

HALF-YEAR RESULTS

2016

Presentation to Analysts





# HIGHLIGHTS



LARGE EXPANSION  
OF THE 4G+ NETWORK

MERGER OF  
GABON TELECOM  
AND MOOV GABON

CONTINUING  
STRONG GROWTH  
INTERNATIONALLY

GROWTH IN  
CONSOLIDATED  
REVENUE

GROWTH IN  
CONSOLIDATED NET  
RESULT, EBITDA AND  
EBITA

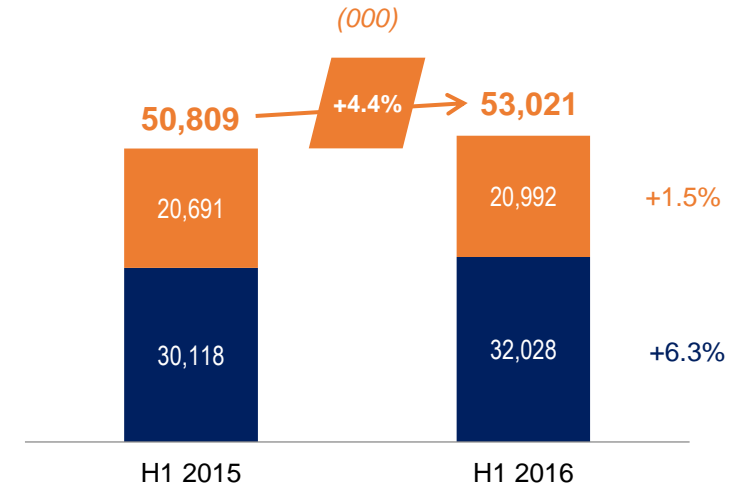
CONTINUING  
CAPITAL INVESTMENT TO  
SUPPORT GROWTH IN  
MOROCCO AND  
INTERNATIONALLY

## CUSTOMER BASE UP BY 4.4%, TO OVER 53 MILLION CUSTOMERS

- **Continuing growth** in customer base despite the customer identification process in all countries

■ Morocco  
■ International

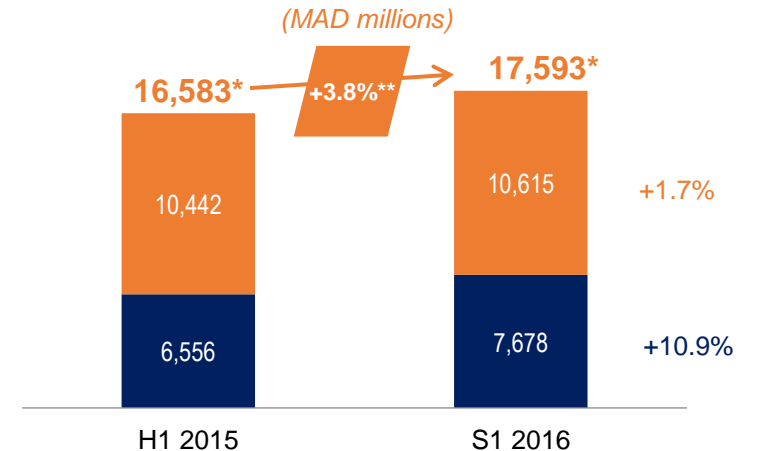
## / GROWTH IN CUSTOMER BASE /



## SUSTAINED GROWTH IN CONSOLIDATED REVENUE (+3.8% in H1 2016 on a like-for-like basis)

- Sustained growth internationally with **10.9% increase** in H1 2016 on a like-for-like basis.
- **Confirmation of return to growth of revenues in Morocco (+1.7%)** thanks to the success of Very High Speed Fixed and Mobile packages.

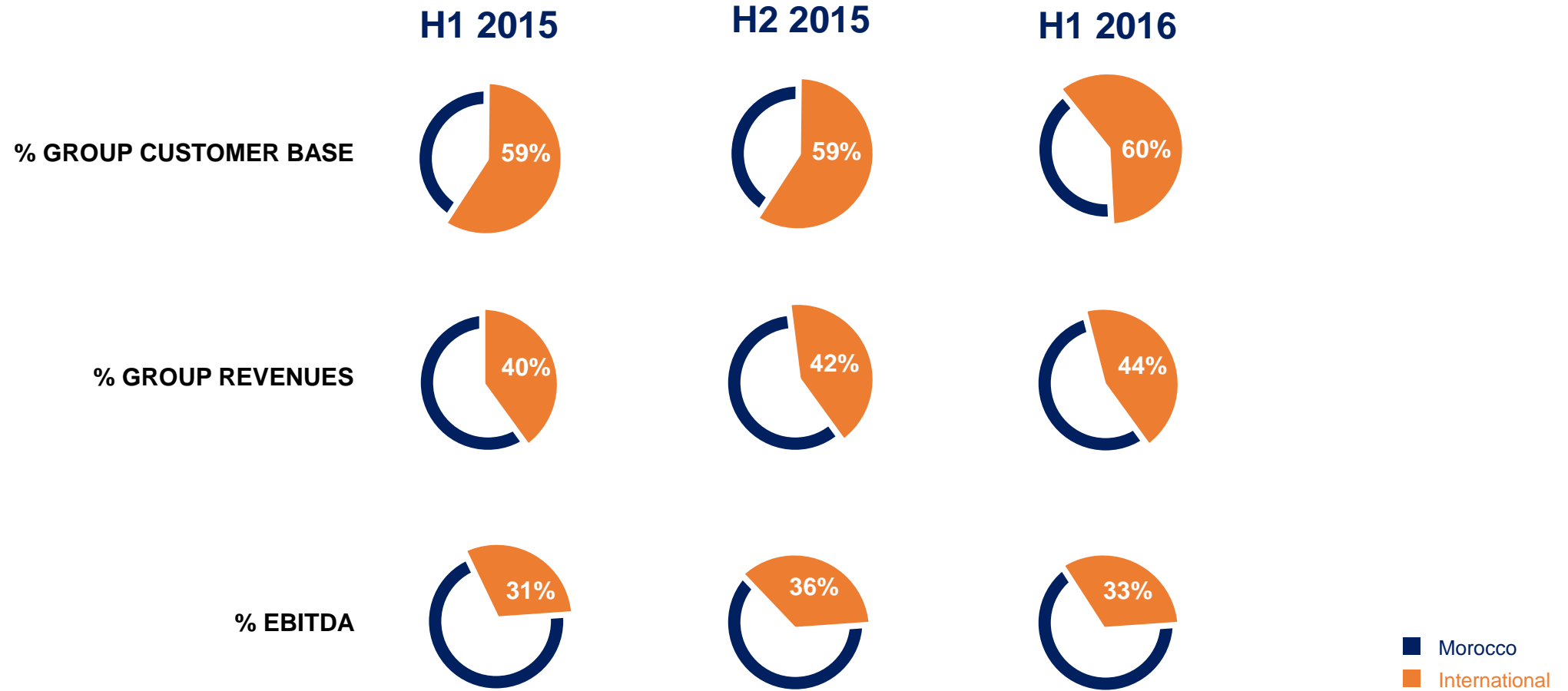
## / GROWTH IN CONSOLIDATED GROUP REVENUE /



\* Taking into account the eliminations

\*\*The like-for-like basis shows the impact of the consolidation of the Moov subsidiaries as if they had occurred on January 1, 2015, and if the MAD/Ouguiya/CFA Franc exchange rate had remained unchanged.

