PRESS RELEASE

Rabat, July 24, 2017

H1 2017 CONSOLIDATED RESULTS

Highlights:

- **3.8% increase in the Group's customer base** with over 55 million customers;
- 2.1% increase in consolidated outbound service revenues;
- **The EBITDA margin rate improved by 1.4 pt to 50%,** thanks to ongoing cost optimization measures;
- **5.9% increase in Group share of adjusted* net income** at constant exchange rates;
- **Return to growth of mobile outbound revenues thanks to the good momentum of Mobile internet;**
- Acceleration of the roll-out of 4G+ in Morocco, which covered 80% of the population at the end of June 2017;
- **Continued development of Fixed Data,** where revenues increased by 10% thanks to the success of ADSL and fiber-optic high speed offers;
- **Continuation of the recovery plan for Moov subsidiaries** which generated positive net income on an overall basis.

Updating of 2017 outlook at constant scope and exchange rates

- **Slight decrease in revenues due to the new regulatory measures;**
- **Stable EBITDA;**
- **CAPEX of approximately 23% of revenues, excluding frequencies and licenses.**

To mark the publication of this press release, Abdeslam Ahizoune, Chairman of the Management Board, made the following comments:

"The financial results of this first half reflect the dynamism of the Maroc Telecom Group across all of its markets. In Morocco, the success of very high-speed mobile and fixed line, confirms the relevance of its strategy, based on the deployment of its infrastructures as well as their reinforcement in order to support the acceleration of the usage growth. African subsidiaries continue to gain market share and support the Group's earnings growth. Cost-optimization efforts are ongoing and are helping to improve the Group's high level of profitability, which is one of the highest in the sector".

*adjusted from the impact of restructuring charges in 2017 and disposal of real estate asset in 2016 (cf: appendix 1)

GROUP ADJUSTED* CONSOLIDATED RESULTS

IFRS in MAD million	H1 2016	H1 2017	Change	Change at constant exchange rates(1)
Revenues	**17,593**	**17,091**	**-2.8%**	**-2.3%**
EBITDA	**8,525**	**8,521**	**+0.0%**	**+0.4%**
Margin (%)	**48.5%**	**49.9%**	**+1.4 pt**	**+1.4 pt**
Adjusted EBITA	**5,306**	**5,287**	**-0.4%**	**+0.1%**
Margin (%)	**30.2%**	**30.9%**	**+0.8 pt**	**+0.7 pt**
Group share of adjusted net income	**2,766**	**2,923**	**+5.7%**	**+5.9%**
Margin (%)	**15.7%**	**17.1%**	**+1.4 pt**	**+1.3 pt**
CAPEX(2)	**3,775**	**3,021**	**-20.0%**	
Of which frequencies and licenses	888			
CAPEX/revenues (excluding frequencies and licenses)	16.4%	17.7%	+1.3 pt	
Adjusted CFFO	**5,240**	**4,526**	**-13.6%**	
Net debt	**15,776**	**16,959**	**+7.5%**	
Net debt/EBITDA	0.9x	1.0x		

**Adjustments to the financial indicators are detailed in Appendix 1.*

► Customer base

The Group's customer base amounted to over 55 million customers on June 30, 2017, an increase of 3.8% in one year, driven by an expansion in the Mobile customer bases in Niger, the Ivory Coast, and Togo, as well as by the sustained growth of the Fixed-Line and high speed customer numbers in Morocco.

► Revenues

The Maroc Telecom Group generated consolidated revenues(3) of MAD 17,091 million on June 30, 2017, a decrease of 2.8% (-2.3% at constant exchange rates) compared with the first half of 2016, primarily due to the deregulation of IP telephony in Morocco as from November 2016 and the decrease in call termination rates in Morocco and in the African subsidiaries' activities. The Group's outbound services revenues increased by 2.1%, thanks to the growth of customer and usage increase in particular data.

► Operating income before depreciation and amortization

The Maroc Telecom Group's operating income before depreciation and amortization (EBITDA) increased by 0.4% to MAD 8,521 million at constant exchange rates (operating income was stable at current exchange rates). The EBITDA margin rate was up 1.4 pts in one year, and reached a high level of 49.9% thanks to significant efforts to control and optimize costs, and to the favorable impact of decreases in Mobile call termination rates at the African subsidiaries.

