ROYAUME DU MAROC
LE PREMIER MINISTRE

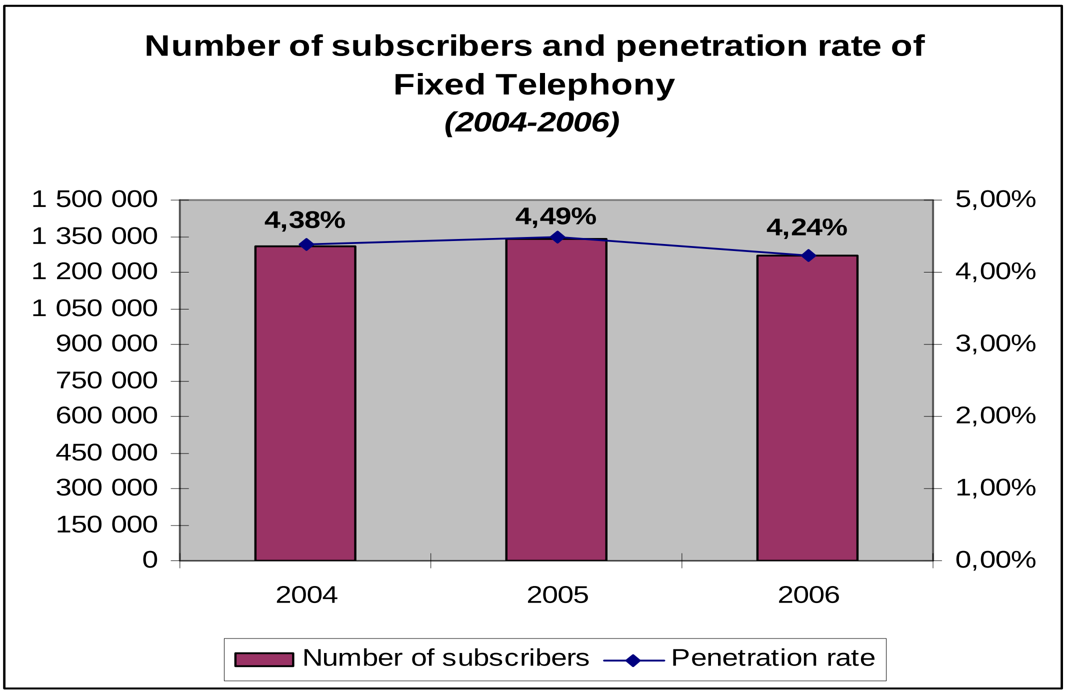
ANRT
الوكالة الوطنية لتقنين المواصلات
Agence Nationale de Réglementation des Télécommunications

TELECOMMUNICATIONS SECTOR TRENDS ANALYSIS FOR THE YEAR 2006

Fixed Telephony Market

No significant change was seen in the fixed telephony market.. At December 31, 2006, the number of subscribers recorded **a 5.6%** fall compared to the same date of the previous year (1.266.119 subscribers at the end of 2006 against 1.341.156 in 2005). The evolution of the number of fixed telephony subscribers, throughout the year 2006, was marked by stagnation between January and April 2006 followed by a quite considerable decline of 5.7% until November 2006. However, December saw a slight rise of 0.5% compared to November 2006.

This situation was reflected negatively on the penetration rate which reached **4.24%** at the end of the year 2006 against 4.49% in 2005.



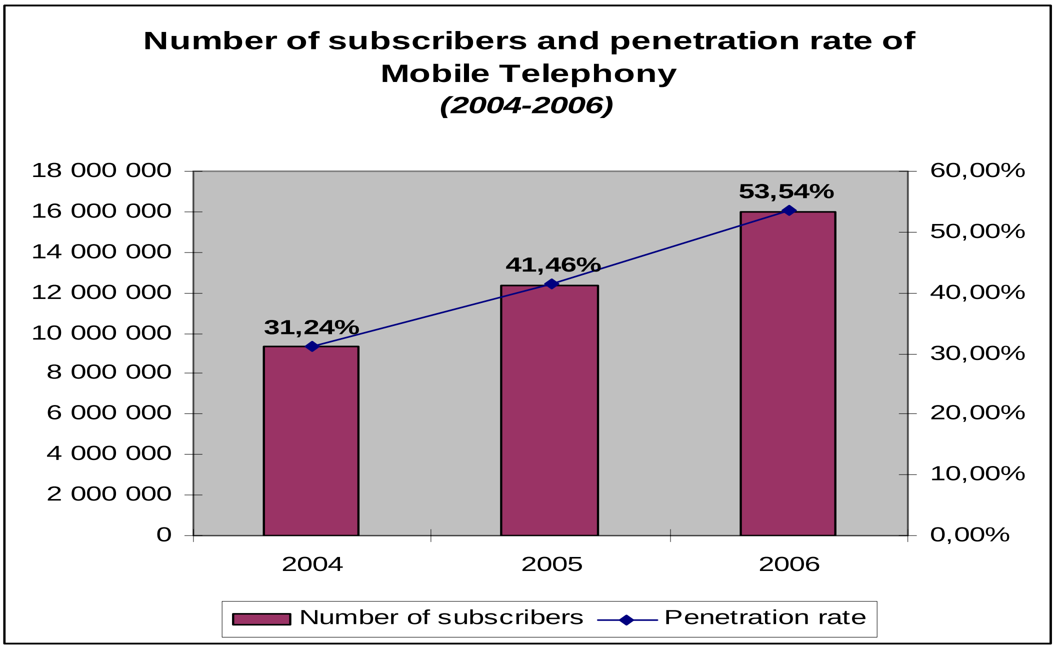
With regard to the shares of the various market segments, we notice that the structure of the fixed telephony market remained unchanged during 2006 while marking a fall of almost two points in the share of residential segment. Indeed, the residential share is 64.2% in 2006 against 66% a year before whereas, the professionals hold 23.4% in 2006 against 21.8% in 2005 and the public phones almost keep the same share of 12.4% (12.2% in 2005).

