ROYAUME DU MAROC
LE PREMIER MINISTRE

ANRT
الوكالة الوطنية لتقنين المواصلات
Agence Nationale de Réglementation des Télécommunications

INTERNET MARKET IN MOROCCO

Quarterly Observatory*
June 2007

- This document is to be considered for information purposes only.

Summary

Introduction

I. Various types of Internet access

The various offers of Internet access can be classified in two types: broadband and narrowband access. These offers are subscribed by the end-user according to his needs and according to the required comfort of connection. Thus, the main narrowband offers include the Dial Up access with and without subscription and the "Flat rate" access, whereas the broadband offers include access via "Internet Leased Lines" and 'ADSL' access.

The principle of these various offers can be specified as follows:

Narrowband Internet

- **The Traditional Dial Up Access to the Internet** : it allows any user having a telephone line and a computer equipped with a modem to connect to the Internet by contracting as a preliminary a monthly subscription within an Internet Service Provider. This offer allows the subscriber to access to the Internet according to his specific needs and to pay the time of connection according to telephone tariff into force.

- **Dial Up Internet Access without subscription** : it allows any user having a telephone line and a computer equipped with a modem to connect to the Internet without a contractual engagement nor subscription charges. This offer allows the subscriber to access to the Internet according to his specific needs and to pay only the time of connection according to a special Internet tariff.

- **The "Flat rate" offers:** They include the payment of a monthly fixed amount which includes "the Internet subscription and the communications". The durations included in the "Flat rate" vary following the Internet Service Provider. This offer makes it possible to the subscribers to control their Internet use.

- **Wireless Internet access offer: it's an Internet access mode through radio.**

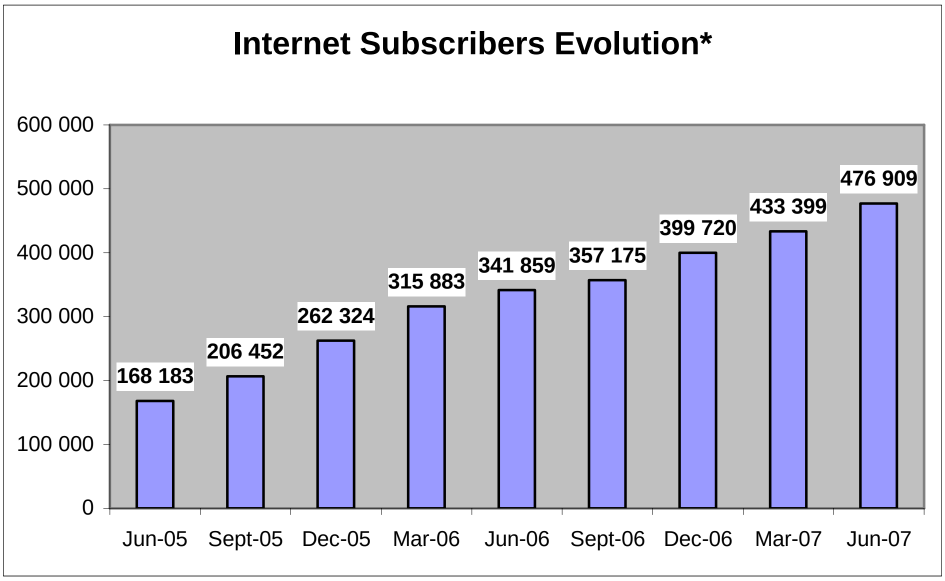
Broadband Internet

- Broadband **access via ADSL:** it allows the end-user to make a high speed connection (128, 256, 512, 1024 kbit/s, 2 Mbit/s, 4 Mbit/s, 8 Mbit/s, 20 Mbit/s), without worrying nor about the time of connection nor about the volume of exchanged data.

- **The Internet access via Leased Lines:** It is an offer of Internet access with a fixed speed according to different levels n*64kbit/s.

II. State of the global market at June 2007

At the end of June 2007, the data transmitted by the ISP's (Internet Service Providers) give the following evolutions of the number of the Internet subscribers.



* The number of ADSL subscribers was calculated by adding up The ISP's ADSL subscribers

