

Rabat, April 29, 2014

CONSOLIDATED RESULTS FOR Q1 2014

Performance in line with annual objectives:

- **renewal of slight growth in revenues (+0.4%);**
- **strong growth in customer bases: +16.5%, to 39 million customers;**
- **steady fixed-line growth in Morocco (+5.3%),** thanks to growth in customer bases for fixed lines (+9.2%) and broadband (+22.7%);
- **steady growth in subsidiaries: revenues and EBITDA up 11.4% and 8.4% respectively** on a like-for-like basis, attributable to the 35% expansion of customer bases;
- Group consolidated EBITDA down by 6.8%;
- **continuation of the modernization programs for the fixed-line and mobile networks in Morocco and in the subsidiaries.**

These achievements are in line with targets for 2014:

- **slight decline in EBITDA;**
- **slight growth in capital expenditure.***

On the occasion of the publication of this press release, Mr. Abdeslam Ahizoune, Chairman of the Management Board, stated:

“As a result of the constant adaptation of our strategy to the latest innovations in technology and services, Maroc Telecom Group has once again proven its capacity to understand and control new information technologies. In addition, the Group practices strict cost control that retains high margins and leaves investment capacity undiminished. In order to pave the way for high-speed broadband, Maroc Telecom has pursued significant renovation of its mobile, fixed-line, and internet networks.”

**Excluding any acquisitions of new frequencies and licenses.*

GROUP CONSOLIDATED RESULTS

<i>IFRS in MAD millions</i>	Q1 2013	Q1 2014	Change	Change like for like ¹
Revenues	7,180	7,206	+0.4%	+0.2%
EBITDA	4,228	3,942	-6.8%	-6.9%
<i>Margin (%)</i>	58.9%	54.7%	-4.2 pts	-4.2 pts
EBITA	3,042	2,665	-12.4%	-12.5%
<i>Margin (%)</i>	42.4%	37.0%	-5.4 pts	-5.4 pts
CFFO	2,321	2,544	9.6%	

- **Revenues**

At March 31, 2014, Maroc Telecom Group had consolidated revenues² of MAD 7,206 million, a rise of 0.4% from revenues in the first quarter of 2013 (+0.2% like for like¹). This performance is attributable mainly to strong growth in international activities, whose revenues grew by 12.3%. Business in Morocco continued to fall (-3.4%).

The Group's customer base stood at more than 39 million customers at March 31, 2014, a rise of nearly 17% year on year. This change was attributable to the expansion of international customer bases, which grew by 35%, to 18.6 million customers.

- **Earnings from operations before depreciation and amortization (EBITDA)**

In the first quarter of 2014, Maroc Telecom Group's earnings from operations before depreciation and amortization (EBITDA) amounted to MAD 3,942 million, 6.8% less than the same period a year earlier (-6.9% like for like). This decline is due to the 11% drop in EBITDA in Morocco, partially compensated by a 9.2% rise in EBITDA internationally. The EBITDA margin fell by 4.2 points but remains a substantial 54.7%.

- **Earnings from operations**

At March 31, 2014, Maroc Telecom Group's consolidated earnings from operations³ (EBITA) stood at MAD 2,665 million, a decline of 12.4% year on year (-12.5% like for like). This performance is attributable to lower EBITDA (-6.8%) and higher depreciation charges (+7.5%) for investments made in recent years. The operating margin declined by 5.4 points, to 37.0%.

- **Cash flow**

At March 31, 2014, cash flow from operations (CFFO⁴) had risen year on year by 9.6%, to MAD 2,544 million. This increase was due mainly to substantial growth in international CFFO, multiplied by 2.5 as a result of optimized working capital requirements and lower capital expenditures in the first quarter (-19.8%).

OVERVIEW OF GROUP ACTIVITIES

- Morocco

<i>IFRS in MAD millions</i>	Q1 2013	Q1 2014	Change
Revenues	5,461	5,277	-3.4%
Mobile	4,083	3,849	-5.7%
<i>Services</i>	3,961	3,744	-5.5%
<i>Equipment</i>	122	106	-13.1%
Fixed line	1,811	1,907	+5.3%
<i>Fixed-line data*</i>	448	477	6.5%
Elimination	-433	-479	
EBITDA	3,338	2,970	-11.0%
<i>Margin (%)</i>	61.1%	56.3%	-4.8 pts
EBITA	2,511	2,092	-16.7%
<i>Margin (%)</i>	46.0%	39.7%	-6.3 pts
CFFO	2,061	1,897	-7.9%

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

Activities in Morocco in first-quarter 2014 generated revenues of MAD 5,277 million, a decrease of 3.4% year on year. This performance was the result of prepaid mobile rates, whose continuous decline is due largely to the adoption of a per-second price structure and to more frequent promotional offers. The decline in revenues, compared with recent quarters, was checked by the stability of mobile termination rates and by growth (5.3%) in fixed-line and internet activities.

