ROYAUME DU MAROC
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THE TELECOMMUNICATIONS SECTOR EVOLUTION AT 30th JUNE 2012

1- Highlights at 30th June 2012

Evolution of Tariffs (ARPM[1]), average usage[2] of fixed and mobile telephony and the average monthly Internet bill per customer[3]

Mobile Telephony :

- 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 0.78 DHFoT/min at the end of June 2011 to 0.62 DHFoT/min at the end of June 2012 making a 21% drop.

- The average outgoing use per mobile customer has risen between June 2011 and June 2012 from 58 to 67 minutes/customer/month making a growth in the use of 16%.

Fixed Telephony :

- The downward trend in fixed prices as measured by average revenue per minute also continues. Indeed, the ARPM has dropped from 0.94DHFoT/min at the end of June 2011 to 0.84 DHHT/min at the end of June 2012 making a decrease of 11%.

- The average outgoing usage per fixed customer decreased by 11% between June 30, 2011 and June 30, 2012 from 132 minutes per month to 117 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 75 DHFoT/month/customer at the end of June 2011 to 54 DHFoT/month/customer at the end of June 2012 outstanding a decline of 28%.

[1] 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.
[2] The average use is calculated by dividing outgoing traffic in minutes by average subscriber per month in the reporting period.
[3] The average monthly bill per customer is calculated by dividing turnover free of Tax by average Internet subscribers and the period in months.

- The bill of 3G Internet has dropped from 54 DHFoT/month/customer at the end of June 2011 to 37 DHFoT/month/customer at the end of June 2012 outstanding a 31% drop. While for ADSL, it moved from 132 DHFoT/month/customer at the end of June 2011 to 125 DHFoT/month/customer at the end of June 2012 making a 5% decline.

MOBILE TELEPHONY

- The number of mobile subscribers has recovered in the second quarter of 2012 after a slight decline observed at the end of March 2012. It reached 37 422 105 at the end of June 2012 recording a quarterly increase of 3.27% and 7% compared to the same period of 2011. The penetration rate of mobile telephony reached 115.07% at the end of June 2012 against 112.59% at end of March 2012.

- The number of mobile postpaid subscribers recorded a quarterly growth rate of 5.10% at the end of June 2012 and an annually growth of 22.03%. For the mobile prepaid subscribers, the quarterly growth rate is 3.18% and the annually growth is about 6.36%.

- Outgoing mobile traffic has reached 7.73 billion minutes in the second quarter of 2012 registering a quarterly growth rate of 19.81% and of 33.03% annually.

- SMS traffic is also growing strongly with about 2 billion outgoing SMS during the second quarter of 2012. This figure increased by 58.77% compared to the first quarter of the year and by 69.43% over the same period of 2011.

FIXED TELEPHONY

- The overall fixed line subscribers reached 3 444 546 at the end of June 2012 by making a quarterly decrease of 2.55% and of 5.53% annually. The penetration rate of fixed telephony is 10.59% at the end of the second quarter of 2012.

- The outgoing fixed traffic during the second quarter reached nearly 1.2 billion minutes and recorded a quarterly decrease of 2.43% and a yearly decrease of 17.95%.

INTERNET

- At the end of June 2012, the Internet accounts reached 3 759 432 and recorded a quarterly growth rate of 9.13% and an annually one of 60.27%. The Internet penetration rate is about 11.56% at the end of the second quarter of 2012.

- The 3G Internet subscribers (83.22% of the Internet accounts) had made a quarterly growth rate of 10.46% and an annually one of 72.20%.

- The ADSL subscribers with at least 4 Mbits/s speed represent around 99% of the total accounts at the end of June 2012.

- The 3G Internet accounts combining voice with Data reached 1 514 875 and recorded a quarterly growth rate of 19.68% and an annually one of 183.06%.

- The 3G Internet "Data only" accounts reached 1 613 637 and recorded a quarterly growth rate of 3.02% and an annually one of 25.91%.

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2- Market analysis of the quarterly evolution

Mobile telephony market[4]

At the end of the second quarter of 2012, the number of mobile subscribers reached 37 422 105, with a quarterly increase of 3.27%. From June 2011, this number increased by 7%.

The penetration rate reached 115.07% at the end of June 2012 against 112.59% in March 2012.

