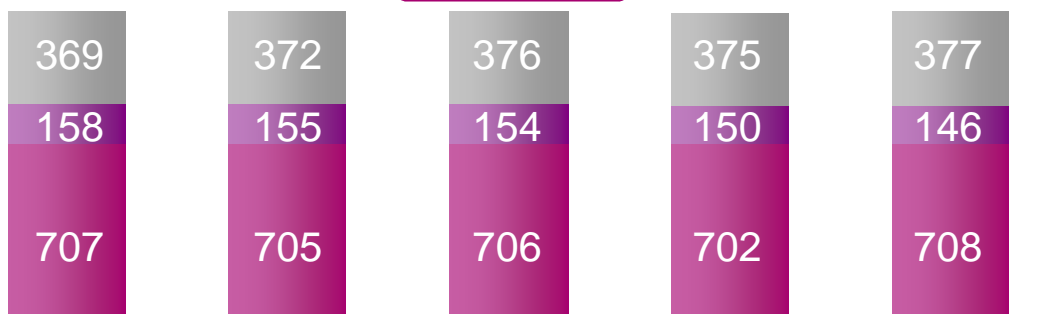
Business review

FIXE-LINE & INTERNET IN MOROCCO

Fixed-Line customer base

(In thousands)

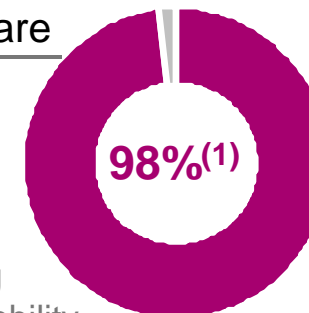
1,234 ~ 1,231



Q4-09 Q1-10 Q2-10 Q3-10 Q4-10

■ Residential ■ Public Telephony ■ Corporate

Market share



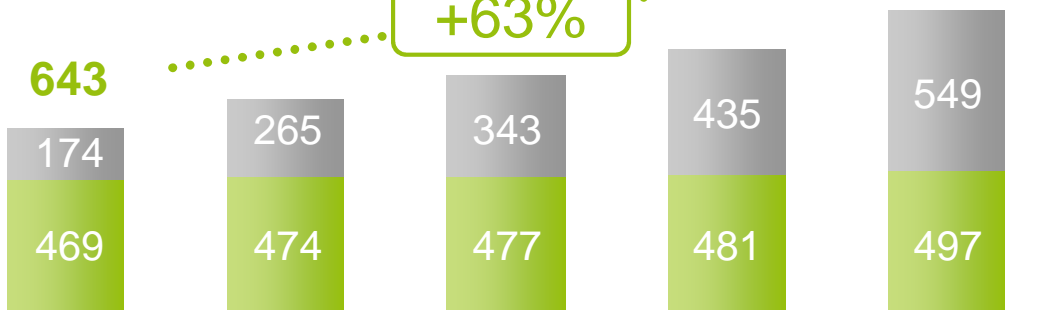
(1) Excluding limited mobility

- The Fixed-line customer base is stabilized thanks to the enrichment of offers and services and the development of DSL.

Internet customer base

(In thousands)

