

Q1 2018 CONSOLIDATED RESULTS

Solid growth of results:

- » **Nearly 59 million customers in the Group, up 7.8%;**
- » **5.6% increase in consolidated revenue** thanks to the sharp increase of activities in Mobile and fixed markets both in Morocco and subsidiaries;
- » **5.7% increase in Group's EBITDA**, allowing to maintain the EBITDA margin at a high level of 49.8%;
- » **Sustained growth of 5.6% in Group share of Adjusted Net Income;**
- » **In Morocco, resumption of Mobile revenue growth (+2.7%),** thanks to the high popularity of Mobile Data.

To mark the publication of the quarterly results, Abdeslam Ahizoune, Chairman of the Management Board, made the following comments:

"The results of this first quarter confirm the relevance of the strategy and the effectiveness of the Maroc Telecom model. The Group's investment policy continues to support our customers' growing appetite for Very High

Speed Mobile and Fixed-line. New activities in Sub-Saharan Africa continue to show strong growth and confirm Maroc Telecom's choices regarding acquisitions in high-potential markets."

GROUP CONSOLIDATED RESULTS

IFRS in MAD million	Q1 2017	Q1 2018	Change	Change at constant exchange rates ⁽¹⁾
Revenues	8,517	8,994	+5.6%	+3.5%
EBITDA	4,242	4,482	+5.7%	+4.1%
<i>Margin (%)</i>	<i>49.8%</i>	<i>49.8%</i>	<i>+0.0 pt</i>	<i>+0.3 pt</i>
Adjusted EBITA*	2,649	2,862	+8.0%	+6.6%
<i>Margin (%)</i>	<i>31.1%</i>	<i>31.8%</i>	<i>+0.7 pt</i>	<i>+0.9 pt</i>
Group share of adjusted net Income	1,497	1,582	+5.6%	+4.5%
<i>Margin (%)</i>	<i>17.6%</i>	<i>17.6%</i>	<i>+0.0 pt</i>	<i>+0.2 pt</i>
CAPEX⁽²⁾	1,187	1,483	+24.9%	
<i>Including licenses and frequencies</i>	-	-		
<i>CAPEX/Revenue (excluding licenses and frequencies)</i>	<i>13.9%</i>	<i>16.5%</i>	<i>+2.5 pt</i>	
Adjusted CFFO	2,341	1,800	-23.1%	

*Details of the adjustments to the financial indicators are provided in Appendix 1.

► Customer base

The Group's customer base reached nearly 59 million customers at the end of March 2018, up 7.8% over a year, essentially due to the sustained growth of subsidiaries' Mobile customers as well as the rise in customer numbers for High Speed Mobile and Fixed-Line in Morocco.

► Revenue

Maroc Telecom generated consolidated revenues⁽³⁾ of MAD 8,994 million as of March 31, 2018, an increase of 5.6% (+3.5% at constant exchange rates) thanks to the significant revenue growth in Morocco (4.6% compared with Q1 2017) and at the subsidiaries (+4.9% at constant exchange rates).

► Earnings from operations before depreciation and amortization

The Maroc Telecom Group's earnings from operations before depreciation and amortization increased by 5.7% (+4.1% at constant exchange rates) and amounted to MAD 4,482 million. This performance was primarily due to the resumption of EBITDA

growth in Morocco, and to cost optimization efforts, which enabled an increase of only 1.8% in operating costs (at constant exchange rates).

The EBITDA margin rose by 0.3 pt at constant exchange rates, and remained at a high level of 49.8%.

► **Earnings from operations**

The Group consolidated adjusted earnings from operations⁽⁴⁾ (EBITA) amounted to MAD 2,862 million at the end of March 2018, a sharp increase of 8.0% (6.6% at constant exchange rates) due to the combined effect of the increase in EBITDA and the 0.3% decrease (at constant exchange rates) in amortization charges. The adjusted earnings from operations margin rose by 0.7 pt (+0.9 pt at constant exchange rates) to 31.8%.

► **Group share of net income**

Group share of adjusted net income was up 5.6% in Q1 2018 (+4.5% at constant exchange rates) compared with Q1 2017, as a result of the increase in the net income generated by activities in Morocco and in subsidiaries.