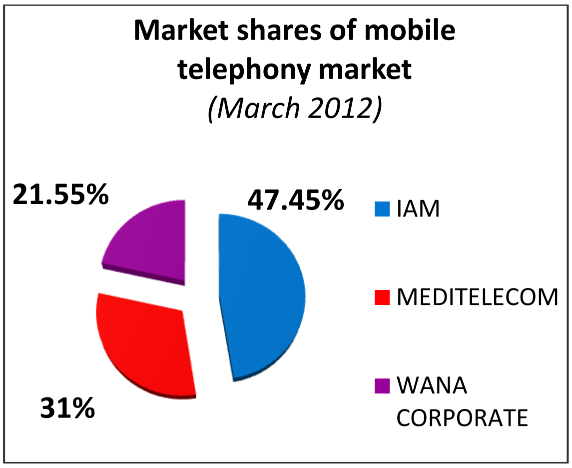
MOBILE ACCOUNTS

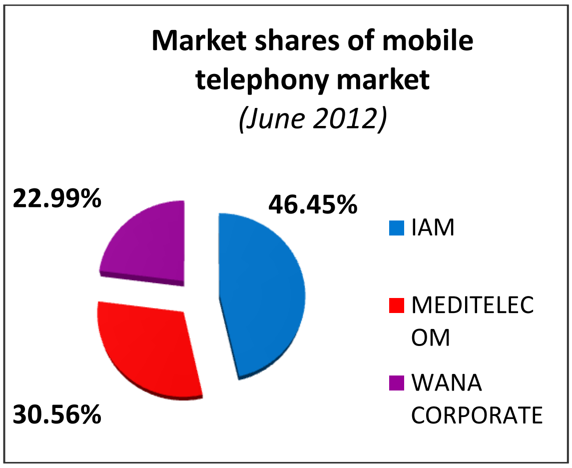
MOBILE TELEPHONY (in thousands)	Jun-11	Mar-12	Jun-12
Mobile accounts	34 975	36 239	37 422
Quarterly growth[5]	1 600	- 315	1 183
QuarterlyGrowth (%)[6]	4.79%	- 0.86%	3.27%
Penetration rate[7]	108.66%	112.59%	115.07%

Through the analysis of the mobile subscribers evolution for the second quarter of 2012, we notice that the number of IAM mobile subscribers reached 17 385 (in thousands) against 17 194 (in thousands) at the end of March 2012 While the number of Medi Telecom mobile subscribers reached 11 435 (in thousands) (11 235 thousands subscribers in March 2012) while Wana Corporate mobile subscribers moved from 7 810 (in thousands) subscribers in March 2012 to 8 602 (in thousands) in June 2012. Therefore, the quarterly growths are 1.11% for IAM, 1.79% for Medi Telecom and 5.64% for Wana Corporate.

In terms of market share, the incumbent operator holds 46.45% of the mobile subscribers market followed by Medi Telecom with 30.56% and Wana corporate with 22.99%.

[4]This figure includes mobile subscribers to mobile telephony using the 2G and 3G networks.
[5]The growth at the quarter N equals to the difference between the market size of N and N-1.
[6]% of growth at the quarter N equals to the difference between the market size of N and N-1 divided by the market size of N-1.
[7] The penetration rate for mobile telephony is calculated on base of the population projections published by the Statistics Department/HCP and the General census of population 2004. Starting from March of the year N, the reference population for calculating this rate results from Statistics Department/HCP projections of the year N-1.





With regard to the distribution of mobile customers by type of subscription, we notice that there is no change in the structure of the market compared to the previous quarter and that prepaid mode always prevails with a share of 95.35% (95.43% at the end of March 2012) against 4.65% for post-paid mode.

The mobile post-paid subscribers closed the quarter with a rise by recording a quarterly growth of 5.10% while the mobile prepaid subscribers increased by 3.18% compared to March 2012. Over a year, the growth for post-paid was about 22.03% against 6.36% for prepaid.

Post-paid accounts evolution

POST-PAID MARKET (in thousands)	Jun-11	Mar-12	Jun-12
Post-paid accounts	1 425	1 655	1 739
Quarterly growth	96	98	84
Quarterly growth (%)	7.19%	6.27%	5.10%
Penetration rate	4.43%	5.14%	5.35%

Pre-paid accounts evolution

PRE-PAID MARKET (in thousands)	Jun-11	Mar-12	Jun-12
Prepaid accounts	33 550	34 584	35 683
Quarterly growth	1 504	- 413	1 099
Quarterly growth (%)	4.69%	- 1.18%	3.18%
Penetration rate	104.23%	107.45%	109.72%

Outgoing Mobile Voice Traffic[8]

At the end of the second quarter of 2012, outgoing mobile traffic achieved 7 735.35 million minutes which correspond to a 19.81% growth compared to the last quarter of 2012. Over a year, this traffic increased by 33.03%.

Outgoing Mobile Voice Traffic (in millions min)	2nd Quarter 11	1st Quarter 12	2nd Quarter 12
Outgoing Mobile Traffic	5 814.72	6 456.49	7 735.35
Quarterly growth	**1 080.78**	**- 34.56**	**1 278.86**
Quarterly growth (%)	**22.83%**	**- 0.53%**	**19.81%**

Outgoing SMS Traffic[9]

The number of outgoing SMS in the second quarter of 2012 is about 1 956.27 million units making a quarterly growth of 58.77%. Over a year, this traffic increased by 69.43%.

Mobile Outgoing SMS Traffic (in million of units)	2nd Quarter 11	1st Quarter 12	2nd Quarter 12
Outgoing SMS Traffic	1 154.61	1 232.13	1 956.27
Quarterly growth	**244.24**	**- 367.73**	**724.14**
Quarterly growth rate	**26.83%**	**- 22.99%**	**58.77%**

[8]The outgoing voice traffic is the sum of minutes used by the three operator's mobile telephony customers in a quarter.
[9]The outgoing SMS traffic is the sum of outgoing SMS sent by the three operator's mobile telephony customers.

