

THE TELECOMMUNICATIONS SECTOR EVOLUTION IN 2011

1- Highlights of the year 2011

Evolution of Tariffs (ARPM¹), average usage² of fixed and mobile telephony and the average monthly Internet bill per customer³

Mobile :

- The downward trend in mobile prices as measured by average revenue per minute (**ARPM "Average Revenue Per Minute"**) continues. Indeed, the ARPM has dropped from **1.12 DHFoT/min** at the end of December 2010 to **0.74 DHFoT/min** at the end of December 2011 making a **34% drop**.
- The average outgoing use per mobile customer has risen between December 2010 and December 2011 from **41 to 57 minutes/customer/month** making a **growth in the use of 39%**.

Fixed telephony :

- The downward trend in fixed prices as measured by average revenue per minute also continues. Indeed, the **ARPM has dropped from 1.01 DHFoT/min** at the end of December 2010 to **0.95 DHHT/min** at the end of December 2011 making a **decrease of 6%**.
- The average outgoing usage per fixed customer **decreased by 7%** between December 31, 2010 and December 31, 2011 from **136 minutes per month to 126 minutes per month**.

Internet :

- The downward trend in prices measured by the average monthly bill for Internet customer is confirmed. Indeed, it has **dropped from 80 DHFoT/month/customer** at the end of December 2010 to **53 DHFoT/month/customer** in December 31, 2011 making a **decline of 34%**.

¹ARPM: Average revenue per minute of communication is obtained by dividing the turnover free of Tax of the outgoing voice communications by the outgoing traffic in minutes.

²The average use is calculated by dividing outgoing traffic in minutes by average subscriber per month in the reporting period (twelve months)

³The average monthly bill per customer is calculated by dividing turnover free of Tax by average Internet subscribers and the period in months (twelve months).

- For **3G access**, this bill has dropped from **55 DHFoT/month/customer** at the end of December 2010 to **37 DHFoT/month/customer** in December 31, 2011 marking a **33% drop**. As for **ADSL**, it decreased from **139 DHFoT/month/customer** at the end of December 2010 to **116 DHFoT/month/customer** in December 31, 2011 making a **17% decline**.

MOBILE TELEPHONY

- At the end of 2011, the number of mobile subscribers reached **36 553 943** by recording an **annual growth of 14.29%**. The mobile penetration rate is approximately **113.57%**.
- The number of **postpaid mobile subscribers** recorded an **annual growth of 26.66%** which is the double of that **prepaid subscribers** which reached **13.8%**.
- The **outgoing mobile traffic**⁴ has recorded an **important annual increase of 65.6%** which confirms the increase in use due to the fall in prices of calls.
- As for voice traffic, **The outgoing mobile SMS traffic**⁵ reached an **annual growth of 31.38%** compared to 2010.

FIXED TELEPHONY

- The overall **fixed line subscribers** reached **3 566.076**⁶ at the end of 2011 by making a **decrease of 4.89%** compared to 2010. The penetration rate of fixed telephony is **11.08%** at the end of December 2011.
- **The outgoing fixed traffic**⁷ during 2011 recorded an **annual decrease of 9.42%**.

INTERNET

- At the end of 2011, the **Internet accounts** reached **3 182 116** and recorded a **very significant growth** by taking advantage of the dynamics experienced by the 3G access and shows an **annual growth rate of 70.44%**. The Internet **penetration rate** is **9.89%** at the end of December 2011.

⁴ The outgoing mobile voice traffic is the sum of minutes used by customers of the three operators of mobile telephony in a year.

⁵ The outgoing mobile SMS traffic is the sum of SMS sent by customers of the three operators of mobile telephony in a year.

⁶ This figure includes subscribers of fixed telephony networks and fixed telephony with restricted mobility.

⁷ The outgoing voice traffic is the sum of minutes use by the three operator's customers of fixed telephony and restricted mobility in a year.

