



Rabat, April 16, 2015

# 2015 CONSOLIDATED FIRST QUARTER RESULTS

# Highlights

- » Takeover of operations and consolidation in the Group's accounts from January 26, 2015 of the six new African subsidiaries:
- » With the acquisition of the six new assets, the Group's customer bases reach 52 million, up 32%;
- **>> 10.2% growth in consolidated revenue** (down 0.7% like-for-like);
- » Group continues to report high EBITDA margin at 50.7% despite the dilutive effect of consolidating the new subsidiaries;
- » Fixed activities in Morocco continued to grow significantly (up 10.3%) thanks to the increase in Fixed and Broadband customers (up 7% and 16% respectively);
- » Contribution of 42% by the international subsidiaries to the Group's revenue since the consolidation of the new African subsidiaries;
- » Continued success of international activities enhanced by the new African subsidiaries: revenue and EBITDA up 5.9% and 14.0% respectively, like-for-like;
- » License awarded to Maroc Telecom to operate 4G services in Morocco.

# 2015 Outlook maintained (at constant perimeter):

- Revenue stable:
- Slight decrease in EBITDA;
- ► CAPEX of around 20% of revenues, excluding frequencies, licenses and 4G investments in Morocco.

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

"Over the course of this quarter, the Maroc Telecom Group has once again demonstrated the resilience of its results and cash flow generation, both in Morocco as well as among its international subsidiaries. This quarter was also marked by finalizing the acquisition of six new operators in Africa and the launch of many projects allowing us to quickly take over their operational control. These new subsidiaries enable the significant boosting of the Maroc Telecom group's presence in markets with

significant growth potential, together with the development of business activities in Morocco, where Maroc Telecom is planning major investment after assignation of the 4G licence. This is with a view of strengthening its technological leadership and promoting the growth of mobile high-speed broadband across the whole country."

### GROUP CONSOLIDATED REVENUES

IFRS in millions of MAD	Q1-2014	Q1-2015	Change	Change like-for-like <sup>1)</sup>
Revenues	7,206	7,942	10.2%	-0.7%
EBITDA	3,942	4,026	2.2%	-2.0%
Margin (%)	54.7%	50.7%	-4.0 pts	-4.2 pts
EBITA	2,665	2,558	-4.0%	-4.2%
Margin (%)	37.0%	32.2%	-4.8 pts	-5.0 pts
Net income Group share	1,466	1,316	-10.2%	-6.1%
Margin (%)	20.3%	16.6%	-3.8 pts	-3.7 pts
CAPEX (2)	855	833	-2.5%	-
CAPEX / Revenues	11.9%	10.5%	-1.4 pt	-
CFFO	2,544	2,781	+9.3%	-

#### Customer base

The Group's customer base stood at nearly 52 million as of March 31, 2015, up 32% year-on-year owing to the consolidation of the six African subsidiaries in the scope of the Group since January 26, 2015. The historic subsidiaries performed well with an overall increase in their customer base of 12.4%.

## Revenues

As of March 31, 2015, the Maroc Telecom group had consolidated revenue <sup>(3)</sup> of 7,942 million dirhams, up 10.2% over the first quarter of 2014, owing to the expansion of the Group's scope, down 0.7% like-for-like. <sup>(1)</sup> Morocco's fall in revenue of 3.1% is almost offset by the 5.9% like-for-like increase in revenues from international activities. Revenue from the newly acquired subsidiaries down 1.3% at constant exchange rate <sup>(4)</sup>, while revenue from the historic subsidiaries rose by 9.1% at constant exchange rate.

### ► Earnings from operations before depreciation and amortization

In the first quarter of 2015, operating earnings before depreciation and amortization (EBITDA) of the Maroc Telecom group amounted to 4,026 million dirhams, up 2.2% (down 2.0% like-for-like). This decline like-for-like reflects the 8.1% decline in EBITDA in Morocco, only partly offset by the 14.0% increase (like-for-like) of EBITDA from international activities.

Despite the dilutive effect of consolidating the new African subsidiaries, the Group's EBITDA margin remains high at 50.7%, representing a decline of 4.0 points compared with the margin in the first quarter of 2014 (down 4.2 points like-for-like).

