ROYAUME DU MAROC
LE PREMIER MINISTRE

THE TELECOMMUNICATIONS SECTOR EVOLUTION AT 30th JUNE 2013

1- Highlights at 30th June 2013

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 0.62 DHFoT/min at the end of June 2012 to 0.47 DHFoT/min at the end of June 2013 making a 24% drop.

- The average outgoing use per mobile customer has risen between June 2012 and June 2013 from 67 to 80 minutes/customer/month making a growth in the use of 19%.

Fixed Telephony :

- The downward trend in fixed prices as measured by average revenue per minute also continues. Indeed, the ARPM has dropped from 0.84 DHFoT/min at the end of June 2012 to 0.68 DHHT/min at the end of June 2013 making a decrease of 19%.

- The average outgoing usage per fixed customer increased by 1% between June 30, 2012 and June 30, 2013 from 117 minutes per month to 118 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 54 DHFoT/month/customer at the end of June 2012 to 42 DHFoT/month/customer at the end of June 2013 outstanding a decline of 22%.

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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.
[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 37 DHFoT/month/customer at the end of June 2012 to 27 DHFoT/month/customer at the end of June 2013 outstanding a 27% drop. While for ADSL, it moved from 125 DHFoT/month/customer at the end of June 2012 to 111 DHFoT/month/customer at the end of June 2013 making a 11% decline.

MOBILE TELEPHONY

- The number of mobile subscribers reached 39 991 398 at the end of June 2013 recording a quarterly increase of 1.2% and 6.87% compared to the same period of 2012. The penetration rate of mobile telephony reached 121.73% at the end of the second quarter of 2013.

- The two types of customers of mobile telephony have similar trends at the end of second quarter of 2013. The number of mobile postpaid subscribers recorded a quarterly growth rate of 1.4% at the end of June 2013 and an annually growth of 13.8%. For the mobile prepaid subscribers, the quarterly growth rate is 1.19% and the annually growth is about 6.53%.

- Outgoing mobile traffic has reached 9.76 billion minutes in the second quarter of 2013 registering a quarterly growth of 18.84% and an annually one of 26.2%.

- SMS traffic is growing with about 2.42 billion outgoing SMS during the second quarter of 2013. This figure increased by 18.12% compared to the first quarter and increased by 23.77% over a year.

FIXED TELEPHONY

- The overall fixed line subscribers reached 3 112 759 at the end of June 2013 by making a quarterly decrease of 0.71% and of 9.63% annually. The penetration rate of fixed telephony is 9.47% at the end of the second quarter of 2013.

- The outgoing fixed traffic during the second quarter reached nearly 1.24 billion minutes and recorded a quarterly increase of 4.8% and a yearly one of 4.5%.

INTERNET

- At the end of June 2013, the Internet accounts reached 4 899 773 by recording a quarterly growth rate of 20.64% and an annually one of 30.33%. The Internet penetration rate is about 14.91% at the end of the second quarter of 2013.

- The ADSL Internet subscribers recorded a quarterly growth rate of 4.25% and an annually one of 19.78%. The ADSL subscribers with at least 4Mbits/s speed represent 99.28% of the total accounts at the end of June 2013.

- The 3G Internet subscribers (84.58% of the Internet accounts) made a quarterly growth rate of 24.2% and of 32.47% over a year.

- The 3G Internet accounts combining voice with Data reached 2 534 773 and recorded a quarterly growth rate of 48.51% and an annually one of 67.33%.

- The 3G Internet "Data Only" accounts decreases by 1.25% over the second quarter and reached 1 609 715 subscribers at the end of June 2013. Over a year, this figure decreases by 0.24%.

2- Market analysis of the quarterly evolution

Mobile telephony market[4]

At the end of June 2013, the number of mobile subscribers reached 39 991 398, with a quarterly increase of 1.2% and annually of 6.87%.

The penetration rate reached 121.73% at the end of June 2013 against 121.51% in March 2013.

