

CONSOLIDATED RESULTS FOR Q1 2016

Highlights

- » **Accelerated growth in the Group's revenues**, which rose **10.2%**;
- » **The Group's customers reached a total of 53 million**, up nearly **3%**;
- » **Sharp growth of group share of net income** which rose by **16%** in the first quarter of 2016;
- » **Return to revenue growth in Morocco (+0.9%) despite a 30% drop in Mobile prices**;
- » **Continued success in international activities, strengthened by the new African subsidiaries**: revenues and EBITDA up **12.7%** and **11.2%**, respectively, on a comparable basis.

Outlook 2016, at constant scope of consolidation and exchange rates:

- ▶ **Stable revenues**;
- ▶ **Slight decline in EBITDA**;
- ▶ **CAPEX at approximately 20% of revenues, excluding frequencies and licenses.**

On publication of this press release, Board Chairman Mr. Abdeslam Ahizoune made the following statement:

"The growth of Maroc Telecom Group's consolidated results is driven by all the Group's activities and especially by its African subsidiaries. Maroc Telecom confirms thereby

the relevance of its strategic choices focused on innovation, investment and the quality of its services which added to the commitment of its staff ensure a profitable growth to the Group."

GROUP CONSOLIDATED RESULTS

| IFRS in millions of MAD | Q1-2015 | Q1-2016 | Change | Change on a comparable basis ⁽¹⁾ |
|--|--------------|--------------|---------------|---|
| Revenues | 7,942 | 8,750 | 10.2% | 5.1% |
| EBITDA | 4,026 | 4,214 | 4.7% | 2.6% |
| Margin (%) | 50.7% | 48.2% | -2.5 pts | -1.2 pt |
| EBITA | 2,558 | 2,910 | 13.8% | 13.7% |
| Margin (%) | 32.2% | 33.3% | 1.1 pts | 2.5 pts |
| Group Share of Net Income | 1,316 | 1,526 | 16.0% | - |
| Margin (%) | 16.6% | 17.4% | 0.9 pt | - |
| CAPEX⁽²⁾ | 833 | 2,074 | 148.7% | - |
| Of which, licenses and frequencies | - | 882 | | |
| CAPEX / Revenues (excluding frequencies and licenses) | 10.5% | 13.6% | +3.1 pts | - |
| CFFO | 2,781 | 2,642 | -5.0% | - |

► Customer base

The number of Group customers totaled 53 million at end-March 2016, up 2.9% over the year, due essentially to the 3.6% growth in international customers. In the first quarter alone, group customers were up some 2.2 million.

► Revenues

As of March 31, 2016, the Maroc Telecom group had posted consolidated revenues⁽³⁾ of MAD 8,750 million, up 10.2% over the first quarter of 2015. On a comparable basis⁽¹⁾ it was up 5.1%, driven by International activities, which are continuing to grow, with total revenue up 27% (+12.7% on a comparable basis), and a return to growth in activities in Morocco (+0.9% vs. -0.5% in 2015), due to ongoing steady growth in Fixed and Internet segments, and the resilience of Mobile activities in an increasingly intense competitive environment.

► EBITDA

At end-March 2016, earnings before interest, tax, depreciation and amortization (EBITDA) for the Maroc Telecom group totaled MAD 4,214 million, up 4.7% (+2.6% on a comparable basis). This was due to continuous EBITDA growth in International activities (+11.2% on a comparable basis) and a slower decline of EBITDA in Morocco (-1.8% versus -3.8% in 2015).

Despite the dilutive effect of integrating the new African subsidiaries, the Group's EBITDA margin remained high at 48.2%, down 2.5% versus the first quarter of 2015 (-1.2% on a comparable basis).



► **EBITA**

In the first quarter of 2016, the Maroc Telecom group's consolidated earnings before interest, tax and amortization⁽⁴⁾ (EBITA) totaled MAD 2,910 million, up 13.7% on a comparable basis versus the first quarter of 2015. This increase was largely due to the increase in EBITDA, controlled growth of amortization expense (+3.5% on a comparable basis) and a capital gain following the disposal of a real estate asset. Excluding this one-off item, the Group's EBITA was up 1.1% on a comparable basis.

► **Net income**

At end-March 2016, the Group share of net income was up 16%, driven by growth in income in Morocco and in International activities, which specifically benefited from the property disposal. Excluding this one-off item, the Group's net share of income was up 4.2%.

