THE TELECOMMUNICATIONS SECTOR EVOLUTION AT 30th SEPTEMBER 2012

1- Highlights at 30th September 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 0.76 DHFoT/min at the end of September 2011 to 0.57 DHFoT/min at the end of September 2012 making a 25% drop.

- The average outgoing use per mobile customer has risen between September 2011 and September 2012 from 60 to 72 minutes/customer/month making a growth in the use of 20%.

Fixed Telephony :

- The downward trend in fixed prices as measured by average revenue per minute also continues. Indeed, the ARPM has dropped from 0.93 DHFoT/min at the end of September 2011 to 0.82 DHHT/min at the end of September 2012 making a decrease of 12%.

- The average outgoing usage per fixed customer decreased by 14% between September 30, 2011 and September 30, 2012 from 126 minutes per month to 108 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 72 DHFoT/month/customer at the end of September 2011 to 50 DHFoT/month/customer at the end of September 2012 outstanding a decline of 31%.

[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 51 DHFoT/month/customer at the end of September 2011 to 34 DHFoT/month/customer at the end of September 2012 outstanding a 33% drop. While for ADSL, it moved from 131 DHFoT/month/customer at the end of September 2011 to 121 DHFoT/month/customer at the end of September 2012 making a 8% decline.

MOBILE TELEPHONY

- The number of mobile subscribers reached 38 287 208 at the end of September 2012 recording a quarterly increase of 2.31% and 5.91% compared to the same period of 2011. The penetration rate of mobile telephony reached 117.73% at the end of the third quarter of 2012.

- The number of mobile postpaid subscribers recorded a quarterly growth rate of 2.63% at the end of September 2012 and an annually growth of 20.08%. For the mobile prepaid subscribers, the quarterly growth rate is 2.3% and the annually growth is about 5.3%.

- Outgoing mobile traffic has reached almost 9 billion minutes in the third quarter of 2012 registering a quarterly growth rate of 16.32% and of 43.39% annually.

- SMS traffic has reached 1.88 billion outgoing SMS during the third quarter of 2012. This figure decreased by 3.9% compared to the second quarter of the year and increased by 25.86% over the same period of 2011.

FIXED TELEPHONY

- The overall fixed line subscribers reached 3 318 657 at the end of September 2012 by making a quarterly decrease of 3.65% and of 5.82% annually. The penetration rate of fixed telephony is 10.2% at the end of the third quarter of 2012.

- The outgoing fixed traffic during the third quarter reached nearly 1 042 million minutes and recorded a quarterly decrease of 12.53% and a yearly decrease of 21.02%.

INTERNET

- At the end of September 2012, the Internet accounts reached 3 876 627 and recorded a quarterly growth rate of 3.12% and an annually one of 34.51%. The Internet penetration rate is about 11.92% at the end of the third quarter of 2012.

- The 3G Internet subscribers (83.27% of the Internet accounts) had made a quarterly growth rate of 3.18% and an annually one of 38.57%.
- The ADSL subscribers with at least 4Mbits/s speed represent 98.76% of the total accounts at the end of September 2012.
- The 3G Internet accounts combining voice with Data reached 1 620 888 and recorded a quarterly growth rate of 7% and an annually one of 75.01%.
- The 3G Internet “Data only” accounts reached 1 607 115 and recorded a slight quarterly decrease of 0.4% and an annually growth rate of 14.52%.

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2- Market analysis of the quarterly evolution

Mobile telephony market[4]

At the end of September 2012, the number of mobile subscribers reached 38 287 208, with a quarterly increase of 2.31%. From September 2011, this number increased by 5.91%.

The penetration rate reached 117.73% at the end of September 2012 against 115.07% in June 2012.