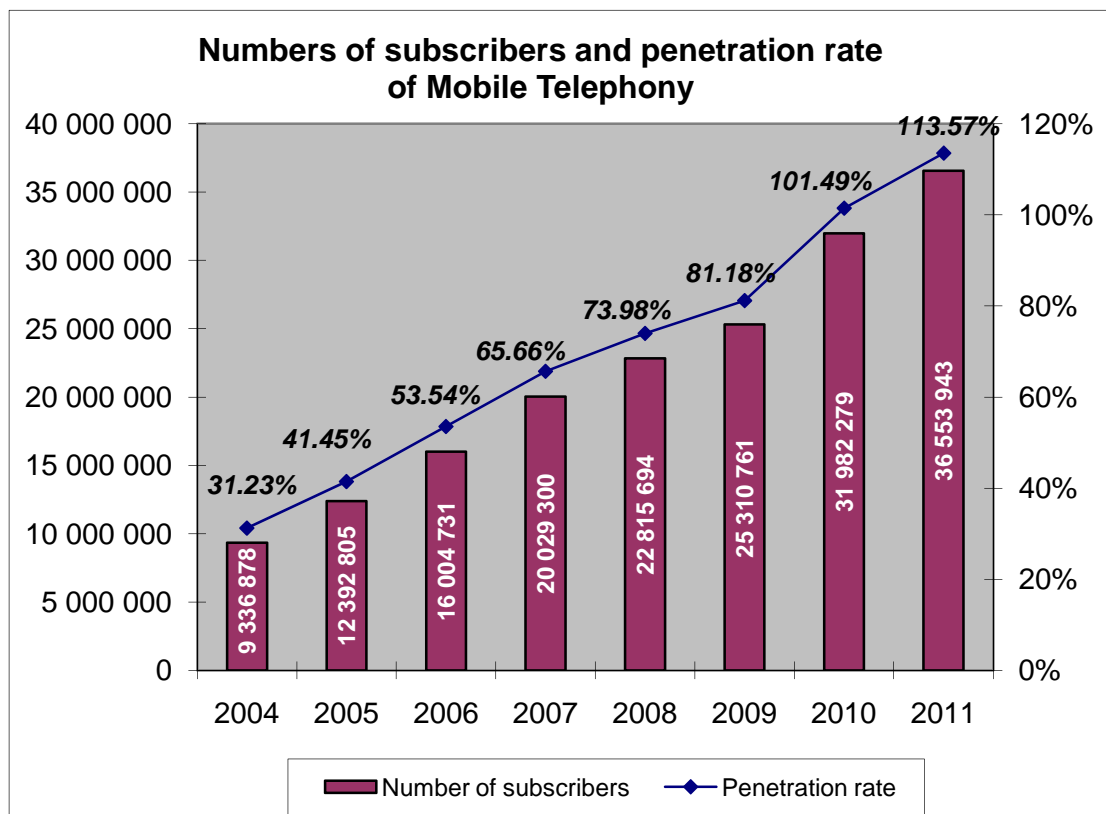
- The **3G Internet subscribers boosted the Internet Market** by recording **an annual growth rate of 89.58%**. At the end of December 2011, **the share of the 3G Internet is 81.41%** followed by **ADSL with 18.53%**. The latter displays **an annual growth rate of 18.49%**.
- The ADSL subscribers with at least **2 Mbits/s speed represent around 99.04%** of the accounts at the end of December 2011 when there were only **58.88%** a year ago.
- At the end of 2011, the international Internet bandwidth recorded an important **growth of 65.87%** moving from 75 000 Mbps in December 2010 to **124 400 Mbps** in December 2011.

2- Annual analysis of the performance of the different telecoms markets

Mobile Telephony Market

At the end of the year 2011, the number of mobile subscribers reached **36 553 943**, an annual growth of **14.29%** (31 982 279 subscribers at December 31st, 2010).

Consequently, this good performance of the mobile telephony segment was reflected positively on the rate of penetration **which gained more than 12 points in one year** by posting **113.57%** at the end of December 2011 against 101.49% a year before.

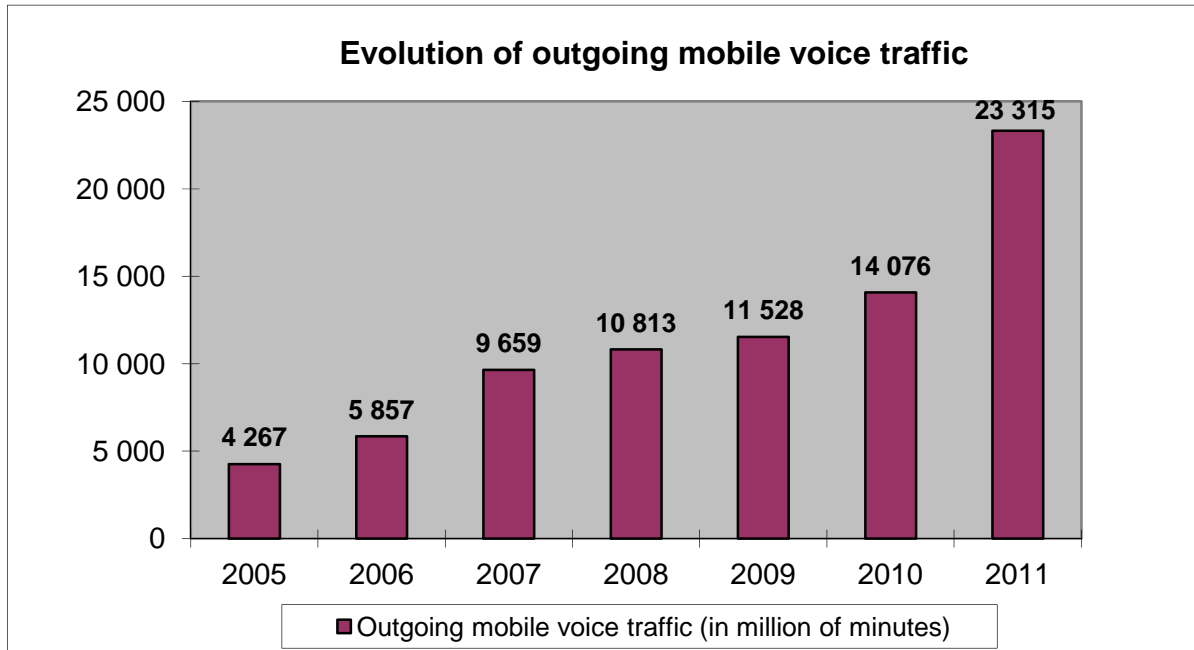


In terms of market share, the incumbent operator holds 46.85% of the mobile subscribers followed by Medi Telecom with 32.92% and Wana Corporate with 20.23%. At the end of 2010, these market shares were 52.81% for IAM, 33.74% for Medi Telecom and 13.45% for Wana Corporate.