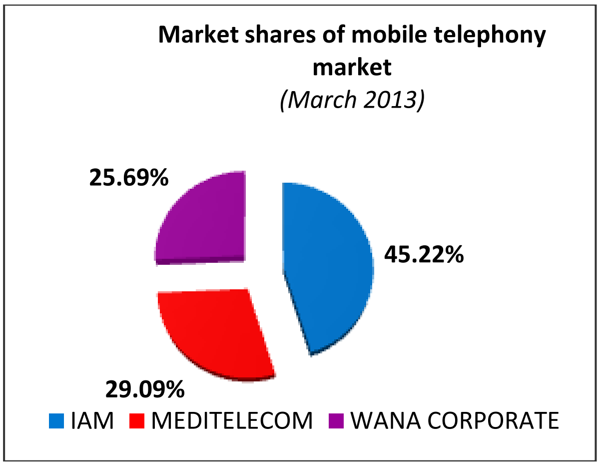
MOBILE ACCOUNTS

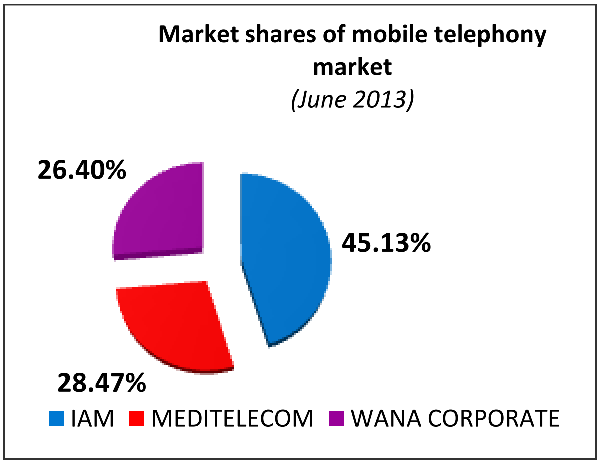
MOBILE TELEPHONY (in thousands)	Jun-12	Mar-13	Jun-13
Mobile accounts	37 422	39 516	39 991
Quarterly growth[5]	**1 183**	**500**	**475**
Quarterly growth (%)[6]	**3.27%**	**1.28%**	**1.20%**
Penetration rate[7]	**115.07%**	**121.51%**	**121.73%**

Through the analysis of the mobile subscribers evolution for the second quarter of 2013, we notice that the number of IAM mobile subscribers reached 18 049 (in thousands) against 17 871 (in thousands) at the end of March 2013 while the number of Medi Telecom mobile subscribers reached 11 384 (in thousands) (11 495 thousands subscribers in March 2013) and Wana Corporate mobile subscribers moved from 10 150 (in thousands) subscribers in March 2013 to 10 558 (in thousands) in June 2013. Therefore, the quarterly growth is 4.02% for Wana Corporate and 1% for IAM while Medi Telecom recorded a slight decrease of 0.97%.

In terms of market share, the incumbent operator holds 45.13% of the mobile subscribers market followed by Medi Telecom with 28.47% and Wana corporate with 26.4%.

[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 prepaid mode always prevails with a share of 95.05% against 4.95% for post-paid mode.

The mobile post-paid subscribers closed the quarter with a rise by recording a quarterly growth of 1.4% while the mobile prepaid subscribers increased by 1.19% compared to March 2013. Over a year, the growth for post-paid was about 13.8% against 6.53% for prepaid.

Post-paid accounts evolution

POST-PAID MARKET (in thousands)	Jun-12	Mar-13	Jun-13
Post-paid accounts	1 739	1 952	1 979
Quarterly growth	84	88	27
Quarterly growth (%)	5.10%	4.75%	1.40%
Penetration rate	5.35%	6.00%	6.03%

Pre-paid accounts evolution

PRE-PAID MARKET (in thousands)	Jun-12	Mar-13	Jun-13
Prepaid accounts	35 683	37 564	38 012
Quarterly growth	1 099	412	448
Quarterly growth (%)	3.18%	1.11%	1.19%
Penetration rate	109.72%	115.51%	115.70%

Outgoing Mobile Voice Traffic[8]

At the end of the second quarter of 2013, outgoing mobile traffic achieved 9 762.35 million minutes which correspond to a growth of 18.84% compared to the first quarter of 2013. Over a year, this traffic increased by 26.2%.

Outgoing Mobile Voice Traffic (in millions min)	2nd Quarter 12	1st Quarter 13	2nd Quarter 13
Outgoing Mobile Traffic	7 735.35	8 214.66	9 762.35
Quarterly growth	**1 278.86**	**- 1 114.97**	**1 547.69**
Quarterly growth (%)	**19.81%**	**- 11.95%**	**18.84%**

Outgoing SMS Traffic[9]

The number of outgoing SMS in the second quarter of 2013 is about 2 421.31 million units making a quarterly growth of 18.12%. Over a year, this traffic increased by 23.77%.

Mobile Outgoing SMS Traffic (in million of units)	2nd Quarter 12	1st Quarter 13	2nd Quarter 13
Outgoing SMS Traffic	1 956.27	2 049.87	2 421.31
Quarterly growth	**724.14**	**33.51**	**371.44**
Quarterly growth rate	**58.77%**	**1.66%**	**18.12%**

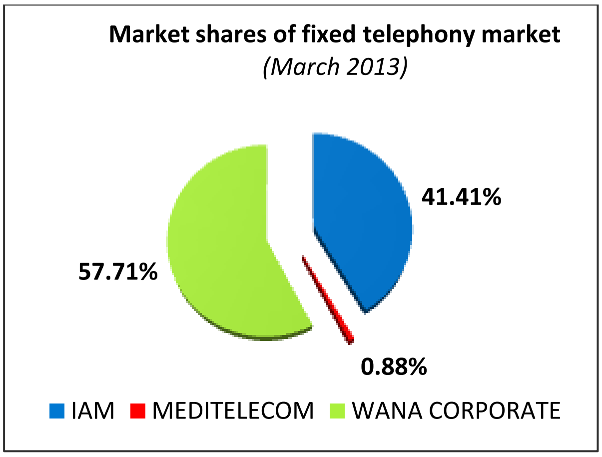
[8]The outgoing voice traffic is the sum of minutes used by the three operator's mobile telephony customers in a quarter.
[9]The outgoing SMS traffic is the sum of outgoing SMS sent by the three operator's mobile telephony customers.

