ROYAUME DU MAROC
LE PREMIER MINISTRE
ANRT
الوكالة الوطنية لتقنين المواصلات
Agence Nationale de Réglementation des Télécommunications

# THE TELECOMMUNICATIONS SECTOR EVOLUTION IN 2012

## 1- Highlights of the year 2012

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

#### 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 0.73 DHFoT/min at the end of December 2011 to 0.53 DHFoT/min at the end of December 2012 making a 27% drop.

- The average outgoing use per mobile customer has risen between December 2011 and December 2012 from 57 to 75 minutes/customer/month making a growth in the use of 32%.

#### Fixed telephony :

- The downward trend in fixed prices as measured by average revenue per minute also continues. Indeed, the ARPM has dropped from 0.92 DHFoT/min at the end of December 2011 to 0.79 DHHT/min at the end of December 2012 making a decrease of 14%.

- The average outgoing usage per fixed customer decreased by 10% between December 31, 2011 and December 31, 2012 from 123 minutes per month to 111 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 53 DHFoT/month/customer at the end of December 2011 to 42 DHFoT/month/customer in December 31, 2012 making a decline of 21%.

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[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 (twelve months)
[3]The 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 37 DHFoT/month/customer at the end of December 2011 to 27 DHFoT/month/customer in December 31, 2012 marking a 27% drop. As for ADSL, it decreased from 116 DHFoT/month/customer at the end of December 2011 to 111 DHFoT/month/customer in December 31, 2012 making a 4% decline.

## MOBILE TELEPHONY

- At the end of 2012, the number of mobile subscribers recorded an annual growth of 6.74%. This number reached 39 016 336 and the mobile penetration rate is approximately 119.97% (+6.4 point compared to the end of 2011).

- The number of postpaid mobile subscribers recorded an annual growth of 19.67% which equals to nearly triple the rate of prepaid mobile subscribers estimated at 6.16%.

- The outgoing mobile traffic[4] has recorded an important annual increase of 39.48% 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 37.34% compared to 2011.

## FIXED TELEPHONY

- The overall fixed line subscribers reached 3 279 054[6] at the end of 2012 by making a decrease of 8.05% compared to 2011. The penetration rate of fixed telephony is 10.08% at the end of December 2012.

- The outgoing fixed traffic[7] recorded an annual decrease of 16.68%.

## INTERNET

- At the end of 2012, the Internet accounts reached 3 957 068 subscribers and recorded a annual growth rate of 24.35%. The Internet penetration rate is 12.17% at the end of December 2012.

- The 3G Internet subscribers boosted the Internet Market by recording an annual growth rate of 26.37%. At the end of December 2012, the

[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.

share of the 3G Internet is 82.73% followed by ADSL with 17.23%. The latter displays an annual growth rate of 15.6%.

- The ADSL subscribers with at least 4 Mbits/s speed represent around 99% of the accounts at the end of December 2012 when there were only 47.51% a year ago.

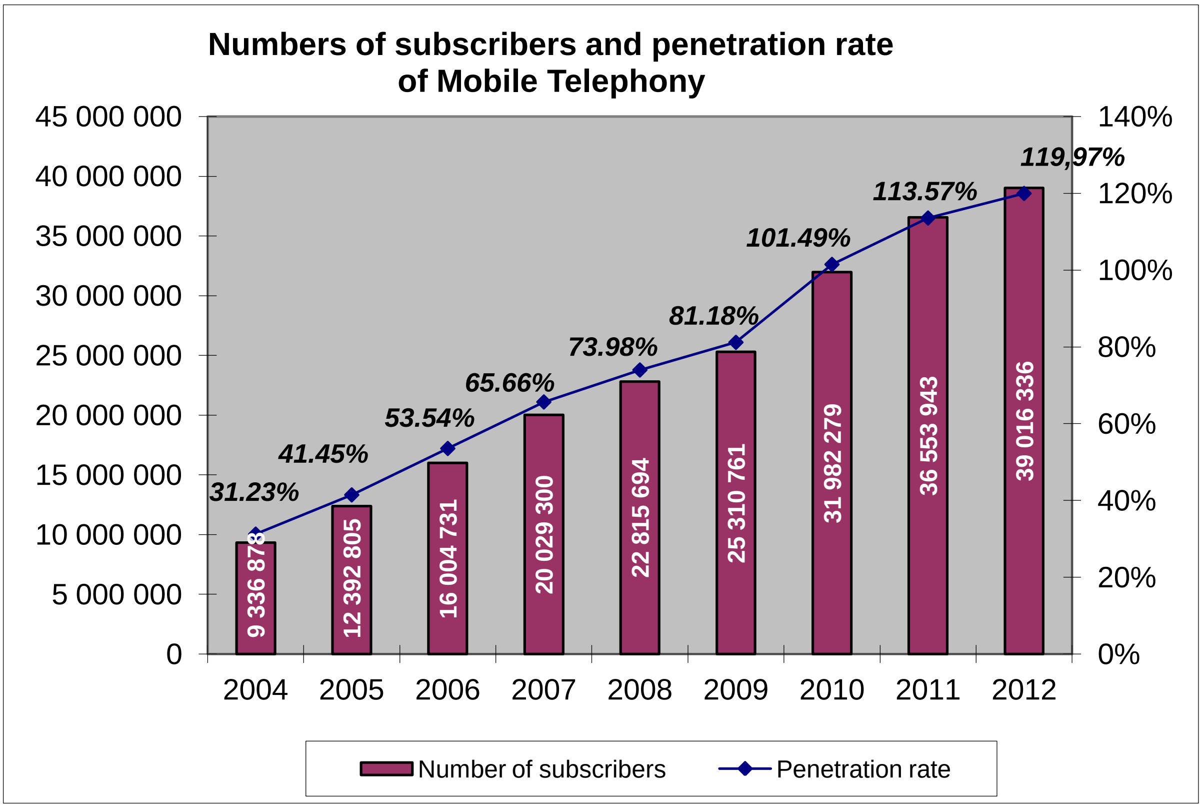
- At the end of 2012, the international Internet bandwidth recorded an important growth of 113.83% moving from 124 400 Mbps in December 2011 to 266 000 Mbps in December 2012.