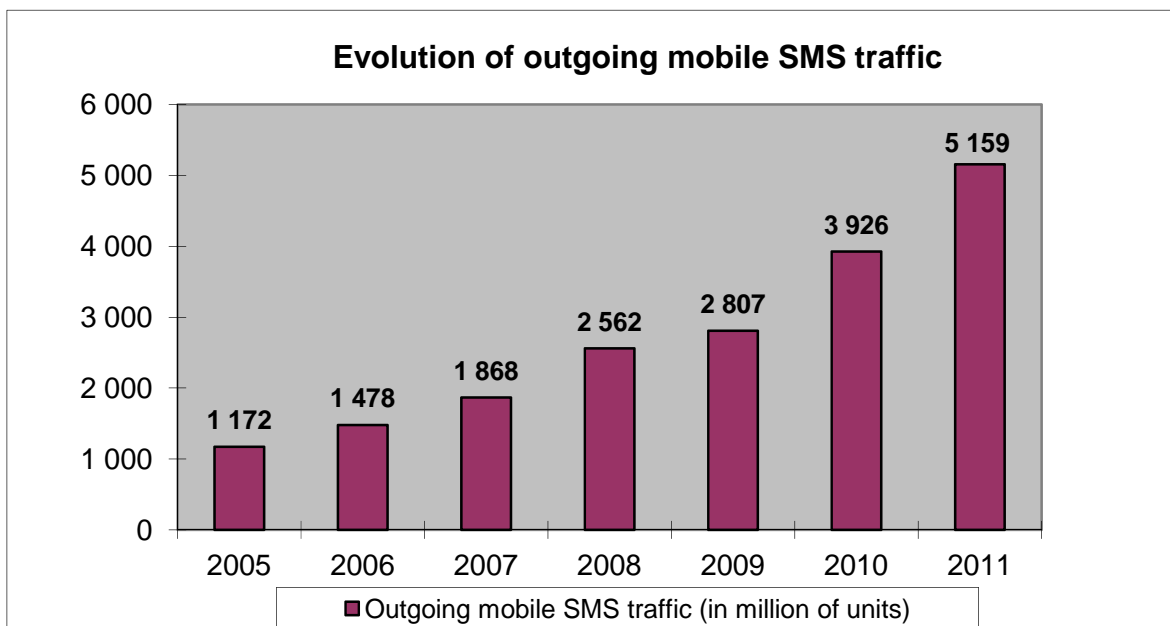
With regard to the distribution of mobile customers by type of subscription, we notes that there is no change in the structure of the market compared to last year and that prepaid always prevails with a share of 95.74% (96.16% at the end of December 2010) against 4.26% for postpaid. The two types of

subscription finished the year with a rather significant rise by recording a **growth of 26.66% for postpaid** and of **13.8% for prepaid** compared to 2010.

The outgoing mobile voice traffic⁸ reached **23.31 billion minutes** in 2011 recording a **significant growth of 65.6%** over a year.



The outgoing mobile SMS traffic⁹ has reached **5 159 million units** in 2011 achieving an **important annual growth rate of about 31.38%** over the previous year.



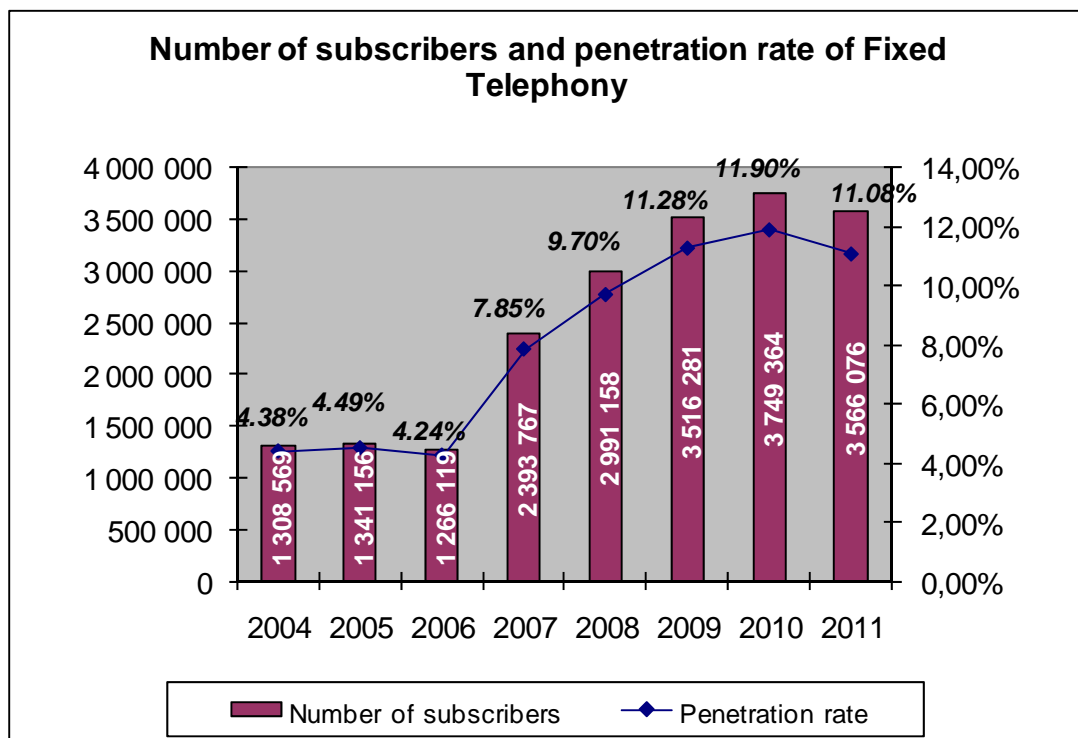
⁸ The outgoing mobile voice traffic is the sum of minutes used by customers of the three operators of mobile telephony in a year.

⁹ The outgoing mobile SMS traffic is the sum of SMS sent by customers of the three operators of mobile telephony in a year.