# SUCCESS OF THE INTERNATIONAL DEVELOPMENT STRATEGY

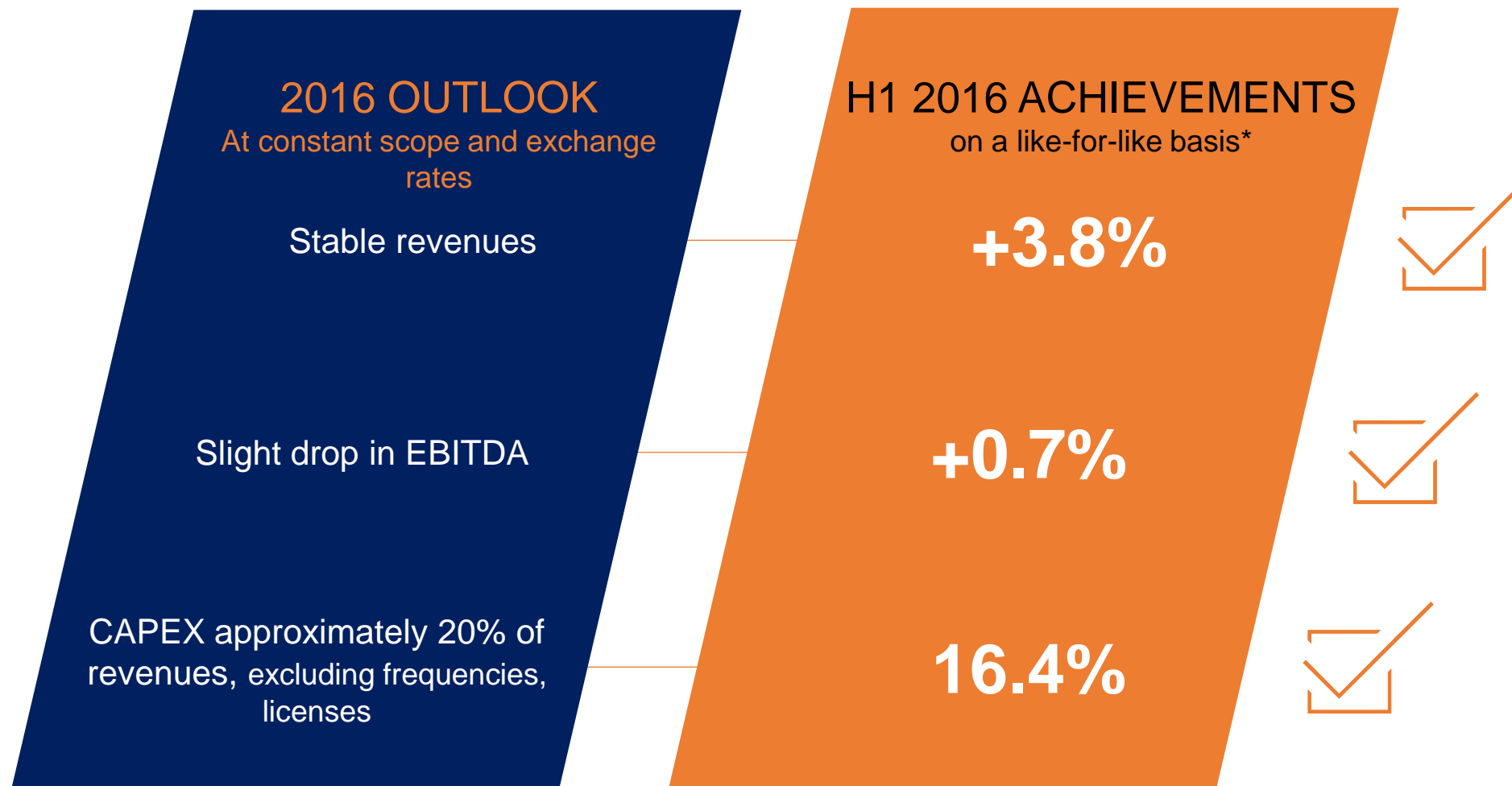


## IN MOROCCO

- New pricing guidelines:
  - ✓ On-net / Off-net pricing differentiation permitted for non-dominant operators
  - ✓ Replicability test: minimum 20% margin required for Maroc Telecom in Fixed-Line and Mobile
  - ✓ Replicability test for promotions in terms of total cost for all operators (vs the cost of call terminations in the old guidelines)
- ANRT powers strengthened to levy penalties for anticompetitive practices and control of business concentration

## AT SUBSIDIARIES

- 3G license granted in Togo and a global license in Ivory Coast
- Reduction in call terminations in Togo, Gabon, Mali, Benin, Niger and Mauritania
- Tax and tax-related pressure in Benin
- Identification of customers: waves of suspensions of unidentified customers in Mali, Togo, Benin and Mauritania



\* The like-for-like basis shows the impact of the consolidation of the 6 new African operators as it had occurred on January 1<sup>st</sup>, 2015 and constant MAD/Ouguiya/CFA Franc exchange rate.



# BUSINESS REVIEW

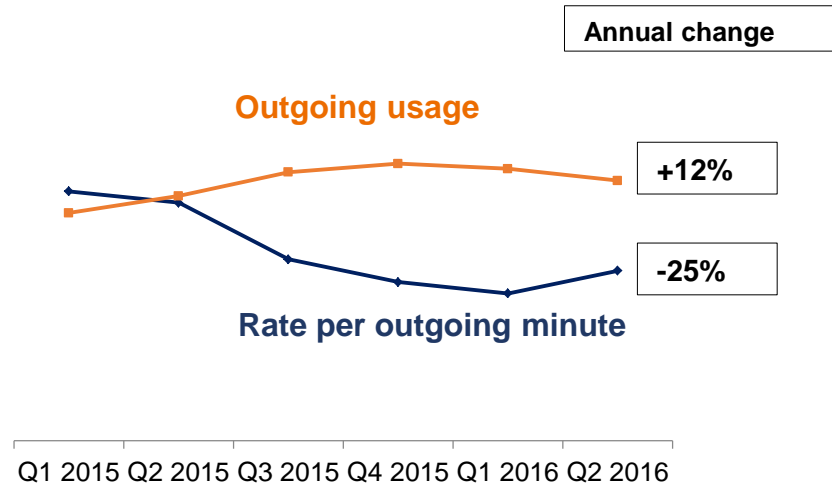




# MOROCCO – MOBILE PRICE INCREASE IN Q2

## POSTPAID

- Withdrawal of Unlimited National Mobile plan for MAD 199.
- Review of offers to be in accordance with the new guidelines

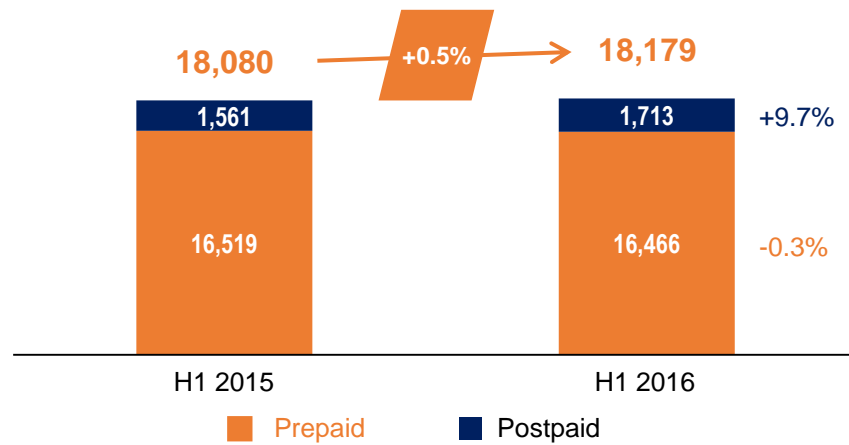


## PREPAID

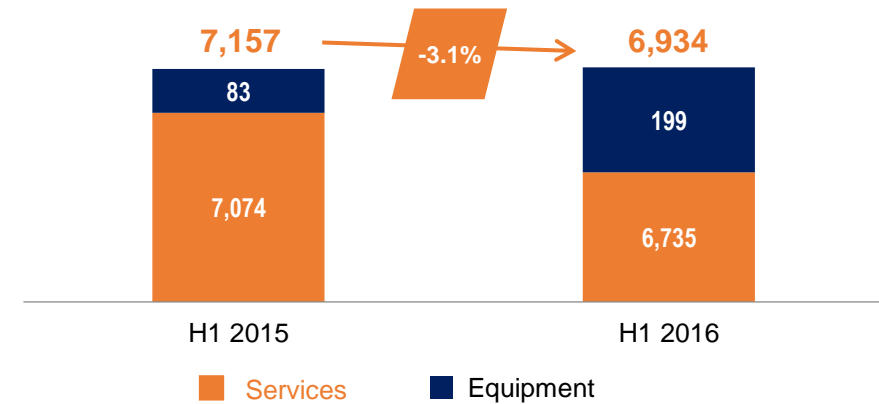
- “Exceptional Pass” promotion ended.
- Prepaid Pass structure revamped (SMS removed, more Data...).
- Pass validity period shortened (3 months instead of 6 months).