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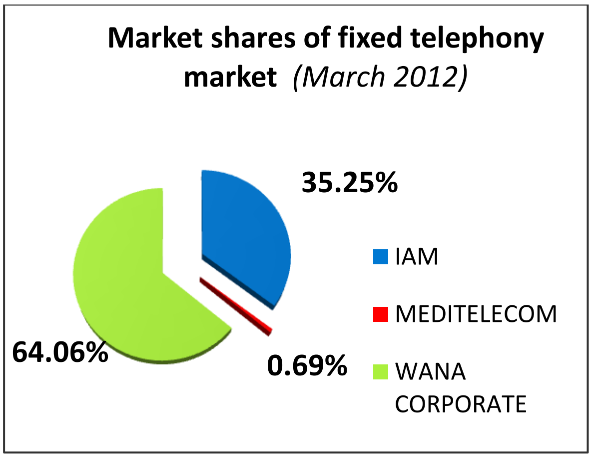
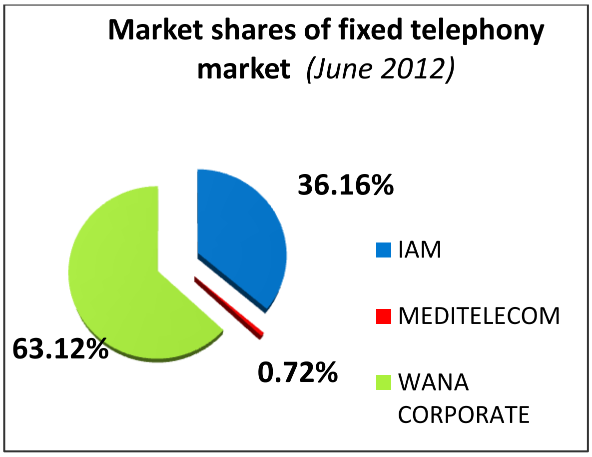
Fixed Telephony Market

At June 30th 2012, the number of subscribers recorded a quarterly decrease of 2.55% and an annually one of 5.53%. The total number of subscribers reached 3 444 546 (against 3 534 567 at the end of March 2012) of which 2 085 172 subscribers use the fixed telephony with restricted mobility.

The fixed telephony penetration rate was 10.59% at the end of June 2012 against 10.98% in March 2012.

In terms of market share, Wana Corporate holds 63.12% of the fixed telephony market followed by IAM with 36.16% and Medi Telecom with 0.72%.





FIXED ACCOUNTS

FIXED TELEPHONY	Jun-11	Mar-12	Jun-12
Fixed accounts	3 646 318	3 534 567	3 444 546
Restricted mobility	2 383 290	2 255 463	2 085 172
Quarterly growth	3 212	- 31 509	- 90 021
Quarterly growth %	0.09%	- 0.88%	- 2.55%
Penetration rate	11.33%	10.98%	10.59%

Residential subscribers

FIXED TELEPHONY	Jun-11	Mar-12	Jun-12
Residential accounts	3 107 030	3 032 186	2 952 360
Quarterly growth	9 298	- 22 440	- 79 826
Quarterly growth %	0.30%	- 0.73%	- 2.63%

Professional subscribers

FIXED TELEPHONY	Jun-11	Mar-12	Jun-12
Professional accounts	411 977	421 446	422 849
Quarterly growth	**5 633**	**5 082**	**1 403**
Quarterly growth %	**1.39%**	**1.22%**	**0.33%**

Outgoing Fixe Voice Traffic[10]

During the second quarter of 2012, the fixe voice traffic was about 1 191.68 million minutes which corresponds to a quarterly decrease of 2.43% and an annually one of 17.95%.

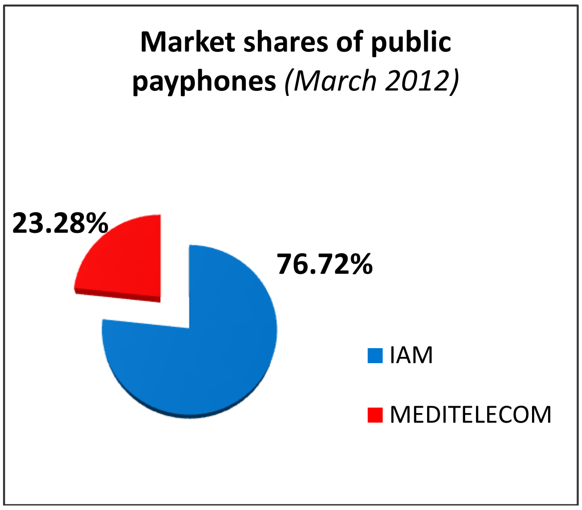
Outgoing Fixed Voice Traffic (in million min)	2nd Quarter 11	1st Quarter 12	2nd Quarter 12
Outgoing Voice Traffic	1 452,36	1 221,41	1 191,68
Quarterly growth	**58.35**	**- 99.77**	**- 29.72**
Quarterly growth rate	**4.19%**	**- 7.55%**	**- 2.43%**

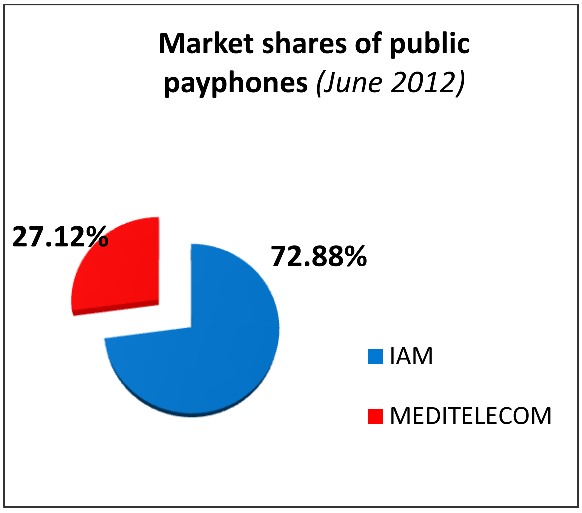
Public Payphones Market

At June 30th 2012, the number of lines in public payphones recorded a quarterly drop of 9.82% compared to March 2012 and a decrease of 41.34% compared to June 2011. The total number of lines in public payphones[11] reached 95 141 at end of June 2012 (against 105 498 at end of March 2012).