► Operating income

The Maroc Telecom group's consolidated adjusted operating income (EBITA)(4) in the first half of 2017 amounted to MAD 5,287 million, 0.1% up at constant exchange rates due to 0.4% increase in EBITDA and despite a decrease of 1.9% in depreciation charge resulting from the major investment effort made in Morocco and in the African subsidiaries. The operating margin increased by 0.7 pt (at constant exchange rate) to reach 30.9%.

► Group share of net income

The group share of adjusted net income raised by 5.7% (+5.9% at constant exchange rates) compared to the same period of the previous year, thanks to the sharp increase in the net income of the African subsidiaries' activities in particular the success of the restructuring of the new Moov subsidiaries, which are now showing a positive result.

► Cash flow

The adjusted cash flow from operations (CFFO)(5) amounted to MAD 4,526 million, 13.6% down from the same period of the previous year, due to the large ongoing investment programs.

The Maroc Telecom group's consolidated net debt(6) amounted to MAD 17 billion at the end of June 2017, an increase of 7.5% over one year, primarily as the result of exceptional outflows (restructuring charges and licenses) and of the payment of MAD 6 billion dividends to all shareholders of Maroc Telecom group.

► Exceptional highlights

The first half of the year was marked by the finalization of the voluntary redundancy plan in Morocco and African subsidiaries employees' reductions to 1,068 employees to date, for a total cost of MAD 620 million, of which MAD 235 million in 2017. Total disbursements related to these initial plans amounted to MAD 580 million in the first half of 2017; the remaining amount will be disbursed in the third quarter of 2017.

The first six months of 2017 were marked by the payment of MAD 410 million corresponding to the second part of the global license obtained in Ivory Cost in March 2016 for an amount of MAD1.6 billion, and the disbursement of MAD 28 million for the second and final part of the 3G license in Togo.

The accounts for the first half of 2016 included the disposal of real estate asset with a capital gain of MAD 297 million (cash impact of MAD 317 million) and the payment of the first tranche of the 3G license in Togo for an amount of 33 million dirhams.

► Appointments to the Supervisory Board, Audit Committee and Management Board

The Supervisory Board of Maroc Telecom co-opted M. Abdelouafi Laftit to replace M. Mohamed Hassad as a member of the Supervisory Board.

The Supervisory Board has also nominated M. Mohammed Samir Tazi as a member of the Audit Committee to replace M. Abdelhak Harrak.

The Supervisory Board also appointed François Vitte as a member of the Management Board of Maroc Telecom to replace Oussama El Rifai with an effective date of October 2, 2017.

► Updating of the 2017 outlook for 2017 at constant scope and exchange rates

Maroc Telecom has updated its forecasts for 2017 at constant scope and exchange rates, based on the recent changes in the market, and to the extent that no further major exceptional event disrupts the Group's activities.

- Slight decrease in revenues due the new regulatory measures;
- Stable EBITDA;
- CAPEX of approximately 23% of revenues, excluding frequencies and licenses.

Review of the Group's activities

The Adjustments to the financial indicators "Morocco" and "International" are detailed in Appendix 1

- ***Morocco***

IFRS in MAD million	H1 2016	H1 2017	Change
Revenues	**10,615**	**10,076**	**-5.1%**
Mobile	**6,934**	**6,552**	**-5.5%**
Services	6,735	6,435	-4.5%
Equipment	199	117	-41.1%
Fixed-Line	**4,471**	**4,451**	**-0.5%**
Of which Fixed-Line Data*	1,197	1,322	+10.4%
Eliminations and other income	**-790**	**-927**	
EBITDA	**5,670**	**5,355**	**-5.6%**
Margin (%)	**53.4%**	**53.1%**	**-0.3 pt**
Adjusted EBITA	**3,824**	**3,493**	**-8.6%**
Margin (%)	**36.0%**	**34.7%**	**-1.4pt**
CAPEX	**1,552**	**1,793**	**+15.5%**
Of which frequencies and licenses			
CAPEX/ revenues (excluding frequencies and licenses)	14.6%	17.8%	+3.2 pt
Adjusted CFFO	**3,408**	**3,092**	**-9.3%**
Net debt	**13,955**	**14,493**	**+3,9%**
Net debt/EBITDA	1.2x	1.4x	

*Fixed-line data includes Internet, ADSL TV and corporate Data services

The activities in Morocco generated revenues of MAD 10,076 million, and were affected by the reintroduction of asymmetric call termination rates in March 2017 and the deregulation of IP telephony as from November 2016.The Fixed-line and Mobile outbound service revenues increased by 2.3%, driven by the success of high-speed offers.