OUTGOING PRICE INCREASE SINCE APRIL 2016 (+8.8% vs T1 2016)

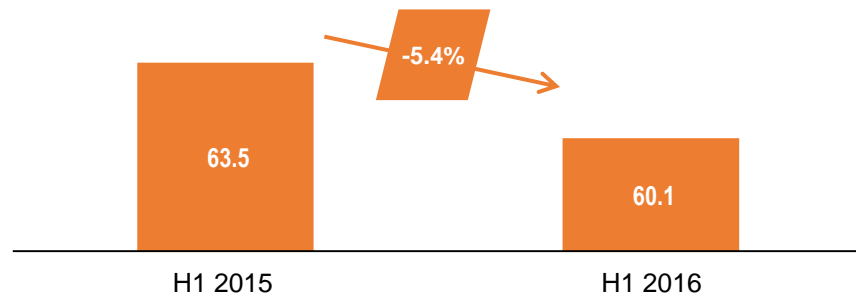
/ MOBILE CUSTOMER BASE /  
(000)



/ REVENUE FROM MOBILE SERVICES /  
(MAD millions)

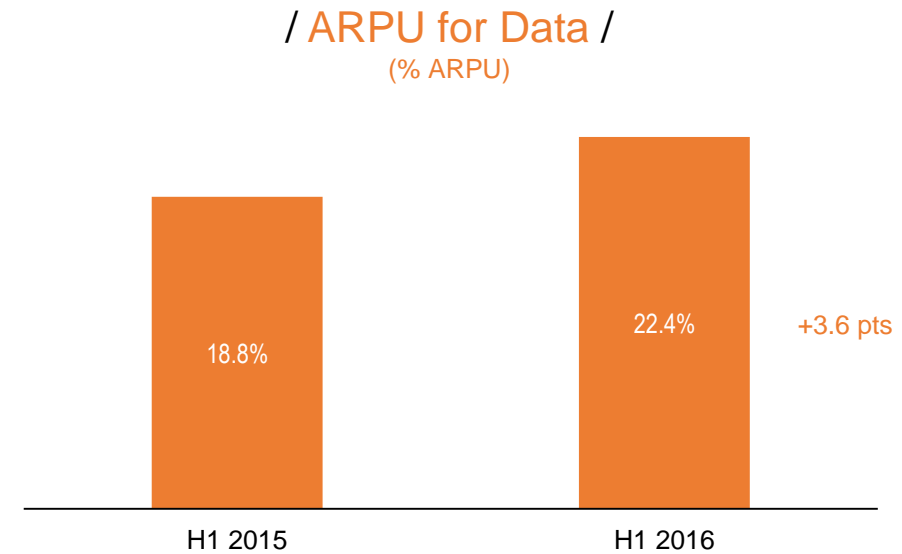
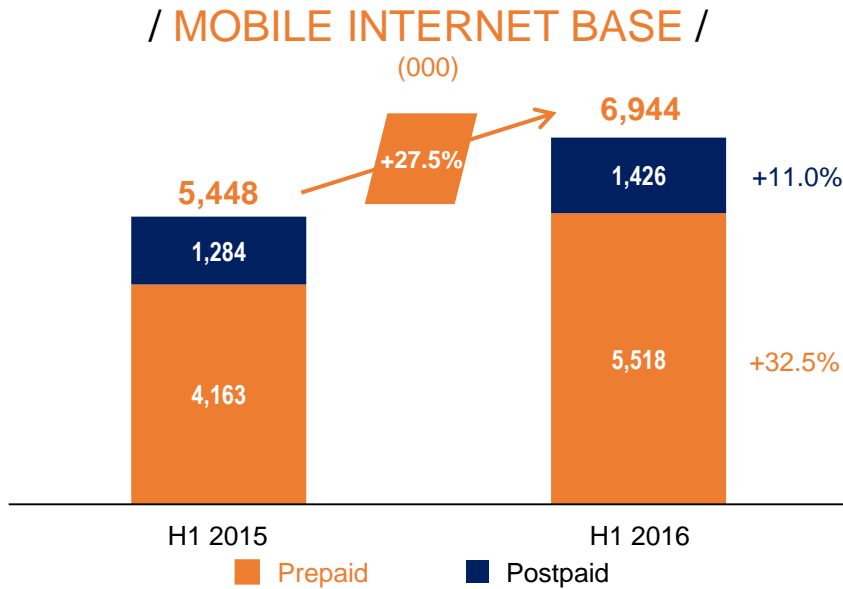


/ ARPU /  
(MAD/month)



- Slight growth in Mobile customer base.
  - Market share up 1.6 pts year-on-year to 43.5% at end March 2016
  - Steady growth in Postpaid Mobile
  - Prices declined in H1 2016 (-23%) despite an increase of 8.8% in Q2 (vs. Q1 2016)
  - Slowing down in the decrease of international incoming traffic

# MOROCCO – MOBILE DATA CONTINUING SURGE IN MOBILE DATA



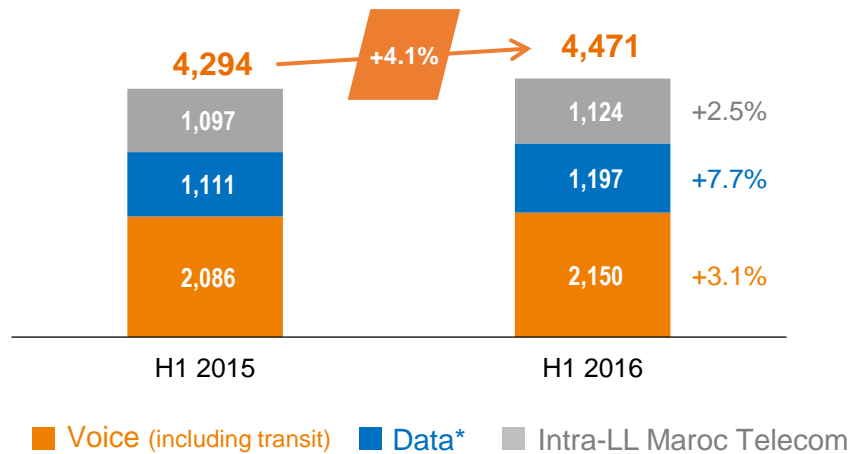
High demand of 3G/4G internet as a result of:

- Expansion of the 4G+ network
- The **popularity** of Mobile Internet: thanks to enhanced-volume Internet Pass packages and high penetration of smartphones
- The **monetization** of Data: Data ceilings approved (connection suspended once ceiling is reached) and marketing of additional top-ups

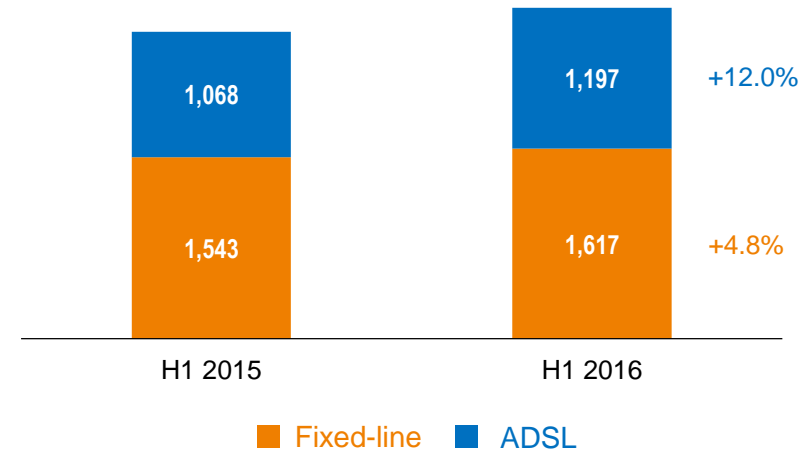
➔ Maroc Telecom is the solid leader in Mobile Internet with 51% market share at end March 2016

