

Press release

Rabat, February 22, 2011

2010 Consolidated results

Higher than expected results:

- More than 26 million customers, up 19%,
- Increase in 2010 consolidated results:
 - Revenues: +4.3% to MAD 31.7 billion,
 - Earnings from operations: +2.3% to MAD 14.3 billion, representing an operating margin of 45.3%
 - Net earnings – Group share: +1.2% to MAD 9.5 billion,
 - Group net debt: MAD 4.3 billion, representing 0.2 time the annual EBITDA,
 - Proposal to distribute 100% of the distributable earnings, representing a dividend of MAD 10,58 per share, up 2.6% and representing a dividend yield of 6.8%*.

2011 outlook:

- Moderate growth in revenues,
- Profitability to be maintained at high levels.

Commenting on the publication, Mr. Abdeslam AHIZOUNE, chairman of the Management Board stated:

« Maroc Telecom Group once again goes beyond its operational and financial forecasts. Its revenues have grown significantly and its margins were maintained at a high level. This performance, despite an intense competitive context, is the result of significant investments in improving the quality of services and networks. These efforts combined with the development of innovative products that seduced and secured the loyalty of many customers, reinforced the Group's undisputable leadership in all its businesses. »

* Based on share price at February 18, 2011 (154.50 MAD)



CONSOLIDATED RESULTS – GROUP

• Revenues

Maroc Telecom Group's 2010 consolidated revenues⁽¹⁾ amounted to MAD 31,655 million, up 4.3% year-on-year (+2.4% on a comparable basis⁽²⁾) thanks to the solid performances of its domestic market and its subsidiaries in Africa.

The Group's fourth quarter revenues amounted to MAD 7,945 million, up 0.3% year-on-year (+0.9% on a comparable basis).

The Group's customer base stood at 25.8 million at December 31, 2010, up 19%. This expansion reflects a continuing sustained growth in the Mobile customer base in Morocco, up 10.6%, and especially in subsidiaries in Africa, where it settled at nearly 6.8 million mobile customers, up 58% versus the same period in 2009.

• Earnings from operations before depreciation and amortization (EBITDA)

During 2010, the consolidated Group EBITDA stood at MAD 18,612 million, up 2.5% year-on-year (+2.0% on a comparable basis), allowing to maintain a margin at a high level, 58.8%, thanks to the rising of income and the continuation of a very proactive cost optimization policy both in Morocco and in the subsidiaries.

• Earnings from operations (EFO)

At December 31, 2010, consolidated earnings from operations stood at MAD 14,335 million, up 2.3% year-on-year (+2.7% on a comparable basis). Consolidated operating margin remained at a high level, at 45.3%, despite the continuation of a major investments program, both in Morocco and in the subsidiaries.

Consolidated earnings from operations for the fourth quarter stood at MAD 3,829 million, down 0.7%. Consolidated operating margin during the same period came at 48.2%.

• Net earnings – Group share and Distributable earnings

2010 Net earnings – Group share came at MAD 9,537 million, up 1.2% year-on-year (+2.3% on a comparable basis).

During the same period, distributable earnings stood at MAD 9,307 million, up 2.7% year-on-year.

(1) At December 31, 2010, Maroc Telecom established its results by consolidating the contributions from the Mauritel, Onatel, Gabon Télécom and Sotelma. Mobisud Belgium was no longer consolidated since June 30, 2010.

(2) Comparable basis illustrates the full consolidation of Sotelma, as if this transaction had occurred as of January 1, 2009 and constant exchange rates (MAD/Mauritanian Ouguiya/CFA Franc/Euro).

- **Capital Expenditure, Cash and Cash Equivalent**

After distributing MAD 9.1 billion of dividends to shareholders in respect of the 2009 fiscal year and network capital expenditures of MAD 7.1 billion, the Group's consolidated net debt⁽³⁾ amounted to MAD 4.3 billion at December 31, 2010 versus MAD 3.6 billion at December 31, 2009. Group's net debt represents 0.2 times the annual EBITDA.

At December 31, 2010 cash flow from operating activities amounted to MAD 12,836 million, down only 2.7% versus 2009, despite a 12% increase in capital expenditure.