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

### Mobile Telephony Market

At the end of the year 2012, the number of mobile subscribers reached 39 016 336, an annual growth of 6.74% (36 553 943 subscribers at December 31st, 2011).

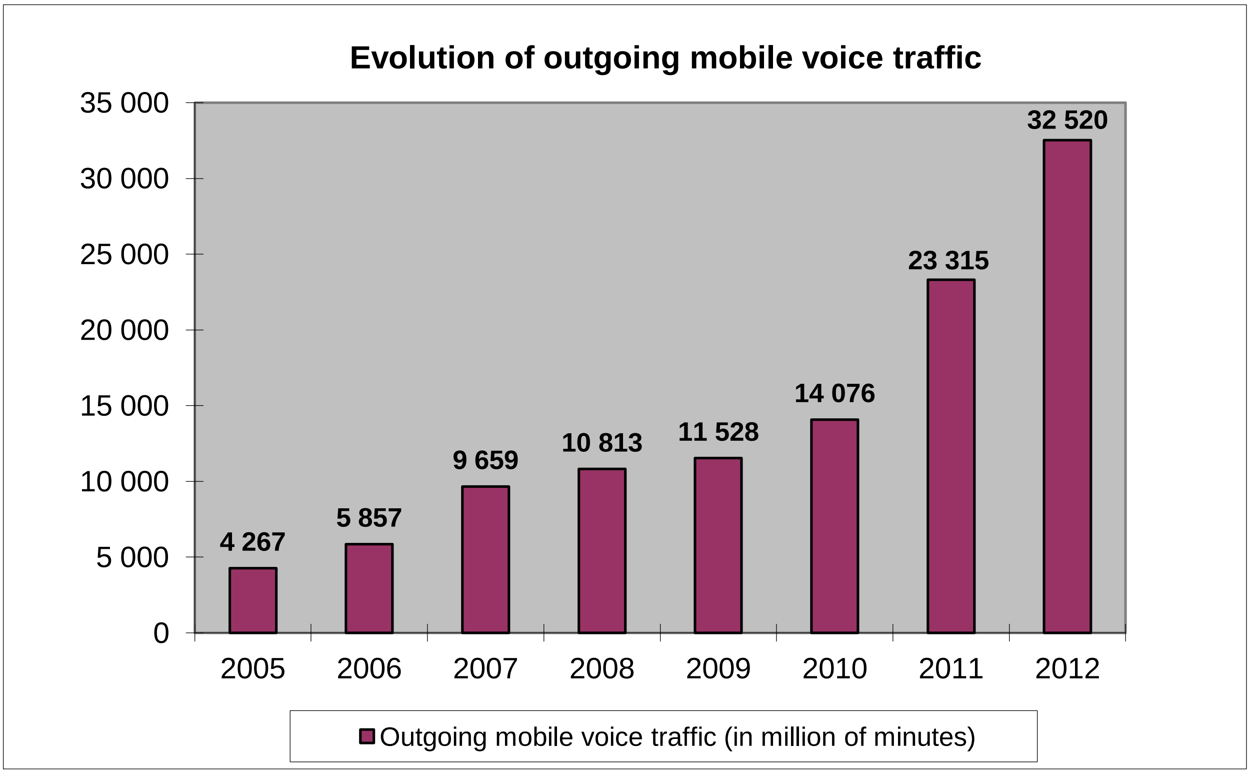
Consequently, this good performance of the mobile telephony segment was reflected positively on the rate of penetration which gained 6.4 points in one year by posting almost 120% at the end of December 2012 against 113.57% a year before.




In terms of market share, the incumbent operator holds 45.77% of the mobile subscribers followed by Medi Telecom with 29.53% and Wana Corporate with 24.7%. At the end of 2011, these market shares were 46.85% for IAM, 32.92% for Medi Telecom and 20.23% for Wana Corporate.

