ROYAUME DU MAROC
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ANALYSIS OF THE TELECOMMUNICATIONS SECTOR EVOLUTION AT 30th SEPTEMBER 2011

1- Highlights at 30th September 2011

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 **1.17 DHFoT/min** at the end of September 2010 **to 0.76 DHFoT/min** at the end of September 2011 making a **35% drop**.

- The average outgoing use per mobile customer has risen between September 2010 and September 2011 from **39 to 56 minutes/customer/month** making a **growth in the use of 44%.**

Fixe :

- The downward trend in fixed prices as measured by average revenue per minute also continues. Indeed, the **ARPM has dropped from 1.02 DHFoT/min** at the end of September 2010 to **0.97 DHHT/min** at the end of September 2011 making a **decrease of 5%.**

- The average outgoing usage per fixed customer **decreased by 7%** between September 30, 2010 and September 30, 2011 from **137** minutes per month to **128** 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 93 DHFoT/month/customer** at the end of September 2010 **to 60**

[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 (9 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 (9 months).

DHFoT/month/customer in September 30, 2011 making **a decline of 35%**.

- For **3G Internet**, this bill has dropped from **68 DHFoT/month/customer** at the end of September 2010 to **41 DHFoT/month/customer** in September 30, 2011 marking a 40% drop. As for **ADSL**, it decreased from **140 DHFoT/month/customer** at the end of September 2010 to **124 DHFoT/month/customer** in September 30, 2011 making a 11% decline.

MOBILE TELEPHONY

- The number of mobile subscribers reached **36 150 267** and continues its upward trend by recording a quarterly increase of **3.36% at the end of the third quarter of 2011** and an **annual growth of 18.51%** showing a **penetration rate of 112.31%** against 108.66% at end of June 2011.

- The **good performance of the mobile postpaid** observed during the last three quarters (including the last quarter of 2010) have also been confirmed for the third quarter of 2011 with a **quarterly growth rate of 4.29%** slightly higher than the 3.32% recorded by prepaid subscribers. The annual growth rate of postpaid subscribers is about 32% against 18% for prepaid subscribers.

- Outgoing **mobile traffic** has **increased quarterly by 7.92%** and annually by **62%**.

- SMS traffic continues its upward trend for the third quarter of 2011 by making a **significant increase of 29.48%** compared to the second quarter of 2011 and of 30.1% compared to the third quarter of 2010. For the same period of 2010, the quarterly growth rate of SMS traffic was about 32% (between the second and the third quarter of 2010).

FIXED TELEPHONY

- The overall **fixed line subscribers reached 3 523 707** at the end of September 2011 by making **a slight decrease of 3.36%** from June 2011 and of 4.91% from September 2010. The penetration rate of fixed telephony is **10.95%** at the end of the third quarter of 2011.

- The outgoing fixed traffic during the third quarter recorded **a decrease of 10%.**

INTERNET

- At the end of September 2011, the **Internet accounts reached 2 881 973 and recorded a very significant growth** by taking advantage of the dynamics experienced by the 3G access and shows a **quarterly growth rate of 22.86%** and annually of **74,99%** at the end of the third quarter of this year.

- The **3G Internet subscribers which represent 80.83% of the Internet accounts** had a **significant quarterly growth rate of 28.22% and annually of 100.54%**. The other component of the Internet accounts namely **ADSL Internet which represents 19.1%** conducted a **quarterly increase of 4.46% and annually of 14.11%.**

- The ADSL subscribers with at least **2 Mbits/s speed represent around 99%** of the accounts at the end of September 2011 when there were only **61%** at end of September 2010.

- The 3G Internet accounts combining voice with Data show a huge success and recorded **a great quarterly growth rate of 73%** against 9.5% for “Data only” 3G Internet subscribers at the end of September 2011.

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2- Quartely analysis of the market evolution

Mobile telephony market[4]

At the end of the third quarter of 2011, the number of mobile subscribers reached **36150 267**, with a quarterly growth of **3.36%**.

This situation was reflected positively on the penetration rate which reached **112.31%** at the end of September 2011 against 108.66% in June 2011.

MOBILE ACCOUNTS

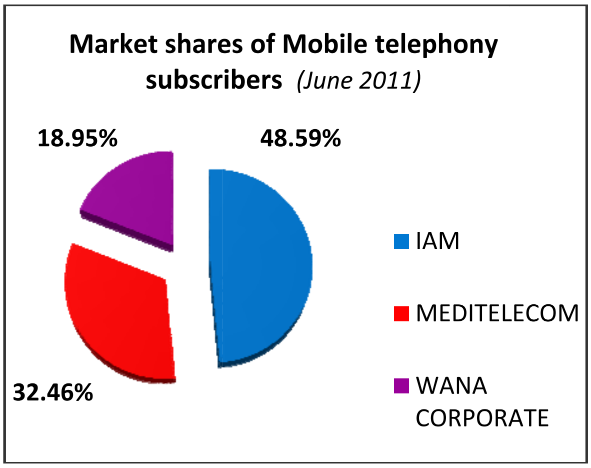
MOBILE TELEPHONY (in thousands)	Sept-10	Jun-11	Sept-11
Mobile accounts	30 503	34 975	36 150
Quarterly growth [5]	**2 624**	**1 600**	**1 175**
Quarterly Growth (%)[6]	**9.41%**	**4.79%**	**3.36%**
Penetration rate [7]	**96.79%**	**108.66%**	**112.31%**