- **Dividend**

The Supervisory Board of Maroc Telecom will propose to the shareholders meeting, to be held on April 18, 2011, the payment of an ordinary dividend of MAD 10.58 per share, representing a total amount of MAD 9.301 billion, corresponding to the distribution of all of the 2010 distributable earnings. The dividend will be made available for payment on May 31, 2011.

- **2011 Outlook**

Based on current market conditions and barring any unforeseen disruptions to the Group's operations, Maroc Telecom will achieve moderate growth in revenues in 2011, driven mainly by growth of subsidiaries, and will maintain profitability at high levels while pursuing a sustained capital expenditure program.

(3) Cash and cash equivalents less borrowings and other current and non-current liabilities, including cash held in escrow for bank borrowings

OPERATING REVIEW

• Morocco

During 2010, the Group operations in Morocco generated net revenues⁽⁴⁾ of MAD 26,191 million, up 1.7% versus the same period in 2009. Earnings from operations stood at MAD 13,209 million, up 1.0%, representing an operating margin of 50.4%, almost unchanged from 2009.

Mobile segment

Mobile gross revenues⁽⁵⁾ stood at MAD 19,670 million, up 4.3% year-on-year, due to the continuing active customer base growth (+10.6%) and usage stimulation through new marketing offers.

Earnings from operations stood at MAD 10,361 million, up 6.7% due to the growth in revenues, MTR prices cut and costs optimization.

Mobile customer base⁽⁶⁾ rose by 10.6% to 16.890 million customers, spurred by the success of the customer loyalty programs and offers that encourage retention. The cumulative blended churn rate dropped by 4.5 pts to 29%. The Postpaid segment accelerated its growth to stand at 817,000 customers, up 20%, thanks to new targeted offers.

Mobile 3G⁽⁷⁾ Internet customer base was multiplied by 3.2 during 2010, with 549,000 customers versus 174,000 at end-2009.

Blended ARPU⁽⁸⁾ for 2010 stood at MAD 93, down by only 4.7% year-on-year given the strong growth of the customer base. This performance is the result of the stimulation of the outbound usage, the popularity of the Mobile 3G Internet and the steady growth of value added services. The outgoing non-voice revenues increased by 25% during 2010, reaching 10.5% of the average bill, against 8.7% during the same period of 2009.

Fixed-line and Internet

Gross revenues generated by Fixed-line and Internet operations amounted to MAD 8,507 million, down 8.6% mainly due to lower voice and data incomes. This decrease is due to the reduction of traffic resulting from the competition with the Mobile and the price cut of lines leased to Maroc Telecom's Mobile segment. At end- 2010, earnings from operations came to MAD 2,848 million, down 15.5%.

The Fixed-line customer base achieved a good performance, staying at 1.231 million lines, despite the fierce competition from Mobile. The DSL Internet customer base stood at 497,000 lines, up

(4) Net revenues exclude inter-segment revenues between the Fixed and Mobile activities of each subsidiary, but include intercompany revenues (e.g. service-level agreements) which are eliminated from consolidated revenues

(5) Gross revenues include inter-segment transactions (interconnection costs and leased lines) between Fixed-Line and Mobile operations

(6) Active customer base, comprising prepaid customers having made or received a voice call in the last three months, non-cancelled postpaid customers and 3G customers.

(7) 3G customer base includes prepaid and postpaid mobile data cards.

(8) ARPU (Average Revenue Per User) is defined as revenue from incoming and outgoing calls and data services, net of promotions and excluding roaming in and handset sales, divided by the average prepaid and postpaid customer base over the period.

5.4% compared to end-2009, thanks to a proactive marketing policy especially with the free speed-doubling and a very attractive entry-level offer (1 Mbit/s for MAD 99/month).

- **Mauritania**

Operations in Mauritania generated net revenues of MAD 1,184 million, up 7.1% (+8.4% on a comparable basis). This good performance is a result of an intense promotional policy and the rise in international revenues. Earnings from operations stood at MAD 367 million, up 3.4% year-on-year (+4.6% on a comparable basis).

At end- 2010, Mobile customer base stood at 1.576 million customers (+17.4% year-on-year). Fixed-line customer base came at 41,000 lines (-1.1% year-on-year). Internet customer base amounted to 7,000 customers (+3.3% year-on-year).