Fixed Telephony Market

The fixed telephony market has recorded **an annual decrease of 4.89%**. The total number of subscribers reached **3 566 076**¹⁰ at December 31st 2011 (against **3 749 364** at the end of 2010).

At the end of the year 2011, the penetration rate of fixed telephony reached **11.08%** against 11.9% in 2010.



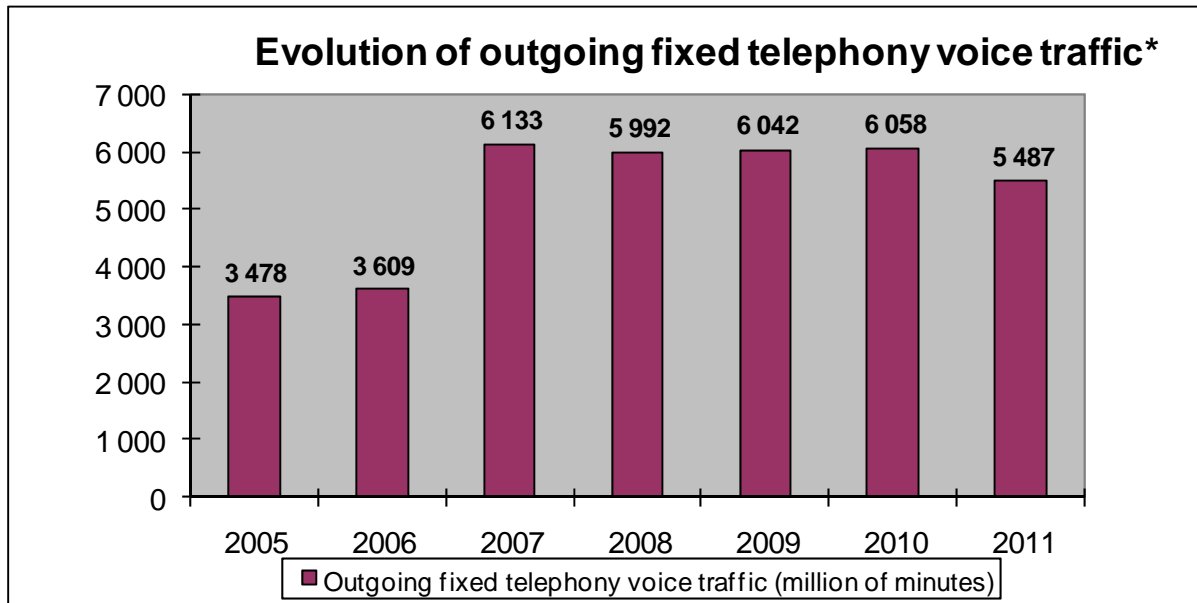
With regard to the shares of the various segments of the market, the residential subscribers hold the first share with 85.66% at the end of 2011 (85.37% in 2010) followed by professionals with 11.68% and fixed telephony payphones with 2.67% (10.75% for professionals and 3.88% for payphones at the end of 2010).

In terms of market share, Wana Corporate holds 64.59% of the market followed by IAM with 34.79% and Medi Telecom with 0.62%.

The outgoing fixed telephony voice traffic¹¹ recorded **an annual decrease of 9.42%** and reached **5 487 million minutes** in 2011.

¹⁰ This figure includes residential subscribers, professionals and the public phones using the fixed network.

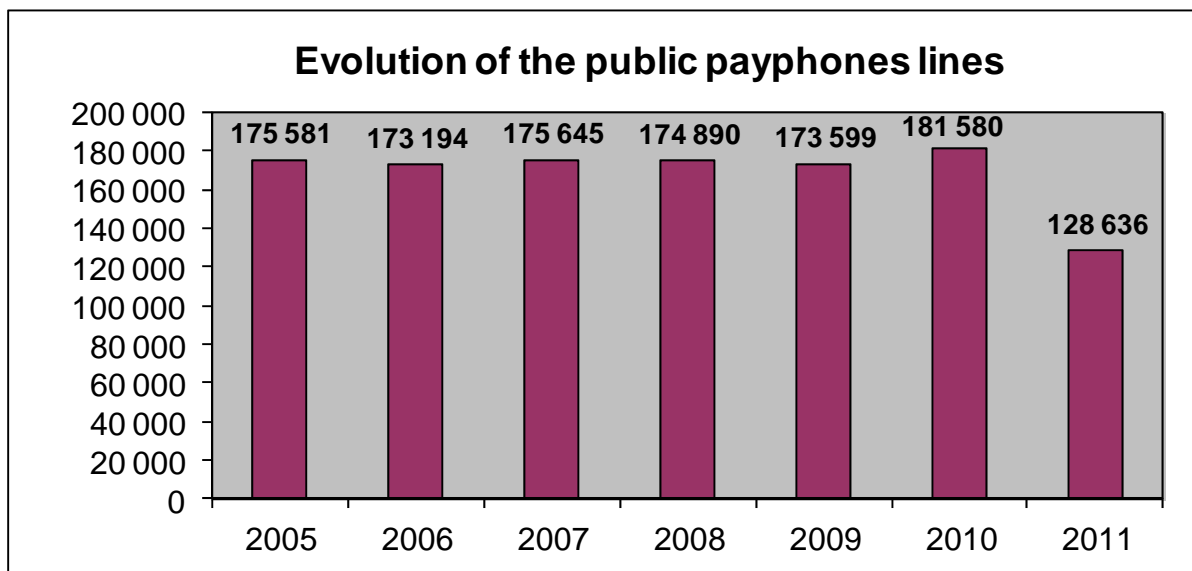
¹¹ The outgoing voice traffic is the sum of minutes used by the three operator's customers of fixed telephony and restricted mobility in a year.