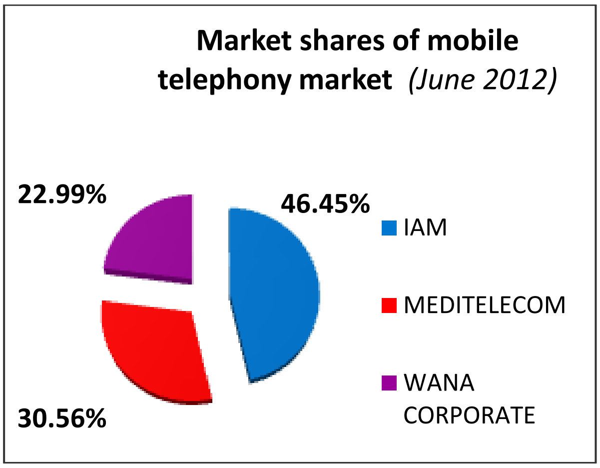
MOBILE ACCOUNTS

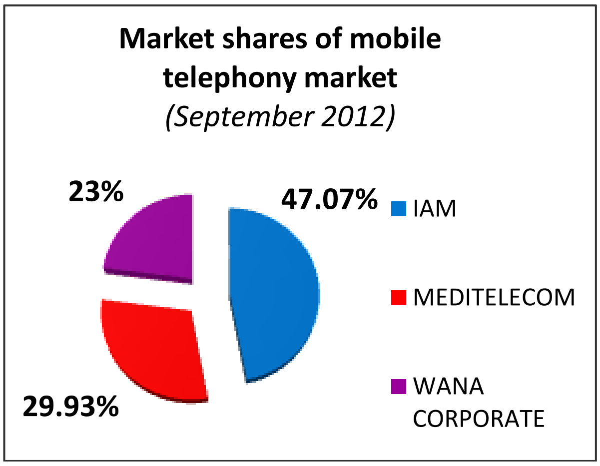
MOBILE TELEPHONY (in thousands)	Sept-11	Jun-12	Sept-12
Mobile accounts	36 150	37 422	38 287
Quarterly growth[5]	**1 175**	**1 183**	**865**
Quarterly growth (%)[6]	**3.36%**	**3.27%**	**2.31%**
Penetration rate[7]	**112.31%**	**115.07%**	**117.73%**

Through the analysis of the mobile subscribers evolution for the third quarter of 2012, we notice that the number of IAM mobile subscribers reached 18 022 (in thousands) against 17 385 (in thousands) at the end of June 2012 While the number of Medi Telecom mobile subscribers reached 11 461 (in thousands) (11 435 thousands subscribers in June 2012) while Wana Corporate mobile subscribers moved from 8 602 (in thousands) subscribers in June 2012 to 8 804 (in thousands) in September 2012. Therefore, the quarterly growths are 3.66% for IAM, 0.23% for Medi Telecom and 2.35% for Wana Corporate.

In terms of market share, the incumbent operator holds 47.07% of the mobile subscribers market followed by Medi Telecom with 29.93% and Wana corporate with 23%.

[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 95.34% (95.35% at the end of June 2012) against 4.66% for post-paid mode.

The mobile post-paid subscribers closed the quarter with a rise by recording a quarterly growth of 2.63% while the mobile prepaid subscribers increased by 2.3% compared to June 2012. Over a year, the growth for post-paid was about 20.08% against 5.3% for prepaid.

Post-paid accounts evolution

POST-PAID MARKET (in thousands)	Sept-11	Jun-12	Sept-12
Post-paid accounts	1486	1 739	1785
Quarterly growth	61	84	45
Quarterly growth (%)	4.29%	5.10%	2.63%
Penetration rate	4.62%	5.35%	5.49%

Pre-paid accounts evolution

PRE-PAID MARKET (in thousands)	Sept-11	Jun-12	Sept-12
Pre-paid accounts	34664	35 683	36502
Quarterly growth	1 114	1 099	819
Quarterly growth (%)	3.32%	3.18%	2.30%
Penetration rate	107.70%	109.72%	112.24%

Outgoing Mobile Voice Traffic[8]

At the end of the third quarter of 2012, outgoing mobile traffic achieved 8 998.06 million minutes which correspond to a 16.32% growth compared to the second quarter of 2012. Over a year, this traffic increased by 43.39%.

Outgoing Mobile Voice Traffic (in millions min)	3th Quarter 11	2nd Quarter 12	3th Quarter 12
Outgoing Mobile Traffic	6275.15	7 735.35	8 998.06
Quarterly growth	**460.78**	**1 278.86**	**1 262.71**
Quarterly growth (%)	**7.92%**	**19.81%**	**16.32%**

Outgoing SMS Traffic[9]

The number of outgoing SMS in the third quarter of 2012 is about 1 880 million units making a quarterly decrease of 3.9%. Over a year, this traffic increased by 25.86%.

Mobile Outgoing SMS Traffic (in million of units)	3th Quarter 11	2nd Quarter 12	3th Quarter 12
Outgoing SMS Traffic	1493,70	1 956,27	1 880
Quarterly growth	**339.09**	**724.14**	**- 76.26**
Quarterly growth rate	**29.37%**	**58.77%**	**- 3.90%**

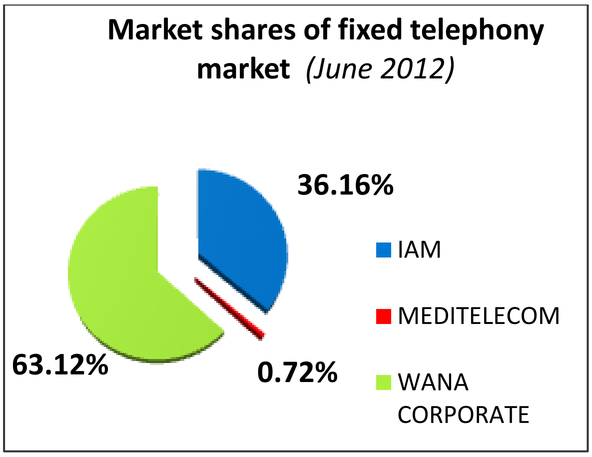
[8]The outgoing voice traffic is the sum of minutes used by the three operator's mobile telephony customers in a quarter.
[9]The outgoing SMS traffic is the sum of outgoing SMS sent by the three operator's mobile telephony customers.