# MOROCCO - FIXED-LINE AND INTERNET STRONG AND STEADY GROWTH IN FIXED-LINE ACTIVITIES

/ FIXED-LINE & INTERNET REVENUES /  
(MAD millions)



/ FIXED-LINE & ADSL CUSTOMER BASE \*\* /  
(000)

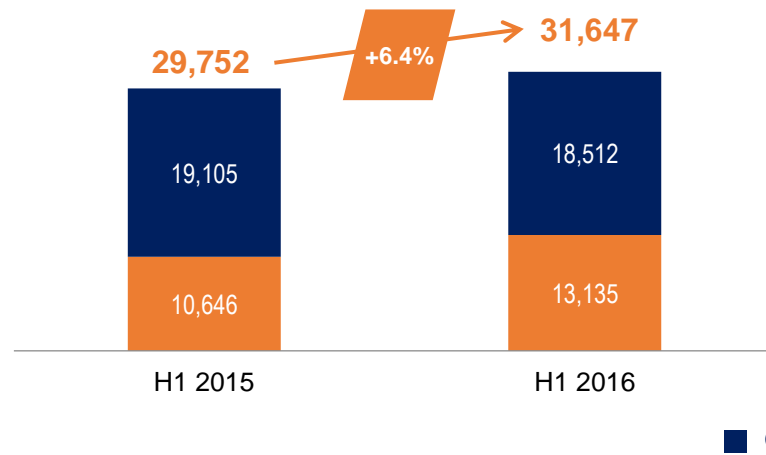


Continuing strong growth in fixed-line and internet businesses thanks to success of broadband with many customers signing up for “double play” offers

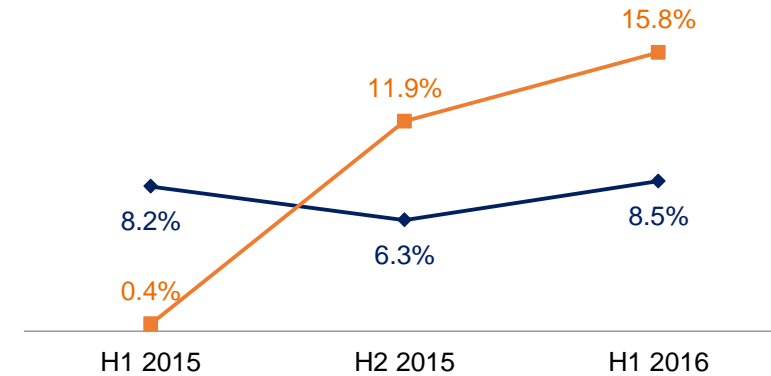
\* Fixed-line data includes Internet, ADSL TV, and Data services to businesses. \*\* Includes low-speed and leased connections.

# INTERNATIONAL MAINTAINING A VERY STEADY GROWTH

/ MOBILE CUSTOMER BASE /  
(000)



/ REVENUE GROWTH  
ON A LIKE-FOR-LIKE BASIS\* /

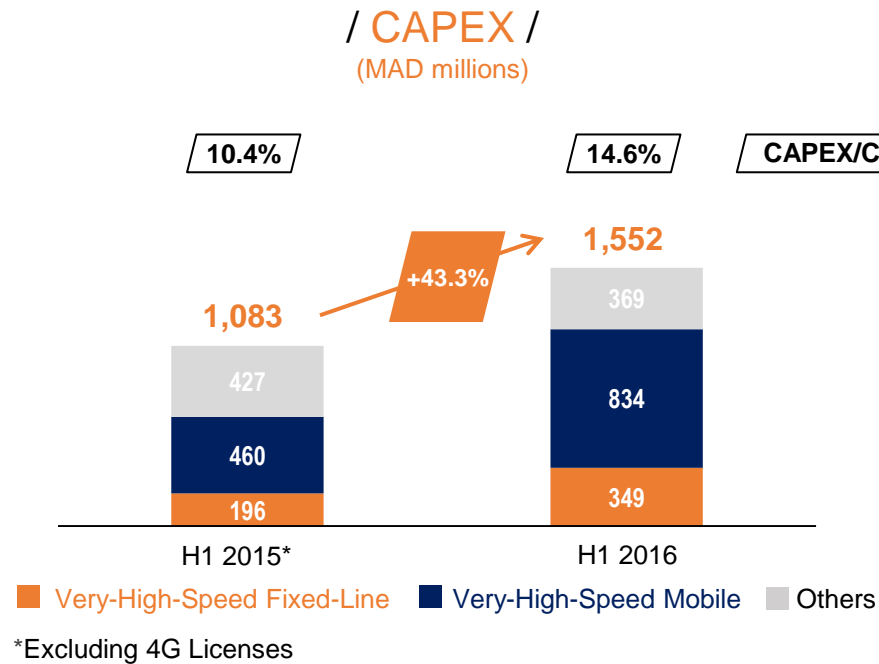


## CONTINUING SUSTAINED GROWTH AT IN OLD SUBSIDIARIES

- Strong growth in Burkina Faso and Gabon
- The identification process is impacting the Mobile customer bases
- Maturity of certain markets

## CONTINUING GROWTH AT NEW SUBSIDIARIES

- Very strong growth in Niger and Ivory Coast
- Robust growth in Benin
- Restructuring in CAR and Gabon



**/ COVERAGE /**  
(As % of population)

	H1 2015	H1 2016
<b>2G</b>	99.4%	99.5%
<b>3G</b>	86.4%	86.6%
<b>4G</b>	0%	70.0%

## MOBILE NETWORK

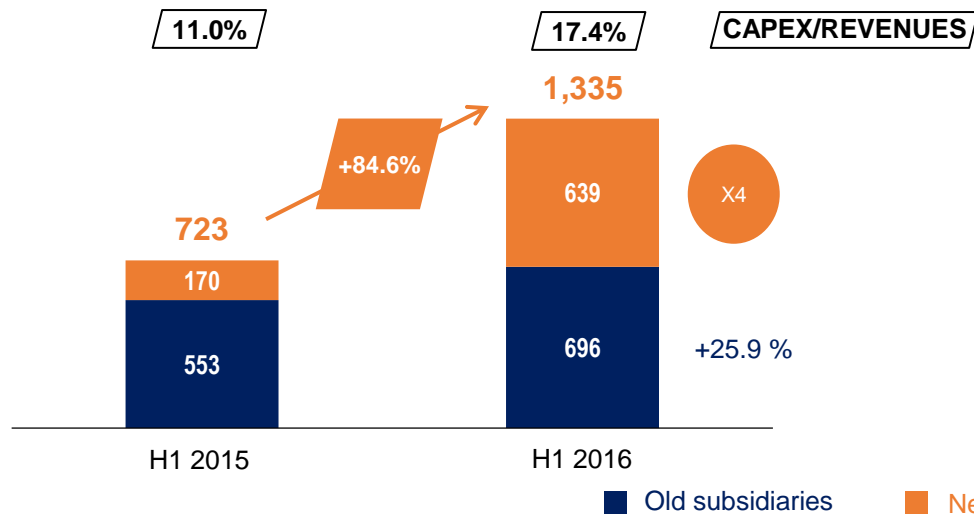
- Investment focused on High Speed with 70% of the population having 4G coverage, making Maroc Telecom the leading 4G+ operator in Morocco.