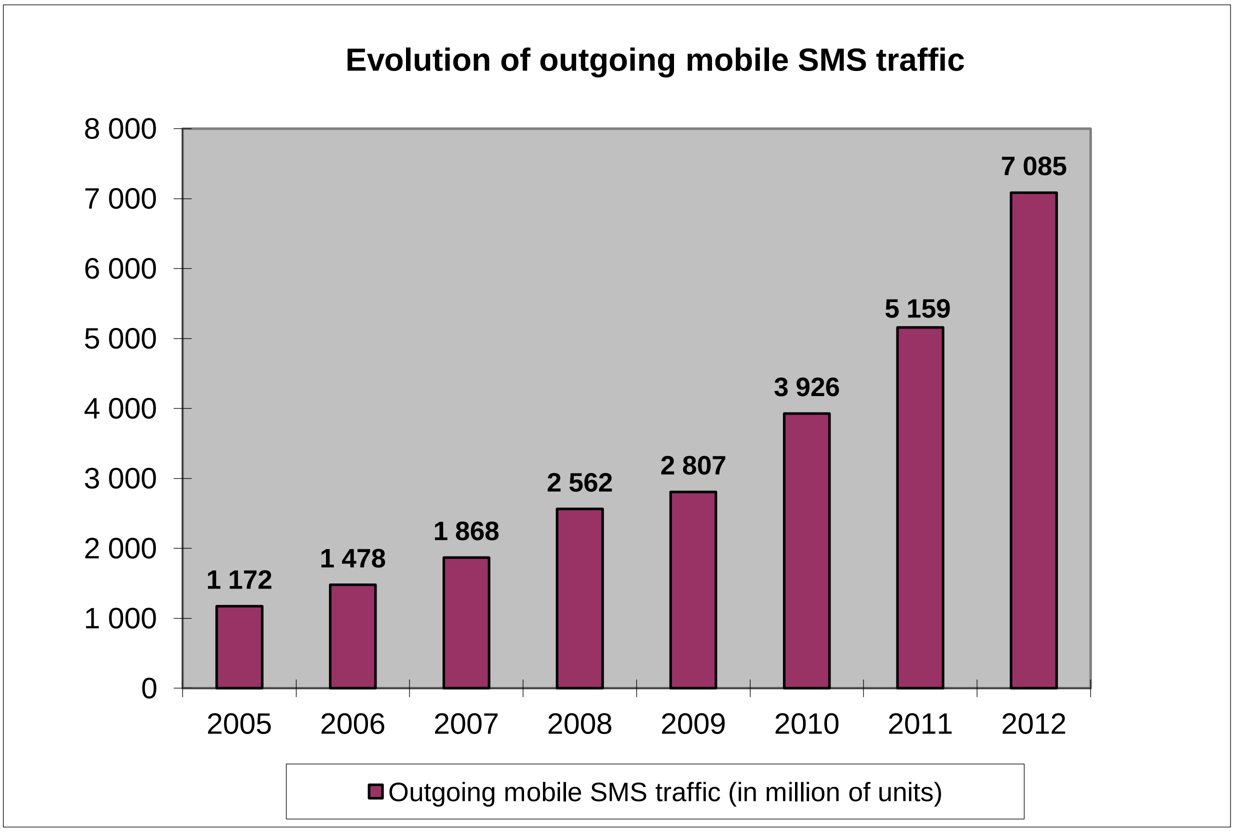
With regard to the distribution of mobile customers by type of subscription, we notes that there is no change in the structure of the market compared to last year and that prepaid always prevails with a share of 95,22% (95.74% at the end of December 2011) against 4.78% for postpaid. The two types of subscription finished the year with a rather significant rise by recording a growth of 19.67% for postpaid and of 6.16% for prepaid compared to 2011.

The outgoing mobile voice traffic[8] reached 32.52 billion minutes in 2012 recording a growth of 39.48% over a year.




The outgoing mobile SMS traffic[9] has reached 7 085 million units in 2012 achieving an annual growth rate of about 37.34% 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.

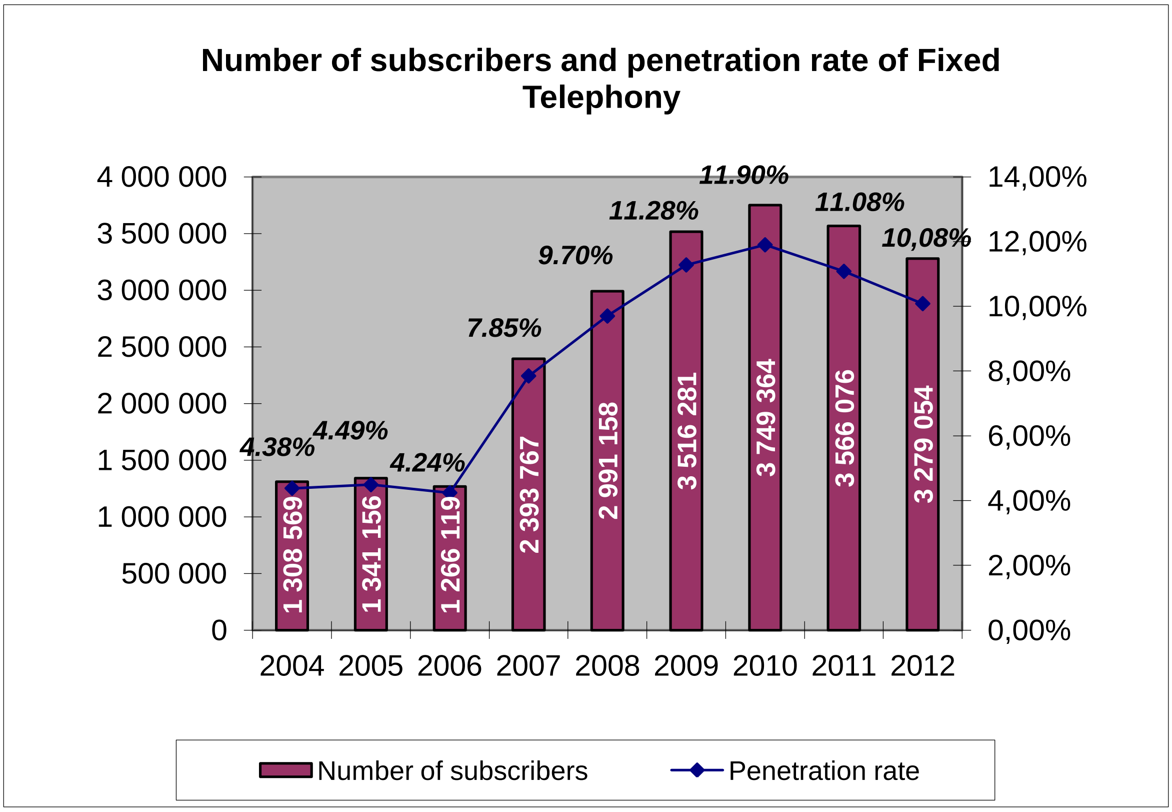



## Fixed Telephony Market

The fixed telephony market has recorded an annual decrease of 8.05% at the end of 2012. The total number of subscribers reached 3 279 054[10] at December 31st 2012 (against 3 566 076 at the end of 2011) including 1 871 734 on restricted mobility.