* From 2007 this figure corresponds to outgoing traffic fixed and fixed with restricted mobility networks.

Public Payphones¹² Market

At December 31st 2011, the number of public payphones lines recorded **an annual decrease of 29.16%** compared to the end of 2010. The total number of public payphones lines reached **128 636** (against 181 580 at the end of December 2010)

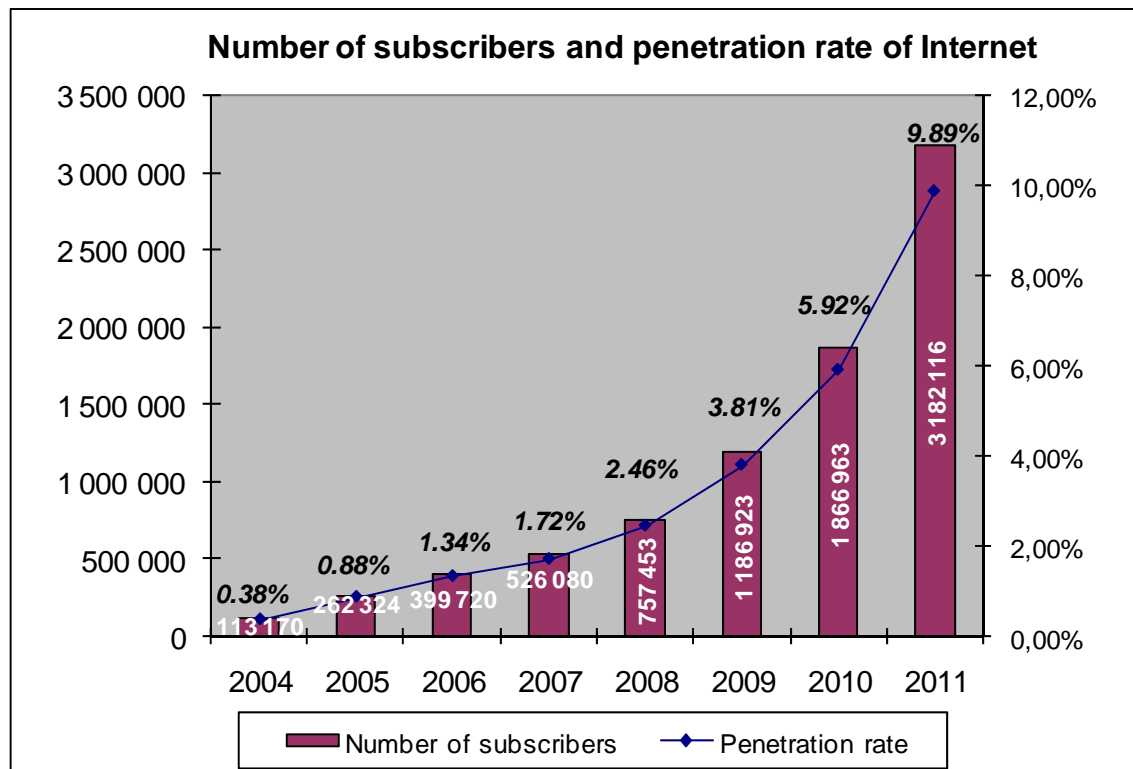


In terms of market share, IAM holds 73.92% (80.18% in December 2010) of the payphones market and 26.08% for its competitor Medi Télécom at the end of 2011.

¹² The number of payphones lines includes lines in phone shops, the number of lines in telephone boxes and the lines of payphone cards using fixed telephony and GSM.

Internet Market

At the end of 2011, the total Internet subscribers reached **3 182 116** by carrying out an increase of **70.44%** compared to 2010 (1 866 963 subscribers). This trend had a positive effect on the Internet **penetration rate which reached 9.89%** at the end of 2011 (against 5.92% in 2010).



In terms of market share, IAM holds 53.19% of the Internet subscribers market followed by Medi Telecom with 28.48% and Wana Corporate with 18.33%. A year earlier, These shares were respectively 56%, 14% and 29.86% for the three operators.

The number of the narrowband subscribers achieved **864** in December 2011, making state of **47.06%** decrease during one year.

The number of the ADSL Internet subscribers recorded **an annual growth of 18.49%**, (4.86% in 2010), passing from 497 640 subscribers in December 2010 to **589 678** subscribers in December 2011.

The number of 3G Internet¹³ subscriber's continues his evolutionary trend and moved from 1 366 472 at the end of 2010 to **2 590 534 at the end of 2011** by recording an **increase of 89.58%** since December 2010.

¹³ Since the first quarter of 2011 and according to the new decision No. 06/11 of 25 January 2011 laying down detailed accounting of the 3G Internet subscribers and given the expansion of this service for Internet data access combined with the 3G mobile phone service as well as the significant development of the mobile phone market that supports this new generation technology (Smart Phones), the Internet observatory is modified. The park 3G Internet is now

The distribution of the subscribers by access mode gives the advantage to the 3G Internet with a share of **81.41%** (73.2% at the end of December 2010) and the ADSL access with 18.53% (26.65% in 2010).

At the end of 2011, the international Internet bandwidth recorded an important **growth of 65.87%** moving from 75 000 Mbps in December 2010 to **124 400 Mbps** in December 2011.