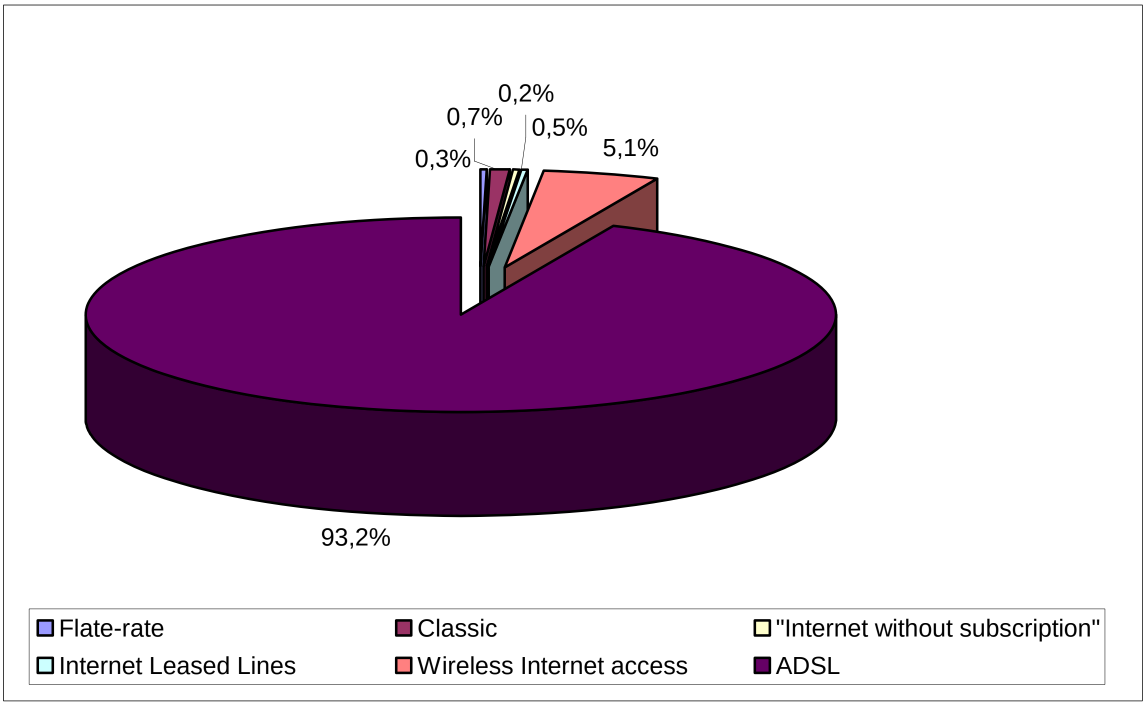
We can note that the number of users of 'Internet without subscription' access is included in the total number of subscribers starting from December 2004, according to the definition adopted in the decision of the General Director N° ANRT/DG/N01/05 of March 9, 2005. Thus, the total number of Internet access in December 2004 specified in the chart above was updated.

It should be noted also that starting from April 2005, the total number of ADSL subscribers is calculated by summing up the number of ADSL subscribers of the various Internet Service Providers.

Starting from June 2007, the total number of Internet subscribers includes also the offer of wireless access mode "Bayn" supplied by the operator Wana Corporate.

Internet market is always in clear progression recording a total increase of **10%** during the last three months, of **39.5%** between June 2006 and June 2007 and of almost **183.5%** since June 2005.

The distribution of subscribers by access mode is as follows, with a more and more important share for the broadband ADSL accesses (**93,2%**).



* The number of ADSL subscribers was calculated by adding up The ISP's ADSL subscribers

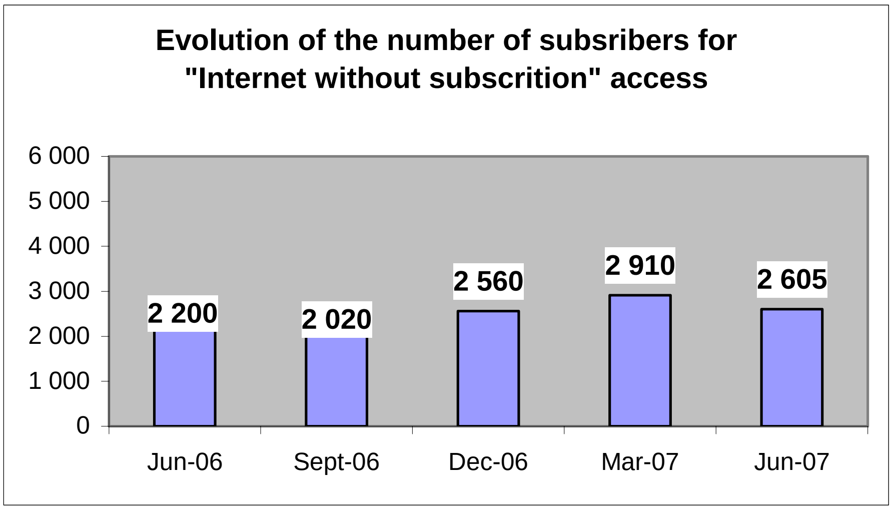
State of the narrowband market

I. Evolution of the total number of narrowband subscribers

The number of the narrowband subscribers, by including the users of "Internet access without subscription" option and those of wireless Internet access, moved from 9 053 in June 2006 to **31 269** in June 2007, making state of a **growth of 245% during one year**.