Through the analysis of the evolution of the number of mobile subscribers for the third quarter of 2011, we notice that the number of subscribers of IAM reached 16 969 (in thousands) against 16 994 (in thousands) at the end of June 2011 While the number of mobile subscribers of Medi Telecom reached 11 865 (in thousands) (11 353 thousands subscribers in June 2011) and for Wana Corporate this number reached 7 317 (in thousands) against 6 628 (in thousands) subscribers in June 2011, carrying out a slight quarterly decrease of 0.15% for IAM and a quarterly rise of 4.5% for Medi Telecom and of 10,4% for Wana Corporate.

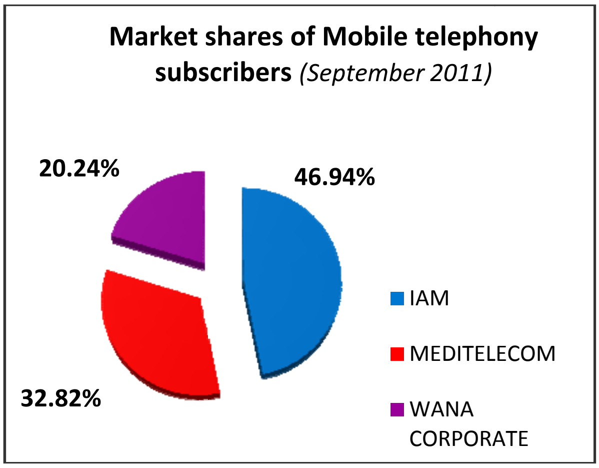
In terms of market share, the incumbent operator holds 46.94% of the mobile subscribers market followed by Medi Telecom with 32.82% and Wana corporate with 20.24%.

[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.

Market Shares at 30th June 2011



Market Shares at 30th September 2011



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 always prevails with a share of 95.89% (95.93% at the end of June 2011) against 4.11% for post-paid.

The two types of subscription closed the quarter with a rise by recording **a growth of 3.32% for prepaid** and **of 4.29% for post-paid** compared to June 2011.

Post-paid accounts evolution

POST-PAID MARKET (in thousands)	Sept-10	Jun-11	Sept-11
Post-paid accounts	1 126	1 425	1 486
Quarterly growth	**48**	**96**	**61**
Quarterly growth (%)	**4.48%**	**7.19%**	**4.29%**
Penetration rate	**3.57%**	**4.43%**	**4.62%**

Prepaid accounts evolution

PREPAID MARKET (in thousands)	Sept-10	Jun-11	Sept-11
Prepaid accounts	29 377	33 550	34 664
Quarterly growth	**2 576**	**1 504**	**1 114**
Quarterly growth (%)	**9.61%**	**4.69%**	**3.32%**
Penetration rate	**93.22%**	**104.23%**	**107.70%**

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Outgoing Mobile Voice Traffic[8]

At the end of the third quarter of 2011, outgoing Mobile traffic achieved **6 275.15 million minutes** which correspond to a growth of **7.92%** compared to the second quarter of this year.

Outgoing Mobile Voice Traffic (in millions min)	3th Quarter 10	2nd Quarter 11	3th Quarter 11
Outgoing Mobile Traffic	3 872.72	5 814.72	6 275.15
Quarterly growth	**837.02**	**1 080.78**	**460.43**
Quarterly growth (%)	**27.57%**	**22.83%**	**7.92%**

Outgoing SMS Traffic[9]

The number of SMS sent in the third quarter of 2011 is about **1 494.96 million** units making a great quarterly growth rate of **29.48%**.

Mobile Outgoing SMS Traffic (in millions)	3th Quarter 10	2nd Quarter 11	3th Quarter 11
Outgoing SMS Traffic	1 149.24	1 154.61	1 494.96
Quarterly growth	**278.93**	**244.24**	**340.35**
Quarterly growth	**32.05%**	**26.83%**	**29.48%**

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

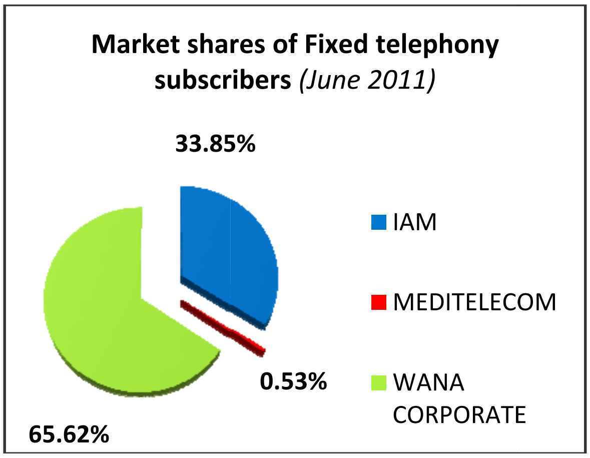
Fixed Telephony Market

At September 30th 2011, the number of subscribers recorded **a slight decrease** compared to the previous quarter. The total number of subscribers reached **3 523 707**[10] (against 3.646 318 at the end of June 2011) of which 2 260 871 subscribers used the fixed telephony with restricted mobility.