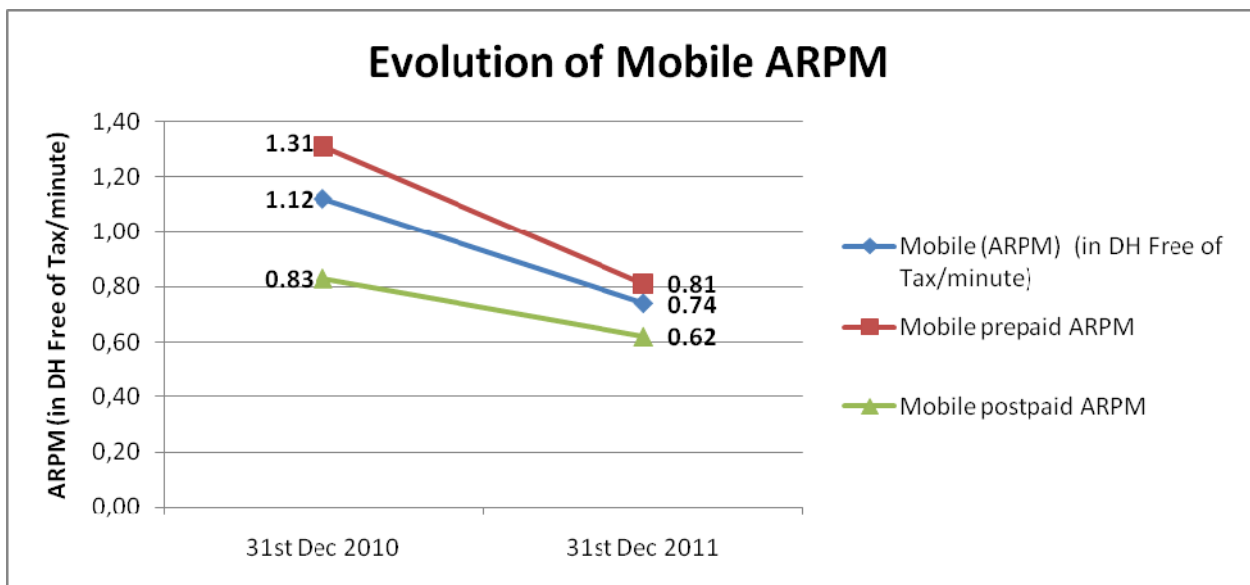
The number of the « .ma » Domain Name reached **42 187** at the end of December 2011, recording an **increase of 11.11%** over one year.

3- Trends in prices (ARPM), in the average Fixed and Mobile outgoing use per customer and in the average Internet monthly bill per customer

MOBILE MARKET

Mobile ARPM Evolution

	31 st Dec 2010	31 st Dec 2011	Evolution
Average revenue per minute (ARPM) of mobile telephone call (in DH Free of Tax /minute)	1.12	0.74	- 34%
➤ <i>Mobile prepaid ARPM</i>	<i>1.31</i>	<i>0.81</i>	<i>- 38%</i>
➤ <i>Mobile postpaid ARPM</i>	<i>0.83</i>	<i>0.62</i>	<i>- 25%</i>

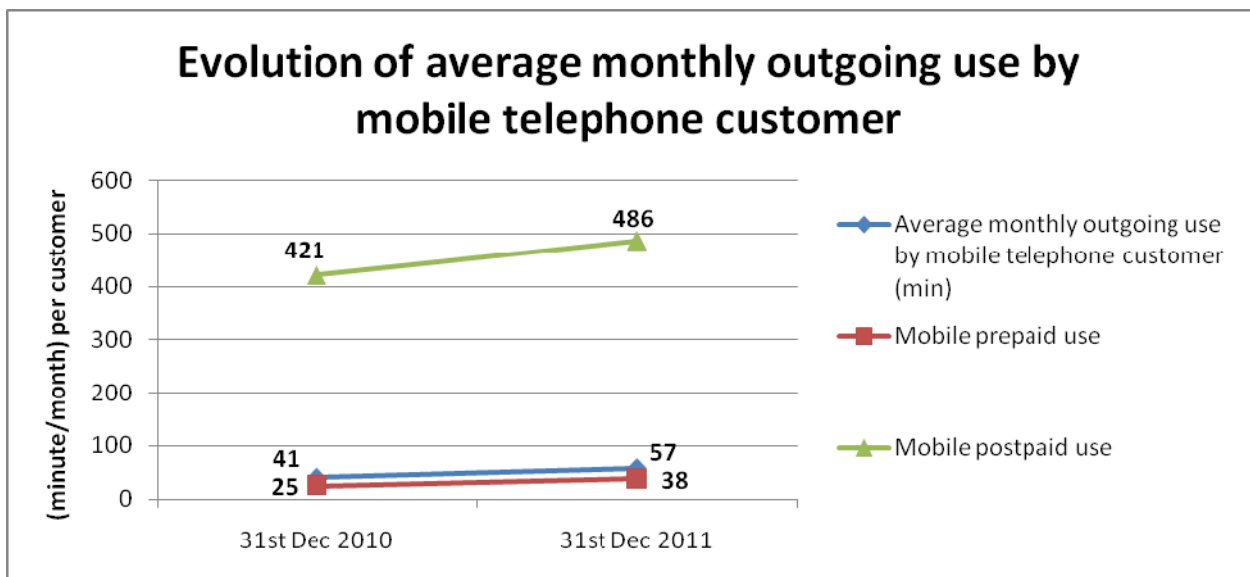


presented in two distinct parts, one relating to the park "Data only" and another for the park "Voice + Data". These two offers will be considered together in calculating the global Internet park while 3G offers combined "Voice + Data " were not recorded so far in the park 3G in previous publications.