643 +63% 1,046

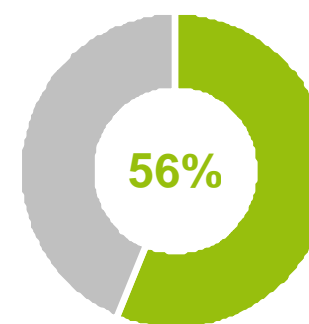


Q4-09 Q1-10 Q2-10 Q3-10 Q4-10

■ DSL* ■ 3G

* Including Narrowband and LL

Market share



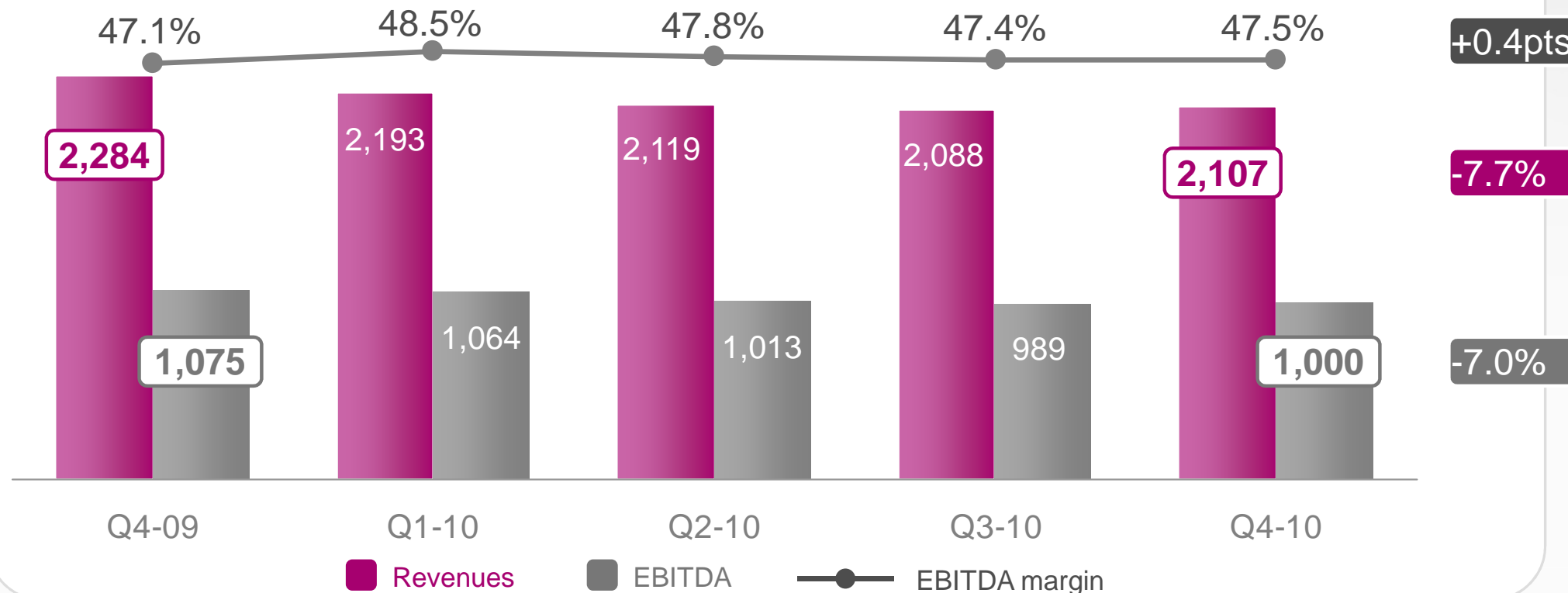
- DSL customer base is back to growth through continuous 3-play offer improvement
- 3G Mobile Internet (dongles) continues its high growth

Business review

FIXE-LINE & INTERNET IN MOROCCO

Fixe-Line in Morocco

(MADm)



- Competition from Mobile (decrease in Fixed-lines usages) weights on revenues,
- Slight margin improvement through strict costs control

Subsidiaries with promising results



Mauritel Mauritania

	2010	vs 2009
Parc subs. ('000)	1,576	+17%
Market share*	54%	+3 pts
Revenues (MADm)	1,184	+7.1%



Sotelma Mali

	2010	vs 2009
Mobile subs. ('000)	2,162	+164%
Market share*	31%	+12 pts
Revenues (MADm)	1,575	+25.1%

* Q3 2010 vs Q4 2009
Source: Dataxis



Gabon Telecom Gabon

	2010	vs 2009
Mobile subs. ('000)	699	+36%
Market share*	37%	+ 4 pts
Revenues (MADm)	1,044	-14%