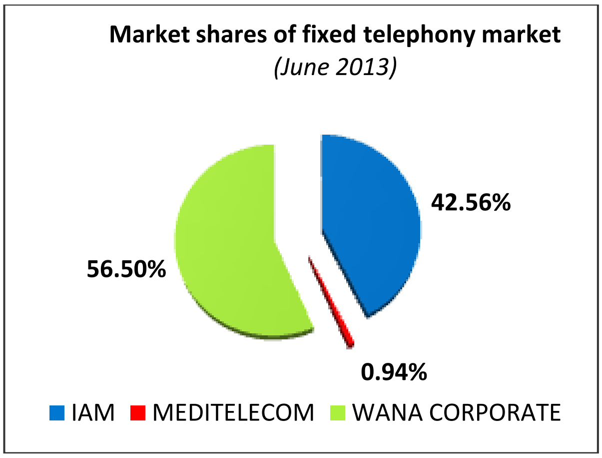
Fixed Telephony Market

At June 30th 2013, the number of subscribers recorded a slight quarterly decrease of 0.71% and an annually one of 9.63%. The total number of subscribers reached 3 112 759 of which 1 621 019 subscribers use the fixed telephony with restricted mobility.

The fixed telephony penetration rate is 9.47% at the end of June 2013 against 9.64% in March 2013.

In terms of market share, Wana Corporate holds 56.5% of the fixed telephony market followed by IAM with 42.56% and Medi Telecom with 0.94%.





FIXED ACCOUNTS

FIXED TELEPHONY	Jun-12	Mar-13	Jun-13
Fixed accounts	3 444 546	3 135 146	3 112 759
Restricted mobility	2 085 172	1 683 178	1 621 019
Quarterly growth	- 90 021	- 143 908	- 22 387
Quarterly growth %	- 2.55%	- 4.39%	- 0.71%
Penetration rate	10.59%	9.64%	9.47%

Residential subscribers

FIXED TELEPHONY	Jun-12	Mar-13	Jun-13
Residential accounts	2 952 360	2 655 038	2 631 115
Quarterly growth	- 79 826	- 143 014	- 23 923
Quarterly growth %	- 2.63%	- 5.11%	- 0.90%

Professional subscribers

FIXED TELEPHONY	Jun-12	Mar-13	Jun-13
Professional accounts	422 849	429 553	433 797
Quarterly growth	**1 403**	**3 246**	**4 244**
Quarterly growth %	**0.33%**	**0.76%**	**0.99%**

Outgoing Fixe Voice Traffic[10]

During the second quarter of 2013, the fixe voice traffic was about 1 245.25 million minutes which corresponds to a quarterly growth of 4.8% and an annually one of 4.5%.

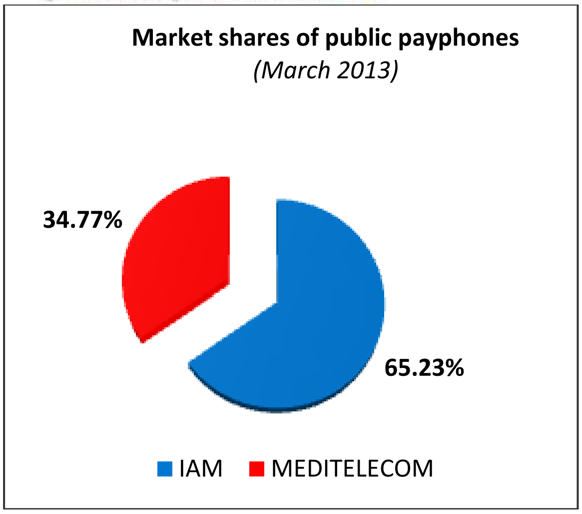
Outgoing Fixed Voice Traffic (in million min)	2nd Quarter 12	1st Quarter 13	2nd Quarter 13
Outgoing Voice Traffic	1 191,68	1 188,20	1 245,25
Quarterly growth	**- 29.72**	**71.42**	**57.05**
Quarterly growthrate	**- 2.43%**	**6.39%**	**4.80%**

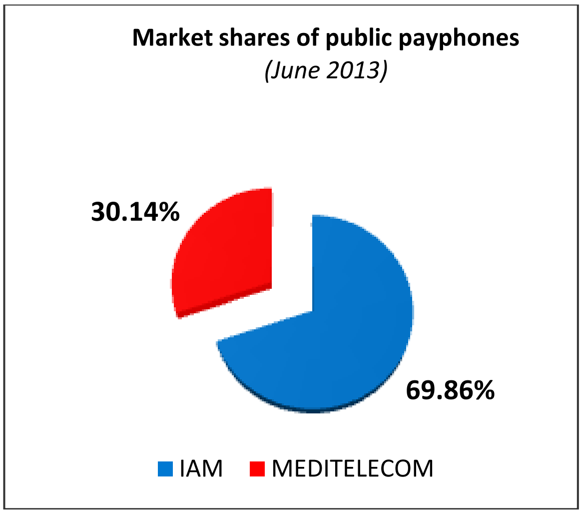
Public Payphones Market

At June 30th 2013, the number of lines in public payphones recorded a quarterly decrease of 11.62% and an annually one of 28.01%. The total number of lines in public payphones[11] reached 68 489 at end of June 2013.