The prices measured by the average revenue per minute (ARPM)¹⁴ have dropped during 2011. Indeed, the ARPM moved from **1.12 DHFoT/min** at the end of December 2010 to **0.74 DHFoT/min** at the end of December 2011 making a **34% decrease**.

Evolution of average monthly outgoing use by mobile telephone customer ¹⁵

	31 st Dec 2010	31 st Dec 2011	Evolution
Average monthly outgoing use by mobile telephone customer (in minute/month/customer)	41	57	39%
➤ <i>Mobile prepaid use</i>	25	38	52%
➤ <i>Mobile postpaid use</i>	421	486	15%



The average outgoing use per mobile customer has risen between December 2010 and December 2011 from **41 to 57 minutes/customer/month** making a **growth of 39%**.

For prepaid usage, it has increased by **52%** moving from **25 minutes/month** to **38 minutes per month** while the postpaid use has increased by **15%** from 421 minutes/month to **486 minutes per month**.

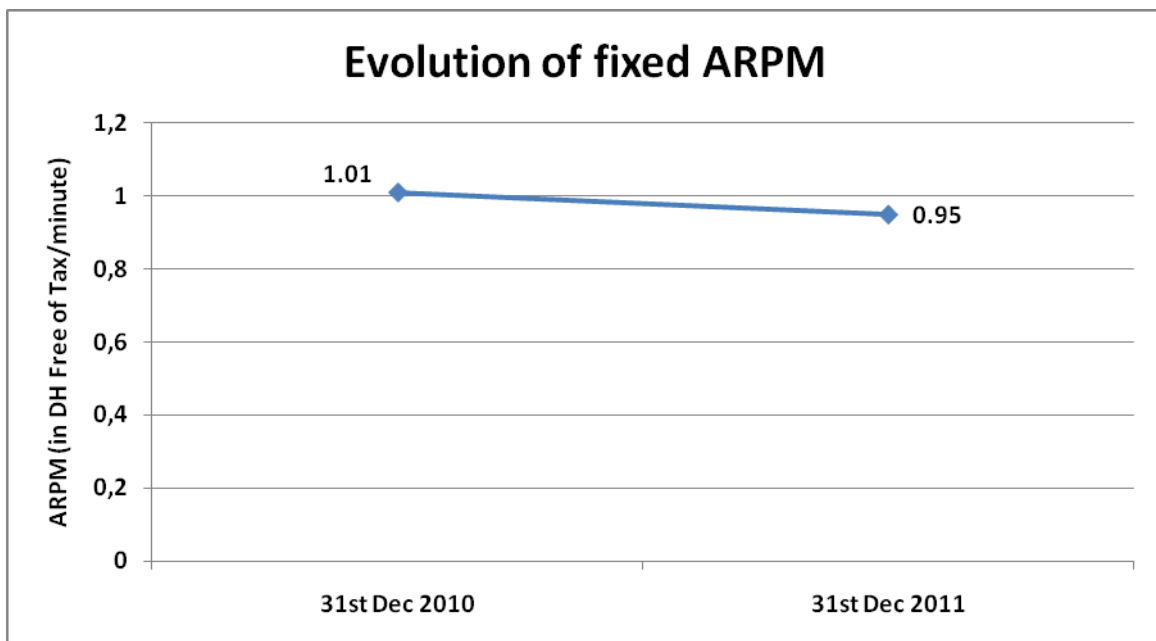
¹⁴ ARPM: Average revenue per minute of communication is obtained by dividing the turnover free of Tax of the outgoing voice communications by the outgoing traffic in minutes.

¹⁵The average monthly outgoing use by mobile telephone customer is obtained by dividing the outgoing mobile telephone voice traffic in minutes by the average number of subscribers to mobile telephony and the period in months (twelve months).

FIXED TELEPHONY MARKET

Fixed ARPM Evolution

	31 st Dec 2010	31 st Dec 2011	Evolution
Average revenue per minute (ARPM) of fixed telephone call in DH Free of Tax /minute	1.01	0.95	- 6%



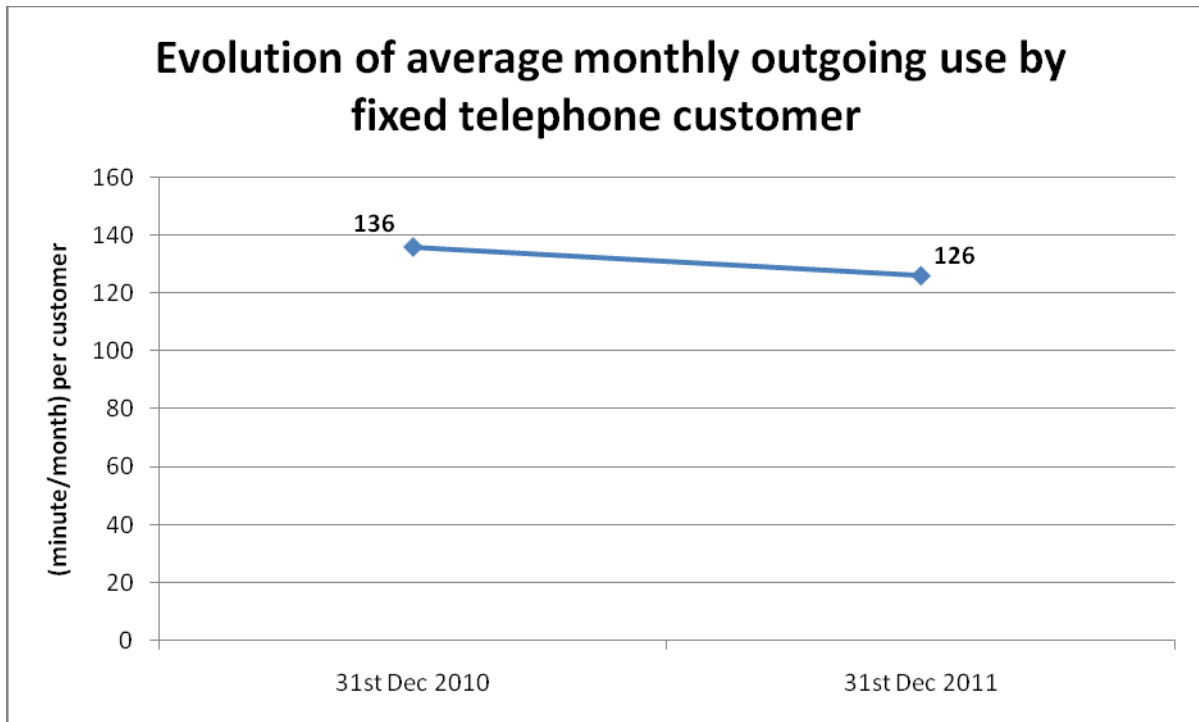
The fixed **ARPM**¹⁶ has dropped from **1.01 DHFoT/min** at the end of December 2010 to **0.95 DHHT/min** at the end of December 2011 making a **decrease of 6%**.