Earnings from operations before depreciation and amortization (EBITDA) amounted to MAD 2,970 million, a decline of 11.0% year on year because of lower revenues and higher interconnection costs. The EBITDA margin fell by 4.8 points but remains a substantial 56.3%.

With depreciation charges up 6.0% because of large investments carried out in recent years, EBITA amounted to MAD 2,092 million (-16.7%). The operating margin came to 39.7%.

In the first quarter of 2014, cash flow from operations in Morocco fell by 7.9%, to MAD 1,897 million. This decline was the result of lower EBITDA (-11%), which was only partially compensated by the 29.6% decline in capital expenditure, compared with the same period in 2013.

Mobile

	Unit	Q1 2013	Q1 2014	Change
Mobile				
Customer base⁵	(000)	17,871	18,327	+2.6%
<i>Prepaid</i>	<i>(000)</i>	<i>16,627</i>	<i>16,916</i>	<i>+1.7%</i>
<i>Postpaid</i>	<i>(000)</i>	<i>1,244</i>	<i>1,411</i>	<i>+13.4%</i>
<i>o/w 3G internet</i>	<i>(000)</i>	<i>1,610</i>	<i>2,638</i>	<i>+64.0%</i>
ARPU⁶	(MAD/month)	72.3	66.7	-7.6%
<i>Data in % of ARPU⁷</i>	<i>(%)</i>	<i>13.8%</i>	<i>14.7%</i>	<i>+0.9 pts</i>
MOU	(Min/month)	120	164	+37.1%

Revenues from mobile activities declined to MAD 3,849 million (-5.7%) in the first quarter of 2014 in a competitive environment which remains intense.

At March 31, 2014, the mobile customer base⁵ stood at 18.3 million customers, up 2.6% year on year. This growth was driven mainly by the 1.7% expansion of the prepaid customer base (+289,000 customers) and by growth in the postpaid customer base (+13.4%, or +167,000 customers). The growth in customer bases is attributable to enhanced offers and to the migration of prepaid customers to subscription plans. As a result of the success of offers combining voice and data services, growth in the mobile 3G-internet⁸ customer base remains steady (+64% year on year), to 2.6 million customers at March 31, 2014.

Revenues from mobile services was in decline (-5.5%), mainly because of the 8.2% drop in outgoing mobile revenues and despite stable mobile termination rates. The 46% rise in outgoing call traffic did not compensate the 38% decline in prices. Revenues from equipment continued to fall (-13.1% year on year) because of a narrowing of the subsidy program.

Blended ARPU⁶ in the first quarter of 2014 amounted to MAD 66.7, a decline of 7.6% from the same period a year earlier. Deep price cuts in the mobile segment (-38%) were only partially offset by higher outgoing consumption (+42%) and by the development of data services, whose contribution (+0.9 points) accounted for 14.7% of ARPU.

Fixed line and internet

	Unit	Q1 2013	Q1 2014	Change
Fixed line				
Fixed lines	(000)	1,298	1,418	+9.2%
Broadband access⁹	(000)	724	888	+22.7%

Fixed-line and internet activities in Morocco had revenues of MAD 1,907 million in the first quarter of 2014, an increase of 5.3% compared with the first quarter of 2013. The growth in fixed-line activity was largely due to the success of double-play offers, Phony unlimited fixed-to-fixed plans, and strong growth in IP plans for businesses.

Revenues from fixed-line data rose by 6.5%, to MAD 477 million, driven by growth in ADSL customer bases (+23.0%) and by VPN IP (+10.5%).

At March 31, 2014, the fixed-line customer base in Morocco had risen by 9.2% year on year. The total number of lines stood at 1,418 thousand, boosted by the residential segment, whose customer base rose by 15.0% because of enthusiasm for broadband internet.