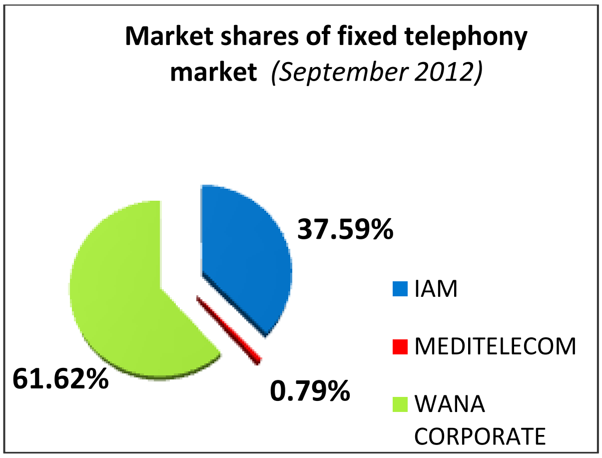
Fixed Telephony Market

At September 30th 2012, the number of subscribers recorded a quarterly decrease of 3.65% and an annually one of 5.82%. The total number of subscribers reached 3 318 657 of which 1.953 437 subscribers use the fixed telephony with restricted mobility.

The fixed telephony penetration rate was 10.2% at the end of September 2012 against 10.59% in June 2012.

In terms of market share, Wana Corporate holds 61.62% of the fixed telephony market followed by IAM with 37.59% and Medi Telecom with 0.79%.





FIXED ACCOUNTS

FIXED TELEPHONY	Sept-11	Jun-12	Sept-12
Fixed accounts	3 523 707	3 444 546	3 318 657
Restricted mobility	2 260 871	2 085 172	1 953 437
Quarterly growth	- 122 611	- 90 021	- 125 889
Quarterly growth %	- 3.36%	- 2.55%	- 3.65%
Penetration rate	10.95%	10.59%	10.20%

Residential subscribers

FIXED TELEPHONY	Sept-11	Jun-12	Sept-12
Residential accounts	3 000 809	2 952 360	2 835 093
Quarterly growth	- 106 221	- 79 826	- 117 267
Quarterly growth %	- 3.42%	- 2.63%	- 3.97%

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Professional subscribers

FIXED TELEPHONY	Sept-11	Jun-12	Sept-12
Professional accounts	412 910	422 849	423 814
Quarterly growth	**933**	**1 403**	**965**
Quarterly growth %	**0.23%**	**0.33%**	**0.23%**

Outgoing Fixe Voice Traffic[10]

During the third quarter of 2012, the fixe voice traffic was about 1 042.32 million minutes which corresponds to a quarterly decrease of 12.53% and an annually one of 21.02%.

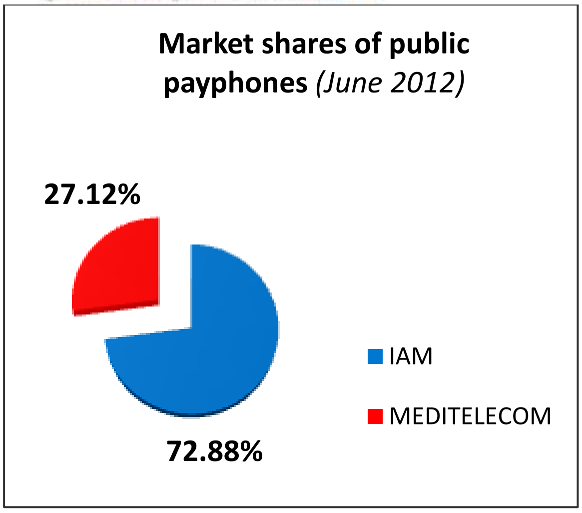
Outgoing Fixed Voice Traffic (in million min)	3th Quarter 11	2nd Quarter 12	3th Quarter 12
Outgoing Voice Traffic	1319,74	1 191,68	1 042,32
Quarterly growth	**- 132,62**	**- 29,72**	**- 149,36**
Quarterly growthrate	**- 9.13%**	**- 2.43%**	**- 12.53%**

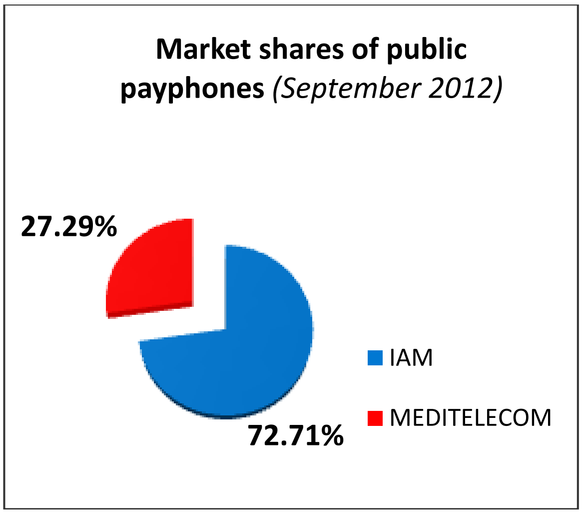
Public Payphones Market

At September 30th 2012, the number of lines in public payphones recorded a quarterly drop of 13.62% compared to June 2012 and a decrease of 42.86% compared to September 2011. The total number of lines in public payphones[11] reached 82 179 at end of September 2012.