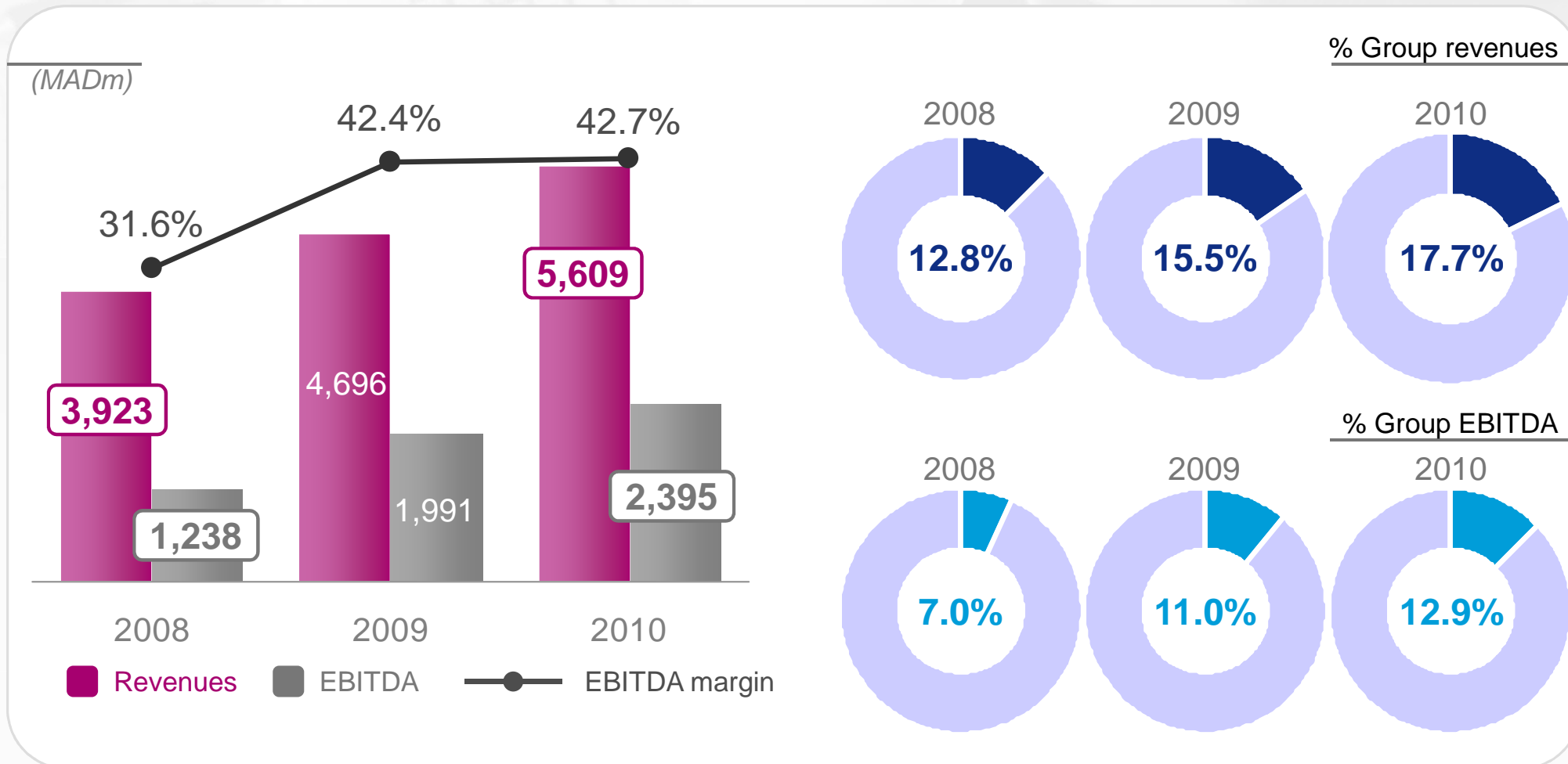


Onatel Burkina Faso

	2010	vs 2009
Mobile subs. ('000)	2,397	+53%
Market share*	45%	+3 pts
Revenues (MADm)	1 802	+6%