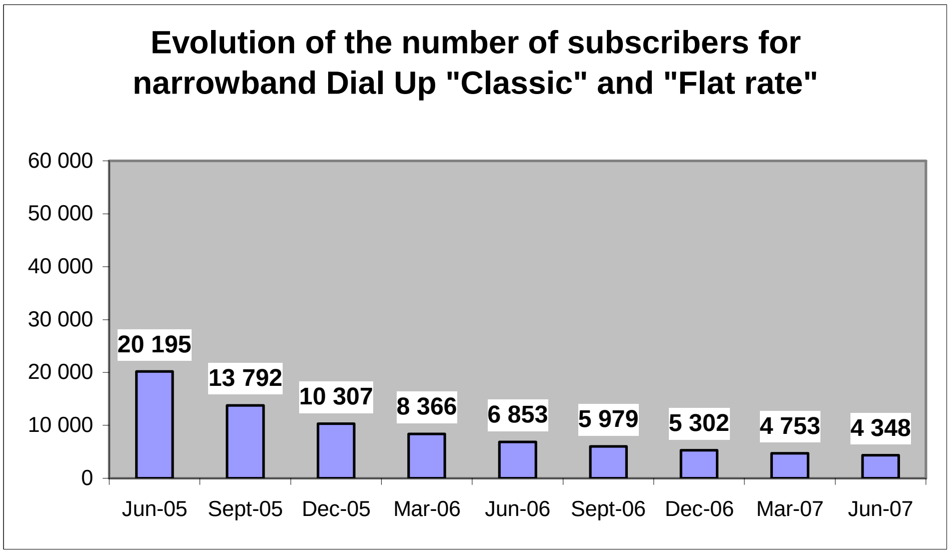
II. Evolution of the number of subscribers using 'Internet without subscription' access

ANRT's Decision "ANRT/DG/N01/05" of March 2005 describes a subscriber as: "a user of "the Internet access without subscription" option having used this access mode at least once during the last three months". The graph below shows the evolution of the number of subscribers estimated since March 2006 according to this definition.

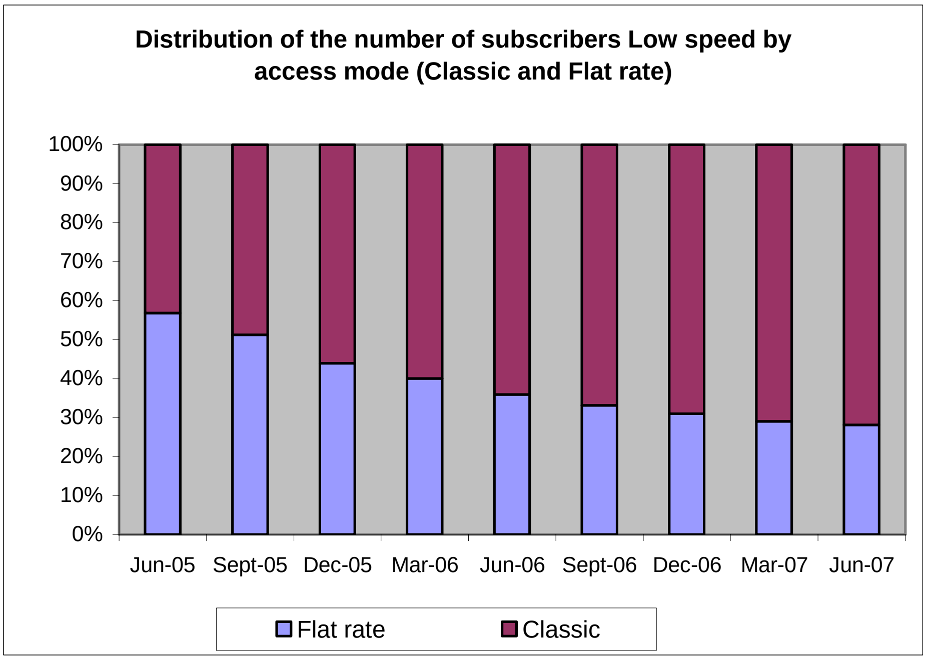


III Evolution and distribution of the number of subscribers for narrowband Dial Up ' Classic' and ' Flat rate'

The data received from ISP's as of June 2007 shows a decrease in the number of subscribers 'Classic subscriptions ' and ' Flat rate ' access options. Since June 2006, the number of subscribers is decreasing from 6 853 subscribers to **4 348** (**a retreat of approximately 36,5%**).