Public payphones	Jun-12	Mar-13	Jun-13
Number of lines	95 141	77 498	68 489
Quarterly growth	**- 10 357**	**1 966**	**- 9 009**
Quarterly growth %	**- 9.82%**	**2.60%**	**- 11.62%**

[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.



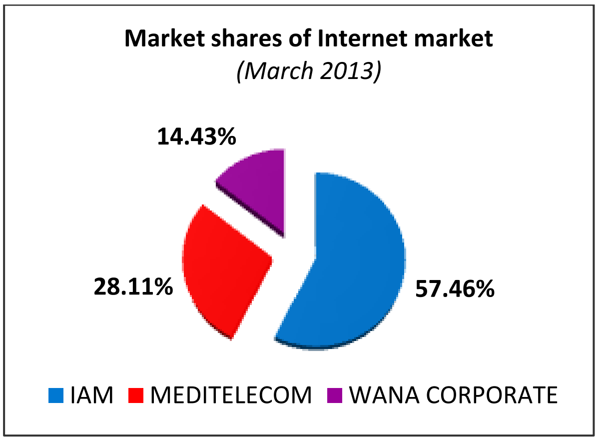


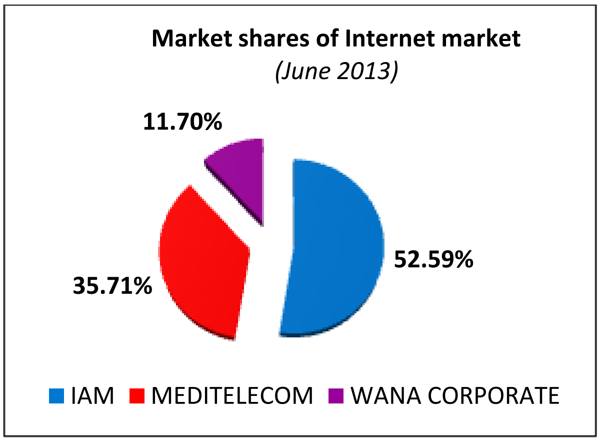
Internet Market

At the end of June 2013, the total Internet subscribers[12] reached 4 899 773 by recording a quarterly growth rate of 20.64% and an annually one of 30.33%.

The Internet penetration was about 14.91% at the end of June 2013.

In terms of market share, IAM holds 52.59% of the Internet subscribers market followed by Medi Telecom with 35.71% and Wana Corporate with 11.7%.





[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

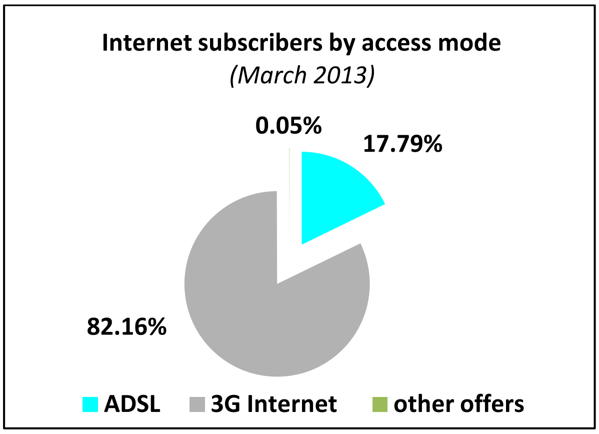
INTERNET MARKET	Jun-12	Mar-13	Jun-13
Internet accounts	3 759 432	4 061 432	4 899 773
Quarterly growth	**314 463**	**104 364**	**838 341**
Quarterly growth %	**9.13%**	**2.64%**	**20.64%**

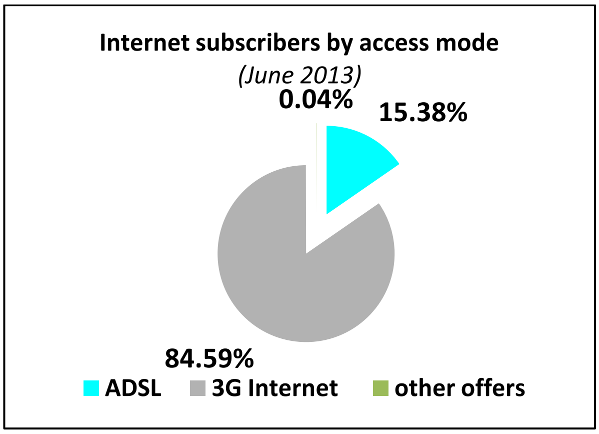
The number of account for 'Classic subscriptions' and 'Flat rate' access options reached 746 subscribers at the end of June 2013 recording a quarterly decrease of 1.45%.

The number of ADSL subscribers' increased by 4.25% over the second quarter of 2013. The annual growth of the ADSL accounts is about 19.78%. The Internet ADSL accounts achieved 753 446 at the end of June 2013.

The estimated number of Internet access via Leased Lines (LL) achieved 1 093 at the end of June 2013. This number increased by 3.5% over the second quarter of 2013 and by 2.34% over a year.

The 3G internet access, represents 84.58% of the global Internet market followed by the ADSL Internet access with 15.38%.