## FIXED-LINE NETWORK

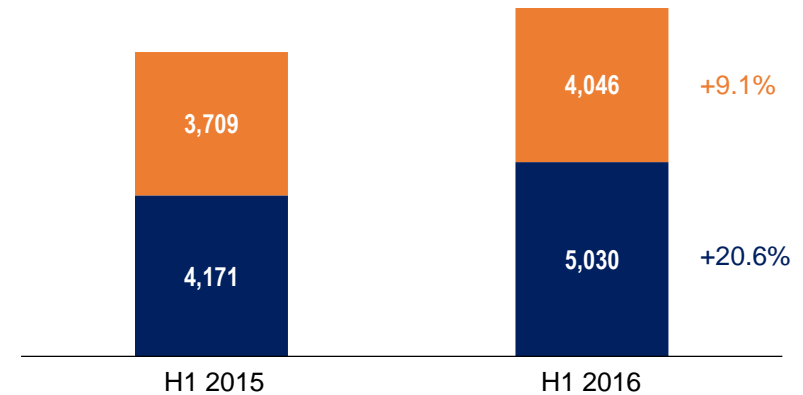
- Fiber optic network extended to cover the main cities in the Kingdom.
- Optical backbone upgraded to 100 Gbps to support traffic growth.

# INTERNATIONAL – CONTINUING INVESTMENT TO SUPPORT GROWTH IN SUBSIDIARIES

/ CAPEX (excluding licenses) /  
(MAD millions)



/ CHANGE IN NUMBER OF RADIO SITES /



## NEW SUBSIDIARIES

- Continuing expansion of network capacity to support growth in 2016 (customer capacity).
- Initiation of High Speed Mobile program in the new subsidiaries (4G in Ivory Coast and in Benin, 3G in Togo).

## OLD SUBSIDIARIES

- Continued investment to densify and improve mobile coverage and upgrade equipment to support the increase in voice and data usage.



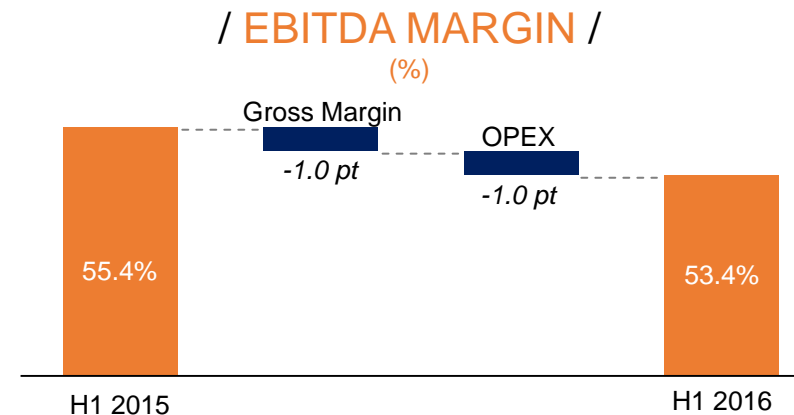
# FINANCIAL REVIEW



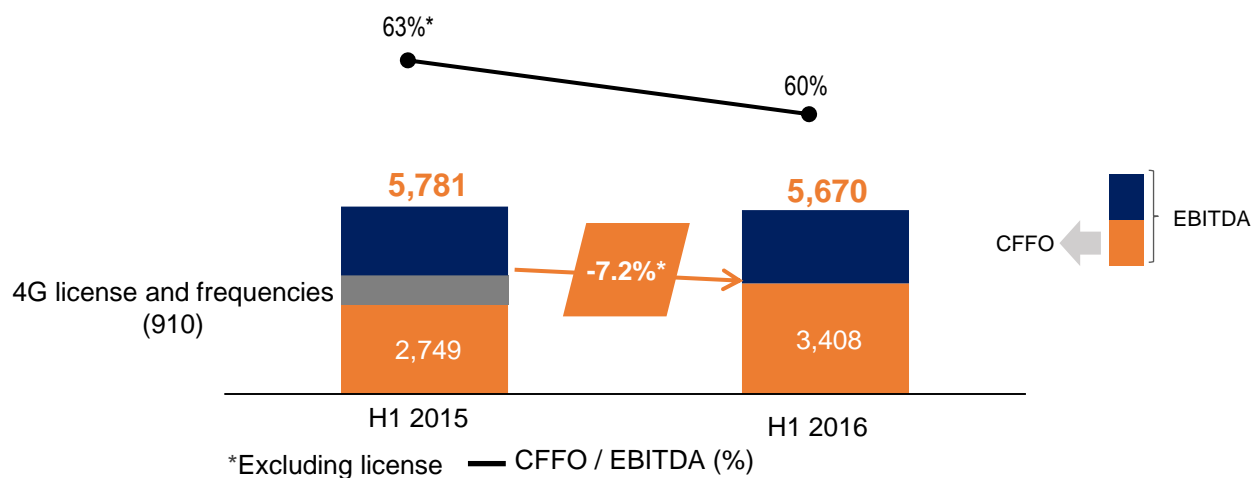


# MOROCCO – MARGINS MAINTAINED AT HIGH LEVEL AND STRONG CASH GENERATION

M MAD	H1 2015	H1 2016	Change
REVENUES	10,442	10,615	1.7%
EBITDA	5,781	5,670	-1.9%
Margin (%)	55.4%	53.4%	-1.9 pt
EBITA	3,961	3,824	-3.5%
Margin (%)	37.9%	36.0%	-1.9 pt
CAPEX	1,993	1,552	-22.1%
o/w license and frequencies	910	-	-
CAPEX/revenue (excl.license and frequencies)	10.4%	14.6%	+4.2 pts
CFFO	2,749	3,408	+24.0%
% EBITDA	47.5%	60.1%	+12.6 pts
NET DEBT	13,417	13,955	-
Net debt/EBITDA	1.1x	1.2x	-



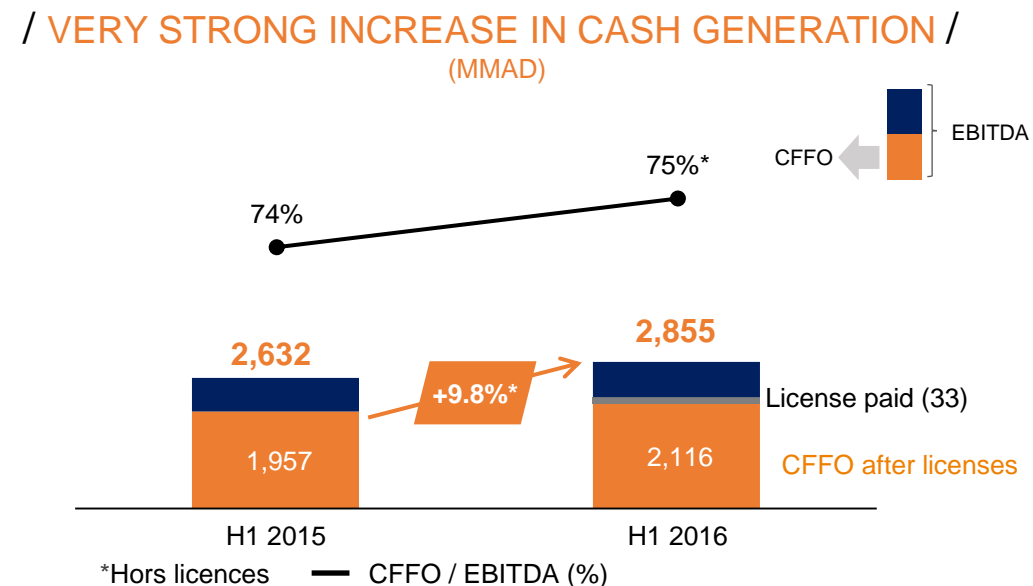
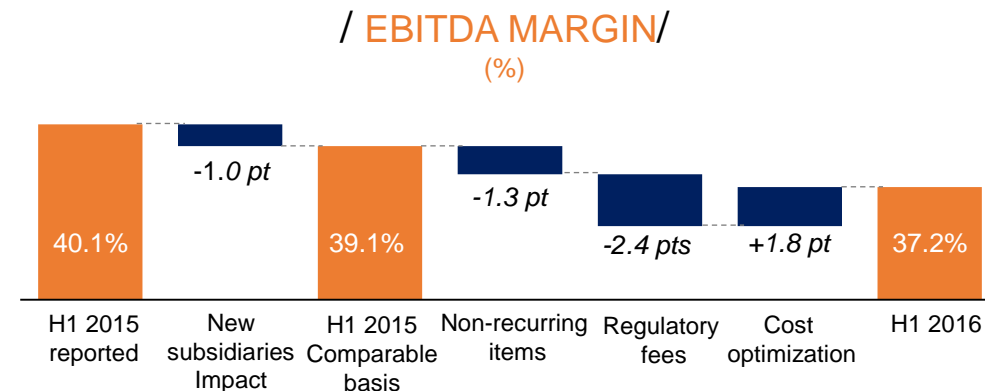
**/ CONTINUED STRONG CASH GENERATION /**  
(MAD millions)