At the end of the year 2012, the penetration rate of fixed telephony reached 10.08% against 11.08% in 2011.

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

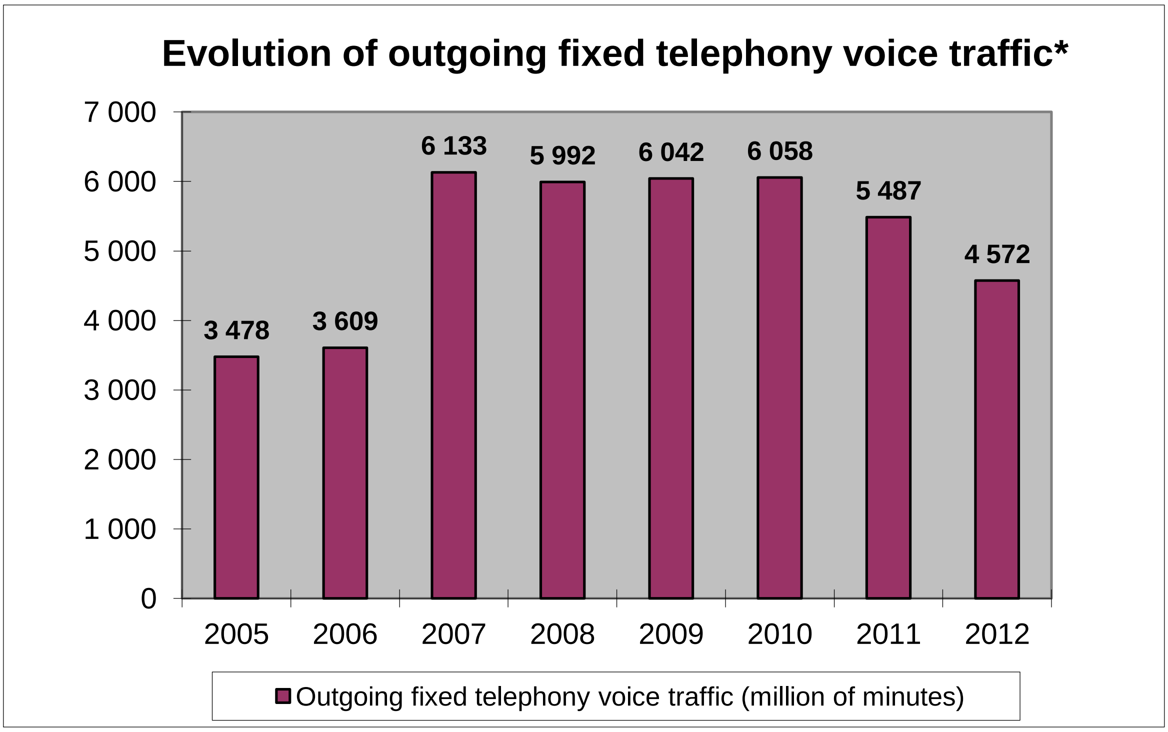



With regard to the shares of the various segments of the market, the residential subscribers hold the first share with 85.33% at the end of 2012 (85.66% in 2011) followed by professionals with 13% and fixed telephony payphones with 1,67% (11.68% for professionals and 2.67% for payphones at the end of 2011).

In terms of market share, Wana Corporate holds 60.49% of the market followed by IAM with 38.69% and Medi Telecom with 0.82%. At the end of 2011, these market shares were 64.59% for Wana Corporate, 34.79% for IAM and 0.62% for Medi Telecom.

The outgoing fixed telephony voice traffic[11] recorded an annual decrease of 16.68% and reached 4 572 million minutes in 2012.

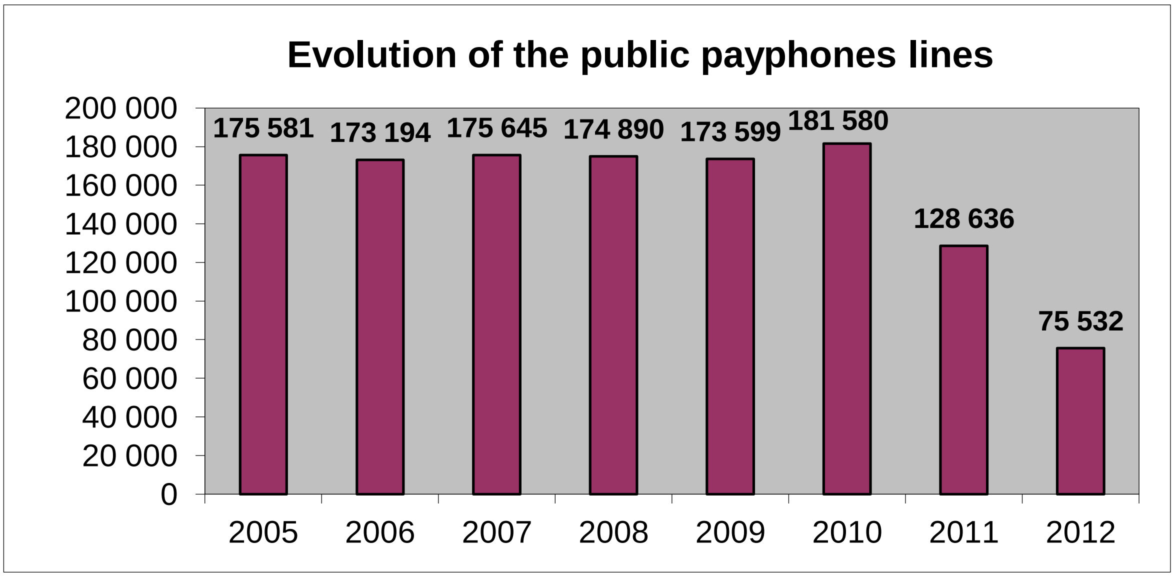
[11] The outgoing voice traffic is the sum of minutes used by the three operator's customers of fixed telephony and restricted mobility in a year.