Business review

SUBSIDIARIES IN SUB-SAHARAN AFRICA



- Further internationalization and sustained growth from subsidiaries in Sub-Saharan Africa which represent 18% of 2010 Group revenues
- Strong increase in profitability and standardization of management process to group standards in the subsidiaries

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Highlight

Business review

Financial results

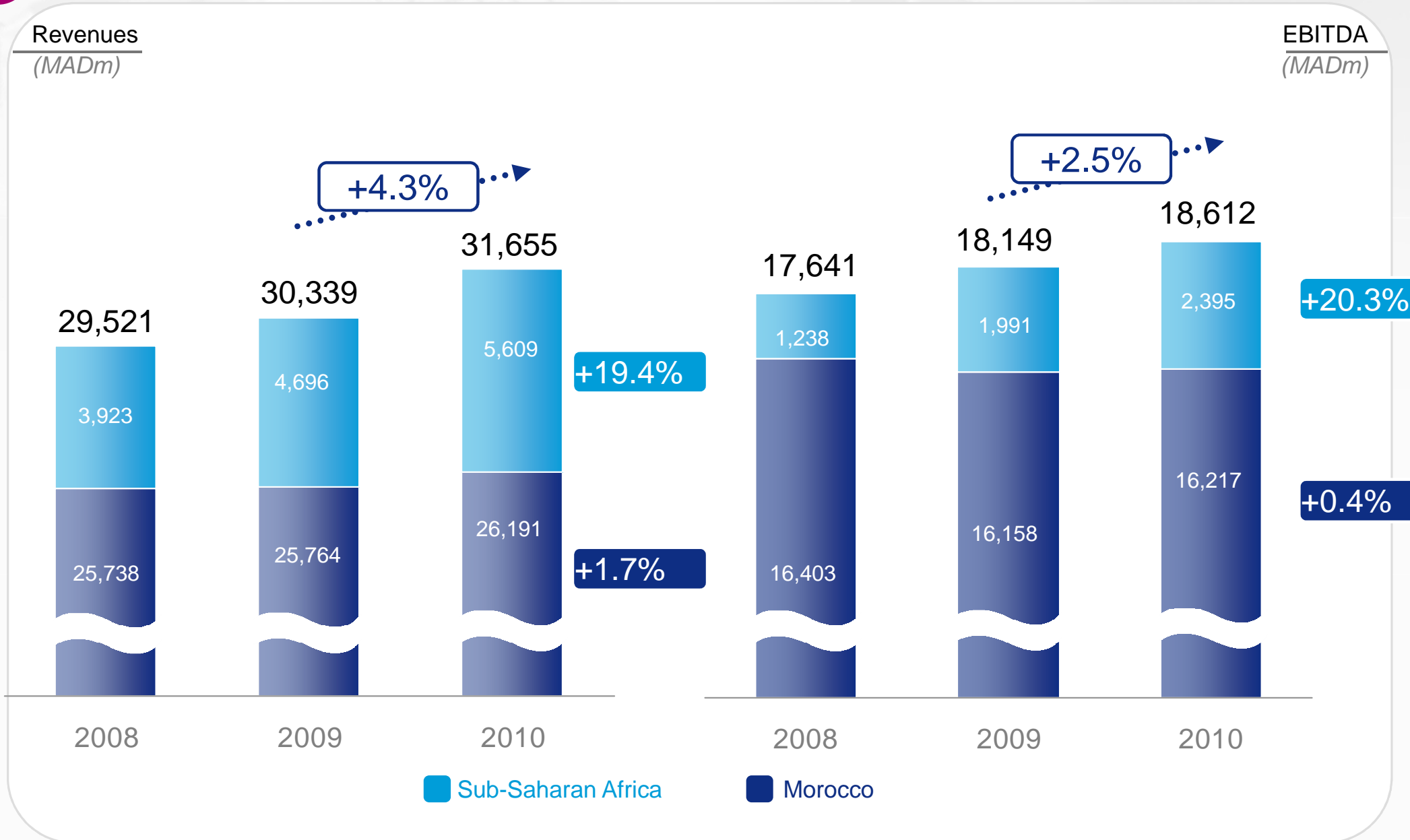
Outlook

Consolidated income statement

In MADm	2009	2010	Chg*	
Revenues	30,339	31,655	+4.3%	Steady growth of revenues
Operating expenses	-12,191	-13,043	+7.0%	
EBITDA	18,149	18,612	+2.5%	
% revenues	59.8%	58.8%	-1.0pt	Maintaining a high margin