## **Earnings from operations**

As of March 31, 2015, the Maroc Telecom group had consolidated earnings from operations<sup>(5)</sup> (EBITA) of 2,558 million dirhams, down 4.0% from the first quarter of 2014 (down 4.2% like-for-like). This change is related primarily to the decline in EBITDA and the increase in amortization and depreciation expenses (up 2.5% like-for-like).

### Net income

As of the end of March 2015, the Group's share of Net income was down 10.2%, owing mainly to the 12.7% decline in earnings from operations in Morocco not offset by the continued steady growth in Net income from the historic subsidiaries and the positive contribution made by consolidating the new African subsidiaries.

### Cash Flow

During the first three months of 2015, cash flow from operations (CFFO $^{(6)}$ ) was up 9.3% from the same period in 2014, at 2,781 million dirhams. The 43% increase in CFFO from international activities completely offset the 2.2% decline in CFFO from activities in Morocco.

### OVERVIEW OF THE GROUP'S ACTIVITIES

### Morocco

FRS in millions of MAD Q1-2014		Q1-2015	Change
Revenues	5,277	5,112	-3.1%
Mobile	3,849	3,521	-8.5%
Services	3,744	3,461	-7.5%
Equipment	106	60	-42.9%
Fixed Line	1,907	2,104	+10.3%
Incl. Fixed Data	477	537	12.4%
Elimination	-479	-513	
EBITDA	2,970	2,728	-8.1%
Margin (%)	56.3%	53.4%	-2.9 pts
EBITA	2,092	1,828	-12.7%
Margin (%)	39.7%	35.8%	-3.9 pts
CAPEX	525	454	-13.4%
CAPEX / CA	9.9%	8.9%	- 1.1 pt
CFFO	1,897	1,855	-2.2%

<sup>\*</sup> Fixed Data includes the Internet, DSL TV and enterprise data services

In a highly competitive environment, activities in Morocco generated revenues of 5,112 million dirhams in the first quarter of 2015, down 3.1% under the effects of declining earnings from Mobile activities and despite the steady growth in Fixed and Internet activities (up 10.3% in one year).

Earnings from operations before depreciation and amortization (EBITDA) was 2,728 million dirhams, down 8.1% from the first quarter of 2014, under the combined effect of falling revenues, the increase in interconnection charges and the slight increase in operating costs. The EBITDA margin was down 2.9 points but remains high at 53.4%.

Earnings from operations were 1,828 million dirhams, down 12.7%. This reduction is related to the decline in EBITDA and the 2.7% increase in depreciation and amortization expenses due to major investment programs carried out over the past few years. The EBITA margin stood at 35.8%.

In the first quarter of 2015, cash flow from operations in Morocco was down 2.2% at 1,855 million dirhams, owing primarily to the decline in EBITDA and despite the 13.4% decline in investments.

## Mobile

	Unit	Q1-2014	Q1-2015	Change
Mobile				
Customer base <sup>(7)</sup>	(000)	18,327	18,165	-0.9%
Prepaid	(000)	16,916	16,629	-1.7%
Postpaid	(000)	1,411	1,536	+8.9%
Incl. Internet 3G	(000)	2,638	4,983	+88.9%
ARPU <sup>(8)</sup>	(MAD/mois)	66.7	62.1	-7.0%
Data as a % of ARPU <sup>(9) (10)</sup>	(%)	15.1%	17.8%	+2.7 pts

As of March 31, 2015, Mobile customers <sup>(7)</sup> stood at nearly 18.2 million with a limited reduction of 0.9% year-on-year. The 1.7% decline in prepaid customers due to the prohibition on the sale of prepaid SIM cards imposed by regulators is offset by growth of 8.9% in the number of postpaid customers taking advantage of improved offers for calling times and data.

Revenue from the Mobile business was down 8.5% in the first quarter of 2015 to 3,521 million dirhams in a tough competitive environment.

Mobile services revenue was down 7.5% owing to competitive pressure, which weighs on prices (down 12.7%) and only partly absorbed by the increase in usage (up 7.4%). The combined ARPU  $^{(8)}$  for the first three months of 2015 stood at 62.1 dirhams, down 7.0% year-on-year.

The boom in Data service <sup>(9)</sup> continues, reaching 17.8% of ARPU thanks to the success of 3G Internet <sup>(11)</sup> which customer base has grown 89% year-on-year to nearly five million customers thanks to the success of the offers combining voice and data services.