Public payphones	Sept-11	Jun-12	Sept-12
Number of lines	143 812	95 141	82 179
Quarterly growth	**- 18 381**	**- 10 357**	**- 12 962**
Quarterly growth %	**- 11.33%**	**- 9.82%**	**- 13.62%**

[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.



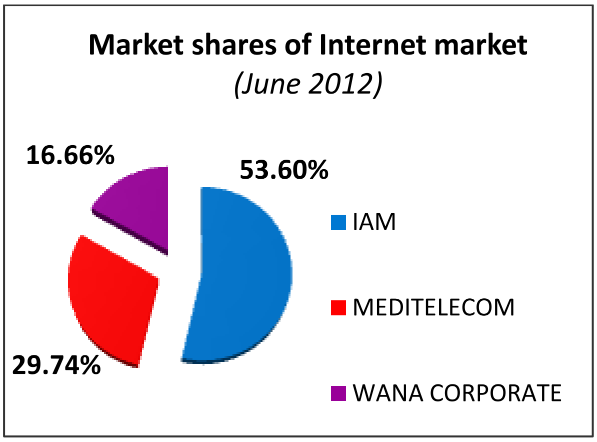


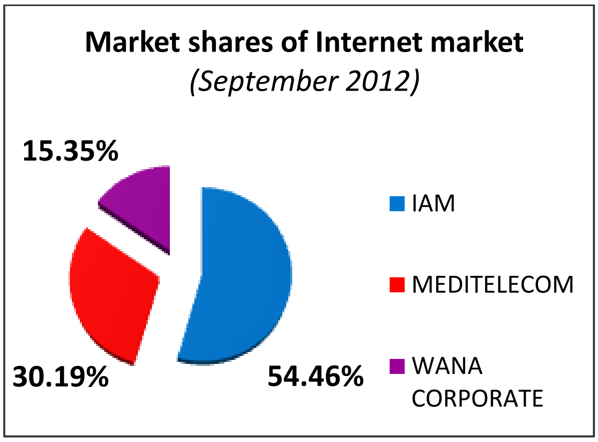
Internet Market

At 30th September 2012, the total Internet subscribers[12] reached 3 876 627 carrying out an increase of 3.12% over the third quarter of 2012 and a growth of 34.51% compared to September 2011.

The Internet penetration was about 11.92% at the end of September 2012.

In terms of market share, IAM holds 54.46% of the Internet subscribers market followed by Medi Telecom with 30.19% and Wana Corporate with 15.35%.





[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 now 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.

Internet accounts

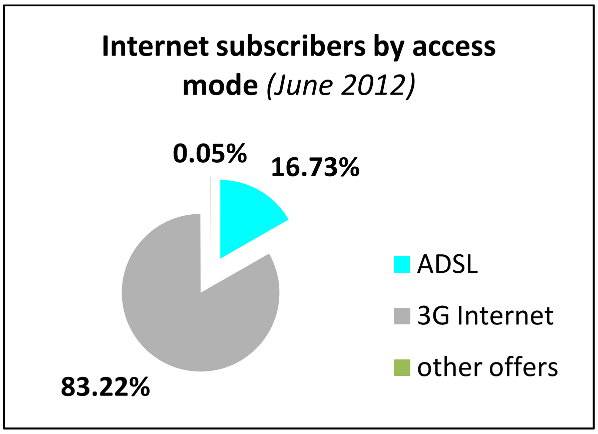
INTERNET MARKET	Sept-11	Jun-12	Sept-12
Internet accounts	2881973	3 759432	3876627
Quarterly growth	**536 248**	**314 463**	**117 195**
Quarterly growth %	**22.86%**	**9.13%**	**3.12%**

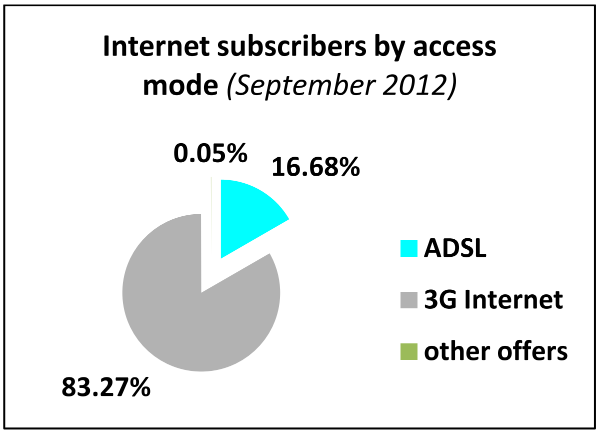
The number of the narrowband subscribers reached 796 in September 2012 which corresponds to a decrease of 0.87% over this third quarter.

The number of ADSL subscribers increased by 2.82% over the third quarter of 2012. The annual evolution of the ADSL accounts is about 17.48%. The Internet ADSL accounts are estimated at 646762 at the end of September 2012.

The estimated number of Internet access via Leased Lines (LL) achieved 1 066 at the end of September 2012. It stagnates over a quarter (- 0.19%) and increased by 3.9% over a year.

The distribution of subscribers by access mode is as follows, with a predominance of the 3G internet access, representing 83.27% of the global Internet market and broadband ADSL Internet access with 16.68%.