Public payphones	Jun-11	Mar-12	Jun-12
Number of lines	162 193	105 498	95 141
Quarterly growth	**- 12 897**	**- 23 138**	**- 10 357**
Quarterly growth %	**- 7.37%**	**- 17.99%**	**- 9.82%**

[10] The outgoing voice traffic is the sum of minutes used by the three operator's customers of mobile telephony and restricted mobility in a quarter.
[11] The public payphones includes fixed and GSM phone shops, coin and card public telephones.



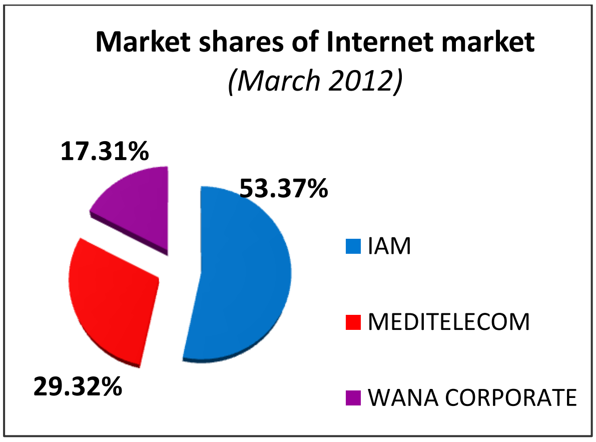


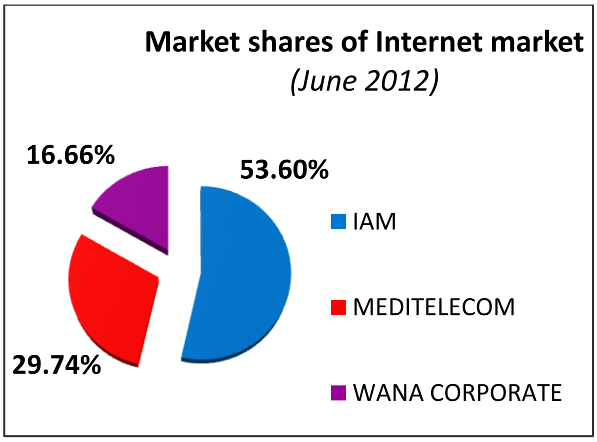
Internet Market

At 30th June 2012, the total Internet subscribers[12] reached 3 759 432 carrying out an increase of 9.13% over the second quarter of 2012 and a growth of 60.27% compared to June 2011.

The Internet penetration was about 11.56% at the end of June 2012 against 10.7% in March 2011.

In terms of market share, IAM holds 53.6% of the Internet subscribers market followed by Medi Telecom with 29.74% and Wana Corporate with 16.66%.





[12] 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 nowpresented 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.

Internet accounts

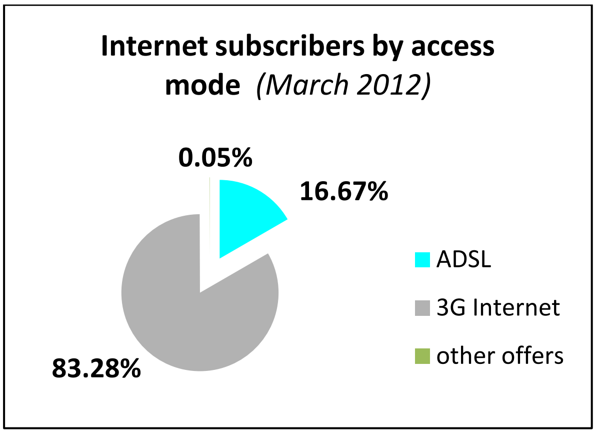
INTERNET MARKET	Jun-11	Mar-12	Jun-12
Internet accounts	2 345 725	3 444 969	3 759 432
Quarterly growth	**172 822**	**262 853**	**314 463**
Quarterly growth %	**7.95%**	**8.26%**	**9.13%**

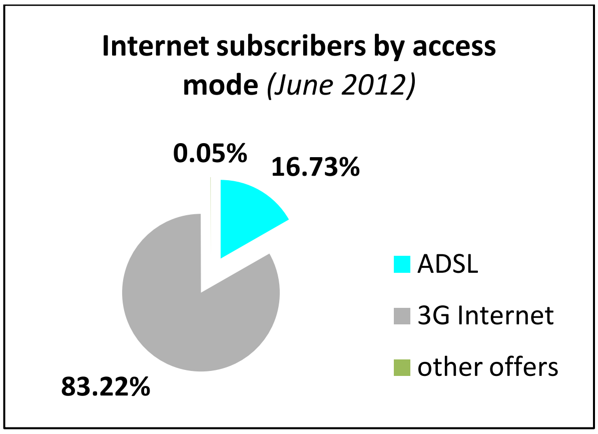
The number of the narrowband subscribers reached 803 in June 2012 which corresponds to a decrease of 1.95% over this second quarter.