# INTERNATIONAL – SUSTAINED EARNINGS GROWTH AND CASH GENERATION

MAD millions	H1 2015	H1 2016	Change	Change (like-for-like)
REVENUES	6,556	7,678	+17.1%	+10.9%
EBITDA	2,632	2,855	+8.5%	+6.1%
Margin (%)	40.1%	37.2%	-3.0 pts	-1.7 pt
EBITA	1,391	1,780	+28.0%	+28.9%
Margin (%)	21.2%	23.2%	-2.0 pts	+3.1 pts
CAPEX	723	2,223	-	-
o/w licenses and frequencies	-	888	-	-
CAPEX/revenue (excl.licenses and frequencies)	11.0%	17.4%	+6.4 pts	-
CFFO	1,957	2,116	+8.1%	+6.5%
% EBITDA	74.3%	74.2%	-0.2 pt	-
NET DEBT	4,674	5,602	-	-
Net debt/EBITDA	0.9x	1.0x	-	-

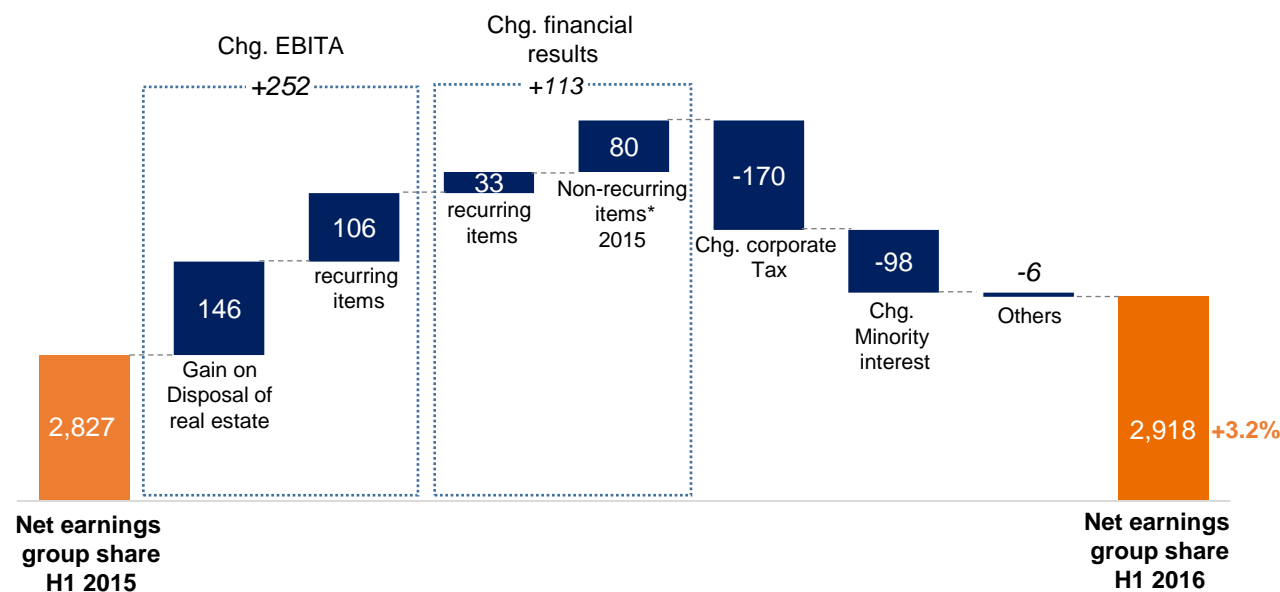
EBITA in H1 2016 includes 297 MMAD gain on disposal of real estate



# MAROC TELECOM GROUP CONSOLIDATED RESULTS

MAD millions	H1 2015	H1 2016	Change	Change (like-for-like)
REVENUES	16,583	17,593	+6.1%	+3.8%
EBITDA	8,413	8,525	+1.3%	+0.7%
Margin (%)	50.7%	48.5%	-2.3 pts	-1.5 pt
EBITA	5,351	5,603	+4.7%	+5.0%
Margin (%)	32.3%	31.9%	-0.4 pt	+0.4 pt
Financial profit/loss	-316	-203	-35.7%	
Corporate tax	-1,724	-1,894	+9.9%	
Minority interests	-467	-565	+21.0%	
<b>NET EARNINGS – GROUP SHARE</b>	<b>2,827</b>	<b>2,918</b>	<b>+3.2%</b>	

## / NET INCOME ATTRIBUTABLE TO GROUP / (MAD millions)

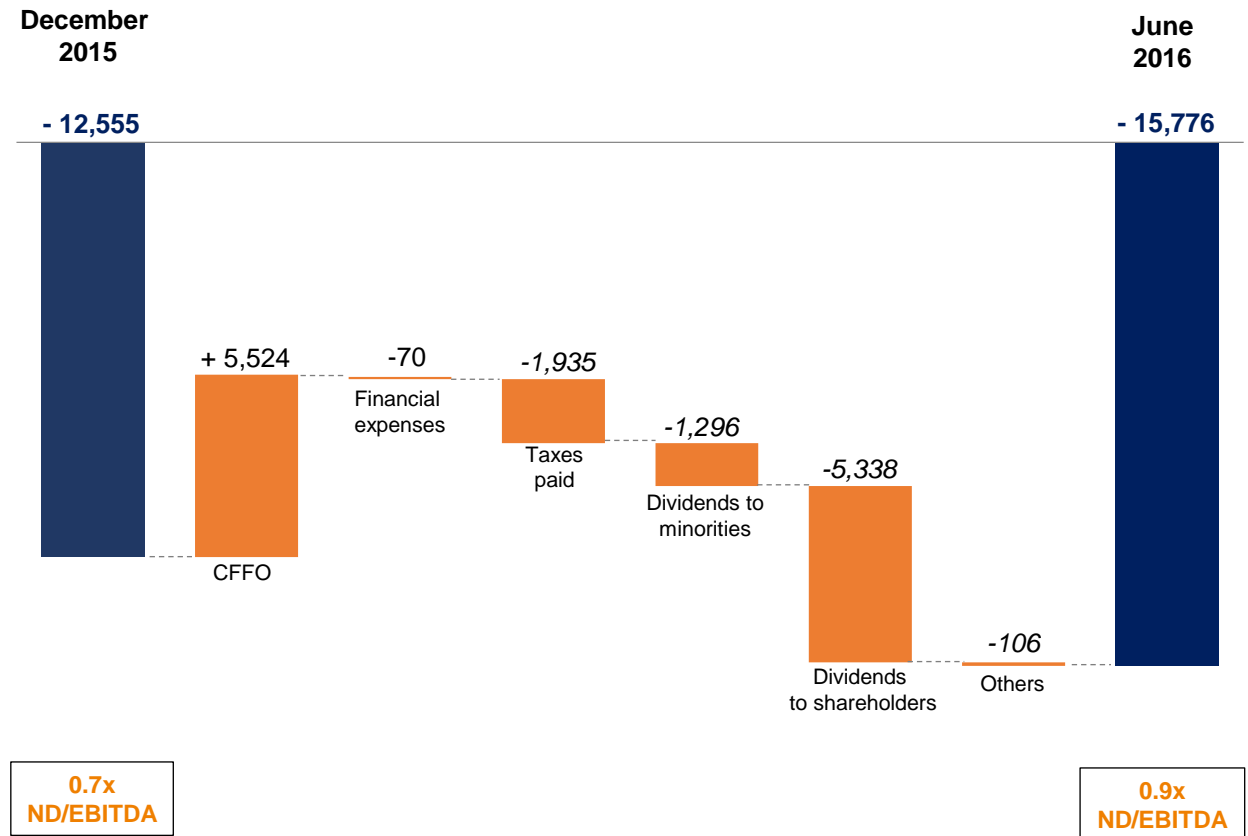


\*Costs related to the acquisition of new subsidiaries

# MAROC TELECOM GROUP CONSOLIDATED CASH FLOW

MAD millions	H1 2015	H1 2016	Change
EBITDA	8,413	8,525	+1.3%
CAPEX	2,716	3,775	+39.0%
o/w licenses and frequencies	910	888	-
CAPEX / CA (excl.licenses and frequencies)	10.9%	16.4%	+5.5 pts
CFFO	4,706	5,524	+17.4%
% EBITDA	55.9%	64.8%	+8.9 pts
Financial expenses	-327	-70	-121.4%
Taxes paid	-1,644	-1,935	-17.7%
CFAIT	2,735	3,040	+11.1%
% EBITDA	32.5%	35.6%	+3.1pts
NET DEBT	15,125	15,776	+4.3%
Net Debt/EBITDA	0.9x	0.9x	