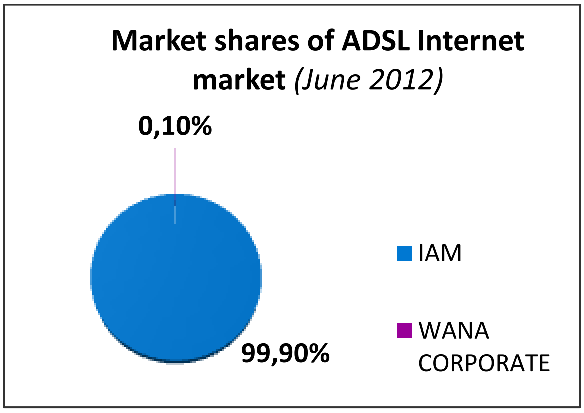


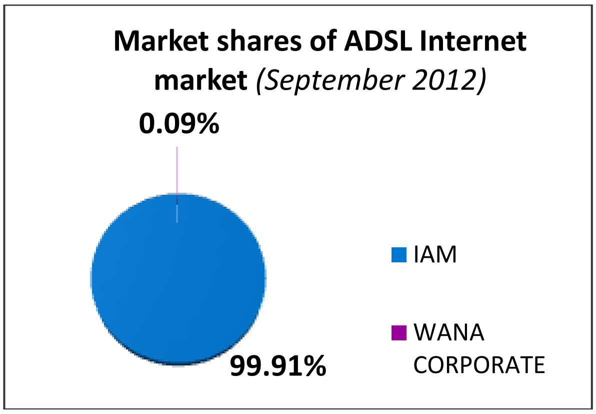


ADSL market evolution

INTERNET ADSL	Sept-11	Jun-12	Sept-12
ADSL accounts	550508	629 049	646762
Quarterly growth	**23 492**	**18 100**	**17 713**
Quarterly growth %	**4.46%**	**2.96%**	**2.82%**

In terms of market shares, IAM holds 99.91% of the ADSL Internet accounts.





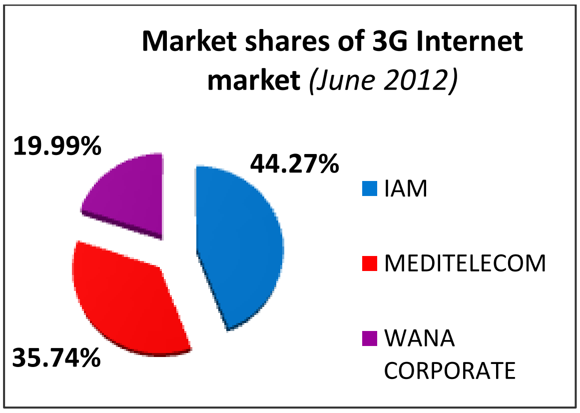
The ADSL Internet access accounts is made essentially of 4 Mbit/s which represents the largest share with 62.92% of the ADSL Internet market followed by 8 Mbits/s (19.56%) and 12 Mbits/s (15.26%) at the end of September 2012.

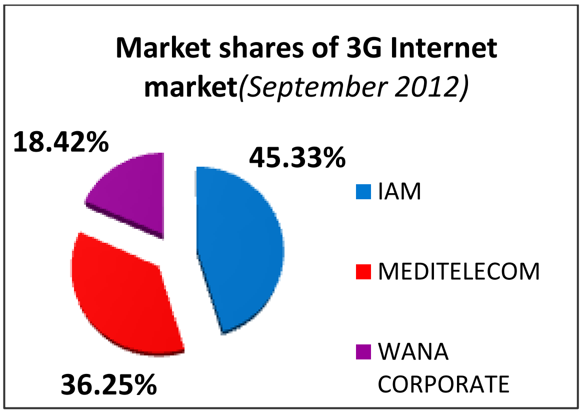
3G Internet market evolution

At the end of September 2012, the number of 3G Internet subscribers reached 3 228 003 recording an increase of 3.18% over the third quarter of 2012 and 38.57% since September 2011.

3G INTERNET	Sept-11	Jun-12	Sept-12
3G accounts	2329561	3 128 512	3 228003
Quarterly growth	**512 769**	**296 357**	**99 491**
Quarterly growthrate	**28.22%**	**10.46%**	**3.18%**

In terms of market share, IAM holds 45.33% of the 3G Internet accounts followed by Medi Telecom with 36.25% and Wana Corporate with 18.42%.





The 3G Internet "Data Only" accounts reached 1 607 115 (49.79%) subscribers at the end of September 2012 carrying out a quarterly decrease of 0.4%.