► **Cash flow**

Adjusted cash flow from operations (CFFO⁽⁵⁾) amounted to MAD 1,800 million, a decrease of 23.1% compared with the same period in 2017, due to the effect of seasonality on the change in Working Capital Requirement (WCR).

► **Special highlights**

The first quarter of 2018 was characterized by the payment of MAD 275 million for licenses in the Ivory Coast and Gabon. The financial statements for the first quarter of 2017 included MAD 183 million in restructuring costs (cash impact of MAD 553 million in the first quarter of 2017) and the payment of MAD 438 million for licenses in the Ivory Coast and in Togo.

Maroc Telecom received a summons from the Rabat Commercial Court on March 20, 2018 relating to a complaint filed by Wana Corporate on the grounds of unfair competition. The first hearing was held on April 2, and resulted in the case being deferred until April 23. Maroc Telecom will take all available measures to defend its rights.

REVIEW OF THE GROUP'S ACTIVITIES

Details of the financial indicators for "Morocco" and "International" activities are provided in Appendix 1

- **Morocco**

IFRS in MAD million	Q1-2017	Q1-2018	Change
Revenues	5,024	5,255	+4.6%
Mobile	3,275	3,364	+2.7%
Services	3,187	3,284	+3.1%
Equipment	88	80	-9.6%
Fixed line	2,214	2,322	+4.9%
<i>o/w Fixed-line Data*</i>	640	728	+13.8%
Elimination and other income	-465	-431	
EBITDA	2,643	2,771	+4.8%
<i>Margin (%)</i>	52.6%	52.7%	+0.1 pt
Adjusted EBITA	1,717	1,850	+7.7%
<i>Margin (%)</i>	34.2%	35.2%	+1.0 pt
CAPEX	599	591	-1.4%
<i>o/w licenses and frequencies</i>	-	-	
<i>CAPEX/revenues (excluding licenses and frequencies)</i>	11.9%	11.2%	-0.7 pt
Adjusted CFO	1,541	1,139	-26.1%

*Fixed-Line data includes Internet, ADSL TV and corporate Data services

The first quarter of 2018 confirms the return to growth of business activities in Morocco, which generated revenue of MAD 5,255 million, or a strong increase of 4.6%, thanks to revenue from Mobile (+2.7%) and Fixed-Line (+4.9%) activities, which benefited from the popularity of Broadband offers.

Earnings from operations before depreciation and amortization (EBITDA) amounted to MAD 2,771 million, an increase of 4.8% compared with the same period in the previous year, as the result of the increase in revenue. The EBITDA margin improved by 0.1 pt, and set up at a high level of 52.7%

Adjusted earnings from operations (EBITA) amounted to MAD 1,850 million, a sharp increase of 7.7%, which was due to the increase in EBITDA and to the stability of the amortization charges. The adjusted EBITA margin reached 35.2%, a year-on-year increase of 1.0 point.

Adjusted cash flow from operations in Morocco decreased by 26.1% as of March 31, 2018, and amounted to MAD 1,139 million, as a result of the impact of seasonality on the change in Working Capital Requirement (WCR).

Mobile

	Unit	Q1-2017	Q1-2018	Change
Mobile				
Customer base⁽⁶⁾	(000)	18,373	18,764	+2.1%
<i>Prepaid</i>	(000)	16,622	16,957	+2.0%
<i>Postpaid</i>	(000)	1,752	1,807	+3.1%
o/w 3G/4G+ Internet⁽⁷⁾	(000)	8,063	9,711	+20.4%
ARPU⁽⁸⁾	(MAD/mois)	56.6	57.5	+1.7%

The Mobile customer base⁽⁶⁾ has grown to 18.8 million customers as of March 31, 2018, a 2.1% year-on-year increase, driven by the 3.1% rise in post-paid customers and the 2.0% rise in prepaid customers.

At the end of March 2018, Mobile revenue resumed its growth and recorded a rise of 2.7% compared with the same period in the previous year. The impact of asymmetry of Mobile call terminations, which has been in effect since March 2017, was largely offset by the rise in Mobile Internet, and the marked reduction in the impact of the deregulation of telephony over IP in November 2016.

