

2006 results

Strong growth of 2006 Maroc Telecom consolidated results:

- Revenues: +10.1%
- Earnings from operations: +15.7%
- Net income group share: + 16.0%

**Dividend proposal: 7.88 dirhams/share,
i.e. 100% of the distributable income**

*Mr. Abdeslam Ahizoune,
Chairman of the Management Board declared:*

'One more time, Maroc Telecom has registered outstanding results. We have boosted the market through our acquisition efforts, customer loyalty improvements and innovations, which allow us to exceed our forecasts. We will distribute all results to our shareholders, while ensuring the company the means of its development, as we did with Burkina Faso and Gabon acquisitions. Our 2007 growth prospects, excluding new acquisitions, are still strong, exceeding 6% for revenues and 10% for EFO.'

On March 1, 2007, the Supervisory Board examined the 2006 consolidated financial statements, established in accordance with IFRS standards and approved by the statutory auditors.

<i>in MAD million - IFRS</i>	2006	2005	<i>% change</i>
Consolidated revenues	22 615	20 542	10,1%
Fixed-line and Internet (gross ⁽¹⁾)	12 613	11 949	5,6%
Mobile (gross ⁽¹⁾)	14 684	12 772	15,0%
Consolidated Earnings from Operations	10 043	8 678	15,7%
Fixed-line and Internet	3 139	3 284	-4,4%
Mobile	6 904	5 394	28,0%
Net income before tax	10 172	8 807	15,5%
Net income group share	6 739	5 809	16,0%
Net cash position⁽²⁾	2 686	7 466	-64,0%

Earnings from operations (EFO)

2006 Maroc Telecom consolidated EFO amounted to MAD 10,043 million, up 15.7% compared to 2005, with the combined effect of a 10.1% revenues growth and acquisition costs control, despite the continuing increase of Mobile⁽³⁾ (+30.0%) and ADSL⁽⁴⁾ (+58.7%) customer bases⁽⁴⁾.

This figure includes a MAD 300 million provision for a new voluntary redundancy plan, which has a similar financial impact on EFO as the restructuring charge funded in 2005.

In the 2006 fourth quarter, Maroc Telecom group consolidated EFO amounted to MAD 2,446 million, up 10.0% compared to 2005.

- **Mobile**

2006 Mobile EFO amounted to MAD 6,904 million, up 28.0% compared to 2005, corresponding to an EFO margin of 47%, up 5 points compared to 2005, which is the result of the acquisition costs control in a fast growing customer base context.

In the fourth quarter, Mobile EFO is up 25.3% at MAD 1,705 million.

- **Fixed-line and Internet**

2006 Fixed-line and Internet EFO amounted to MAD 3,139 million, down 4.4% compared to 2005. This decrease is mainly explained by the growth of network costs, related to capacities extension that are linked mainly with ADSL transmission.

In the fourth quarter, Fixed-line and Internet EFO amounted to MAD741 million, down 14.1%.

- **Mauritel**

In 2006, Mauritel group EFO amounted to MAD 295 million, up 10.9%. Excluding the impact of the redundancy plan implemented in the Fixed-line activity (MAD 29 million), EFO increased by 21.8%. This achievement is mainly due to the 24.6% increase of Mobile EFO.

(1) Gross revenues include intercompany revenues between the fixed and mobile businesses of Maroc Telecom (interconnection fees and leased lines).

(2) The net cash position is the total of availabilities and securities decreased by the amount of financial debts.

(3) The customer base includes prepaid customers giving a voice call during the last 3 months and not cancelled postpaid customers compliant with the ANRT definition.

(4) Excluding Mauritel group.

- **Mobisud**

In 2006, Mobisud revenues amounted to MAD 0.4 million and its EFO is negative at MAD 35 million, since it includes all launch costs and only one month of revenues.

Net income group share

2006 net income amounted to MAD 6,739 million, up 16.0% compared to 2005.

Cash and equivalent

2006 consolidated net cash position⁽²⁾ of Maroc Telecom group amounted to MAD 2.7 billion, compared to MAD 7.5 billion in 2005, due to the payment of MAD 9.6 billion to shareholders and the MAD 2.5 billion Onatel acquisition.

Dividend

The Supervisory board will propose at the General Shareholders Meeting scheduled on April 12, 2007, the payment of an ordinary dividend of 7.88 dirhams/share, i.e. an amount of MAD 6.9 billion, corresponding to the full distribution of the distributable income.

2007 Outlook

Based on the current market conditions, and assuming no major exceptional disrupt of the group's business, at the same scope (excluding Onatel and Gabon Telecom), consolidated revenues growth is expected to exceed 6% and EFO growth is expected to exceed 10%.