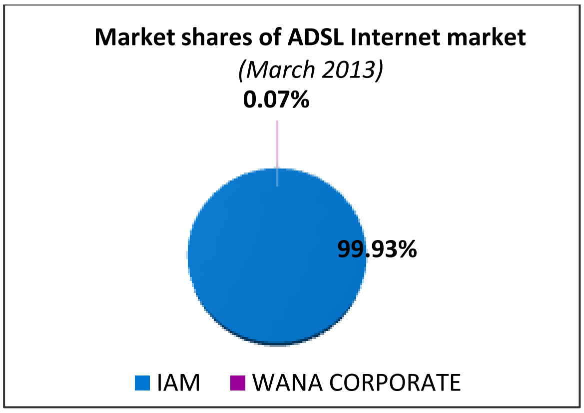


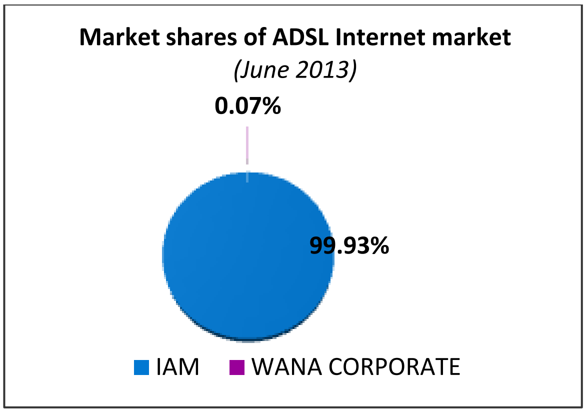


ADSL market evolution

INTERNET ADSL	Jun-12	Mar-13	Jun-13
ADSL accounts	629 049	722 701	753 446
Quarterly growth	**18 100**	**41 028**	**30 745**
Quarterly growth %	**2.96%**	**6.02%**	**4.25%**

In terms of market shares, IAM holds 99.93% of the ADSL Internet accounts.





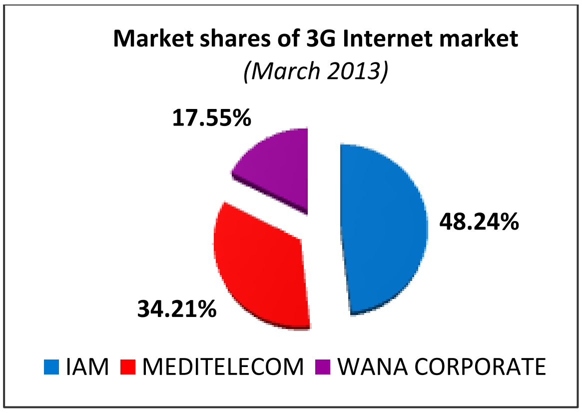
The ADSL Internet access accounts is made essentially of 4 Mbit/s which represents the largest share with 69.09% of the ADSL Internet market followed by 8 Mbits/s (16.69%) and 12 Mbits/s (12.51%) at the end of June 2013.

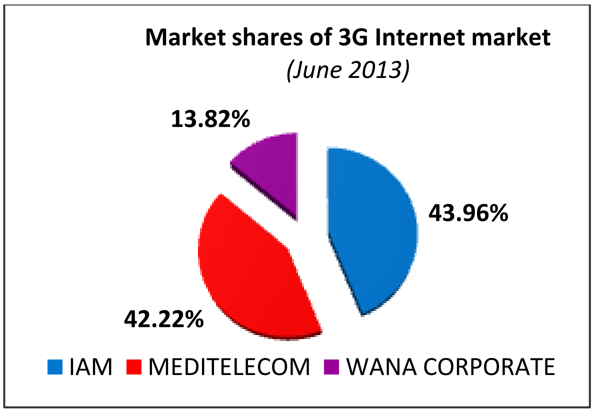
3G Internet market evolution

At the end of June 2013, the number of 3G Internet subscribers reached 4 144 488 recording an increase of 24.2% over the second quarter of 2013 and 32.47% since June 2012.

3G INTERNET	Jun-12	Mar-13	Jun-13
3G accounts	3 128 512	3 336 918	4 144 488
Quarterly growth	**296 357**	**63 355**	**807 570**
Quarterly growthrate	**10.46%**	**1.94%**	**24.20%**

In terms of market share, IAM holds 43.96% of the 3G Internet accounts followed by Medi Telecom with 42.22% and Wana Corporate with 13.82%.





The gap between 3G subscriptions "Data Only" and 3G "Voice + Data" is widening. Indeed, at the end of June 2013, subscriptions to Internet 3G "Data Only" service reached 1 609 715 (38.84% of the number of subscribers to 3G Internet) decreased by 1.25% from the previous quarter and by 0.24% compared to June 2012. The other component of 3G Internet, combining "Voice & Data" reached 2 534 773 (61.16% of the number of subscribers to 3G Internet) had a quarterly increase of 48.51% and an annual one of 67.33%.