Operating income	14,008	14,335	+2.3%	
% revenues	46.2%	45.3%	-0.9pt	
Net earnings group-share	9,425	9,536	+1.2%	Significant distribution capacity
% revenues	31.1%	30.1%	-0.9pts	

* Based on released figures, at current perimeter and exchange rates

Revenues & EBITDA

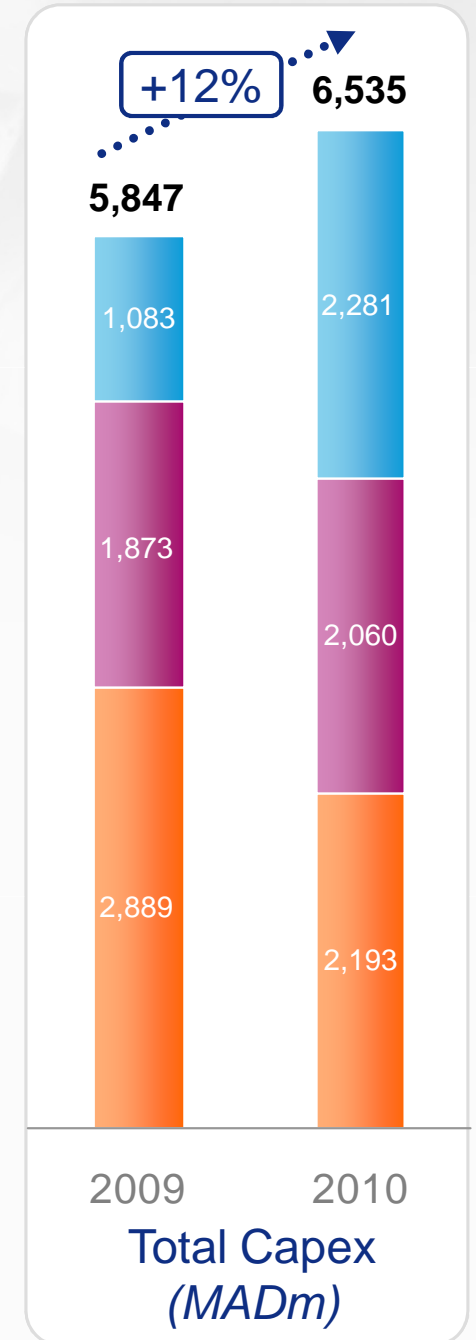
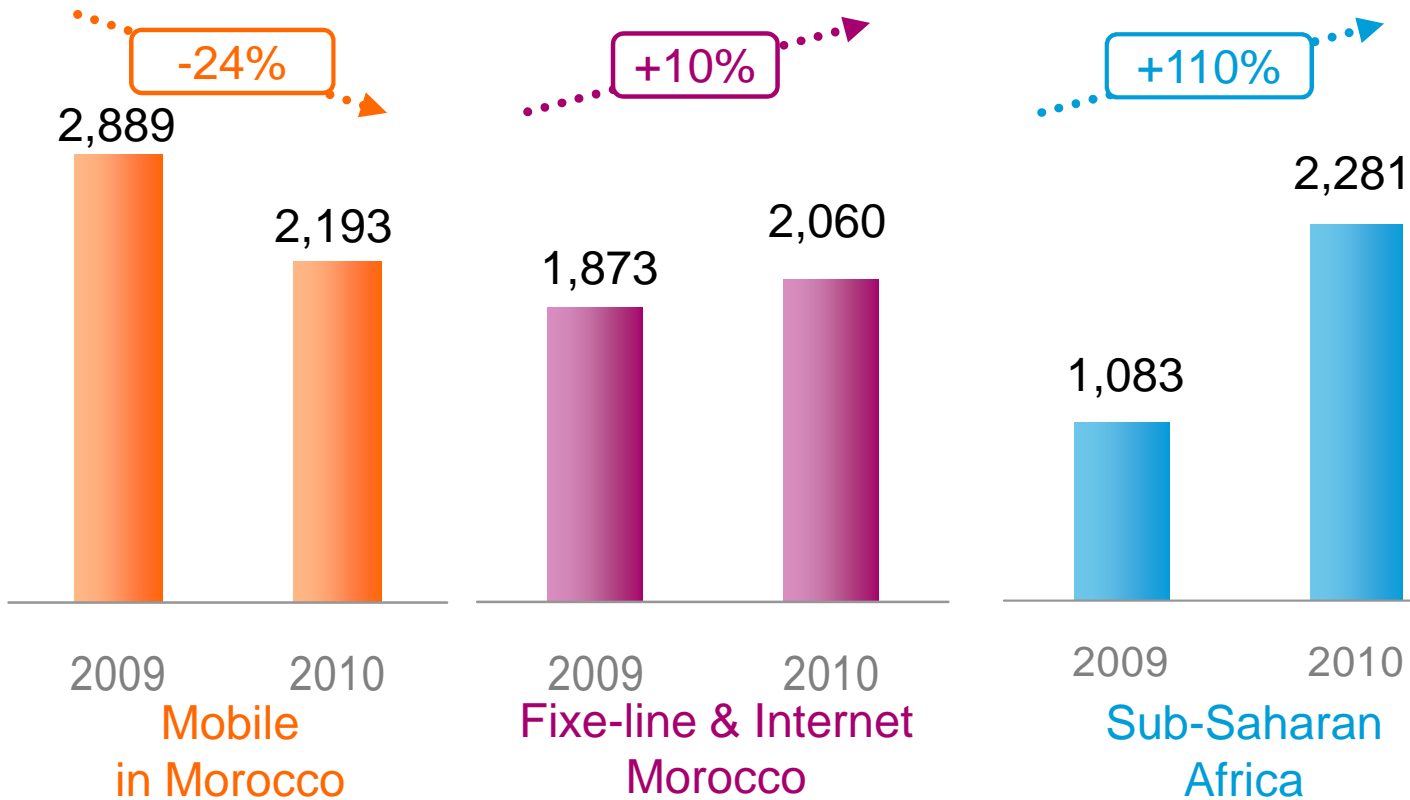