#### Fixed

	Unit	Q1-2014	Q1-2015	Change
Fixe				
Fixed Line	(000)	1,418	1,518	+7.0%
Broadband Access (12)	(000)	888	1,030	+16.0%

Fixed activities represented 1,518 thousand lines as of March 31, 2015, up 7.0%, driven by the Residential segment, which increased by 10.1%.

Fixed and Internet activities in Morocco generated revenues of 2,104 million dirhams during the first quarter of 2015, up 10.3% year-on-year. This performance is the result of double play offers and the enrichment of Phony unlimited plans (the addition of free hours to national mobile phones).

Fixed Data revenue continued to rise (up 12.4% year-on-year to 537 million dirhams), supported by the growth of DSL customers (up 16.0%) and VPN IP (up 13.0%).

#### International

#### Financial indicators

International activities include from January 26 2015, date of the acquisition, the new subsidiaries in the Ivory Coast, Benin, Togo, Gabon, Niger and the Central African Republic as well as Prestige Telecom, which provides IT services to those companies.

IFRS in millions of MAD	Q1-2014	Q1-2015	Change	Change like-for-like <sup>(1)</sup>
Revenues	2,073	3,039	+46.6%	+5.9%
Incl. Mobile Services	1,696	2,671	57.5%	+8.0%
EBITDA	972	1 298	+33,6%	+14.0%
Margin(%)	46.9%	42.7%	-4.2 pts	+2.9 pts
EBITA	573	730	+27.5%	+26.5%
Margin (%)	27.6%	24.0%	-3.6 pts	+4.0 pts
CAPEX	330	379	14.7%	-
CAPEX/ CA	15.9%	12.5%	-3.5 pts	-
CFFO	646	926	+43.3%	-

In the first quarter of 2015, the Group's international activities generated revenues of 3,039 million dirhams, up 47.0% owing to the expansion of the Group's scope, and 5.9% on a like-for-like basis. This positive performance is due to advances achieved by the historic subsidiaries, whose income rose by 9.0% (up 9.1% at constant exchange rate) despite of a 1.3% decrease (at constant exchange rate) in revenues from the new African subsidiaries. The positive performance of Benin, Gabon Telecom and Mauritania should be highlighted driven by the strong growth of their Mobile activities.

Over the same period, earnings from operations before depreciation and amortization (EBITDA) stood at 1,298 million dirhams, up 33.6% (14.0% like-for-like) under the combined effect of an increase in revenues and tight control of direct costs and operating expenses. The consolidation of the new African subsidiaries has a dilutive effect on the EBITDA margin, which was down 4.2 points to 42.7%. On a like-for-like basis, the EBITDA margin was up 2.9 points.

Earnings from operations (EBITA) amounted to 730 million dirhams, up 27.5% (26.5% like-for-like), owing to the increase in EBITDA. The dilutive effect from the consolidation of the six new subsidiaries is causing a 3.6 points decline in the operating margin. On a like-for-like basis, this margin is up 4.0 points

Cash flow from operations (CFFO) from international activities increased by 43% year-onyear to 926 million dirhams. This performance is due mainly to the consolidation of the new subsidiaries, whose contribution to CFFO has been positive since they were consolidated within the Maroc Telecom group.

# Operational indicators

	Unit	Q1-2014	Q1-2015	Change at constant exchange rate <sup>(4)</sup>
Mobile				
Customer base (7)	(000)			
Mauritania		1,863	2,018	+8.3%
Burkina Faso		5,018	6,156	+22.7%
Gabon Telecom		1,039	1,164	+12.1%
Mali		10,283	11,171	+8.6%
Ivory Cost		4,104	3,959	-3.5%
Benin		2,598	2,955	13.8%
Togo		1,766	1,929	9.3%
Moov Gabon		533	424	-20.4%
Niger		597	595	-0.4%
Central African Republic		155	128	-17.3%
ARPU <sup>(8)</sup>	(MAD/mois)			
Mauritania		62.1	73.5	+2.8%
Burkina Faso		33.0	28.7	-9.9%
Gabon Telecom		79.7	81.6	+6.0%
Mali		19.8	18.7	-1.7%
Ivory Cost		34.0	34.3	4.8%
Benin		37.8	37.0	1.8%
Togo		27.5	22.3	-15.6%
Moov Gabon		58.8	59.9	6.1%
Niger		51.4	46.6	-5.6%
Central Africain Republic		35.4	32.7	-3.9%
Fixed				
Customer base	(000)			
Mauritania		43	44	+2.7%
Burkina Faso		89	80	-9.9%
Gabon Telecom		19	20	+2.9%
Mali		116	131	+12.8%
<b>Broadband Acces</b>				
Customer base <sup>(12)</sup>	(000)	7-		45.70
Mauritania		7.5	9	+15.7%
Burkina Faso		24	16	-32.8%
Gabon Telecom		10	11	+2.5%
Mali		52	55	+6.3%