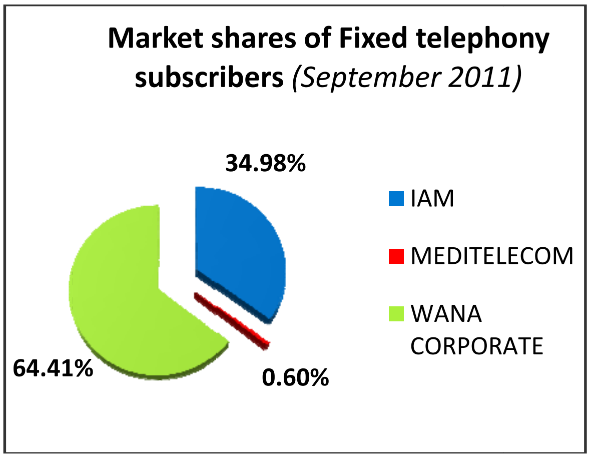
Consequently, the penetration rate of fixed telephony is **10.95%** at the end of September 2011 against 11.33% in June 2010.

In terms of market share, Wana Corporate holds 64.41% of the fixed telephony subscriber followed by IAM with 34.98%.

Market Shares at 30th June 2011



Market Shares at 30th September 2011



FIXE ACCOUNTS

FIXED TELEPHONY	Sept-10	Jun-11	Sept-11
Fixed accounts	3 705 571	3 646 318	3 523 707
Restricted mobility	2 456 121	2 383 290	2 260 871
Quarterly growth	22 823	3 212	-122 611
Quarterly growth %	0.62%	0.09%	- 3.36%
Penetration rate	11.76%	11.33%	10.95%

[10] This figure includes residential and professional subscribers and payphones using fixed telephony network.

Residential subscribers

FIXED TELEPHONY	Sept-10	Jun-11	Sept-11
Residential accounts	3 157 271	3 107 030	3 00 809
Quarterly growth	26 411	9 298	-106 221
Quarterly growth %	0.84%	0.30%	- 3.42%

Professional subscribers

FIXED TELEPHONY	Sept-10	Jun-11	Sept-11
Professional accounts	398 624	411 977	412 910
Quarterly growth	733	5 633	933
Quarterly growth %	0.18%	1.39%	0.23%

Outgoing Fixed Voice Traffic[11]

During the third quarter of 2011, subscribers of fixed telephony and those of fixed telephony with restricted mobility have made 1 307 **million minutes** which corresponds to a **decrease of 10%** compared to the second quarter of 2011.

Outgoing Fixed Voice Traffic (in million min)	3^{th} Quarter 10	2^{nd} Quarter 11	3^{th} Quarter 11
Outgoing Voice Traffic	1 604.54	1 452.36	1 306.93
Quarterly growth	67.9	58.35	- 145.42
Quarterly growth %	4.42%	4.19%	- 10.01%

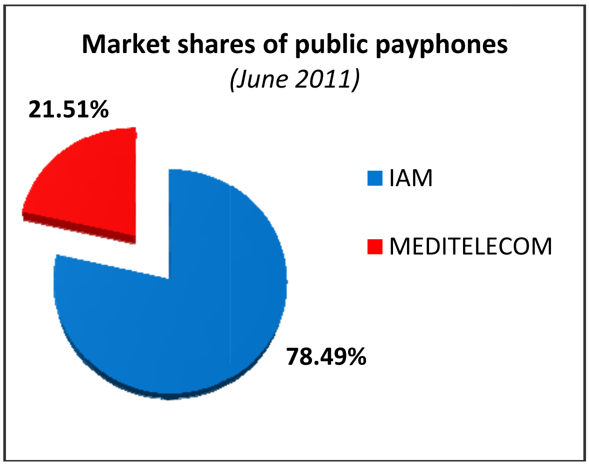
[11] The outgoing voice traffic is the sum of minutes used by the three operator's customers of mobile telephony and restricted mobility in a quarter.

Public Payphones Market

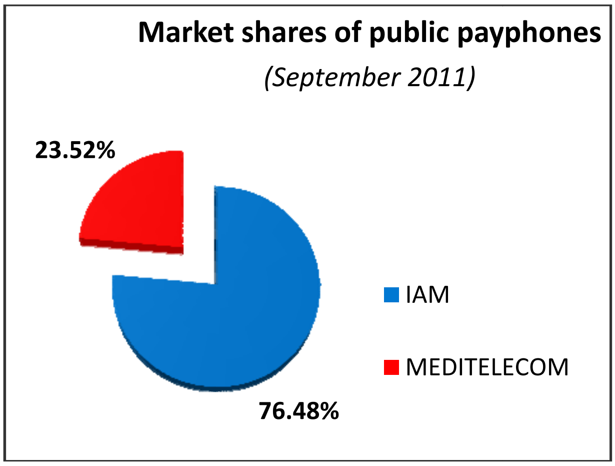
At September 30th 2011, the number of lines in public payphones recorded a **quarterly drop of 11.33%** compared to June 2011. The total number of lines in public payphones[12] reached **143 812** (against 162 193 at the end of June 2011).