- **Burkina Faso**

Operations in Onatel posted net revenues of MAD 1,802 million during 2010, up 6.5% (+7.3% on a comparable basis) thanks to the solid performance of the Mobile segment, which has benefited from usages stimulation and strong customer base growth despite a highly competitive environment. Earnings from operations stood at MAD 353 million, up 9.6% (+10.5% on a comparable basis).

At end-2010, Mobile customer base stood at 2.397 million customers, up 53% year-on-year. Fixed-line customer base stood at 144,000 lines, down 5.6%, as a result of strong price cuts in mobile communications. The number of Internet customers stood at more than 28,000, up 24%.

- **Gabon**

2010 Group's operations in Gabon generated net revenues of MAD 1,044 million, down 14.4% (-13.7% on a comparable basis) due to an increase in competition which resulted in substantial price cuts. Earnings from operations stood at MAD 169 million, down 21% (-20.2% on a comparable basis).

Mobile customer base rose by 36% to 699,000 customers. The Fixed-line customer base stood at 27,000 lines, down 27% year-on-year, following a clean-up process. Internet customer base came at 22,000 customers, up 9.6% year-on-year.

- **Mali**

Group's revenues in Mali stood at MAD 1,575 million, up 26% on a comparable basis and earnings from operations amounted to MAD 239 million. Sotelma continues to gain market share in the

Mobile segment (from 19% at end-December 2009 to 31% at end September 2010) by adjusting its pricing and deploying its networks rapidly.

Mobile customer base was multiplied by 2.6 during the year, reaching 2.162 million customers at end-2010. The Fixed-line customer base stood at 79,000 lines, up 22% year-on-year. Internet customer base came at 20,000 customers, up 167% year-on-year.

A full-service telecommunications operator, Maroc Telecom is the domestic market leader in all its business activities: Fixed-line, Mobile and Internet. Maroc Telecom is listed on the Casablanca and Paris stock exchanges since December 2004 and its main shareholders are Vivendi (53%) and the Kingdom of Morocco (30%).

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2010 Revenues and EFO

MAD million - IFRS		2009		2010			% change comparable basis		
	Total (net ³)	Mobile (gross) ⁽⁴⁾	Fixed/Internet (gross) ⁽⁴⁾	Total (net ³)	Mobile (gross) ⁽⁴⁾	Fixe/Internet (gross) ⁽⁴⁾	Total (net ³)	Mobile (gross) ⁽⁴⁾	Fixe/Internet (gross) ⁽⁴⁾
Consolidated revenues	30,339	22,190	11,106	31,655	23,810	10,416	2.4%	5.3%	(7.2%)
Maroc Telecom	25,764	18,866	9,312	26,191	19,670	8,507	1.7%	4.3%	(8.6%)
Mauritel(9)	1,105	935	263	1,184	1,014	210	8.4%	9.7%	0.6%
Onatel	1,693	1,162	770	1,802	1,276	799	7.3%	10.7%	4.3%
Gabon Télécom	1,220	688	615	1,044	575	572	(13.7%)	(15.7%)	(6.3%)
Sotelma*	554	414	145	1,575	1,247	328	26.3%	33.4%	(0.6%)
Mobisud	125	125	-	28	28	-	(42.1%)	(42.1%)	-
Consolidated EFO	14,008	10,712	3,297	14,335	11,778	2,557	2.7%	8.4%	(17.3%)
Maroc Telecom	13,080	9,708	3,371	13,209	10,361	2,848	1.0%	6.7%	(15.5%)
Mauritel	355	328	27	367	354	13	4.6%	7.0%	(34.5%)
Onatel	322	428	(106)	353	477	(124)	10.5%	12.3%	(17.9%)
Gabon Télécom	214	111	103	169	31	138	(20.2%)	(71.7%)	35.3%
Sotelma*	63	162	(98)	239	557	(318)	ns	87.9%	(6.8%)
Mobisud	(25)	(25)	-	(2)	(2)	-	60.3%	60.3%	-