Maroc Telecom is Morocco's incumbent telecommunications operator and the country's market leader in fixed-line and mobile telecommunications and Internet access. Since December 2004, Maroc Telecom is listed on the Casablanca and Paris stock exchanges and its main shareholders are Vivendi (51%) and the Kingdom of Morocco (34%).

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Appendix 1

Revenues and operating income by business segment

	Year		
	2006	2005	%change
<i>in MAD million - IFRS</i>			
Consolidated revenues	22 615	20 542	10,1%
Fixed-line and Internet (gross)⁽¹⁾	12 613	11 949	5,6%
Maroc Telecom	12 304	11 617	5,9%
Mauritel	309	332	-6,9%
Mobile (gross)⁽¹⁾	14 684	12 772	15,0%
Maroc Telecom	13 996	12 198	14,7%
Mauritel	688	574	19,9%
Intercompany transactions	-4 682	-4 179	12,0%

Consolidated Earnings from operations	10 043	8 678	15,7%
Fixed-line and Internet	3 139	3 284	-4,4%
Maroc Telecom	3 153	3 266	-3,5%
Mauritel	-14	18	-177,8%
Mobile	6 904	5 394	28,0%
Maroc Telecom	6 630	5 146	28,8%
Mauritel	309	248	24,6%
Mobisud	-35	-	-

	4th quarter		
	2006	2005	%change
<i>in MAD million - IFRS</i>			
Consolidated revenues	5 532	5 264	5,1%
Fixed-line and Internet (gross)⁽¹⁾	3 198	3 091	3,5%
Maroc Telecom	3 121	3 003	3,9%
Mauritel	77	88	-12,5%
Mobile (gross)⁽¹⁾	3 563	3 241	9,9%
Maroc Telecom	3 381	3 088	9,5%
Mauritel	182	153	19,0%
Intercompany transactions	-1 229	-1 068	15,1%

Consolidated Earnings from operations	2 446	2 224	10,0%
Fixed-line and Internet	741	863	-14,1%
Mobile	1 705	1 361	25,3%

Appendix 3

Consolidated Statement of income as of December 31, 2006

(in millions of Moroccan dirhams)

	2006	2005
Consolidated revenues	22,615	20,542
Purchases	-3,692	-3,879
Payroll costs	-2,060	-2,056
Sundry taxes and duties	-771	-680
Other operating income and expenses	-2,686	-2,610
Net depreciation, amortization and provisions	-3 363	-2,639
Earnings from operations	10,043	8,678
Other income (charges) from ordinary activities	7	4
Income from equity affiliates	-21	14
Earnings From ordinary activities	10,029	8,695
Income from cash and cash equivalents	149	143
Interest on gross debt	-7	-13
Interest on net debt	142	130
Other financial income	4	47
Other financial charges	-3	-65
Net financial items	143	112
Tax expense	-3,339	-2,886
Earnings	6,833	5,921
Attributable to the equity holders of the parent	6,739	5,809
Minority interests	94	112
EARNINGS PER SHARE <i>(in Moroccan dirhams)</i>		
	2006	2005
Net income - group share	6,739	5,809
Number of shares as of December 31	879,095,340	879,095,340
Earnings per share	7,7	6,6
Diluted earnings per share	7,7	6,6

Appendix 4

Consolidated cash flow statement as of December 31, 2006

<i>(in millions of Moroccan dirhams)</i>	<u>31/12/2006</u>	<u>31/12/2005</u>
Consolidated earnings (including minority interests)	6,833	5,921
Net depreciation, impairment and provisions	3,043	2,503
Non-cash expense/income	74	-14
Capital gains and losses	-6	-33
Cash flow after interest on net debt and income tax	9,944	8,377
Interest on net debt	-142	-130
Income tax expense (including deferred taxes)	3,339	2,886
Cash flow before interest on net debt and income tax (A)	13,141	11,133
Tax paid (B)	-3,152	-3,084
Change in WCR related to operating activities (C)	1,244	377
Cash flow from operating activities (D) = (A+B+C)	11,233	8,426
Purchase of PP&E and intangible assets	-3,978	-3,210
Proceeds from disposals of PP&E and intangible assets	7	26
Purchase (non-consolidated investments)	-2,481	-13
Proceeds from disposals (non-consolidated investments)	-	62
Change in long-term debt	-3	16
Effects of changes in scope of consolidation (*)	20	-
Cash flow from investing activities (E)	-6,435	-3,119
Dividends paid during the year	-6,142	-4,424
Principal payments on borrowings	-79	-757
Net interest paid	122	83
Changes in share capital (share capital reduction)	-3,516	-
Cash flow from financing activities (F)	-9,615	-5,098
Foreign currency translation adjustments (G)	-27	11
Change in cash and cash equivalents (D+E+F+G)	-4,844	219