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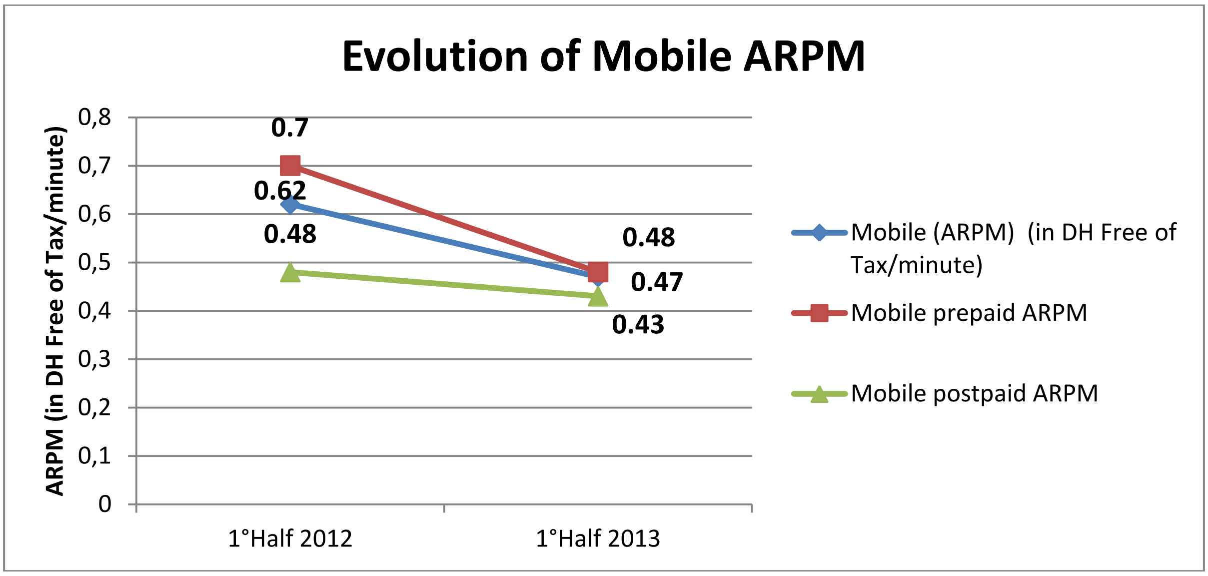
3- Analysis of the trend in prices (ARPM), in the average Fixed and Mobile outgoing use per customer and in the average Internet monthly bill per customer

MOBILE MARKET

Mobile ARPM Evolution

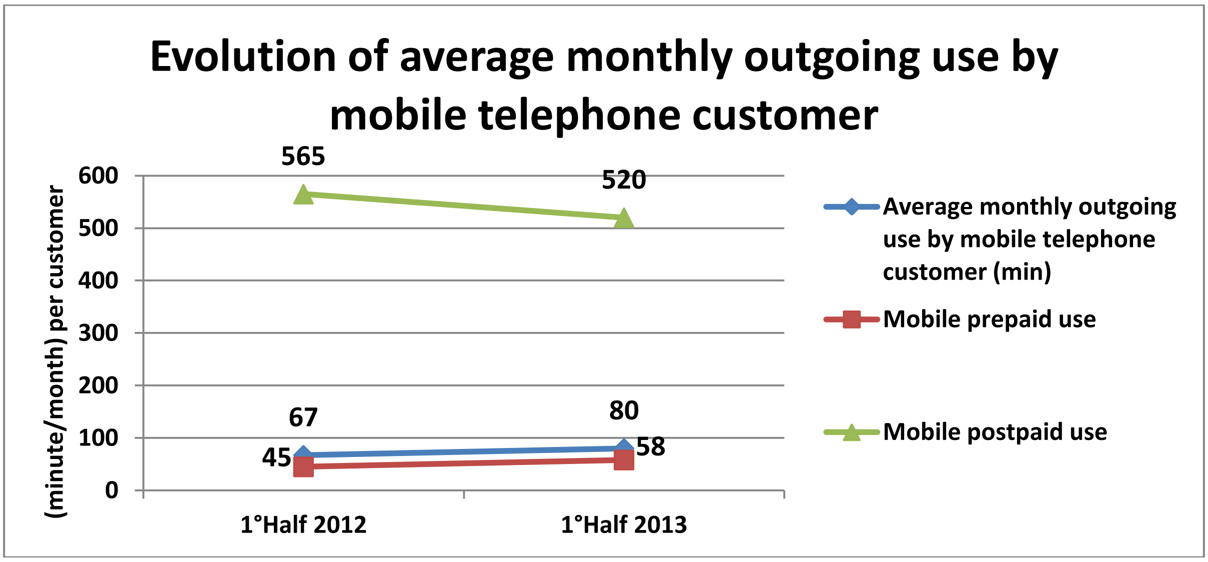
	1st Half 2012	1st Half 2013	Evolution
Average revenue per minute (ARPM) of mobile telephone call (in DH Free of Tax /minute)	**0.62**	**0.47**	**- 24%**
➢ ***Mobile prepaidARPM***	***0.7***	***0.48***	***- 31%***
➢ ***Mobile postpaid ARPM***	***0.48***	***0.43***	***- 10%***



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 0.62 DHFoT/min at the end of June 2012 to 0.47 DHFoT/min at the end of June 2013 making a 24% drop.

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

	1st Half 2012	1st Half 2013	Evolution
Average monthly outgoing use by mobile telephone customer (in minute/month/customer)	**67**	**80**	**19%**
➢ ***Mobile prepaid use***	***45***	***58***	***29%***
➢ ***Mobile postpaid use***	***565***	***520***	***- 8%***



The average outgoing use per mobile customer has risen between June 2012 and June 2013 from 67 to 80 minutes/customer/month making a growth in the use of 19%.