* Consolidated since August 1st, 2009

Operational data

thousands - end of period		2009				2010			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Mobile customer base	17,624	17,553	19,306	19,602	20,333	21,515	23,031	23,724	
Maroc Telecom	14,630	14,289	15,239	15,272	15,578	15,904	16,740	16,890	
Prepaid	13,988	13,618	14,570	14,590	14,872	15,173	15,989	16,073	
Postpaid	642	671	669	682	706	731	751	817	
Mauritel	1,218	1,315	1,351	1,335	1,473	1,547	1,578	1,576	
Onatel	1,162	1,316	1,402	1,569	1,812	1,994	2,122	2,397	
Gabon Télécom	471	533	545	513	528	577	631	699	
Sotelma	-	-	685	818	911	1,464	1,959	2,162	
Mobisud	143	100	84	95	31	29	-	-	
Fixed-line customer base	1,524	1,533	1,576	1,528	1,533	1,541	1,534	1,521	
Maroc Telecom	1,286	1,290	1,269	1,234	1,232	1,237	1,227	1,231	
Mauritel*	54	56	57	41	43	42	41	41	
Onatel	149	151	152	152	153	154	155	144	
Gabon Télécom	35	36	36	36	36	36	36	27	
Sotelma	-	-	62	65	69	72	74	79	
Internet customer base	536	537	529	527	537	546	551	574	
Maroc Telecom	488	486	473	471	476	479	481	497	
Mauritel*	10	11	11	6	7	7	7	7	
Onatel	19	21	22	23	24	25	25	28	
Gabon Télécom	19	19	20	20	20	21	22	22	
Sotelma	-	-	3	7	10	14	16	20	

* clean-up of the customer base at end-2009

Fourth quarter revenues and EFO

MAD million - IFRS		2009		2010			% change comparable basis		
	Total (net ³)	Mobile (gross) ⁽⁴⁾	Fixe/Internet (gross) ⁽⁴⁾	Total (net ³)	Mobile (gross) ⁽⁴⁾	Fixe/Internet (gross) ⁽⁴⁾	Total (net ³)	Mobile (gross) ⁽⁴⁾	Fixe/Internet (gross) ⁽⁴⁾
Consolidated revenues	7,917	5,901	2,789	7,945	5,958	2,596	0.9%	1.6%	(6.2%)
Maroc Telecom	6,518	4,847	2,284	6,573	4,916	2,107	0.8%	1.4%	(7.7%)
Mauritel(9)	269	235	65	290	244	49	9.0%	5.0%	5.8%
Onatel	437	313	189	434	292	214	0.9%	(5.4%)	14.0%
Gabon Télécom	356	216	167	257	141	148	(26.4%)	(33.7%)	(9.8%)
Sotelma*	351	269	85	450	366	77	30.0%	37.4%	(8.5%)
Mobisud	38	20	-	-	-	-	-	-	-
Consolidated EFO	3,856	3,073	783	3,829	3,056	774	(0.7%)	(0.7%)	(0.9%)
Maroc Telecom	3,514	2,759	755	3,560	2,723	837	1.3%	(1.3%)	10.8%
Mauritel	57	56	1	83	78	5	47.1%	33.8%	ns
Onatel	80	100	(20)	(7)	54	(61)	ns	(44.3%)	ns
Gabon Télécom	127	63	64	99	10	88	(21.3%)	(83.3%)	39.8%
Sotelma*	83	101	(18)	95	190	(95)	15.9%	91.4%	ns
Mobisud	(6)	(6)	-	-	-	-	-	-	-

* Consolidated since August 1st, 2009

CONSOLIDATED BALANCE SHEET

ASSETS *(In millions of Moroccan dirhams)*

	<u>Dec. 31, 2010</u>	<u>Dec. 31, 2009</u>
Goodwill	6,865	7,271
Other intangible assets	4,064	3,723
Property, plant and equipment net	23,378	21,468
Investments in equity affiliates	0	0
Non-current financial assets	444	572
Deferred tax assets	116	63
Non-current assets	34,866	33,096
Inventories	779	653
Trade accounts receivable and other	10,568	11,196
Current financial assets	142	45
Cash and cash equivalent	788	874
Available for-sale assets	58	56
Current assets	12,335	12,824
TOTAL ASSETS	47,201	45,920