► **Cash Flow**

In the first quarter of 2016, cash flow from operations (CFFO⁽⁵⁾) was down 5.0% versus the same period in 2015, to MAD 2,642 million. This change was due largely to the 15.7% increase in CFFO from international activities, which only partially offset the 15.2% decline in CFFO in Morocco.

OVERVIEW OF GROUP ACTIVITIES

- *Morocco*

| IFRS in millions of MAD | Q1-2015 | Q1-2016 | Change |
|------------------------------|--------------|--------------|---------------|
| Revenues | 5,112 | 5,157 | 0.9% |
| Mobile | 3,521 | 3,399 | -3.5% |
| Services | 3,461 | 3,319 | -4.1% |
| Equipment | 60 | 80 | 33.3% |
| Fixed | 2,104 | 2,240 | +6.5% |
| Of which, Fixed Data* | 537 | 597 | +11.3% |
| Elimination | -513 | -482 | |
| EBITDA | 2,728 | 2,680 | -1.8% |
| Margin (%) | 53.4% | 52.0% | -1.4 pts |
| EBITA | 1,828 | 1,767 | -3.3% |
| Margin (%) | 35.8% | 34.3% | -1.5 pts |
| CAPEX | 454 | 499 | 9.7% |
| CAPEX / revenues | 8.9% | 9.7% | 0.8 pts |
| CFFO | 1,855 | 1,572 | -15.2% |

*Fixed Data combines Internet, ADSL TV and Data Services to businesses

Activities in Morocco generated total revenue of MAD 5,157 million in the first quarter of 2016, up 0.9%. This return to growth in Morocco's revenues was fueled by growth in Fixed and Internet activities (+6.5% in one year), offsetting the decline in Mobile sales (-3.5% versus the first quarter of 2015).

Earnings before interests, tax, depreciation and amortisation (EBITDA) totaled MAD 2,680 million, down 1.8% versus the first quarter of 2015, due to higher charges for interconnection to other operators and despite operating costs that remained practically stable. EBITDA margin, although down 1.4 point, remained high at 52.0%.

Earnings before interest, tax and amortization (EBITA) totaled MAD 1,767 million, down 3.3%. This decline was due to the drop in EBITDA and the 1.3% increase in depreciation due to major investment programs in recent years. EBITA margin was 34.3%.

In the first three months of 2016, cash flow from operations in Morocco was down 15.2% to MAD 1,572 million, due largely to the decline in EBITDA and the 9.7% increase in network investment, specifically to expand 4G.

Mobile

| | Unit | Q1-2015 | Q1-2016 | Change |
|---|--------------------|---------------|---------------|--------------|
| Mobile | | | | |
| Customers⁽⁶⁾ | (000) | 18,165 | 18,317 | +0.8% |
| Pre-paid | (000) | 16,629 | 16,633 | +0.0% |
| Post-paid | (000) | 1,536 | 1,684 | +9.6% |
| Of which, Internet 3G/4G+ ⁽⁷⁾ | (000) | 4,983 | 6,779 | +36.0% |
| ARPU⁽⁸⁾ | (MAD/month) | 62.1 | 59.0 | -5.0% |
| Data as a % of ARPU ⁽⁹⁾ | (%) | 17.8% | 23.1% | +5.3 pts |

As of March 31, 2016, Mobile customers⁽⁶⁾ totaled approximately 18.3 million customers, up 0.8%. This slight growth was due to the 9.6% increase in post-paid customers and stable numbers of pre-paid customers. The rapid growth in Mobile Internet customers⁽⁷⁾ continued, with the number of customers up 36%, favored by increased usage on our 3G and 4G+ networks.

In an environment marked by increasingly intense price competition, Mobile posted revenues of MAD 3,399 million in the first quarter of 2016, and reduced its decline to -3.5% (versus -6.2% in 2015), due to steady growth in voice and data usage.

Revenues from Mobile services totaled MAD 3,319 million, down 4.1% versus the same period in 2015 due to a 30% decline in prices and the continuing decline in incoming international traffic.

Blended ARPU⁽⁸⁾ in the first three months of 2016 totaled MAD 59.0, down 5.0% vs. the same period of 2015, as higher voice and data usage failed to offset the sharp drop in prices.

Data Services⁽⁹⁾ continued to grow, and hit 23.1% of ARPU, up significantly by 5.3 points in one year due to the improvement of quality of service and the accelerated expansion of the 4G+.

Fixed

| | Unit | Q1-2015 | Q1-2016 | Change |
|--|-------|---------|---------|--------|
| Fixed | | | | |
| Fixed lines | (000) | 1,518 | 1,606 | +5.8% |
| Broadband Access⁽¹⁰⁾ | (000) | 1,030 | 1,174 | +14.0% |

Fixed customers totaled 1.606 million lines as of March 31, 2016, up 5.8%, driven by the Residential (+9%) and Business segments (+2).