The number of ADSL subscribers increased by 2.96% over the second quarter of 2012. The annual evolution of the ADSL accounts is about +19.36%. The Internet ADSL accounts is estimated at 629 049 at the end of June 2012.

The estimated number of Internet access via Leased Lines (LL) achieved 1 068 at the end of June 2012. It increased by 2.10% over a quarter and by 6.48% annually.

The distribution of subscribers by access mode is as follows, with a predominance of the 3G internet access, representing 83.22% of the global Internet market and broadband ADSL Internet access with 16.73%.



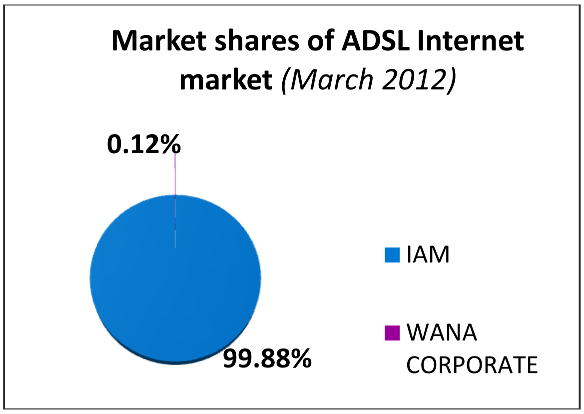


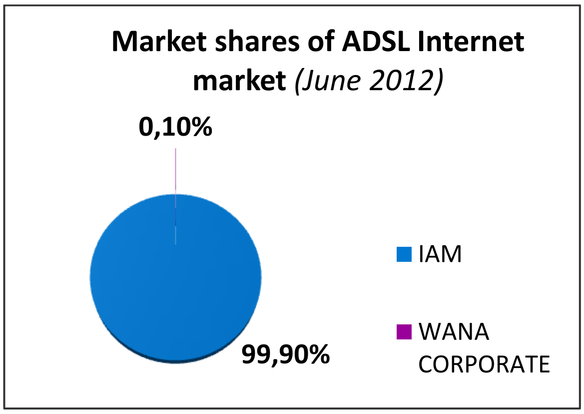
ADSL market evolution

INTERNET ADSL	Jun-11	Mar-12	Jun-12
ADSL accounts	527 016	610 949[13]	629 049
Quarterly growth	**11 552**	**21 271**	**18 100**
Quarterly growth %	**2.24%**	**3.61%**	**2.96%**

[13] This figure replaces the 566 879 published in the observatory of last March after a correction of the data made by some operators.

In terms of market shares, IAM holds 99.90% of the ADSL Internet accounts.





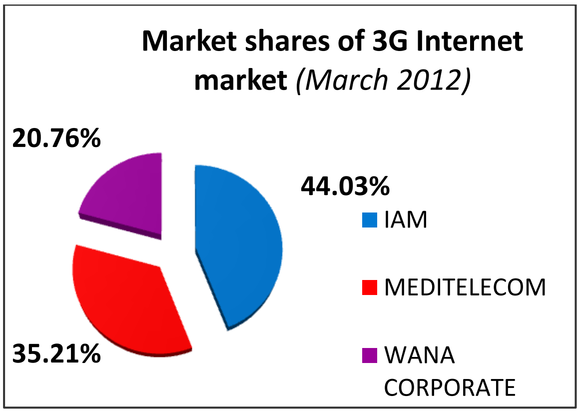
The ADSL Internet access accounts is made essentially of 4 Mbit/s which represents the largest share with 60.96% of the ADSL Internet market followed by 8 Mbits/s (20.48%) and 12 Mbits/s (16.22%) at the end of June 2012.

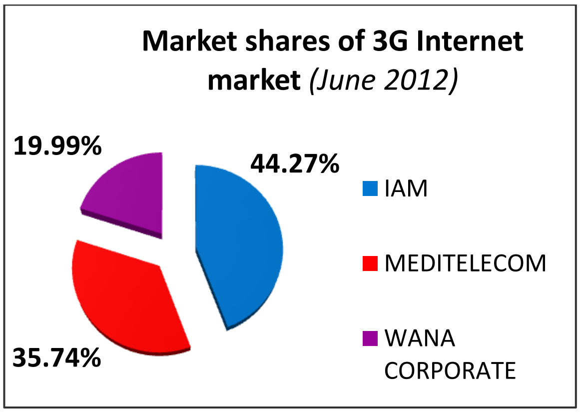
3G Internet market evolution

At the end of June 2012, the number of 3G Internet subscribers reached 3 128 512 recording an increase of 10.46% over the second quarter of 2012 and 72.20% since June 2011.

3G INTERNET	Jun-11	Mar-12	Jun-12
3G accounts	1 816 792	2 832 155	3 128 512
Quarterly growth	**161 293**	**241 621**	**296 357**
Quarterly growth rate	**9.74%**	**9.33%**	**10.46%**

In terms of market shares, IAM holds 44.27% of the 3G Internet accounts followed by Medi Telecom with 35.74% and Wana Corporate with 19.99%.