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

## Public Payphones[12] Market

At December 31st 2012, the number of public payphones lines recorded an annual decrease of 41.28% compared to the end of 2011. The total number of public payphones lines reached 75 532 (against 128 636 at the end of December 2011)

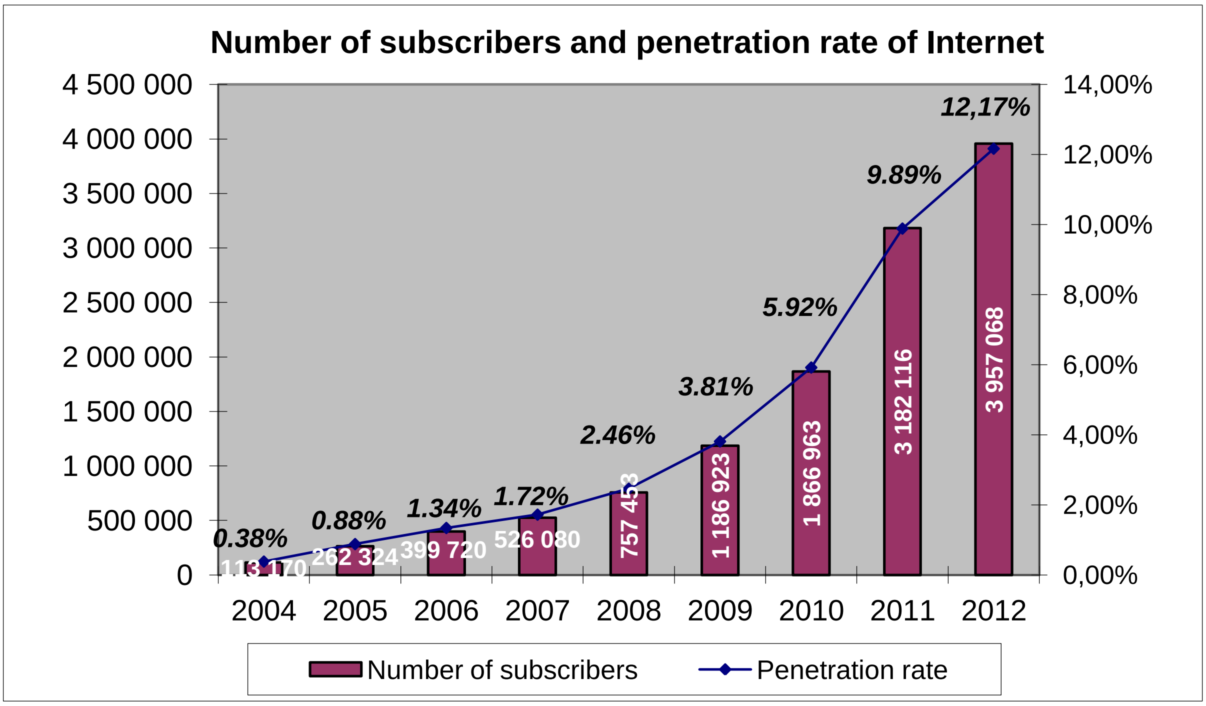



[12] The number of payphones lines includes lines in phone shops, the number of lines in telephone boxs and the lines of payphone cards using fixed telephony and GSM.

In terms of market share, IAM holds 72.41% (73.92% in December 2011) of the payphones market and 27.59% for its competitor Medi Télécom at the end of 2012.

## Internet Market

At the end of 2012, the total Internet subscribers reached 3 957 068 by carrying out an increase of 24.35% compared to 2011 (3 182 116 subscribers). This trend had a positive effect on the Internet penetration rate which reached 12.17% at the end of 2012 (against 9.89% in 2011).




In terms of market share, IAM holds 56.32% of the Internet subscribers market followed by Medi Telecom with 28.69% and Wana Corporate with 14.99%. A year earlier, these shares were respectively 53.19%, 28.48% and 18.33% for the three operators.

The number of the narrowband subscribers achieved 774 in December 2012, making state of 10.42% decrease during one year.

The number of the ADSL Internet subscribers recorded an annual growth of 15.6%, passing from 589 678 subscribers in December 2011 to 681 673 subscribers in December 2012.

The number of 3G Internet[13] subscriber's continues his evolutionary trend and moved from 2 590 534 at the end of 2011 to 3 273 563 at the end of 2012 by recording an increase of 26,37% since December 2011.

The distribution of the subscribers by access mode gives the advantage to the 3G Internet with a share of 82.73% (81.41% at the end of December 2011) and the ADSL access with 17,23% (18.53% in 2011).

At the end of 2012, the international Internet bandwidth recorded an important annual growth of 113.83% moving from 124 400 Mbps in December 2011 to 266 000 Mbps in December 2012.

The number of the « .ma » Domain Name reached 46 806 at the end of December 2012, recording an increase of 10.95% over one year.