Public payphones	Sept-10	Juin-11	Sept-11
Number of lines	183 784	162 193	143 812
Quarterly growth	**- 4 335**	**- 12 897**	**- 18 381**
Quarterly growth %	**- 2.30%**	**- 7.37%**	**- 11.33%**

Market Shares at 30th June 2011



Market Shares at 30th September 2011



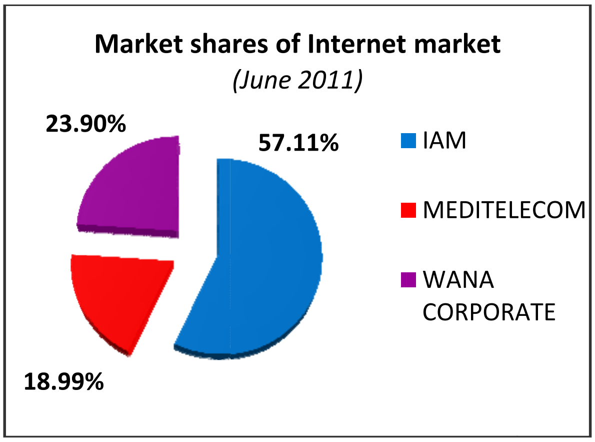
[12] The public payphones includes fixed and GSM phone shops, coin and card public telephones.

Internet Market

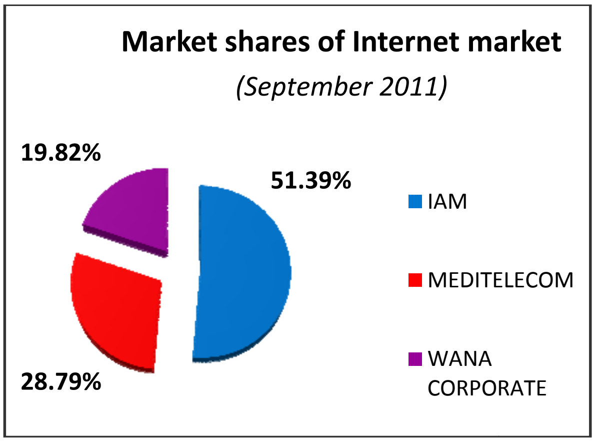
At 30th September 2011, the total Internet subscribers reached **2 881 973** carrying out **an increase of 22.86%** over the third quarter of 2011.

In terms of market share, IAM holds 51.39% of the Internet subscribers market followed by Medi Telecom with 28.79% and Wana Corporate with 19.82%.

Internet Market Shares at 30th June 2011



Internet Market Shares at 30th September 2011



Internet accounts

INTERNET MARKET	Sept-10	Jun-11	Sept-11
Internet accounts	1 646 967	2 345 725	2 881 973
Quarterly growth	**147 462**	**172 822**	**536 248**
Quarterly growth %	**9.83%**	**7.95%**	**22.86%**

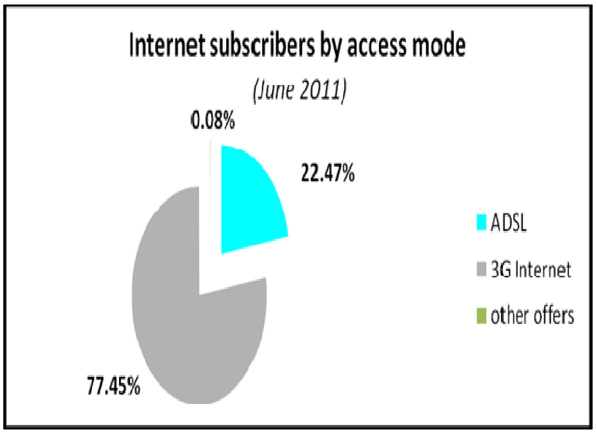
The number of the narrowband subscribers, by including the "Internet access without subscription" accounts reached **878** in September 2011 which corresponds to a decrease of 3.94% over this quarter.

The number of ADSL subscribers' **increases by 4.46%** over the third quarter of 2011. The annual evolution of the ADSL accounts is about **14.11**%. The Internet **ADSL accounts is estimated at 550 508** at the end of the third quarter of 2011.

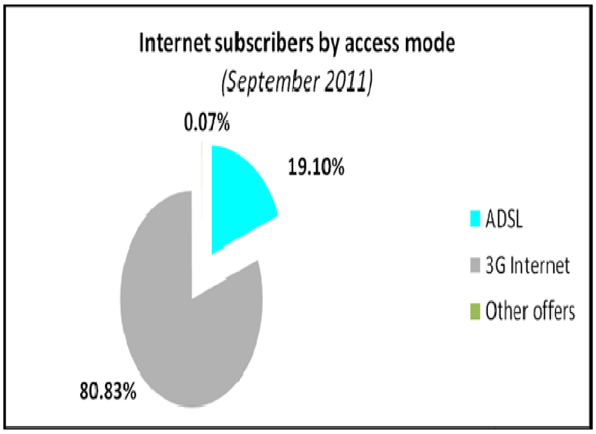
The estimated number of Internet access via Leased Lines (LL) **increased by 2.29%** over the third quarter of 2011 and reached the same value of September 2010. This number reached 1 026 **subscribers** in September 2011.