Outgoing revenues invoiced to customers recorded a sharp 6.8% increase, driven by the very strong growth in Mobile Data revenue (+45%), which more than offset the decrease in Voice.

Blended ARPU⁽⁸⁾ for the first three months of 2018 amounted to MAD 57.5 million, up 1.7% compared with the same period in 2017.

Fixed-Line and Internet

	Unit	Q1-2017	Q1-2018	Change
Fixed line				
Fixed line	(000)	1,670	1,752	+4.9%
Broadband access ⁽⁹⁾	(000)	1,285	1,397	+8.8%

The Fixed-line customer base was 1.8 million lines at the end of March 2018, an increase of 4.9%, driven by Double Play offers for the residential segment and by VPN IP solutions for companies. The Broadband customer base recorded a strong 8.8% increase, which was driven by the success of ADSL and FTTH.

The Fixed-Line and Internet activities in Morocco generated revenue of MAD 2,322 million, up 4.9% compared with the same period in 2017, thanks to the 13.8% rise in Data revenue which more than offset the decrease in Voice.

- **International**

Financial indicators

IFRS in MAD million	Q1-2017	Q1-2018	Change	Change at constant exchange rates ⁽¹⁾
Revenues	3,766	4,127	+9.6%	+4.9%
<i>o/w Mobile services</i>	3,399	3,777	+11.1%	+6.3%
EBITDA	1,599	1,711	+7.0%	+2.8%
<i>Margin (%)</i>	42.5%	41.5%	-1.0 pt	-0.8 pt
EBITA	932	1,011	+8.5%	+4.5%
<i>Margin (%)</i>	24.7%	24.5%	-0.2 pt	-0.1 pt
CAPEX	588	892	+51.7%	
<i>o/w licenses and frequencies</i>	-	-		
<i>CAPEX/ revenues (excluding licenses and frequencies)</i>	15.6%	21.6%	+6.0 pt	
Adjusted CFFO	800	661	-17.3%	

The Group's International activities generated revenue of MAD 4,127 million in the first quarter of 2018, an increase of 9.6% (4.9% at constant exchange rates), and were driven by the growth in new subsidiaries' income (11.8% at constant exchange rates), especially in the Ivory Coast, Benin, and Togo, where Maroc Telecom's subsidiaries are continuing to gain market share, and are benefiting from the growth in Data usage.

Earnings from operations before depreciation and amortization (EBITDA) amounted to MAD 1,711 million over the same period, up 7.0% (+2.8% at constant exchange rates) thanks to the increase in revenue.

Earnings from operations (EBITA) for the first quarter of 2018 amounted to MAD 1,011 million, up 4.5% at constant exchange rates, thanks to the increase in EBITDA and the stability of amortization charges.

Adjusted cash flow from operations (CFFO) from International activities amounted to MAD 661 million, down by 17.3%, which is primarily due to the 52% increase in investments.

Operating indicators

	Unit	Q1-2017	Q1-2018	Change
Mobile				
Customer base⁽⁶⁾	(000)	32,751	36,400	
Mauritania		2,041	2,188	+7.2%
Burkina Faso		7,040	7,368	+4.7%
Gabon		1,716	1,510	-12.0%
Mali		6,833	7,784	+13.9%
Ivory Coast		7,014	7,824	+11.6%
Benin		3,775	4,282	+13.4%
Togo		2,574	3,068	+19.2%
Niger		1,623	2,230	+37.5%
Central African Republic		135	146	+7.7%
Fixed line				
Customer base	(000)	295	307	
Mauritania		48	52	+8.0%
Burkina Faso		76	77	+0.9%
Gabon		19	22	+11.4%
Mali		151	156	+3.4%
Fixed- line Broadband				
Customer base⁽⁹⁾	(000)	101	109	
Mauritania		11	13	+18.7%
Burkina Faso		13	14	+4.6%
Gabon		14	17	+19.7%
Mali		63	65	+4.5%