The Pre-paid usage has increased by 29% moving from 45 minutes/month to 58 minutes per month while the postpaid use has decreased by 8% from 565 minutes/month to 520 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.

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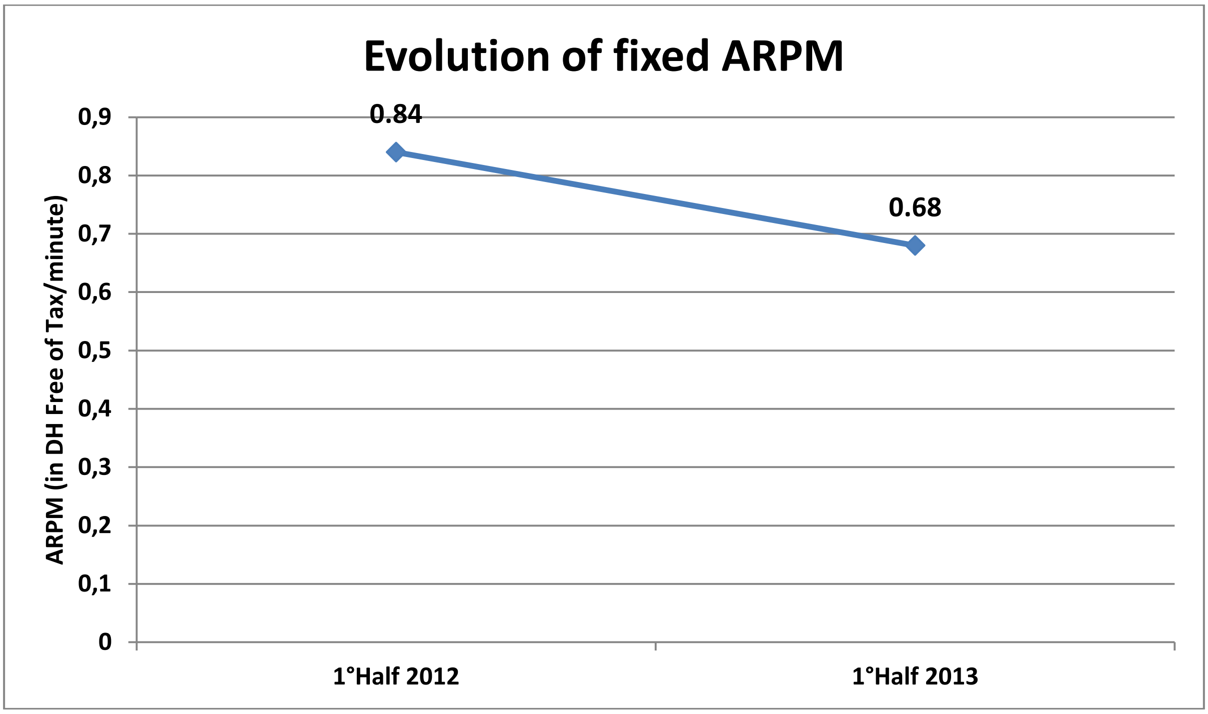
FIXED MARKET

Fixed ARPM Evolution

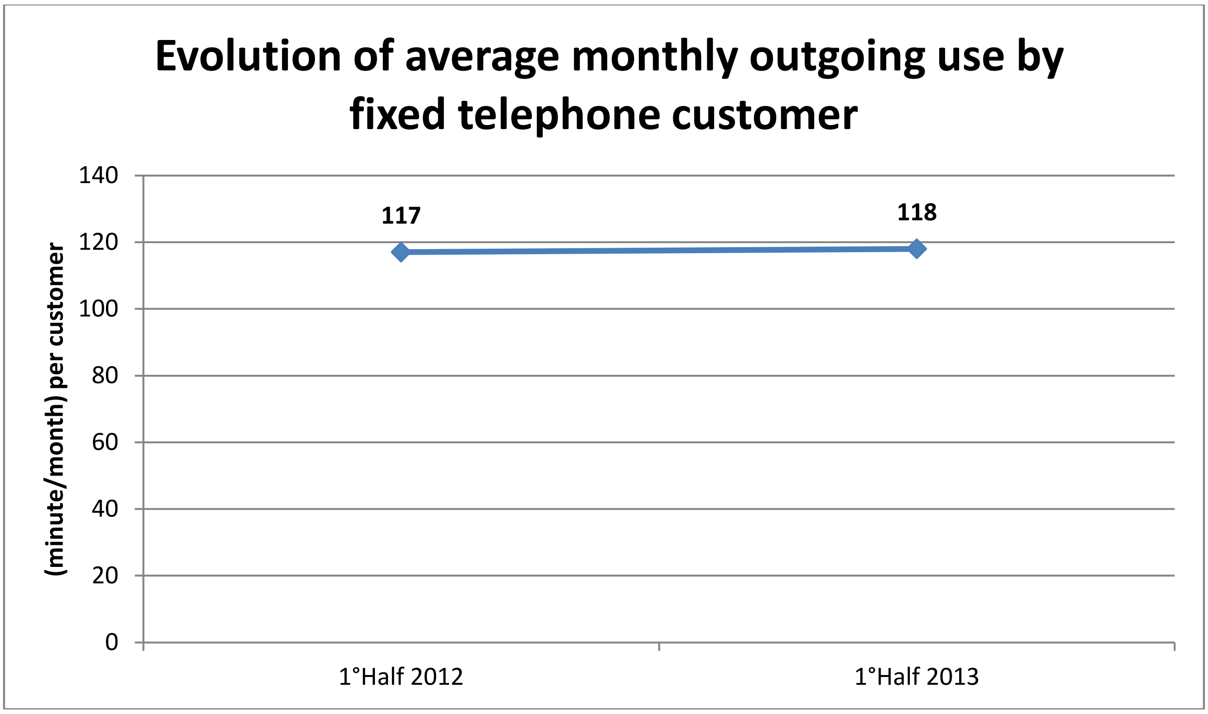
	1st Half 2012	1st Half 2013	Evolution
Average revenue per minute (ARPM) of fixed telephone call in DH Free of Tax /minute	0.84	0.68	- 19%