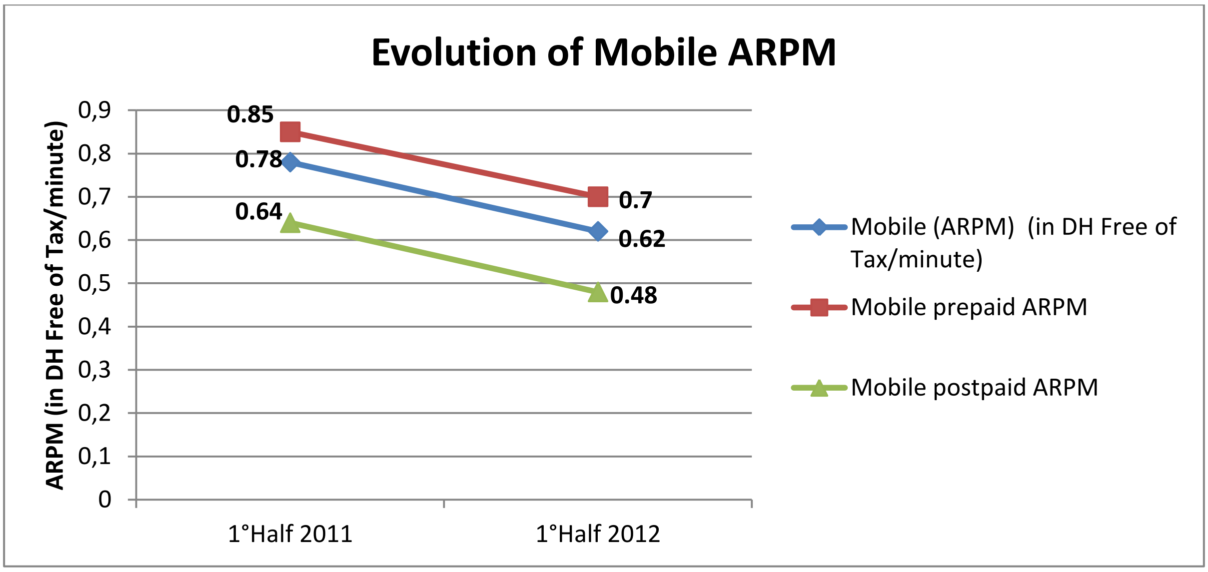
The 3G Internet "Data Only" accounts reached 1 613 637 subscribers at the end of June 2012 carrying out a quarterly growth of 3.02%.
The 3G Internet "Voice + Data" accounts have reached 1 514 875 subscribers at the end of June 2012 by achieving a quarterly growth of 19.68%.

3- Analysis of the trend in prices (ARPM) at the end of the second quarter of 2012, in the average Fixed and Mobile outgoing use per customer and in the average Internet monthly bill per customer

MOBILE MARKET

Mobile ARPM Evolution

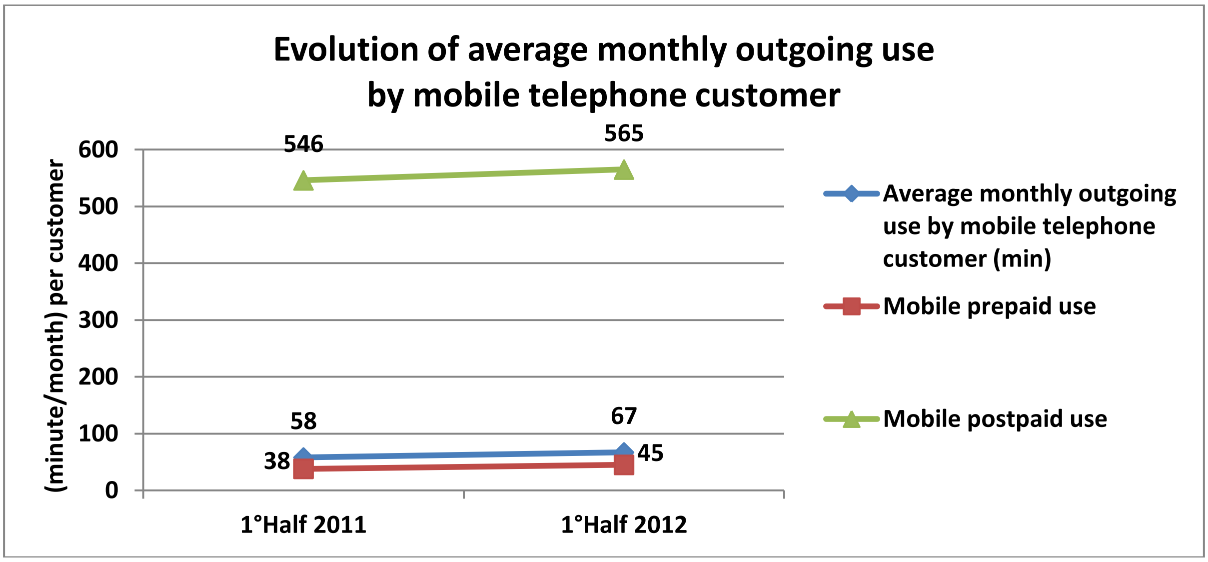
	1° Half 2011	1° Half 2012	Evolution
Average revenue per minute (ARPM) of mobile telephone call (in DH Free of Tax /minute)	**0.78**	**0.62**	**- 21%**
➢ ***Mobile prepaidARPM***	***0.85***	***0.70***	***- 18%***
➢ ***Mobile postpaid ARPM***	***0.64***	***0.48***	***- 25%***



The downward trend in mobile prices as measured by average revenue per minute (ARPM "Average Revenue Per Minute") continues. Indeed, the ARPM had dropped from 0.78 DHFoT/min at the end of June 2011 to 0.62 DHFoT/min at the end of June 2012 making a 21% drop.