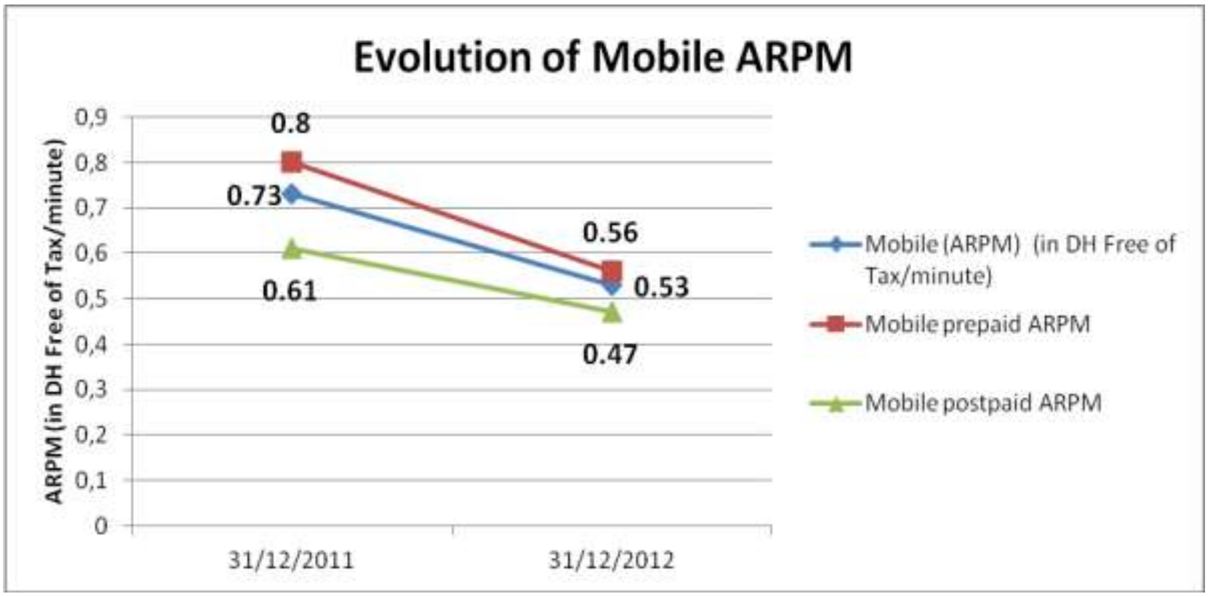
## 3- Trends in prices (ARPM), in the average Fixed and Mobile outgoing use per customer and in the average Internet monthly bill per customer

### MOBILE MARKET

#### Mobile ARPM Evolution

| | 31/12/2011 | 31/12/2012 | Evolution |
|---|---|---|---|
| **Average revenue per minute (ARPM) of mobile telephone (in DH Free of Tax /minute)** | **0.73** | **0.53** | **- 27%** |
| ➢ ***Mobile prepaid ARPM*** | ***0.80*** | ***0.56*** | ***- 30%*** |
| ➢ ***Mobile postpaid ARPM*** | ***0.61*** | ***0.47*** | ***- 23%*** |

[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 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.

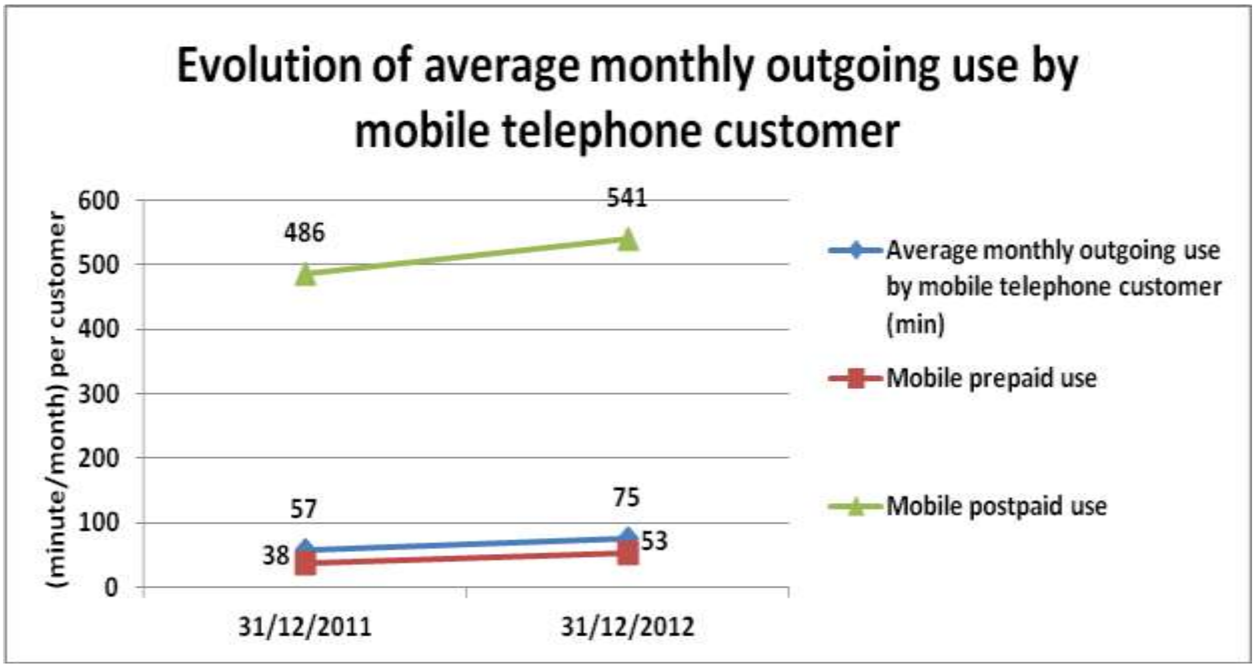



The prices measured by the average revenue per minute (ARPM)[14] have dropped during 2012. Indeed, the ARPM moved from 0.73 DHFoT/min at the end of December 2011 to 0.53 DHFoT/min at the end of December 2012 making a 27% decrease.