The analysis of the three types of fixed telephony subscriptions bring out that the number of residential and the public phones closed the year with **a fall of 8%** for the former and **4%** for the latter compared to 2005. Whereas, the number of the professionals increased by approximately 1% in 2006.

Mobile Telephony Market

At the end of the year 2006, the number of mobile subscribers reached 16.004.73, **an annual growth of 29%** (12.392.805 subscribers at December 31, 2005). The quarterly growth rate of the mobile subscribers recorded notable evolutions throughout the year 2006. Indeed, the third quarter of the previous year has had the greatest rise with a rate of 12.5% followed by a growth of a 7.4% during the fourth quarter (against 3.3% during the last quarter of 2005).

Consequently, this good performance of the mobile telephony segment was reflected positively on the penetration rate **which gained 12 points in one year** and climbing to **53.54%** at the end of December 2006 compared to 41.46% registered a year ago.

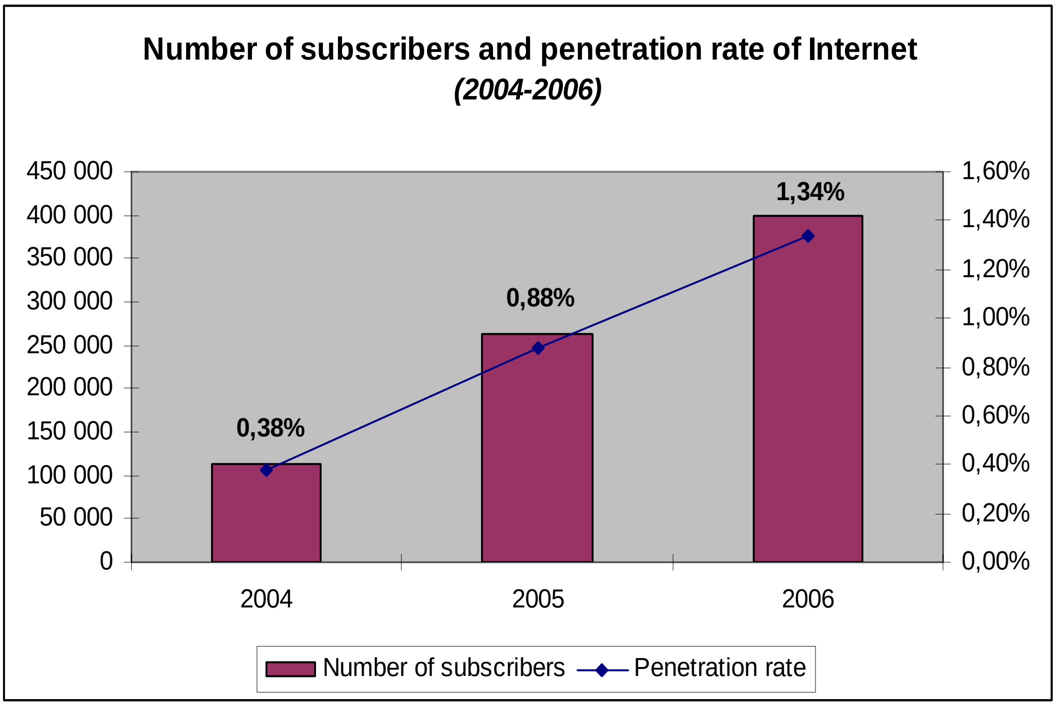


Based on the analysis of the evolution of mobile subscriber's number for the two existing operators, we notice that their evolution curves did not keep the same parallel form observed in 2005. Indeed, the existing difference between the two operators increased which benefited the incumbent IAM especially during the third quarter of 2006. The second operator Medi Telecom caught up during the last quarter. In terms of market share, the incumbent holds two thirds of the mobile subscribers with 67% of the market and 33% for its competitor Medi Télécom. These figures are practically the same ones as those of 2005 (66.5% for Maroc Télécom and 33.5% for Médi Télécom).

With regard to the distribution of mobile customers by type of subscription, we note that there is no change in the market structure compared to last year and that prepaid always prevails with a share of 95.7% (95% at the end of December 2005) against 4,3% for postpaid. The two types of subscription closed the year with a rather outstanding rise by recording **a growth of 30% for prepaid** and **of 12.8% for postpaid** compared to 2005.

Internet Market

At the end of 2006, the total Internet subscribers reached 399.720 by carrying out an increase of **52.4%** compared to 2005 (262 324 subscribers) and **253.2%** compared to 2004 (113 170).



The number of the narrowband Internet subscribers, including the “Internet without subscription” service users, decreased from 13.187 in December 2005 to 7.862 in December 2006, a **fall of approximately 40.4%** over one year.

The number of the broadband subscribers (ADSL) keeps a continuous increase with **an annual growth of almost 57.6%**, but with a rate less than that observed in 2005 (294% of growth from 2004 to 2005), passing from 248.011 subscribers in December 2005 to **390.834** subscribers in December 2006.

On the other hand, the number of the Internet leased lines (LL) is still decreasing with a rate of 9% (a fall of 33.76% from 2004 to 2005) by recording 1.023 subscribers at the end of 2006 against 1.126 in 2005.

The distribution of the subscribers by access mode always gives the advantage to the ADSL with a more and more significant market share of **97.8%** at the end of December 2006 against 94.5% on the same date a year ago.