## / NET DEBT / (MAD millions)



The strong cash generation allows to finance an important investment program while distributing the entire net profit



# OUTLOOK



## / 2016 HIGHLIGHTS /

### MOROCCO

- Continuing investment to deploy 4G+
- Competitive pressure on Mobile
- Competition increasing in Fixed-Line Broadband

### INTERNATIONAL

- Increase in investments to broaden coverage and improve quality of service
- Continuing growth in profitable returns despite tax and regulatory pressures
- Favorable regulatory framework in Niger

## / 2016 OUTLOOK AT CONSTANT SCOPE AND EXCHANGE RATES /

**REVENUES  
STABLE**

**SLIGHT DECLINE  
IN EBITDA**

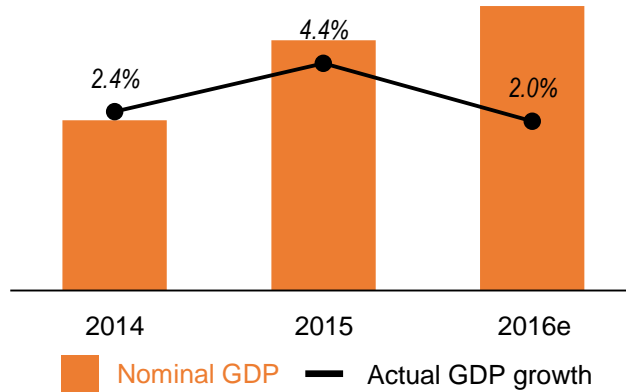
**CAPEX  
APPROX. 20%  
OF REVENUES  
excluding frequencies & licenses**



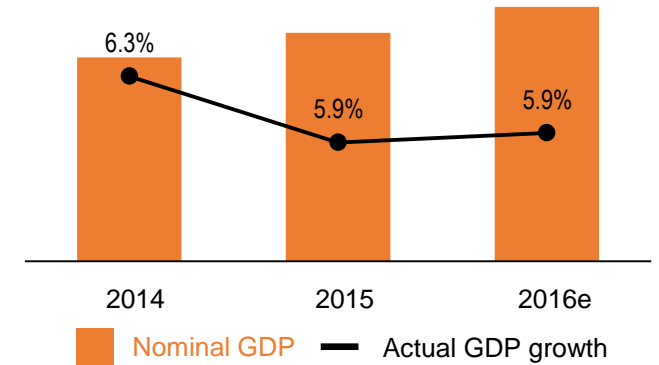
# APPENDICES



## / MOROCCO /



## / INTERNATIONAL /



- Continuing strong economic growth
- Inflation under control
- Favorable impact of fall in oil prices

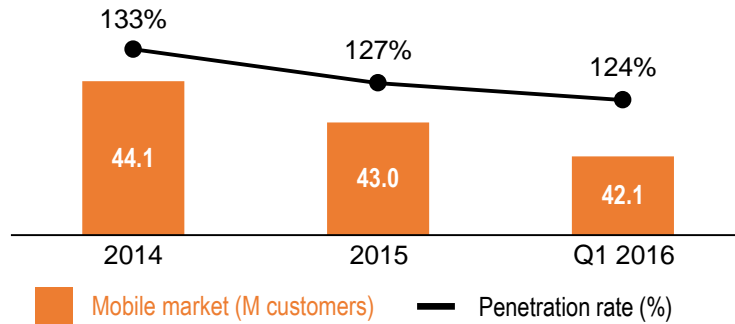
Sources: Ministry of Finance, Al Maghrib Bank

- Sustained economic growth
- Inflation under control overall
- Major budgetary constraints for raw material producing countries