The downward trend in fixed prices as measured by average revenue per minute also continues. Indeed, the ARPM had dropped from 0.84 DHFoT/min at the end of June 2012 to 0.68 DHHT/min at the end of June 2013 making a decrease of 19%.

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

	1st Half 2012	1st Half 2013	Evolution
Average monthly outgoing use by fixed telephone customer (in minute/month/customer)	117	118	1%



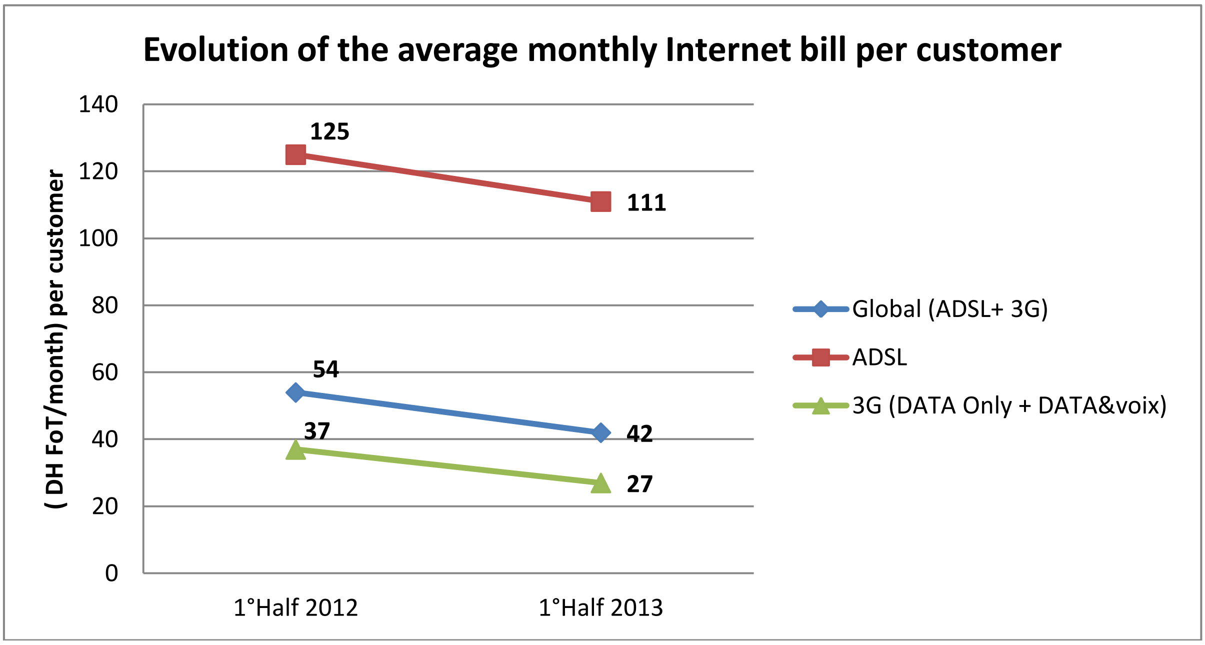
The average outgoing usage per fixed customer increased by 1% between June 30, 2012 and June 30, 2013 from 117 minutes per month to 118 minutes per month.

[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.

INTERNET MARKET

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

	1st Half 2012	1st Half 2013	Evolution
Internet average monthly bill per customer (in DH Free of Tax/month/customer)	**54**	**42**	**- 22%**
➢ **ADSL**	***125***	***111***	***- 11%***
➢ **3G Access**	***37***	***27***	***- 27%***



The downward trend in prices measured by the average monthly bill for Internet customer is confirmed. Indeed, it had dropped from 54 DHFoT/month/customer at the end of June 2012 to 42 DHFoT/month/customer at the end of June 2013 outstanding a decline of 22%.

The bill of 3G Internet has dropped from 37 DHFoT/month/customer at the end of June 2012 to 27 DHFoT/month/customer at the end of June 2013 outstanding a 27% drop. While for ADSL, it moved from 125 DHFoT/month/customer at the end of June 2012 to 111 DHFoT/month/customer at the end of June 2013 making a 11% decline.

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