The distribution of subscribers by access mode is as follows, with a predominance of the 3G internet access, representing **80.83%** of the global Internet market and broadband ADSL Internet access with 19.10%.

Internet subscribers by access mode at 30th June 2011



Internet subscribers by access mode at 30th September 2011

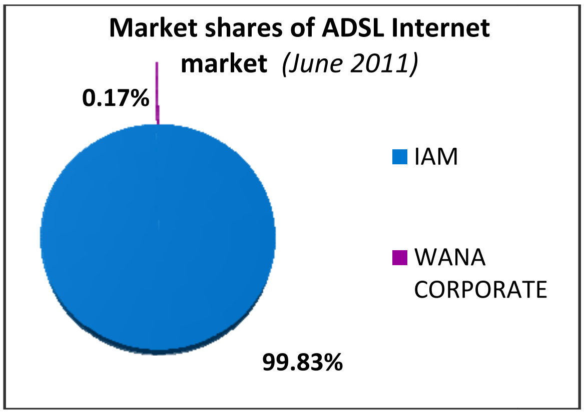


ADSL market evolution

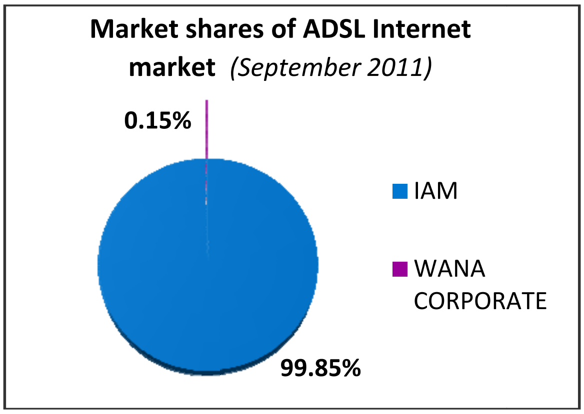
INTERNET ADSL	Sept-10	Jun-11	Sept-11
Internet ADSL accounts	482 448	527 016	550 508
Quarterly growth	**2 144**	**11 552**	**23 492**
Quarterly growth %	**0.45%**	**2.24%**	**4.46%**

In terms of market share, IAM holds 99.85% of the ADSL Internet accounts.

ADSL Market Shares at 30th June 2011



ADSL Market Shares at 30th September 2011



The ADSL Internet access accounts is made essentially of 2 Mbit/s which represents the largest share with 48.41% of ADSL subscriptions in September 2011 followed by the 8 Mbit/s (25%) and 4 Mbit/s with 24.56%.

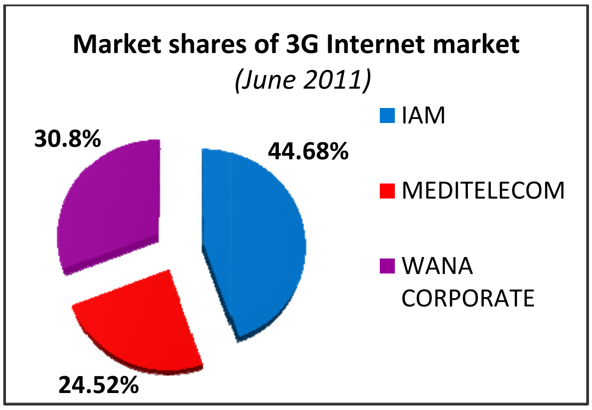
3G Internet Market evolution

At the end of September 2011, the number of 3G Internet subscribers reached **2 329.561** recording **an important increase of 28.2%** over the third quarter of 2011 and **100.5%** since September 2010.

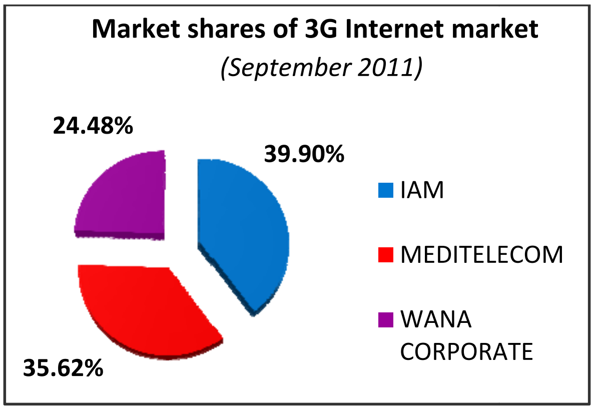
3G INTERNET	Sept-10	Jun-11	Sept-11
3G accounts	1 161 657	1 816 792	2 329 561
Quarterly growth	**146 132**	**161 293**	**512 769**
Quarterly growth %	**14.39%**	**9.74%**	**28.22%**

In terms of market share, IAM holds 39.9% of the 3G Internet accounts followed by Medi Telecom with 35.62% and Wana Corporate with 24.48%.