ADSL customers continued their significant growth (+14.0%) to a total of nearly 1.2 million subscribers, despite the offers introduced by competitors in the market.

Fixed and Internet activities in Morocco posted total revenue of MAD 2,240 million in the first quarter of 2016, up 6.5% versus the same period in 2015, buoyed by 11.3% growth in Fixed Data revenue, which continues to be driven by the competitiveness of our High Speed offers (ADSL and fiber optic)

- **International**

Financial indicators


Since January 26, 2015, the date the acquisition was completed, International activities have included the new African operators in Côte d'Ivoire, Benin, Togo, Gabon, Niger and the Central African Republic, as well as Prestige Telecom, which provides IT services to these entities.

| IFRS in millions of MAD | Q1-2015 | Q1-2016 | Change | Change on a comparable basis ⁽¹⁾ |
|---|--------------|--------------|----------------|---|
| Revenues | 3,039 | 3,860 | +27.0% | +12.7% |
| of which, Mobile Services | 2,663 | 3,466 | +30.1% | +14.2% |
| EBITDA | 1,298 | 1,534 | +18.2% | +11.2% |
| <i>Margin (%)</i> | 42.7% | 39.7% | -3.0 pts | -0.5 pts |
| EBITA | 730 | 1,143 | +56.5% | +55.4% |
| <i>Margin (%)</i> | 24.0% | 29.6% | +5.6 pts | +8.0 pts |
| CAPEX | 379 | 1,575 | +315.5% | - |
| <i>Of which, licenses and frequencies</i> | - | 882 | | |
| <i>CAPEX/ Revenues (excluding frequencies and licenses)</i> | 12.5% | 17.9% | +5.4 pts | - |
| CFFO | 926 | 1,070 | +15.7% | - |

In the first quarter of 2016, the Group's International activities posted revenues of MAD 3,860 million, up 27.0% (+12.7% on a comparable basis). This significant increase in revenues reflects both the ongoing highly buoyant growth in the historical subsidiaries (+9.9% at constant exchange rates⁽¹¹⁾), particularly in Burkina Faso, and the continued acceleration in growth in the new subsidiaries (+19.1% on a comparable basis), particularly in Ivory Coast, Niger and the Central African Republic.

During this same period, EBITDA totaled MAD 1,534 million, up 18.2% (+11.2% on a comparable basis) due to the combined effect of higher revenues, a slight increase in gross margins, and despite significant growth in operating costs linked primarily to the increase in regulatory fees and royalties. The consolidation of the new African subsidiaries had a dilutive effect on EBITDA margin, which fell 3.0 points to 39.7%. On a comparable basis, EBITDA margin was practically stable (-0.5 pt).

EBITA totaled MAD 1,143 million, up 56.5% (+55.4% on a comparable basis), due to the effect of the higher EBITDA, which grew twice as fast as amortization (+11.2% versus 6.5% on a comparable basis), and the capital gain realized following the disposal of a major real estate asset (MAD 308 million). Excluding this extraordinary item, EBITA from International activities would have been up 11.9%, with an operating margin of 21.6%, up 0.2 point on a comparable basis.



Cash flow from operations (CFFO) internationally rose 15.7% versus the same period in 2015, with the rapid growth in EBITDA and the real estate one-off disposal more than offsetting the growth in CAPEX relating to the significant investment efforts to support subsidiaries growth. The remainder from the global license in Ivory Coast (MAD 822 million) and the allocation of a 3G license in Togo (MAD 61 million) were posted in the first quarter of 2016.

Operating indicators

| | Unit | Q1-2015 | Q1-2016 | Change |
|--------------------------------------|-------|---------|---------|--------|
| Mobile | | | | |
| Customer base ⁽⁶⁾ | (000) | | | |
| Mauritania | | 2,018 | 2,099 | +4.0% |
| Burkina Faso | | 6,156 | 6,912 | +12.3% |
| Gabon Telecom | | 1,164 | 1,138 | -2.3% |
| Mali | | 11,171 | 8,810 | -21.1% |
| Ivory Coast | | 3,959 | 5,395 | +36.3% |
| Benin | | 2,955 | 3,503 | +18.5% |
| Togo | | 1,929 | 2,196 | +13.8% |
| Moov Gabon | | 424 | 430 | +1.3% |
| Niger | | 595 | 967 | +62.6% |
| Central African Republic | | 128 | 138 | +7.9% |
| Fixed line | | | | |
| Customer base | (000) | | | |
| Mauritania | | 44 | 46 | +4.6% |
| Burkina Faso | | 80 | 76 | -4.9% |
| Gabon Telecom | | 20 | 18 | -6.1% |
| Mali | | 131 | 140 | +6.7% |
| Broadband | | | | |
| Customer base ⁽¹⁰⁾ | (000) | | | |
| Mauritania | | 9 | 11 | +23.9% |
| Burkina Faso | | 16 | 15 | -7.3% |
| Gabon Telecom | | 11 | 12 | +12.7% |
| Mali | | 55 | 58 | +6.0% |