Evolution of average monthly outgoing use by mobile telephone customer[14]

	1° Half 2011	1° Half 2012	Evolution
Average monthly outgoing use by mobile telephone customer (in minute/month/customer)	58	67	16%
➢ *Mobile prepaid use*	*38*	*45*	*18%*
➢ *Mobile postpaid use*	*546*	*565*	*3%*



The average outgoing use per mobile customer has risen between June 2011 and June 2012 from 58 to 67 minutes/customer/month making a growth in the use of 16%.

The Pre-paid usage has increased by 18% moving from 38 minutes/month to 45 minutes per month while the postpaid use has increased by 3% from 546 minutes/month to 565 minutes per month.

[14]The 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.

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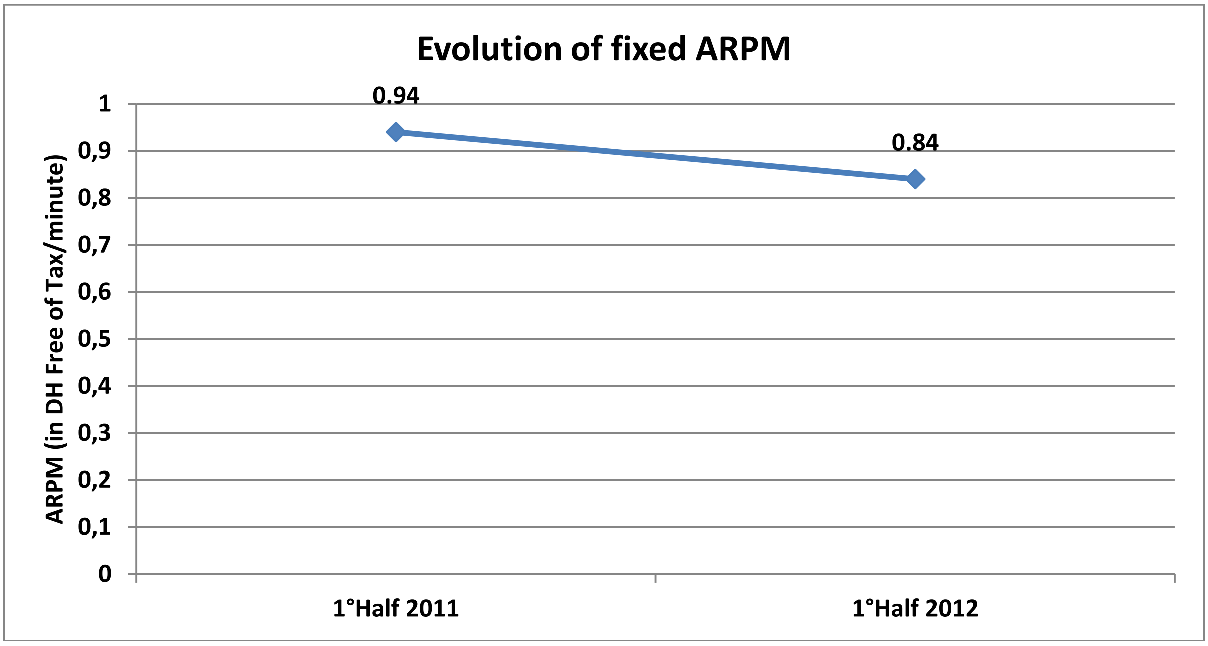
FIXED MARKET

Fixed ARPM Evolution

	1° Half 2011	1° Half 2012	Evolution
Average revenue per minute (ARPM) of fixed telephone call in DH Free of Tax /minute	0.94	0.84	- 11%



The downward trend in fixed prices as measured by average revenue per minute also continues. Indeed, the ARPM had dropped from 0.94DHFoT/min at the end of June 2011 to 0.84 DHHT/min at the end of June 2012 making a decrease of 11%.