3G Market Shares at 30th June 2011



3G Market Shares at 30th September 2011



At the end of September 2011, the **3G Internet accounts** for **"Data Only"** totaled **1.403 378 (60.24%) carrying out a quarterly growth rate of 9.5%** while the number of customers using **"Voice+Data"** reaches **926.183 (39.76%) achieving a growth rate of 73.06%** compared to the end of June 2011.

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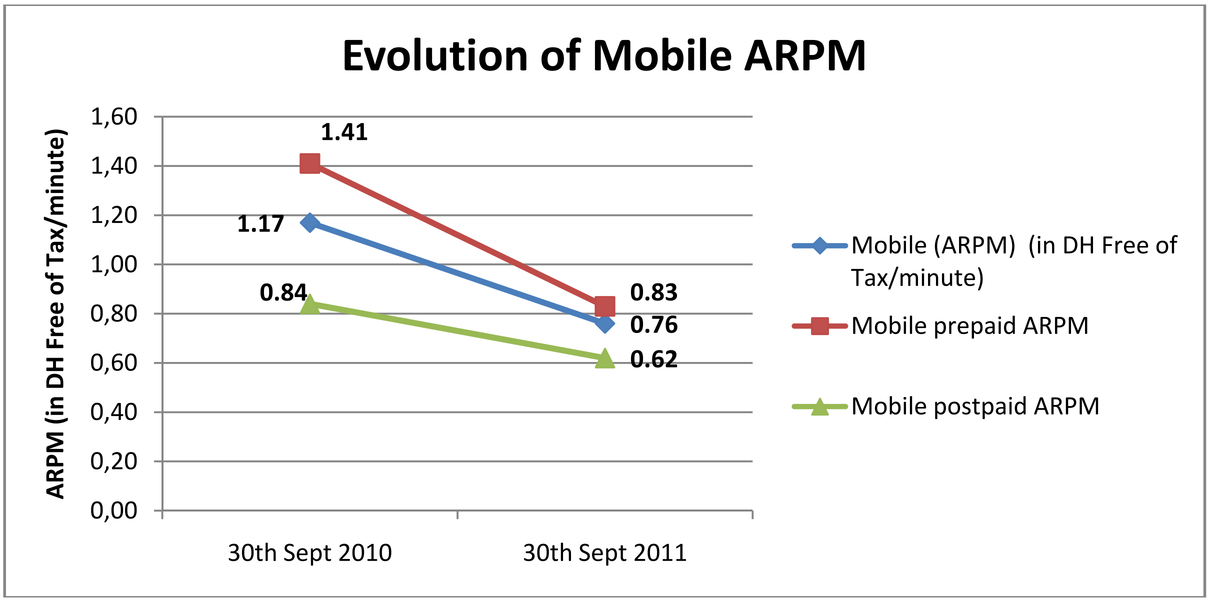
3- Analysis of the trend in prices (ARPM) at the end of the third quarter of 2011 and the average Fixed and Mobile outgoing use per customer and the average Internet monthly bill per customer

MOBILE MARKET

Mobile ARPM Evolution

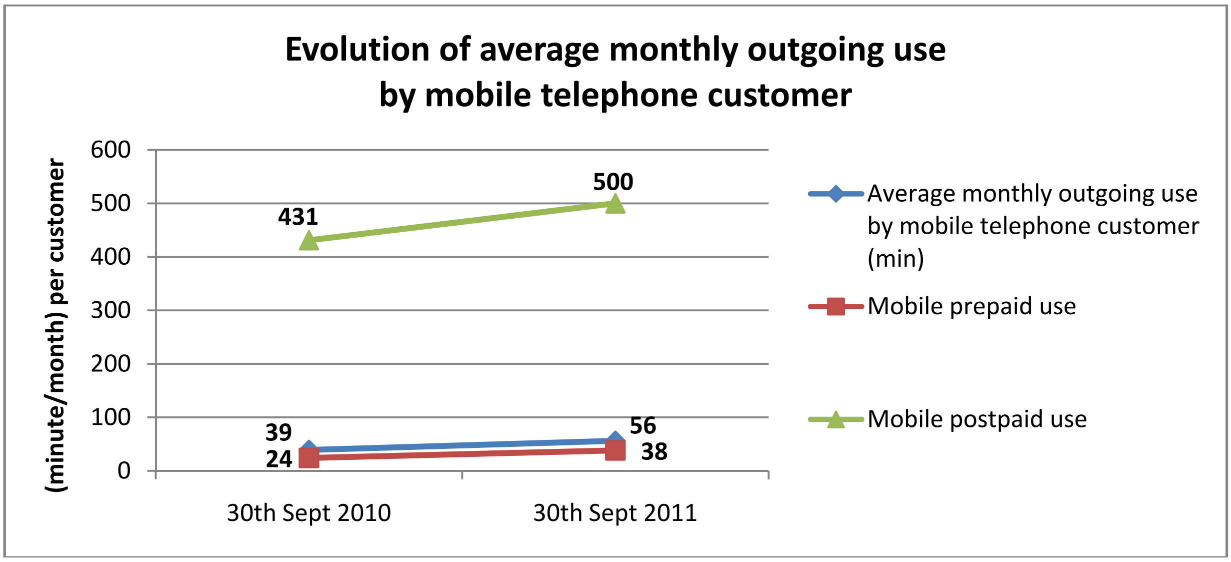
	30th Sept 2010	30th Sept 2011	Evolution
Average revenue per minute (ARPM) of mobile telephone call (in DH Free of Tax /minute)	1.17	0.76	- 35%
➢ *Mobile prepaid ARPM*	*1.41*	*0.83*	*- 41%*
➢ *Mobile postpaid ARPM*	*0.84*	*0.62*	- 26%



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 **1.17 DHFoT/min** at the end of September 2010 **to 0.76 DHFoT/min** at the end of September 2011 making a **35% drop**.