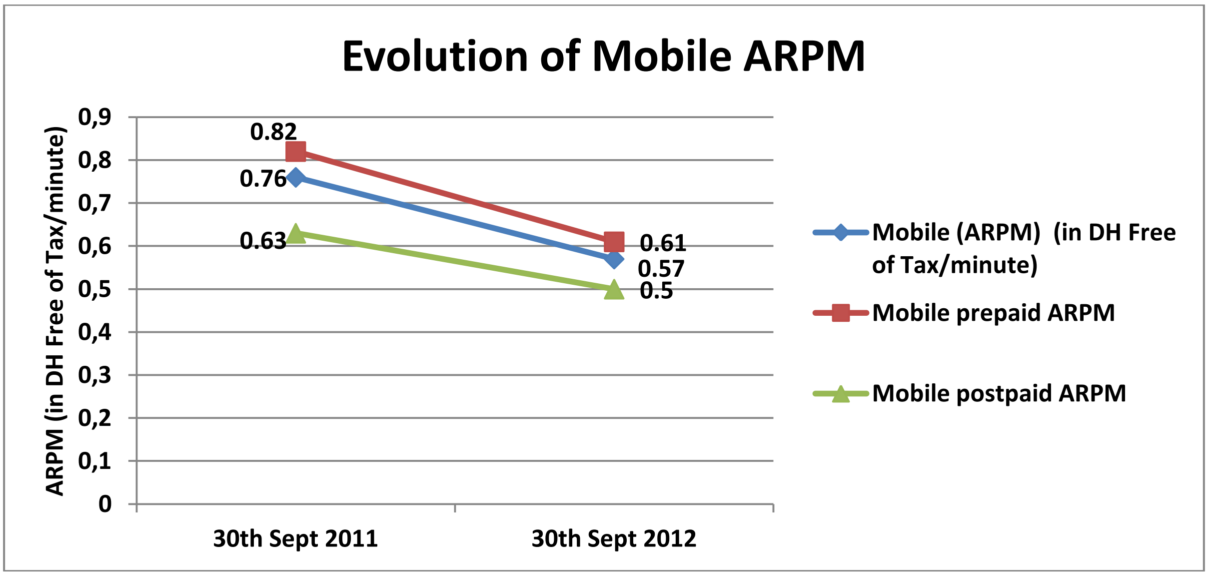
The 3G Internet "Voice + Data" accounts reached 1 620 888 (50.21%) subscribers at the end of September 2012 by achieving a quarterly growth of 7%.

3- Analysis of the trend in prices (ARPM) at the end of the third 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

	30th Sept 2011	30th Sept 2012	Evolution
Average revenue per minute (ARPM) of mobile telephone (in DH Free of Tax /minute)	**0.76**	**0.57**	**- 25%**
➢ ***Mobile prepaidARPM***	***0.82***	***0.61***	***- 26%***
➢ ***Mobile postpaid ARPM***	***0.63***	***0.5***	***- 21%***



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 0.76 DHFoT/min at the end of September 2011 to 0.57 DHFoT/min at the end of September 2012 making a 25% drop.

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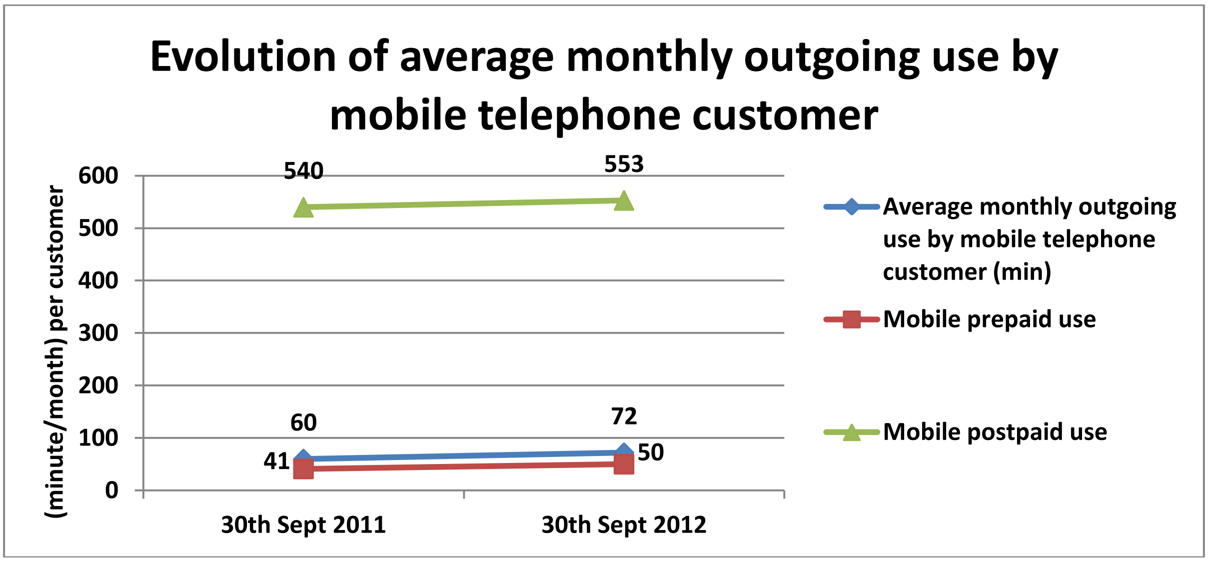
Evolution of average monthly outgoing use by mobile telephone customer[13]

	30th Sept 2011	30th Sept 2012	Evolution
Average monthly outgoing use by mobile telephone customer (in minute/month/customer)	**60**	**72**	**20%**
➢ ***Mobile prepaid use***	***41***	***50***	***22%***
➢ ***Mobile postpaid use***	***540***	***553***	***2%***



The average outgoing use per mobile customer has risen between September 2011 and September 2012 from 60 to 72 minutes/customer/month making a growth in the use of 20%.