### Notes:

- (1) The comparable basis illustrates the effects of the consolidation of the 6 newly acquired subsidiaries as if it actually occurred on January 26, 2014, and the fact that a constant MAD/Mauritanian Ouguiya/CFA franc exchange rate was maintained.
- (2) CAPEX corresponds to the acquisitions of tangible and intangible assets accounted for over the period.
- (3) Mauritel, Onatel, Gabon Telecom, Sotelma and Casanet are consolidated in the accounts of Maroc Telecom, as well as the new African subsidiaries in Ivory Coast, Benin, Togo, Gabon, Niger, the Central African Republic and Prestige Telecom, which provides IT services to the new subsidiaries, from January 26, 2015, the acquisition date.
- (4) Constant MAD/Mauritanian Ouguiya/CFA franc exchange rate maintained.
- (5) EBITA corresponds to operating earnings before amortization of the intangible assets related to business combinations, impairment of goodwill and other intangible assets related to financial investing operations and operations with shareholders (except when they are directly recognized as shareholders' equity).
- (6) CFFO includes net cash flows from operations before taxes, as presented in the cash flow statement, as well as dividends from equity affiliates and unconsolidated holdings. It also includes net industrial investments, which correspond to net cash withdrawals related to acquisitions and disposals of tangible and intangible assets.
- (7) The active customer base comprises prepaid customers who have issued or received a voice call (paid or free of charge) or received SMS/MMS or who have used data services during the past three months, and Postpaid customers whose accounts were not terminated.
- (8) The ARPU [average revenue per user] is defined as the revenue (generated by in-bound and out-bound calls and by data services) net of promotions, excluding roaming and equipment sales, divided by the average number of customers in the period. This is the combined ARPU from the prepaid and postpaid segments.
- (9) Mobile data earnings includes revenues from all non-voice services billed (SMS, MMS, Internet, mobile, etc.), including improved 3G and SMS Internet access in all Maroc Telecom Postpaid and Jawal Internet Pass packages.
- (10) 2014 data were restated following a change in the valuation method of bundled prepaid offers, which is now based on consumed traffic instead of granted traffic.
- (11) The active customer base for 3G mobile Internet includes the holders of a postpaid subscription agreement (with or without another voice offer) and the holders of a prepaid subscription to the Internet service who have made at least one top-up during the past three months or who have approved credit and who have used the service during that period.
- (12) The broadband customer base includes ADSL access and leased lines in Morocco, and also includes the CDMA base for historic subsidiaries.

#### Cautionary note:

Forward looking statements. This press release contains forward-looking statements and elements with respect to the financial condition, results of operations, strategy plans and outlook of Maroc Telecom, including the impact of certain transactions. Although Maroc Telecom believes that such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance. Actual results may differ materially from the forward-looking statements as a result of a number of known and unknown risks and uncertainties, most of which are outside our control, including the risks described in the public documents filed by Maroc Telecom with the Conseil Déontologique des Valeurs Mobilières (www.cdvm.gov.ma) and the Autorité des Marchés Financiers (www.amf-france.org), (Moroccan and French securities regulators), which are also available in English on our website (www.iam.ma). This press release contains forward-looking statements that can only be assessed on the release date. Maroc Telecom disclaims any intention to provide, update or revise such forward-looking statements whether as a result of new information, future events or otherwise, subject to applicable law including articles III.2.31 et seq of the Conseil Déontologique des Valeurs Mobilières circular and 223-1 et seq of the General Regulations of the Autorité des Marchés Financiers.

Maroc Telecom is an international telecommunications operator in Morocco and a leader in all its business sectors: Fixed Line, Mobile and Internet. Maroc Telecom has been listed on the Casablanca and Paris stock exchanges since December 2004, and its major shareholders are the Etisalat Group (48%) and the Royal Kingdom of Morocco (30%).

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