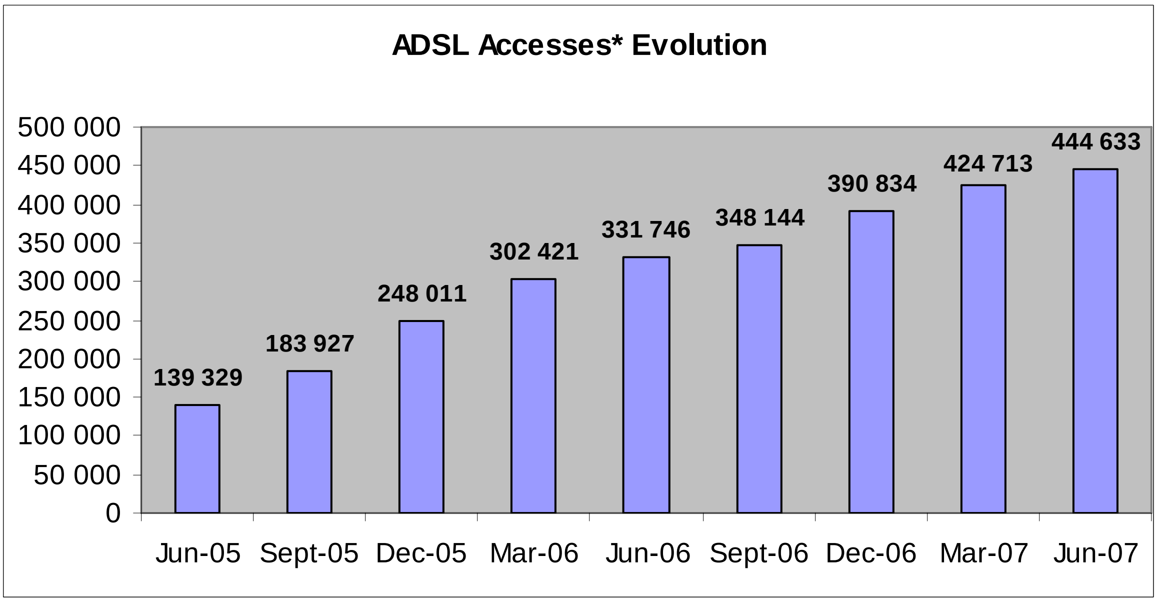
Relative shares of the Flate rate and the classic accesses are illustrated in the following graph:



State of the broadband market

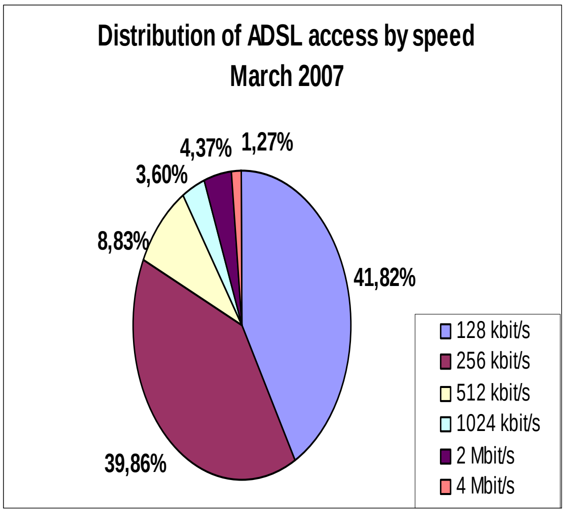
I Evolution of ADSL subscribers

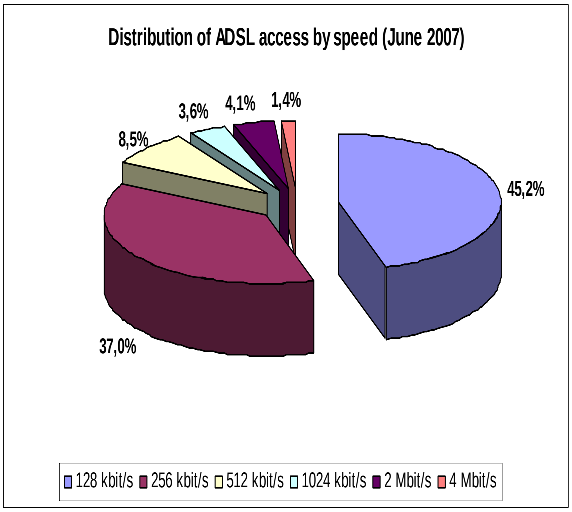
The number of ADSL[1] subscribers is in continuous evolution with a **growth of almost 34%** since June 2006 and **219%** since June 2005.



* From June 2005, the total ADSL subscribers was calculated by adding up the ADSL subscribers of the ISP's

[1] Since April 2005, the total ADSL subscribers is calculated by adding up the ADSL subscribers of the ISP's.





II Evolution of the number of subscribers for Internet Leased Lines

The estimated number of Internet access via Leased Lines (LL) stagnates. This tendency could be explained by a substitution effect of LL access to the ADSL access.