Notes:

- (1) The like-for-like basis figures show the effects of the consolidation of the 6 new African operators as if they had been consolidated on January 1, 2015, and the figures maintained at a constant MAD/Ouguiya/CFA Franc exchange rates.
- (2) CAPEX corresponds to acquisitions of tangible and intangible assets recorded over the period.
- (3) Maroc Telecom consolidates the following companies in its financial statements, Mauritel, Onatel, Gabon Telecom, Sotelma and Casanet as well as the new African subsidiaries (Ivory Coast, Benin, Togo, Gabon, Niger, Central African Republic and Prestige Telecom which provides IT services to them) since their acquisition on January 26, 2015.
- (4) EBITA corresponds to operating income before amortization of intangible assets related to the business combinations, depreciations of goodwill and other intangible assets related to business combinations and other products and charges related to financial investment operations and transactions with shareholders (except when they are directly recognized in equity).
- (5) CFFO includes net cash flow from operating activities before tax, as presented in the cash flow statement, as well as dividends received from equity affiliates and non-consolidated equity investments. It also includes net industrial investments, which correspond to the net cash outflows related to the acquisitions and disposals of tangible and intangible assets.
- (6) The active customer base consists of prepaid customers who have made or received a voice call (excluding calls from the operators or its customer service centers) or have made an SMS/MMS or used Data services (excluding technical data exchanges with the operators network) during the past three months, and postpaid customers who have not terminated their agreements.
- (7) The active Mobile 3G et 4G+ Internet customer base includes holders of a postpaid subscription contract (coupled or not with a voice offer) and holders of a Prepaid Internet service subscription who made at least one top-up during the last three months or whose credit is valid and who used the service during that period.
- (8) ARPU is defined as revenue, (generated by incoming and outgoing calls and data services) net promotions, excluding roaming and equipment sales, divided by the average customer base over the period. It corresponds to the blended ARPU of the prepaid and postpaid segments.
- (9) Mobile Data revenues include revenue from all non-voice services (SMS, MMS, mobile Internet, etc.) including the promotion of Mobile and SMS included in all postpaid packages and Maroc Telecom's Jawal Pass.
- (10) The Broadband customer base includes ADSL access and leased connections in Morocco and also includes the CDMA customer base for the historical subsidiaries.
- (11) Maintenance of a constant MAD/Ouguiya/CFA Franc exchange rate.

Disclaimer:

Forward-looking statements. *This press release contains forward-looking statements and information relating to Maroc Telecom's financial position, operating results, strategy and outlook as well as the impacts of certain operations. Although Maroc Telecom believes that these forward-looking statements are based on reasonable assumptions, they are not guarantees of the company's future performance. Actual results may vary significantly from the forward-looking statements due to known and unknown risks and uncertainties, many of which are beyond our control, including the risks described in public documents filed by Maroc Telecom with Moroccan securities regulator (www.ammc.ma) and the Financial Markets Authority (www.amf-france.org), also available in French on our site (www.iam.ma). This press release contains forward-looking information that cannot be assessed on the day of its broadcast. Maroc Telecom makes no commitment to complete, update or modify such forward-looking statements as a result of new information, future event or for any other reason, subject to applicable regulations including articles III.2.31 et seq. of the circular of the Moroccan securities regulator and 223-1 et seq. of the general regulations of the Financial Markets Authority.*

Maroc Telecom is a global telecommunications operator in Morocco, leader in all its business segments including Fixed, Mobile and Internet. It has grown internationally and is now operating in ten countries in Africa. Maroc Telecom is listed simultaneously in Casablanca and in Paris and its shareholders are the Société de Participation dans les Télécommunications (SPT)* (53%) and the Kingdom of Morocco (30%).

* SPT is a Moroccan law corporation controlled by Etisalat.

Contacts

Investor relations

relations.investisseurs@iam.ma

Press relations

relations.presse@iam.ma