Variations are calculated on released figures, at current perimeter and exchange rates

Investments

- Investments are down by 11% in Morocco, representing 16.2% of revenues, and are focused on DSL, switching, backhauling
- Huge Investments in the subsidiaries (41% of revenues) to increase the coverage and the quality of networks

(MADm)



Cash Flow Statement

In MADm	2009	2010	Chg*
EBITDA	18,149	18,612	+2.6%
Maroc Telecom	16,158	16,217	0.4%
Sub-Saharan Africa	1,991	2,395	20.3%
CAPEX	5,847	6,535	11.8%
Maroc Telecom	4,763	4,253	-10.7%
Sub-Saharan Africa	1,084	2,281	+110%
Change in working capital	804	606	-247%
Cash Flow from operations	13,197	12,836	-2.7%
Maroc Telecom	12,524	12,301	-1.8%
Sub-Saharan Africa	673	535	-20.5%
Net Debt	3,562	4,319	+21.2%
Maroc Telecom	3,305	3,817	+15.5%
Sub-Saharan Africa	257	502	+95%

CAPEX represents 20.6% of revenues

Net debt represents no more than 0.2x 2010 EBITDA

* Based on released figures, at current perimeter and exchange rates

ANNUAL RESULTS 2010



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IN MOROCCO

- Acceleration of GDP growth: +5.2%
- Continued rollout of ambitious investment projects: infrastructure, energy, etc...
- Inflation is under control with improvement in purchasing power
- Market growth through competitive intensity
- reduction of mobile termination rate asymmetry

IN SUB-SAHARAN AFRICA

- Maintaining sustained GDP growth: +5.1%
- Foreign Direct Investment acceleration
- Strong growth of Mobile penetration rate
- Development of 3G
- Still strong competition

Moderate growth in revenues

Profitability to be maintained at high level

Investments Synergies Innovations

Maintaining leadership

- Service quality
- Distribution
- Innovation

Sustainable development

- Opening up of isolated areas
- Reduction of the digital divide

International expansion

- Coverage and densification of networks
- Focus on customer base and margins growth
- New acquisition opportunities

Maintaining high margins

- Costs control
- Improvement of the subsidiaries margins

ANNUAL RESULTS 2010



Appendices



Population	31.9 million
GDP	\$ 91.7 billion
	+4.0% in 2010e +5.2% in 2011 ^e
Revenue per inhabitant (ppp)	≈ \$ 4,773 in 2010e ≈ \$ 5,001 in 2011e
Inflation	+1.5% in 2010e +2.2% in 2011e

Source : IMF– Ministry of Economy and Finance



<i>In MADm - IFRS</i>	2009	2010	Chg.
Revenues (net)	25,764	26,191	+1.7%
Mobile	18,866	19,670	4.3%
Fixed and Internet	9,312	8,507	-8.6%
EBITDA	16,158	16,217	+0,4%
% revenues	62.7%	61.9%	-0,8pt
Operating income	13,080	13,209	+1.0%
% revenues	50.8%	50.4%	-0.3pt

	2009	2010	Chg.
Mobile			
Customers (000)	15,272	16,890	+10.6%
ARPU (MAD)	98	93	-4.7%
Market share*	60%	53%	-7.5pts
Penetration*	81.2%	101.5%	+20.3pts
Nb of operators	3	3	-
Fixed			
Lines (000)	1,234	1,231	-0.2%
Market share**	98.9%	98%	-0.9pt
Penetration**	4%	4%	~
Nb of operators	3	3	-
Internet			
Customers (000)	471	497	+5.4%

* Source: ANRTat end Q4-2010

** Excluding limited mobility



Mauritania

Population	3.2 million
GDP	\$ 3.5 billion
	+4.7% in 2010 +5.1% in 2011 ^e
Revenue per inhabitant (ppp)	≈ \$ 2,100 in 2010 ≈ \$ 2,184 in 2011 ^e
Inflation	+6.1% in 2010 +5.2% in 2011 ^e
MAD 1 =	32.77 Ouguiya (MRO) +1.2% vs. 2009

Source: IMF



In MADm - IFRS	2009*	2010	var.
Revenues (net)	1,105	1,184	+7.1%
Mobile	935	1,014	+8.4%
Fixed and Internet	212	210	-0.6%
EBITDA	548	578	+5.6%
% revenues	49.5%	48.8%	-0.7pt
Operating income	355	367	+3.4%
% revenues	32.1%	31.0%	-1.1pt

* Data for 2009 have been restated between Fixed and Mobile (international transit)

Mobile	2009	2010	var.
Customers (000)	1,335	1,576	+17%
ARPU (MAD)	59	54	-8.8%
Market share*	51%	54%	+3pts
Penetration*	82%	91%	+9pts
Nb of operators	3	3	-
Fixed			
Lines (000)	41	41	-1%
Market share	55%		-
Penetration	3.0%	3.0%	-
Nb of operators	2	2	-
Internet			
Customers (000)**	6	7	+3.3%

* Source: Dataxis at end Q3-2010



Burkina Faso



Population	14.7 million
GDP	\$ 8.7 billion
	+4.4% in 2010 +4.7% in 2011e
Revenue per inhabitant (ppp)	≈ \$ 1,341 in 2010 ≈ \$ 1,391 in 2011e
Inflation	-+2.6% in 2009 +2.3% in 2010e
MAD 1 =	MAD 1 = FCFA 58.74 +0.8% vs. 2009