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

	30th Sept 2010	30th Sept 2011	Evolution
Average monthly outgoing use by mobile telephone customer (in minute/month/customer)	**39**	**56**	**44%**
➢ ***Mobile prepaid use***	***24***	***38***	***61%***
➢ ***Mobile postpaid use***	***431***	***500***	***16%***



The average outgoing use per mobile customer has risen between September 2010 and September 2011 from **39 to 56 minutes/customer/month** making a **growth in the use of 44%.**

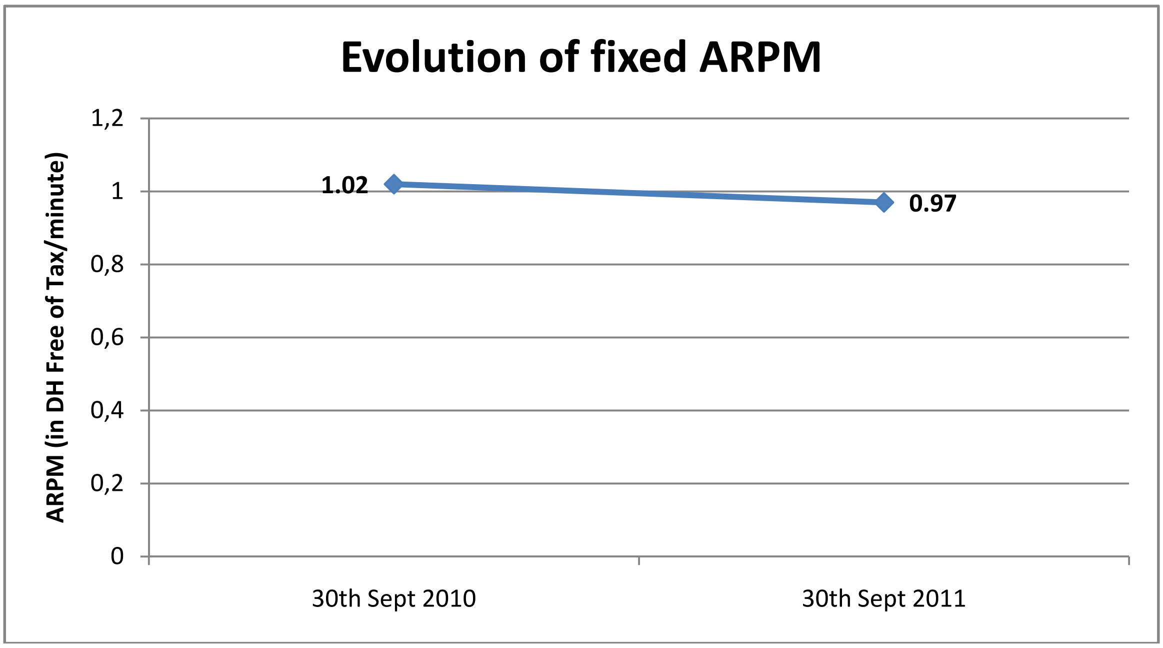
For prepaid usage, it has increased by **61%** moving from **24** minutes/month to **38 minutes per month** while the postpaid use has increased by **16%** from 431 minutes/month to **500 minutes per month**.

[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 (nine months).