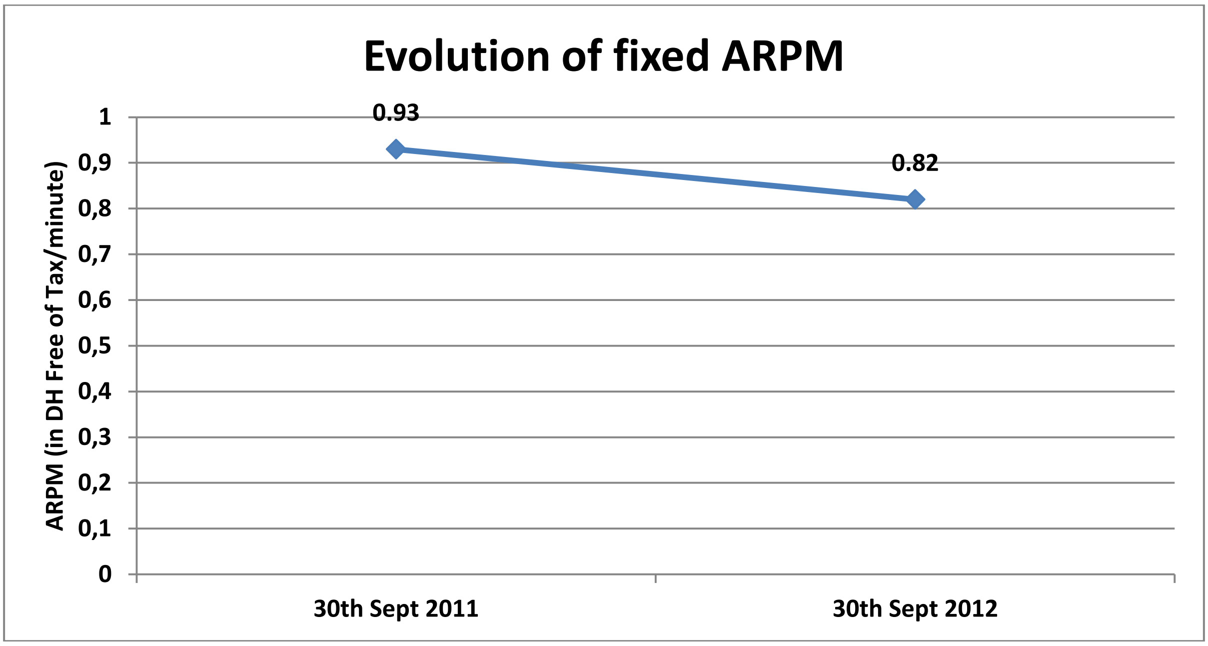
The Pre-paid usage has increased by 22% moving from 41 minutes/month to 50 minutes per month while the postpaid use has increased by 2% from 540 minutes/month to 553 minutes per month.

[13] 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.

FIXED MARKET

Fixed ARPM Evolution

	30th Sept 2011	30th Sept 2012	Evolution
Average revenue per minute (ARPM) of fixed telephone in DH Free of Tax /minute	0.93	0.82	- 12%



The downward trend in fixed prices as measured by average revenue per minute also continues. Indeed, the ARPM had dropped from 0.93 DHFoT/min at the end of September 2011 to 0.82 DHHT/min at the end of September 2012 making a decrease of 12%.

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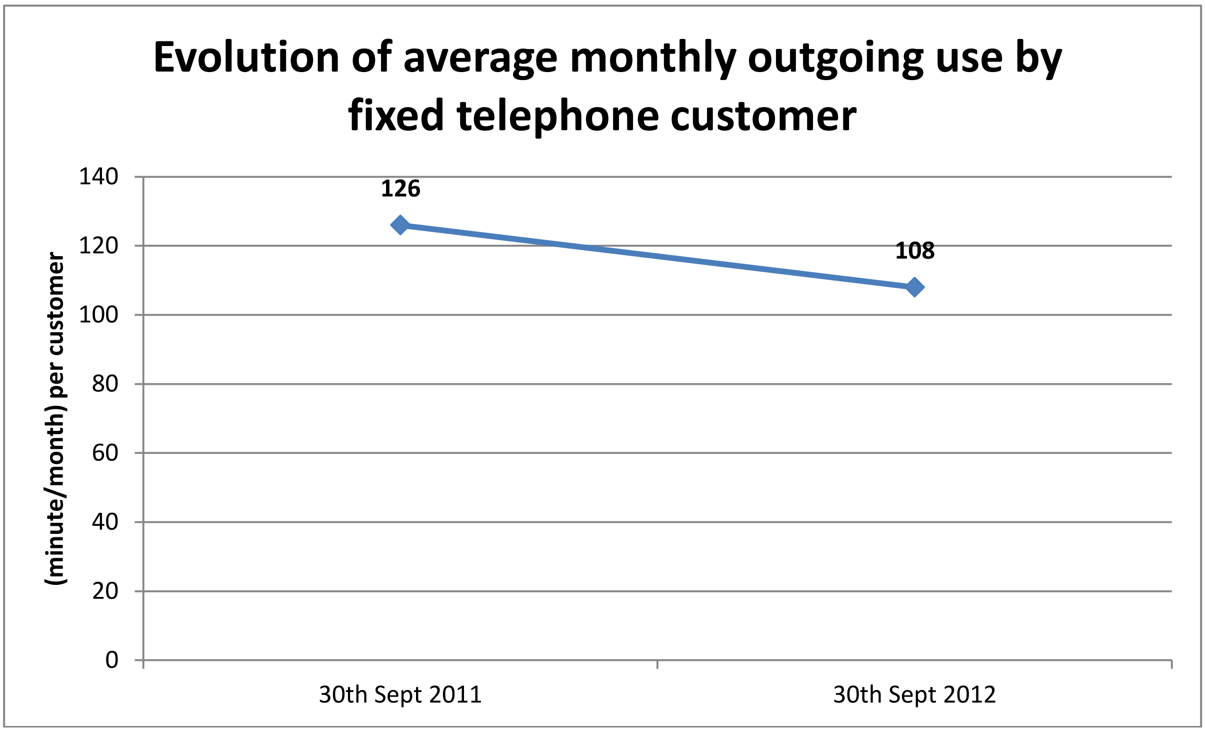
Evolution of average monthly outgoing use by fixed telephone customer[14]