- **International**

<i>IFRS in MAD millions</i>	Q1 2013	Q1 2014	Change	Change like for like ¹
Revenues	1,846	2,073	+12.3%	+11.4%
Mauritania	345	389	+12.8%	+12.1%
<i>o/w Mobile services</i>	314	357	+13.9%	+13.2%
Burkina Faso	535	599	+12.0%	+11.2%
<i>o/w Mobile services</i>	450	496	+10.3%	+9.5%
Gabon	342	400	+17.1%	+16.2%
<i>o/w Mobile services</i>	190	255	+34.1%	+33.1%
Mali	640	706	+10.4%	+9.6%
<i>o/w Mobile services</i>	549	609	+11.1%	+10.2%
Elimination	-16	-21		
EBITDA	890	972	+9.2%	+8.4%
<i>Margin (%)</i>	48.2%	46.9%	-1.3 pts	-1.3 pts
EBITA	531	573	+7.8%	+7.1%
<i>Margin (%)</i>	28.8%	27.6%	-1.1 pts	-1.1 pts
CFFO	260	646	+148.5%	

Maroc Telecom Group's international operations grew strongly in the first quarter of 2014 (+12.3%, or +11.4% like for like), with revenues totaling MAD 2,073 million. This performance was due to solid growth in mobile customer bases (+36%)—a result of the development of emerging markets—and to the numerous advertising campaigns undertaken by Maroc Telecom's subsidiaries.

In the same period, earnings from operations before depreciation and amortization (EBITDA) amounted to MAD 972 million, an increase of 9.2% (+8.4% like for like), despite a rising tax burden. The EBITDA margin was 46.9%, down by 1.3 points.

Earnings from operations (EBITA) totaled MAD 573 million, an improvement of 7.8% on an annual basis (+7.1% like for like). This performance was driven by higher EBITDA and by a rise in depreciation charges (+11.0%) for substantial investments carried out in recent years. The EBITA margin was down slightly (-1.1 points), to 27.6% of revenues.

Cash flow from operations (CFFO) from international activities more than doubled (2.5x) from the same period in 2013, to MAD 646 million. This performance is attributable to growth in earnings from operations before depreciation and amortization (EBITDA) and to optimized working capital requirements (WCR).

Mauritania

	Unit	Q1 2013	Q1 2014	Change
Mobile				
Customer base ⁵	(000)	2,027	1,863	-8.1%
ARPU ⁶	(MAD/month)	50.7	62.1	22.5%
Fixed lines	(000)	42	43	+2.7%
Broadband access⁹	(000)	7	7.5	+10.0%

At March 31, 2014, activities in Mauritania had generated revenues of MAD 389 million, an increase of 12.8% (+12.1% like for like). This growth was driven by the mobile segment, whose service revenues rose by 13.9% (+13.2% like for like) after a sharp increase in outgoing consumption (+39.7%).

The mobile customer base totaled 1,863 thousand customers, a decline of 8.1% from the same period a year earlier. The change was due to increasingly intense competition and to a deliberate policy to encourage consumption among active customers. The fixed-line and internet customer bases expanded year on year by 2.7% and 10.0% respectively, to 42,651 and 7,465 customers.

Burkina Faso

	Unit	Q1 2013	Q1 2014	Change
Mobile				
Customer base ⁵	(000)	4,055	5,018	+23.8%
ARPU ⁶	(MAD/month)	37.2	33.0	-11.3%
Fixed lines	(000)	101	89	-11.5%
Broadband access⁹	(000)	30	24	-22.1%

At March 31, 2014, activities in Burkina Faso had generated revenues of MAD 599 million, a rise of 12.0% (+11.2% like for like). This performance was boosted by steady growth in the mobile segment, where revenues increased by 10.3% (+9.5% like for like) because of growth in the mobile customer base (+23.8%).

As a result of customer-base updates, the fixed-line and internet customer bases declined by 11.5% and 22.1% respectively, to 89,156 and 23,554 customers.

Gabon

	Unit	Q1 2013	Q1 2014	Change
Mobile				
Customer base ⁵	(000)	824	1,039	+26.0%
ARPU ⁶	(MAD/month)	80.4	79.7	-0.9%
Fixed lines	(000)	18	19	+5.8%
Broadband access⁹	(000)	8	10	+23.6%

Gross revenues in Gabon totaled MAD 400 million in the first quarter of 2014, a rise of 17.1% (+16.2% like for like). This rise was due largely to solid growth in the mobile segment, whose service revenues rose by 34.1% (+33.1% like for like) because of sharp increases in the customer base (+26%) and outgoing consumption (+25.2%). Network investments boosted call consumption.