Evolution of average monthly outgoing use by fixed telephone customer ¹⁷

	31 st Dec 2010	31 st Dec 2011	Evolution
Average monthly outgoing use by fixed telephone customer (in minute/month/customer)	136	126	- 7%

¹⁶ ARPM: Average revenue per minute of fixed communication is obtained by dividing the turnover free of Tax of the outgoing fixed voice communications by the outgoing fixed traffic in minutes.

¹⁷The average monthly outgoing use by fixed telephone customer is obtained by dividing the outgoing fixed telephone voice traffic in minutes by the average number of subscribers to fixed telephony and the period in months (twelve months).



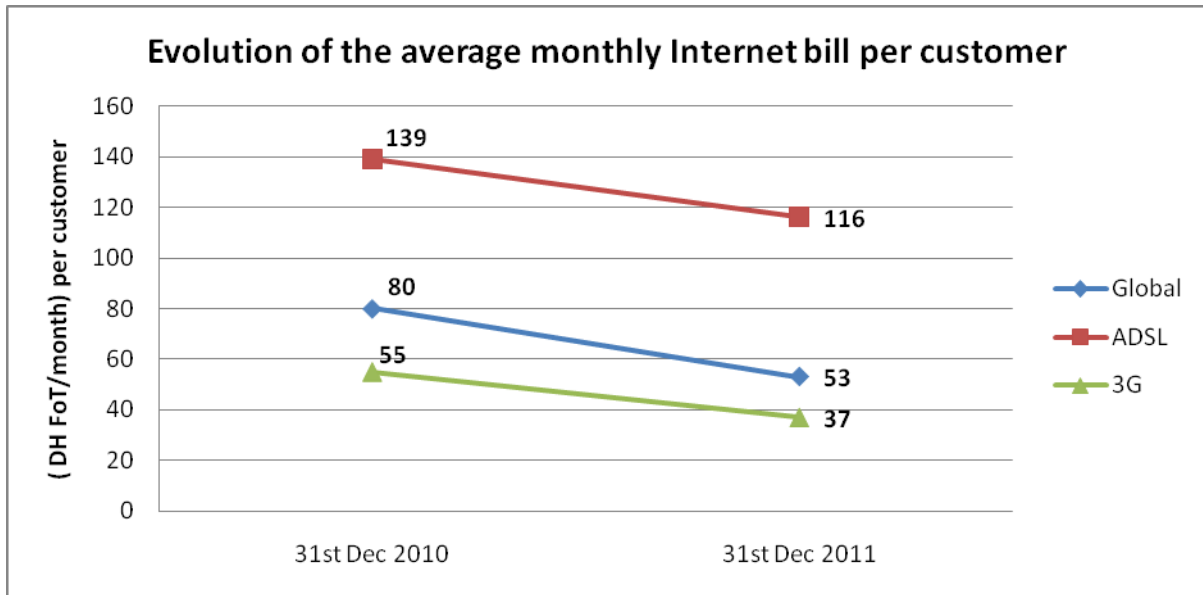
The average fixed outgoing usage per customer **decreased by 7%** between the end of December 2010 and the end of December 2011 and moved **from 136 minutes per month to 126 minutes per month**.

INTERNET MARKET

Evolution of the Internet average monthly bill per customer ¹⁸

	31 st Dec 2010	31 st Dec 2011	Evolution
Internet average monthly bill per customer (in DH Free of Tax/month/customer)	80	53	- 34%
➤ ADSL	139	116	- 17%
➤ 3G Access	55	37	- 33%

¹⁸The average monthly bill per customer is calculated by dividing turnover free of tax by average Internet subscribers and the period in months (twelve months).



In 2011, the downward trend in prices measured by the average monthly bill for Internet customer is confirmed. Indeed, it has **dropped from 80 DHFoT/month/customer** at the end of December 2010 **to 53 DHFoT/month/customer** at the end of December 2011 making a **decline of 34%**.

The 3G Internet bill has dropped from **55 DHFoT/month/customer** at the end of December 2010 to **37 DHFoT/month/customer** at the end of December 2011 registering a **33% drop**. While for ADSL, the bill moved from **139 DHFoT/month/customer** at the end of December 2010 to **116 DHFoT/month/customer** at the end of December 2011 making a 17% decline.