	30th Sept 2011	30th Sept 2012	Evolution
Average monthly outgoing use by fixed telephone customer (in minute/month/customer)	126	108	- 14%



The average outgoing usage per fixed customer decreased by 14% between September 30, 2011 and September 30, 2012 from 126 minutes per month to 108 minutes per month.

[14] 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.

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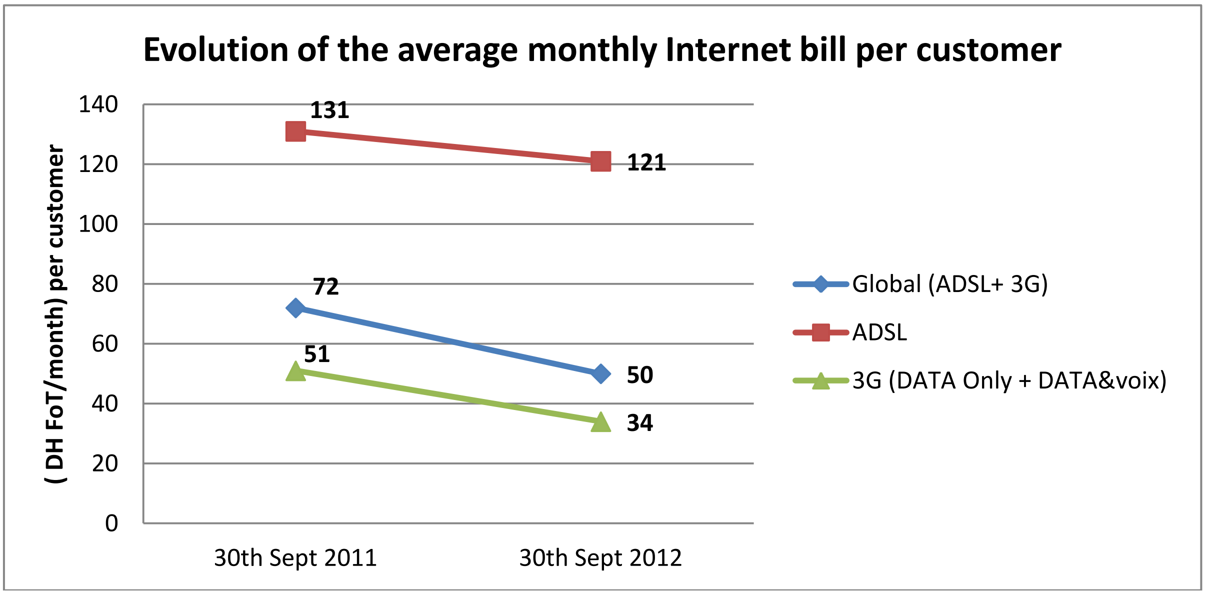
INTERNET MARKET

Evolution of the Internet average monthly bill per customer[15]

	30th Sept 2011	30th Sept 2012	Evolution
Internet average monthly bill per customer (in DH Free of Tax/month/customer)	**72**	**50**	**- 31%**
➢ **ADSL**	***131***	***121***	***- 8%***
➢ **3G Access**	***51***	***34***	***- 33%***



The downward trend in prices measured by the average monthly bill for Internet customer is confirmed. Indeed, it had dropped from 72 DHFoT/month/customer at the end of September 2011 to 50 DHFoT/month/customer at the end of September 2012 outstanding a decline of 31%.

The bill of 3G Internet had dropped from 51 DHFoT/month/customer at the end of September 2011 to 34 DHFoT/month/customer at the end of September 2012 outstanding a 33% drop. While for ADSL, it moved from 131 DHFoT/month/customer at the end of September 2011 to 121 DHFoT/month/customer at the end of September 2012 making a 8% decline.

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