Fixed-line (+5.8%) and internet (+23.6%) customer bases continued to grow, driven by the Duo offer, which combines fixed-line and internet access, and by data offers for businesses.

Mali

	Unit	Q1 2013	Q1 2014	Change
Mobile				
Customer base ⁵	(000)	6,504	10,283	+58.1%
ARPU ⁶	(MAD/month)	28.7	19.8	-31.2%
Fixed lines	(000)	98	116	+18.5%
Broadband access⁹	(000)	45	52	+14.2%

Revenues generated by activities in Mali in the first quarter of 2014 rose by 10.4% (+9.6% like for like), to MAD 706 million. This performance was due to growth in the mobile segment, whose service revenues increased by 11.1% (+10.2% like for like) because of substantial growth in the mobile customer base (+58.1%).

Fixed-line and internet customer bases showed steady growth of 18.5% and 14.2% respectively.

Notes

1 Fixed exchange rate upheld for MAD / Mauritanian ouguiya / CFA franc.

2 At March 31, 2014, Maroc Telecom consolidated Mauritel, Onatel, Gabon Telecom, Sotelma, and Casanet in its financial statements.

3 EBITA corresponds to EBIT before the amortization of intangible assets acquired through business combinations, before impairment of goodwill and other intangibles acquired through business combinations, and before other income and charges related to financial investments and to transactions with shareholders (except when recognized directly in equity).

4 CFFO comprises pretax net cash flows from operations (as presented in the statement of cash flows), dividends received from affiliates, and unconsolidated equity interests. CFFO also comprises net capital expenditure, which corresponds to net uses of cash for acquisitions and to increases of cash from disposals of property, plant, equipment, and intangible assets.

5 The active customer base comprises prepaid customers who have made or received a voice call (paid or free) or who have sent an SMS or MMS at any time during the past three months, and postpaid clients who have not terminated their agreements.

6 ARPU is defined as revenues (generated by inbound and outbound calls and by data services) net of promotional offers, excluding roaming and equipment sales, divided by the average customer base for the period. In this instance ARPU combines both prepaid and postpaid segments.

7 Mobile data revenues include revenues from all nonvoice services billed (SMS, MMS, mobile internet, etc.), including the valuation of 3G-internet access at 512 kb/s included in all Maroc Telecom postpaid rate plans.

8 The active customer base for mobile 3G internet includes holders of a postpaid subscription agreement (with or without a voice offer) and holders of a prepaid internet subscription who have made at least one top-up during the past three months or whose top-up is still valid.

9 The broadband customer bases include ADSL access points and leased lines.

Important notice

Forward-looking statements. This press release contains forward-looking statements concerning the financial position, earnings from operations, strategy, and outlook of Maroc Telecom, as well as the impact of certain operations. Although Maroc Telecom may base its forward-looking statements on what it considers to be reasonable assumptions, those statements do not guarantee the future performance of the Company. The actual results may be very different from the forward-looking statements because of a number of risks and uncertainties, both known and unknown. The majority of these risks are beyond our control, namely the risks described in public documents filed by Maroc Telecom with the Conseil Déontologique des Valeurs Mobilières (www.cdvm.gov.ma) and with the Autorité des Marchés Financiers (www.amf-france.org). These documents are available in French on our website (www.iam.ma). This press release contains forward-looking information that cannot be measured until its publication date. Maroc Telecom in no way commits to completing, updating, or modifying these forward-looking statements as a result of new information, future events, or any other reason, subject to applicable regulations and especially to Articles III.2.31 et seq. of the circular of the Conseil Déontologique des Valeurs Mobilières and to Articles 223-1 et seq. of the General Regulation of the Autorité des Marchés Financiers.

Maroc Telecom is a full-service telecommunications operator in Morocco and leader in the fixed-line, mobile, and internet sectors. With its four subsidiaries—Gabon Telecom in Gabon, Mauritel in Mauritania, Onatel in Burkina Faso, and Sotelma in Mali—Maroc Telecom Group has more than 39 million customers in the mobile, fixed-line, and internet segments. Maroc Telecom has been listed on the Casablanca and Paris stock exchanges since December 2004. The Group's largest shareholders are Vivendi (53%) and the Kingdom of Morocco (30%).

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