FIXED MARKET

Fixed ARPM Evolution

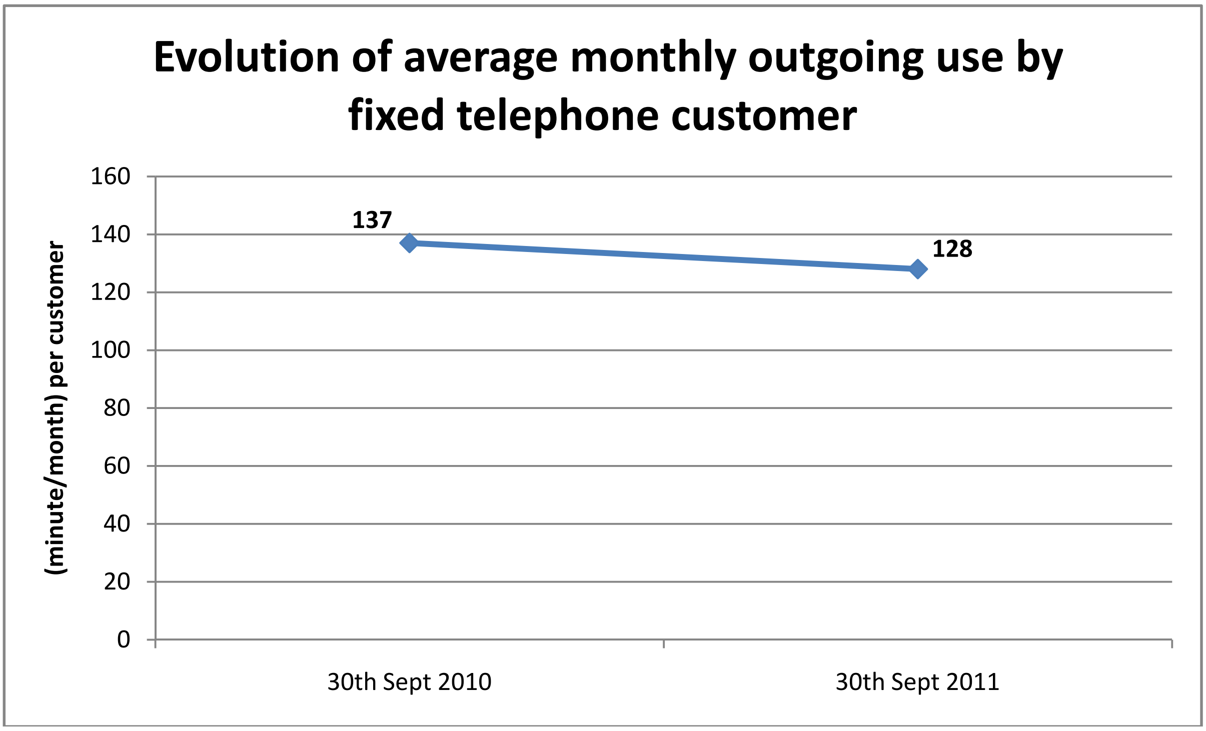
	30th Sept 2010	30th Sept 2011	Evolution
Average revenue per minute (ARPM) of fixed telephone call in DH Free of Tax /minute	1.02	0.97	- 5%



The downward trend in fixed prices as measured by average revenue per minute also continues. Indeed, the **ARPM has dropped from 1.02 DHFoT/min** at the end of September 2010 to **0.97 DHHT/min** at the end of September 2011 making a **decrease of 5%.**

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

	30th Sept 2010	30th Sept 2011	Evolution
Average monthly outgoing use by fixed telephone customer (in minute/month/customer)	137	128	- 7%



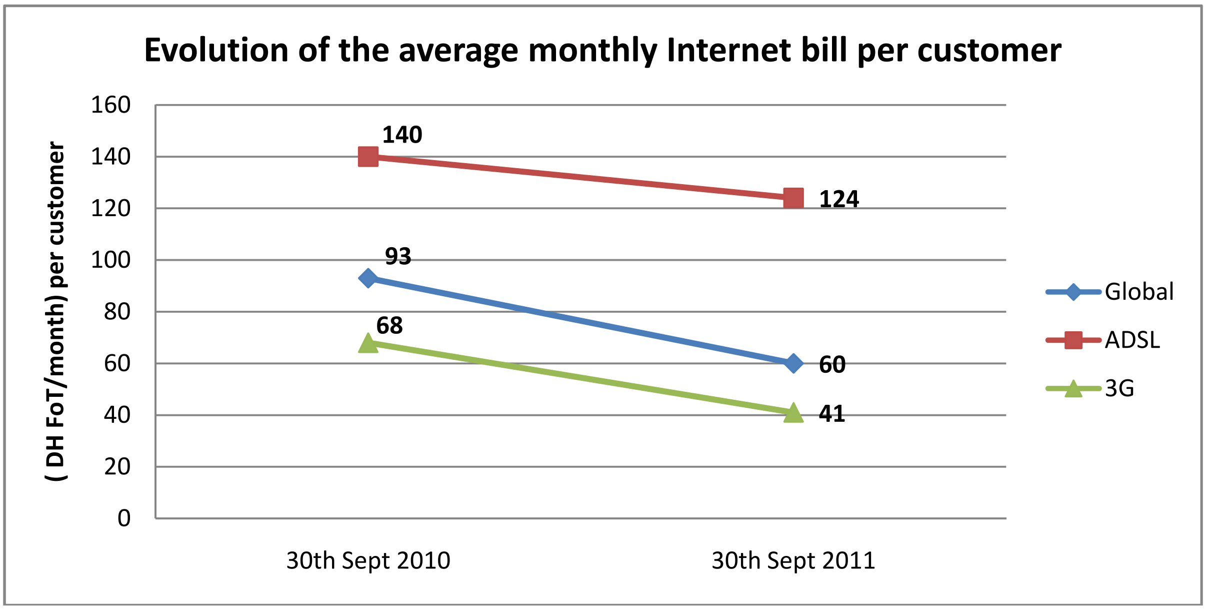
The average fixed outgoing usage per customer **decreased by 7%** between 30 September 2010 and September 30, 2011 **from 137 minutes per month to 128 minutes per month**.

[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 (six months).

INTERNET MARKET

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

	30th Sept 2010	30th Sept 2011	Evolution
Internet average monthly bill per customer (in DH Free of Tax/month/customer)	93	60	- 35%
➢ **ADSL**	140	124	- 11%
➢ **3G Access**	68	41	- 40%



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