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

| | 31/12/2011 | 31/12/2012 | Evolution |
|---|---|---|---|
| **Average monthly outgoing use by mobile telephone customer (in minute/month/customer)** | **57** | **75** | **32%** |
| ➢ ***Mobile prepaid use*** | ***38*** | ***53*** | ***39%*** |
| ➢ ***Mobile postpaid use*** | ***486*** | ***541*** | ***11%*** |

[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.
[15] 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 (twelve months).



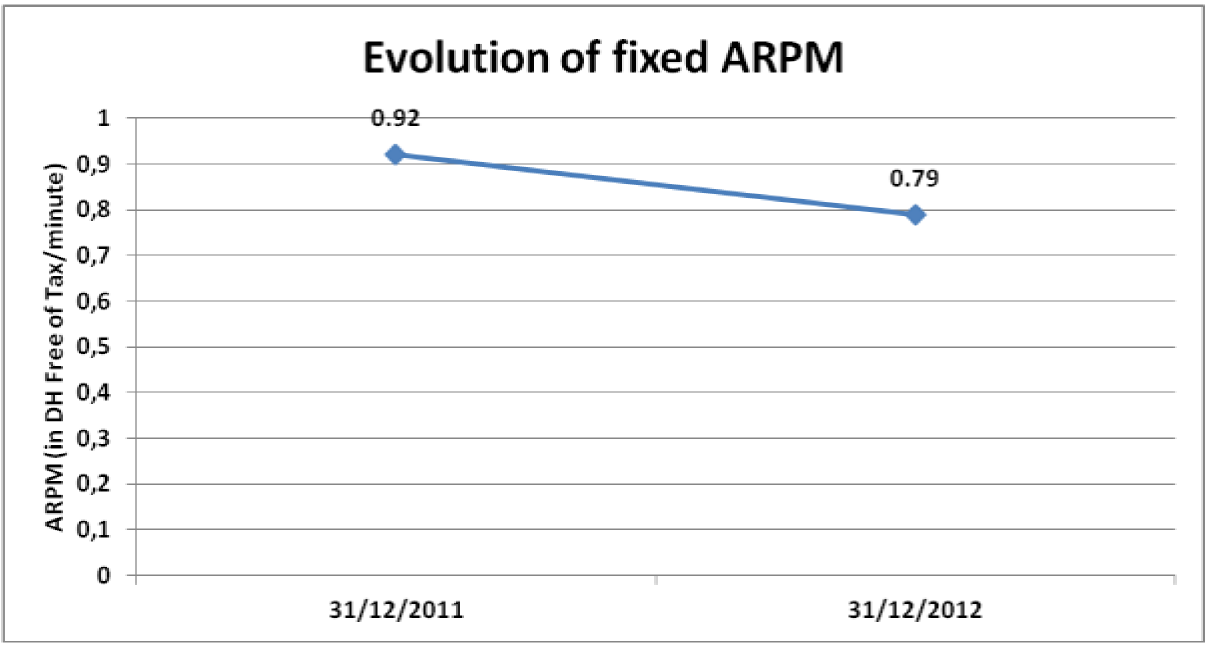

The average outgoing use per mobile customer has risen between December 2011 and December 2012 from 57 to 75 minutes/customer/month making a growth of 32%.

For prepaid usage, it has increased by 39% moving from 38 minutes/month to 53 minutes per month while the postpaid use has increased by 11% from 486 minutes/month to 541 minutes per month.

# FIXED TELEPHONY MARKET

## Fixed ARPM Evolution

| | 31/12/2011 | 31/12/2012 | Evolution |
|---|---|---|---|
| Average revenue per minute (ARPM) of fixed telephone in DH Free of Tax /minute | 0.92 | 0.79 | - 14% |