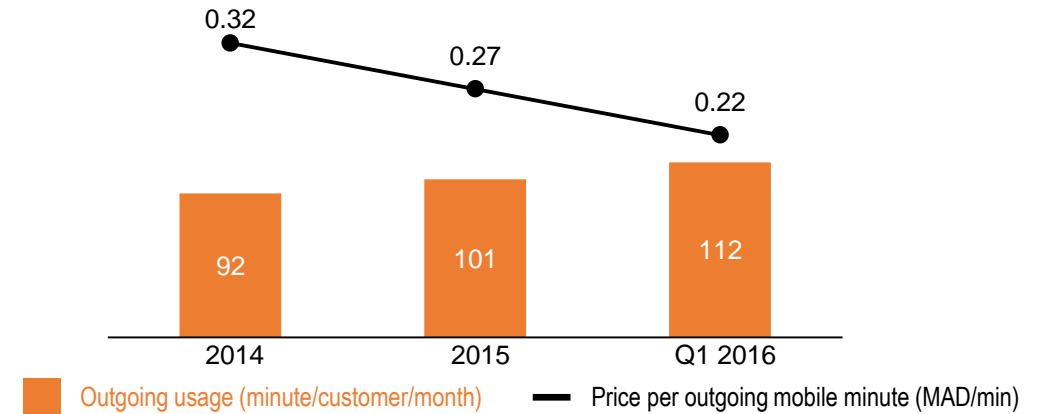
Sources: IMF Data – April 2016



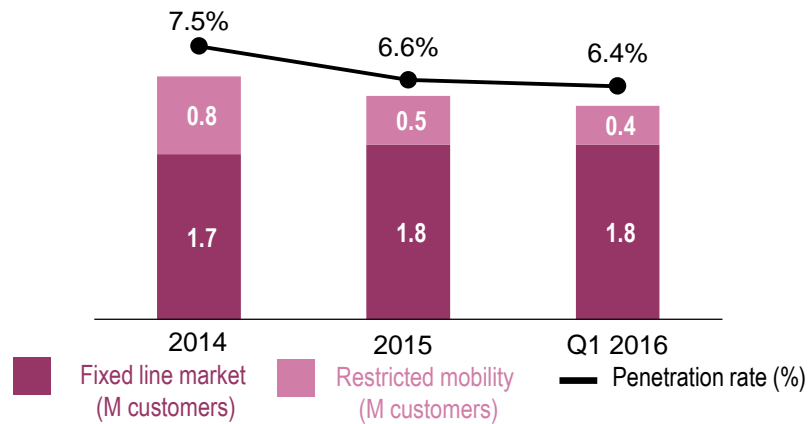
## / MOBILE : MARKET DROP /



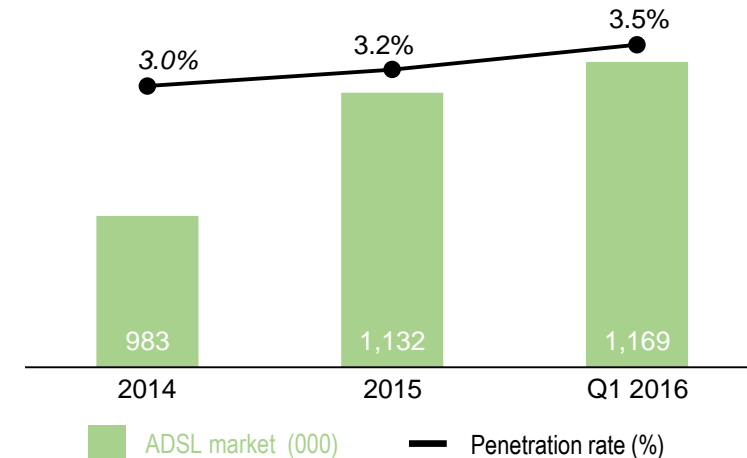
## / MOBILE : INADEQUATE ELASTICITY FOR THE SHARP FALL IN PRICES /



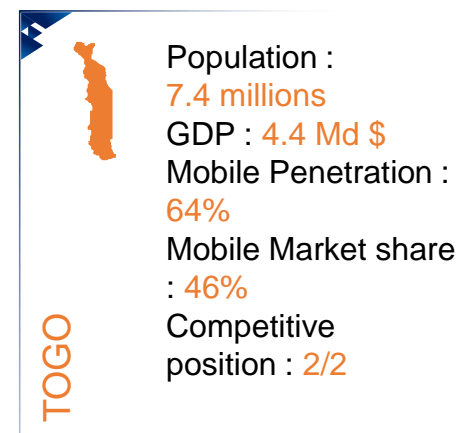
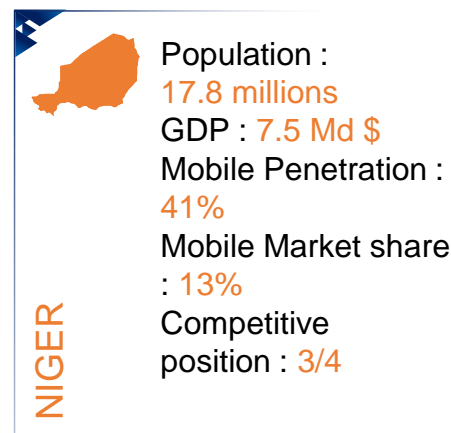
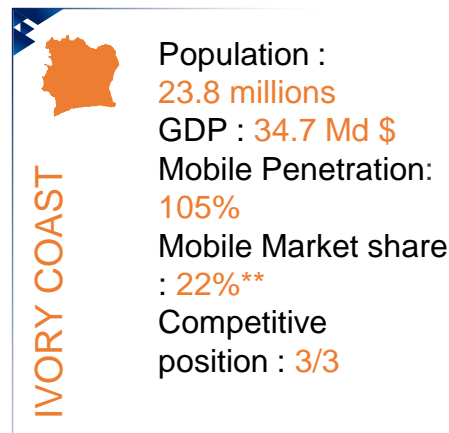
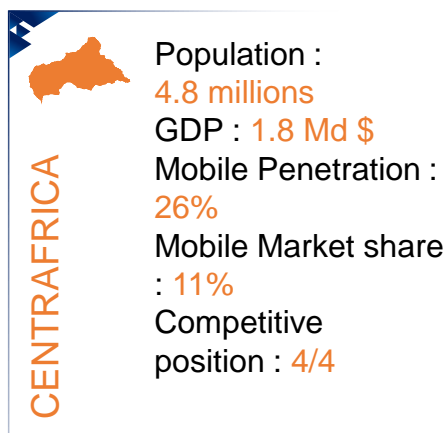
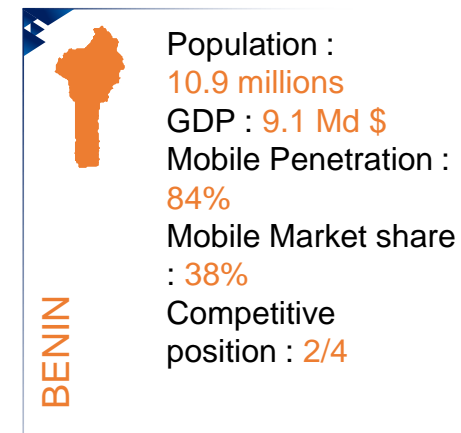
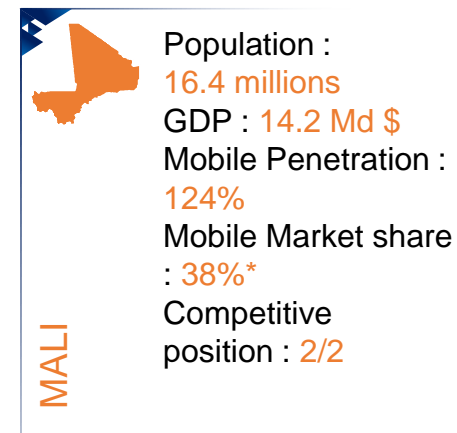
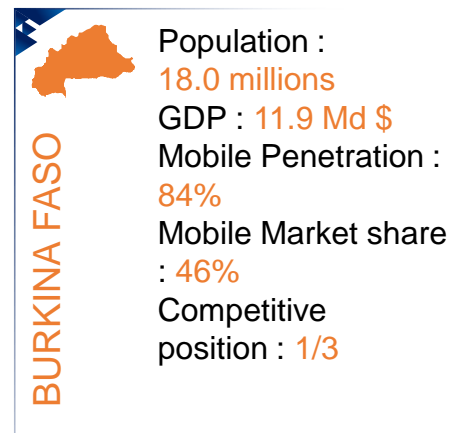
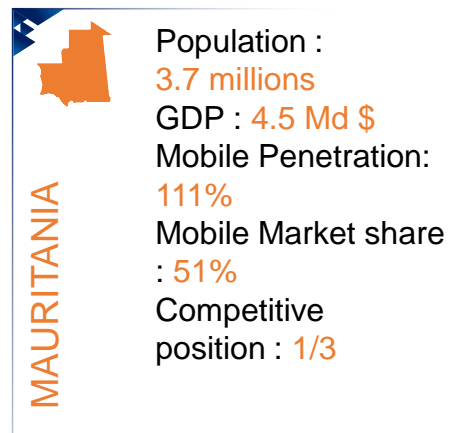
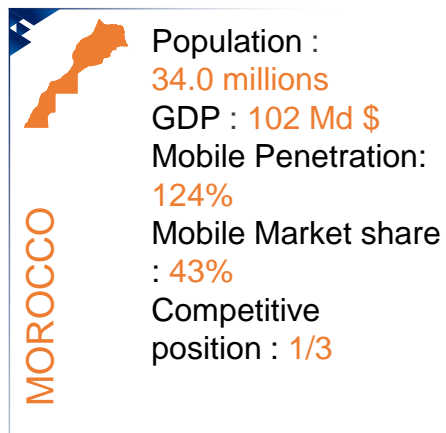
## / FIXED-LINE : EXCLUDING RESTRICTED MOBILITY, STILL A GROWING MARKET /



## / ADSL : MARKET STILL GROWING /



# CONSOLIDATION SCOPE OF MAROC TELECOM GROUP



Source : Dataxis -Q1 2016, FMI – april 2016 and ANRT – Q1 2016 ; \* Sonatel -Q4 2015 ; \*\* ARTCI Q1 2016 ; \*\*\*ARCEP-Q1 2016

## **Forward-looking statements**

*This presentation contains forward-looking statements with regard to 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 differ significantly from the forward-looking statements because of a certain number of risks and uncertainties, both known and unknown. The majority of these risks are beyond our control, particularly the risks described in public documents filed by Maroc Telecom with the Autorité Marocaine de Marché des Capitaux ([www.ammc.ma](http://www.ammc.ma)) and the Autorité des Marchés Financiers ([www.amf-france.org](http://www.amf-france.org)). These documents are available in French on our website ([www.iam.ma](http://www.iam.ma)). This presentation contains forward-looking information that cannot be assessed until its publication date. In no way does Maroc Telecom commit to supplementing, updating, or amending 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 Conseil Déontologique des Valeurs Mobilières circular, and to Articles 223-1 et seq. of the General Regulation of the Autorité des Marchés Financiers.*

HALF-YEAR RESULTS

2016

Presentation to Analysts