Source: IMF



In MADm - IFRS	2009	2010	var.
Revenues (net)	1,693	1,802	+6.5%
Mobile	1,162	1,276	+9.7%
Fixed and Internet	770	799	+3.5%
EBITDA	758	775	+2.3%
% revenues	44.8%	43.0%	-1.7pt
Operating income	322	353	+10.5%
% revenues	19.0%	19.6%	+0.5pt

Mobile	2009	2010	var.
Customers (000)	1,569	2,397	+53%
ARPU (MAD)	73	53	-27%
Market share*	42%	45%	+3pts
Penetration*	24%	28%	+4pts
Nb of operators	3	3	-
Fixed			
Lines (000)	152	144	-6%
Market share	100%	100%	-
Penetration	1.1%	1.1%	-
Nb of operators	1	1	-
Internet			
Customers (000)	22	28	+24%

* Source: Dataxis at end Q3-2010



Gabon



Population 1.5 million

GDP \$ 12.6 billion

+4.5% in 2010
+5.0% in 2011

Revenue per inhabitant (ppp) ≈ \$ 14,865 in 2010
≈ \$ 15,591 in 2011e

Inflation +3.0% in 2010
+3.5% in 2011e

MAD 1 = MAD 1 = FCFA 58.74
+0.8% vs. 2009

Source: IMF



In MADm - IFRS	2009	2010	var.
Revenues (net)	1,220	1,044	-14%
Mobile	688	575	-16.4%
Fixed and Internet	615	572	-7.1%
EBITDA	476	429	-9.8%
% revenues	39.0%	41.1%	-2.1pts
Operating income	214	169	-21%
% revenues	17.5%	16.2%	-1.3pt

	2009	2010	var.
Mobile			
Customers (000)	513	699	+36%
ARPU (MAD)	105	72	-31%
Market share*	33%	37%	+4pts
Penetration*	100%	111%	+11pts
Nb of operators	3	4	-
Fixed			
Lines (000)	36	27	-27%
Market share	100%	100%	-
Penetration	2.4%	2.4%	-
Nb of operators	1	1	-
Internet			
Customers (000)	20	22	+9.6%

* Source : Dataxis at end Q3-2010



Mali

Population	14 million
GDP	\$ 9,5 billion
	+4.5% in 2009e +5.1% in 2010e
Revenue per inhabitant (ppp)	≈ \$ 1,207 in 2010 ≈ \$ 1,260 in 2011e
Inflation	+2.1% in 2010 +2.7% in 2011e
MAD 1 =	MAD 1 = FCFA 58.74 +0.8% vs. 2009

Source: IMF



<i>In MADm - IFRS</i>	2009*	2010	Chg
Revenues (net)	1,258	1,575	25.1%
Mobile	942	1,247	32.3%
Fixed and Internet	332	328	-1.4%
EBITDA	342	616	+80%
% revenues	27.2%	39.1%	+11.9pts
Operating Income	-2,4	239	Ns
% revenues	-0.2%	15.2%	+15.4pts

* Like if the acquisition happened on January 1st 2009

	2009	2010	var.
Mobile			
Customers (000)	818	2 162	+164%
ARPU (MAD)	119	67	-43%
Market share*	19%	31%	+12pts
Penetration*	31%	45%	+14pts
Nb of operators	2	2	-
Fixed			
Lines (000)	65	79	+22%
Market share	88.0%	95.0%	+7pts
Penetration	0.6%	0.6%	-
Nb of operators	2	2	-
Internet			
Customers (000)	7	20	+167%

* Datisis at end Q3-2010

- **2010-2013 regulatory guide path :**
 - Decrease of the mobile termination rates
 - Asymmetric tariffs converging at end of 2012

Mobil Termination Rates (MAD/Min)