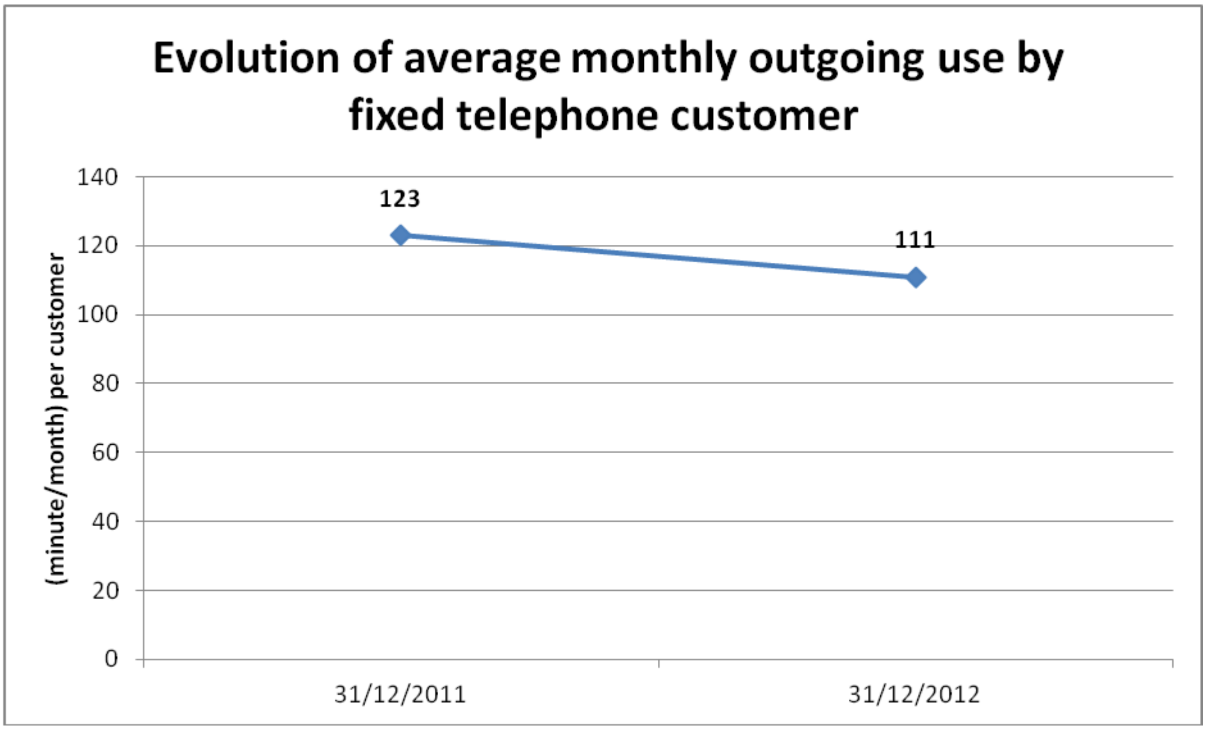

The fixed ARPM[16] has dropped from 0.92 DHFoT/min at the end of December 2011 to 0.79 DHHT/min at the end of December 2012 making a decrease of 14%.

## Evolution of average monthly outgoing use by fixed telephone customer [17]

| | 31/12/2011 | 31/12/2012 | Evolution |
|---|---|---|---|
| Average monthly outgoing use by fixed telephone customer (in minute/month/customer) | 123 | 111 | - 10% |

[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.

[17] 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 (twelve months).



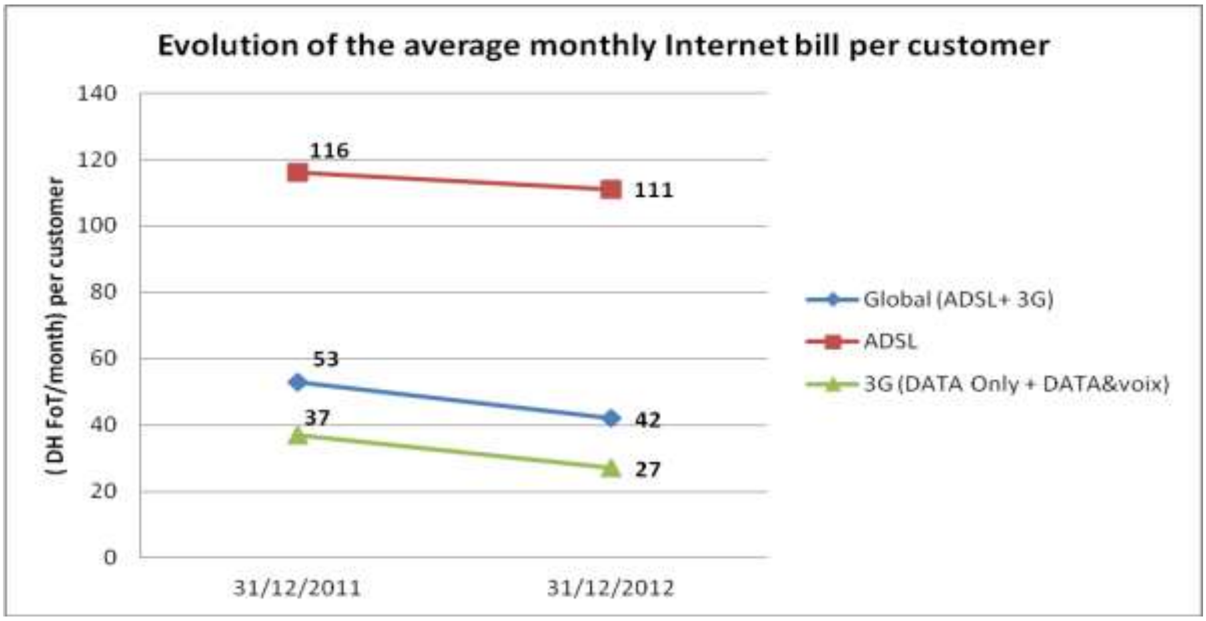

The average fixed outgoing usage per customer decreased by 10% between the end of December 2011 and the end of December 2012 and moved from 123 minutes per month to 111 minutes per month.

## INTERNET MARKET

### Evolution of the Internet average monthly bill per customer [18]

| | 31/12/2011 | 31/12/2012 | Evolution |
|---|---|---|---|
| **Internet average monthly bill per customer (in DH Free of Tax/month/customer)** | **53** | **42** | **- 21%** |
| ➢ **ADSL** | ***116*** | ***111*** | ***- 4%*** |
| ➢ **3G Access** | ***37*** | ***27*** | ***- 27%*** |

[18]The 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 2012, the downward trend in prices measured by the average monthly bill for Internet customer is confirmed. Indeed, it had dropped from 53 DHFoT/month/customer at the end of December 2011 to 42 DHFoT/month/customer at the end of December 2012 outstanding a decline of 21%.

The 3G Internet bill has dropped from 37 DHFoT/month/customer at the end of December 2011 to 27 DHFoT/month/customer at the end of December 2012 outstanding a 27% drop. While for ADSL, it moved from 116 DHFoT/month/customer at the end of December 2011 to 111 DHFoT/month/customer at the end of December 2012 making a 4% decline.