Notes

- (1) At constant exchange rates for the MAD, Ouguiya and CFA franc.
- (2) CAPEX corresponds to the purchases of property, plant and equipment and intangible assets recognized 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 (in Ivory Coast, Benin, Togo, Niger, and Central African Republic), and Prestige Telecom which has provided IT services to those companies since their acquisition on January 26, 2015.
- (4) EBITA corresponds to EBIT before amortization of intangible assets acquired through business combinations, write-downs of goodwill and other intangible assets acquired through business combinations, and other income and expenses relating to financial investment transactions and transactions with shareholders (except when recognized directly in equity).
- (5) CFFO includes net cash flow from operations before tax, as set out in the cash flow statement, as well as the dividends received from companies consolidated via the equity method and non-consolidated equity investments. CFFO also includes net capital expenditure, which corresponds to net uses of cash for acquisitions, and disposals of property, plant and equipment and intangible assets.
- (6) The active customer base consists of prepaid customers who have made or received a voice call (excluding ERPT or Call-Center calls) or sent an SMS/MMS or used Data services (excluding ERPT services) during the past three months, and post-paid customers who have not terminated their agreements.
- (7) The active customer base for 3G and 4G+ Mobile Internet includes holders of a post-paid subscription agreement (with or without a voice offer) and holders of a prepaid Internet subscription agreement who have paid for at least one top-up during the past three months, or whose top-up is still valid, and have used the service during that period.
- (8) ARPU is defined as revenue (generated by incoming and outgoing 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, blended ARPU covers both the prepaid and post-paid segments.
- (9) The broadband customer base includes ADSL and FTTH (fiber optic) access and leased lines in Morocco, as well as the CDMA customer base for the historical subsidiaries.

Important notice:

Forward-looking statements This press release contains forward-looking statements regarding Maroc Telecom's financial position, income from operations, strategy, and outlook, as well as the impact of certain transactions. Although Maroc Telecom believes that these forward-looking statements are based on reasonable assumptions, they do not amount to guarantees in terms of the company's future performance. 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, including the risks described in public documents filed by Maroc Telecom with the Moroccan Capital Markets Authority (www.ammc.ma) and the French Financial Markets Authority (www.amf-france.org). These documents are also available in French on our website (www.iam.ma). This press release contains forward-looking information that can only be assessed on its publication date. Maroc Telecom is not making any commitment to supplement, update or amend these forward-looking statements as a result of new information, future events, or any other reason, subject to the applicable regulations and especially to Articles III.2.31 *et seq.* of the Circular issued by the Moroccan Capital Markets Authority and to Articles 223-1 *et seq.* of the French Financial Markets Authority's (AMF) General Regulations.

Maroc Telecom is a full-service telecommunications operator in Morocco, and the market leader in all its Fixed-Line, Mobile and Internet activities sectors. It has expanded internationally, and currently operates in ten African countries. Maroc Telecom is listed on both the Casablanca and Paris Stock Exchanges, and its majority shareholders are Société de Participation dans les Télécommunications (SPT*) (53%) and the Kingdom of Morocco (30%).

***SPT is a company incorporated under Moroccan law and controlled by Etsalat.**

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Appendix 1: Change from adjusted financial indicators to published financial indicators

Adjusted earnings from operations, Group share of adjusted net income, and adjusted cash flow from operations, are not strictly accounting measures and should be considered as additional information. They are a better indicator of the Group's performance as they exclude non-recurring items.

(in MAD million)	Q1 2017			Q1 2018		
	Morocco	International	Group	Morocco	International	Group
Adjusted EBITA	1,717	932	2,649	1,850	1,011	2,862
Non-recurring items:						
Restructuring costs	-183		-183			
Published EBITA	1,534	932	2,466	1,850	1,011	2,862
Group share of adjusted net income			1,497			1,582
Non-recurring items:						
Restructuring costs			-128			
Reported net income – Group share			1,369			1,582
Adjusted CFFO	1,541	800	2,341	1,139	661	1,800
Non-recurring items:						
Restructuring costs	-553		-553			
License payments		-438	-438		-275	-275
Published CFFO	988	362	1,350	1,139	386	1,525