SHAREHOLDERS' EQUITY AND LIABILITIES *(In millions of Moroccan dirhams)*

	<u>Dec. 31, 2010</u>	<u>Dec. 31, 2009</u>
Share capital	5,275	5,275
Retained earnings	4,243	3,864
Net earnings	9,536	9,425
Capital attributable to equity holders of the parents	19,054	18,564
Minority interest	4,451	4,369
Total shareholders' equity	23,505	22,934
Non-current provisions	668	230
Borrowings and other non-current financial liabilities	2,404	3,108
Deferred tax liabilities	123	126
Non-current liabilities	3,195	3,464
Trade accounts payable	17,160	17,176
Current income tax liabilities	233	146
Current provisions	157	503
Borrowings and other current financial liabilities	2,950	1,697
Current liabilities	20,500	19,522
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	47,201	45,920

CONSOLIDATED INCOME STATEMENT

(In millions of Moroccan dirhams)

	2010	2009
Revenues	31,655	30,339
Cost of purchases	(5,191)	(4,874)
Payroll costs	(2,746)	(2,604)
Taxes and duties	(928)	(877)
Other operating income (expenses)	(3,827)	(3,783)
Net depreciation, amortization and provisions	(4,628)	(4,193)
Earnings from operations	14,335	14,008
Other income and charges from ordinary activities	(57)	(5)
Income from equity affiliates	0	43
Earnings from continuing operations	14,278	14,046
Income from cash and cash equivalents	37	79
Borrowing costs	(273)	(228)
Net borrowing costs	(236)	(149)
Other financial income and expenses	65	2
Net financial income (expense)	(171)	(147)
Income tax expense	(4,158)	(4,120)
Net earnings	9,949	9,779
Exchange gain or loss from foreign activities	(139)	(57)
Other income and expenses		
Earnings	9,810	9,722
Net earnings	9,949	9,779
Attributable to equity holders of the parents	9,536	9,425
Minority interests	412	354
Earnings	9,810	9,722
Attributable to equity holders of the parents	9,459	9,403
Minority interests	351	319
EARNINGS PER SHARE (In Moroccan dirhams)	2010	2009
Net earnings - group share	9,536	9,425
Number of shares at December 31	879,095,340	879,095,340
Earnings per share	10.8	10.7
Diluted earnings per share	10.8	10.7

CONSOLIDATED STATEMENT OF CASH FLOWS

	<u>2010</u>	<u>2009</u>
Earnings from operations	14,335	14,008
Amortization and other adjustments	4,187	4,046
Gross Cash Earnings	<u>18,522</u>	<u>18,055</u>
Other elements of the net change in working capital	1,255	576
Cash flow from operating before income tax expense	<u>19,776</u>	<u>18,631</u>
Tax paid	(3,697)	(3,815)
Net cash from operating activities (a)	<u>16,079</u>	<u>14,816</u>
Purchase of PP&E and intangible assets	(7,093)	(5,585)
Purchase of consolidated investments		(3,045)
Purchase of equity affiliates		
Increase in financial assets	89	(153)
Disposals of PP&E and intangible assets	156	153
Decrease in financial assets	(304)	39
Dividends received from non-consolidated investments	1	8
Net cash used in investing activities (b)	<u>(7,151)</u>	<u>(8,583)</u>
Share capital increase		43
Dividends paid by Maroc Telecom	(9,065)	(9,516)
Dividends paid by subsidiaries to minority shareholders	(269)	(160)
Changes in share capital	<u>(9,333)</u>	<u>(9,633)</u>
Borrowings and increase in other non-current financial liabilities	237	2 997
Payments on borrowings and decrease in other non-current financial liabilities	0	(58)
Borrowings and increase in other current financial liabilities	149	67
Payments on borrowings and decrease in other current financial liabilities	(986)	(1,026)
Changes in current accounts debtors/financial creditors	1 173	(167)
Net interests (only Cash)	(236)	(149)
Other cash expenses (income) used in financing activities	(13)	(34)
Changes in borrowings and other financial liabilities	<u>323</u>	<u>1,631</u>
Net cash used in financing activities (d)	<u>(9,010)</u>	<u>(8,002)</u>
Effect of foreign currency adjustments and other non-cash expenses (income) (G)	<u>(5)</u>	<u>(35)</u>
Change in cash and cash equivalents (a)+(b)+(d)+(g)	<u>(86)</u>	<u>(1,804)</u>
Cash and cash equivalents at beginning of period	<u>874</u>	<u>2,678</u>
Cash and cash equivalents at end of period	<u>788</u>	<u>874</u>