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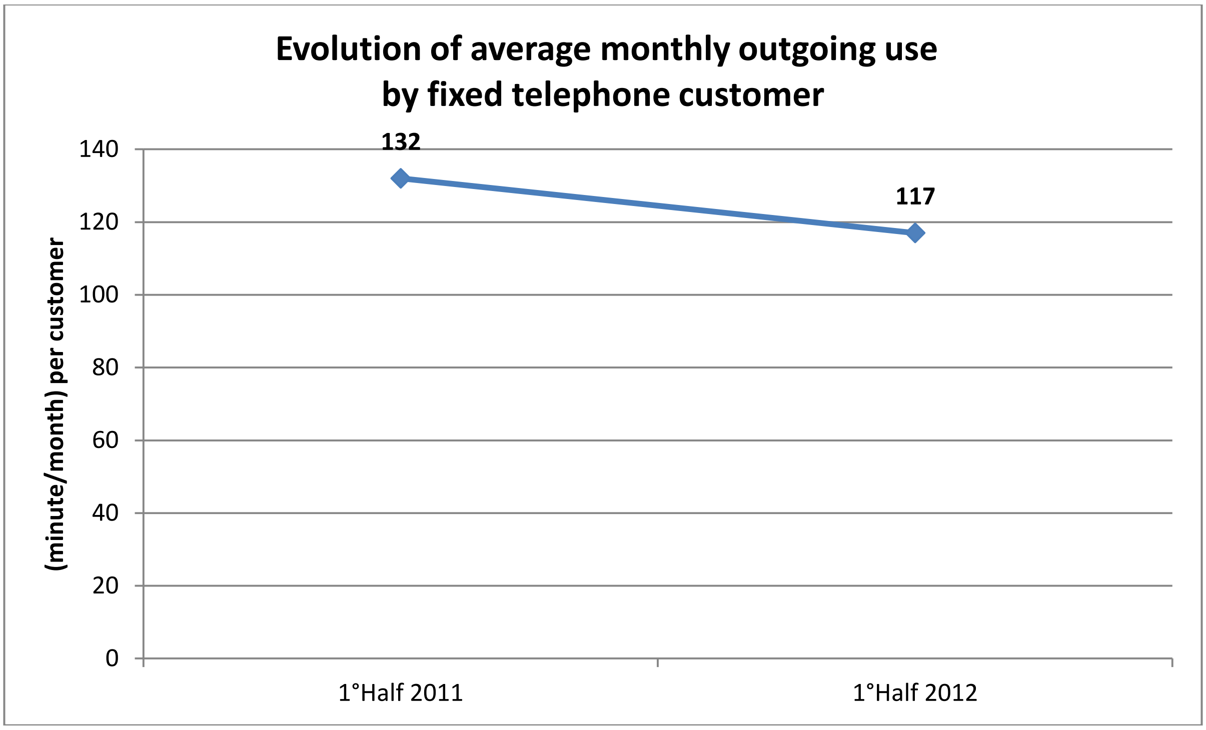
Evolution of average monthly outgoing use by fixed telephone customer[15]

	1° Half 2011	1° Half 2012	Evolution
Average monthly outgoing use by fixed telephone customer (in minute/month/customer)	132	117	- 11%



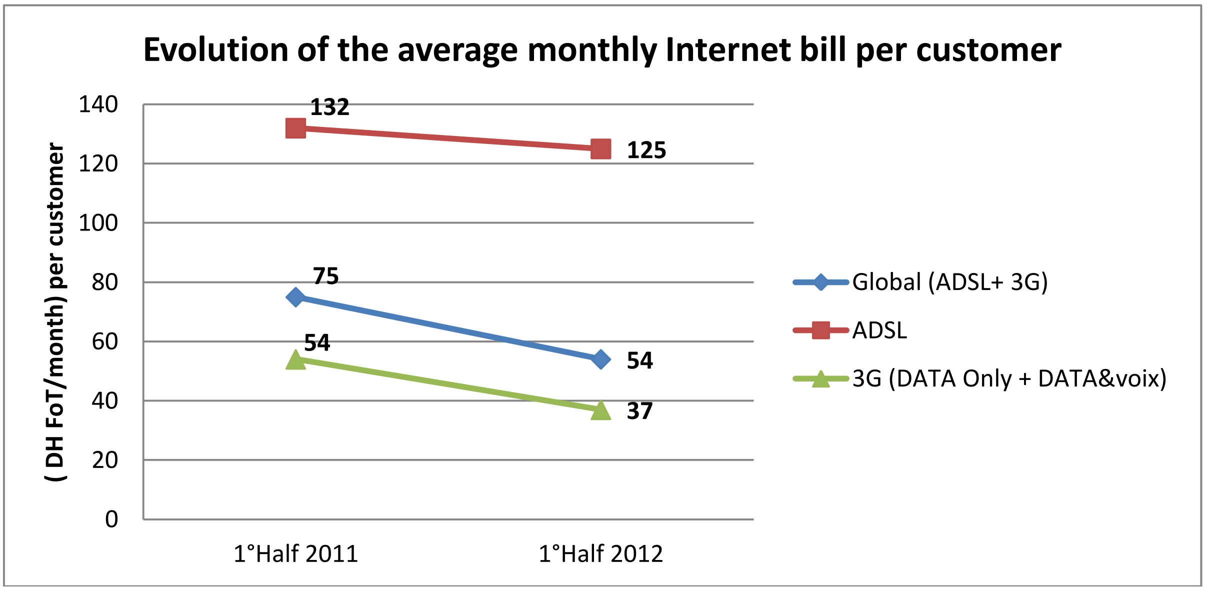
The average outgoing usage per fixed customer decreased by 11% between June 30, 2011 and June 30, 2012 from 132 minutes per month to 117 minutes per month.

[15]The 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.

INTERNET MARKET

Evolution of the Internet average monthly bill per customer[16]

	1° Half 2011	1° Half 2012	Evolution
Internet average monthly bill per customer (in DH Free of Tax/month/customer)	**75**	**54**	**- 28%**
➢ **ADSL**	***132***	***125***	***- 5%***
➢ **3G Access**	***54***	***37***	***- 31%***



The downward trend in prices measured by the average monthly bill for Internet customer is confirmed. Indeed, it had dropped from 75 DHFoT/month/customer at the end of June 2011 to 54 DHFoT/month/customer at the end of June 2012 outstanding a decline of 28%.

The bill of 3G Internet had dropped from 54 DHFoT/month/customer at the end of June 2011 to 37 DHFoT/month/customer at the end of June 2012 outstanding a 31% drop. While for ADSL, it moved from 132 DHFoT/month/customer at the end of June 2011 to 125 DHFoT/month/customer at the end of June 2012 making a 5% decline.

[16]The average monthly bill per customer is calculated by dividing turnover free of tax by average Internet subscribers and the period in months.