Operating income before depreciation and amortization charges (EBITDA) amounted to MAD 5,355 million in the first half of 2017, declined by 5.6% as a result of lower revenues. The EBITDA margin rate reached 53.1%, almost stable (-0.3 pt) compared with the same period of 2016, thanks to a 0.5 pt improvement in the gross margin ratio and to a 2.3% decrease in operating expenses following the departure of 1.026 employees.

The adjusted operating income amounted to MAD 3,493 million with a margin of 34.7%, in slight decrease of 1.4 pt as result of the fall in EBITDA and the increase of 1.5% in depreciation charge as result of the deployment of an important investment program.

The adjusted cash flow from operations in Morocco amounted to MAD 3,092 million in the first six months of 2017, down by 9.3% due to the decrease in EBITDA, which was affected by decreases in Mobile call termination rates, the deregulation of IP telephony and a 15.5% increase in investment, driven by the acceleration in the roll-out of 4G+.

Mobile

	Unit	H1 2016	H1 2017	Change
Mobile				
Customer base[7]	**(000)**	**18,179**	**18,411**	**+1.3%**
Prepaid	(000)	16,466	16,635	+1.0%
Postpaid	(000)	1,713	1,776	+3.7%
Of which 3G/4G+ Internet[8]	**(000)**	**6,944**	**8,372**	**+20.6%**
ARPU[9]	**(MAD/month)**	**60.1**	**56.9**	**-5.2%**

The Mobile customer base[7] reached 18.4 million customers on June 30, 2017, an increase of 1.3% in one year, driven by growth of 3.7% in the postpaid, and of 1.0% in the prepaid subscriber base.

In a competitive and regulatory environment that was relatively less favorable as the result of the introduction of 20% asymmetry on call terminations in favor of other operators as from March 2017, and of the fall in incoming international traffic following the deregulation of IP telephony in Morocco as from November 2016, Mobile revenues decreased by 5.5% to MAD 6,552 million compared with the same period in the previous year.

Outbound revenues increased by 2.3%, driven by the sharp growth in Mobile Data (+56.8%), which more than offset the decrease in Voice.

Blended ARPU[9] was MAD 57 for the first six months of 2017, a decrease of 5.2% compared with the same period in 2016.

The growth of Data Services continued, boosted by a 20.6% increase in the Mobile Internet customer base, and an 82% increase in traffic, thanks to the success and quality of Maroc Telecom's 3G and 4G+ offers.

Fixed-line and Internet

	Unit	H1 2016	H1 2017	Change
Fixed-Line				
Fixed lines	**(000)**	**1,617**	**1,678**	**+3.8%**
Broadband access[11]	**(000)**	**1,197**	**1,306**	**+9.1%**

The Fixed-Line customer base increased by 3.8% to 1,678,000 lines over one year, while the ADSL customer base continued to expand (+9.1% in one year), reaching 1.3 million subscriptions.

The Fixed-Line and Internet activities experienced a slight 0.5% decrease in revenues, due to the 18.4% fall in income from international transit minutes, which is a very low-margin business. Growth in Fixed-Line Data remained very strong at 10.4%, thanks to the success of the ADSL and fiber-optic high speed offers.

- ***International***

Financial indicators

IFRS in MAD million	H1 2016	H1 2017	Change	Change at constant exchange rates
Revenues	**7,678**	**7,582**	**-1.3%**	**+0.0%**
Of which Mobile Services	*6,897*	*6,878*	*-0.3%*	*+1.0%*
EBITDA	**2,855**	**3,166**	**+10.9%**	**+12.4%**
Margin (%)	**37.2%**	**41.8%**	**+4.6 pt**	**+4.6 pt**
Adjusted EBITA	**1,483**	**1,794**	**+21.0%**	**+22.7%**
Margin (%)	**19.3%**	**23.7%**	**+4.4 pt**	**+4.4 pt**
CAPEX	**2,223**	**1,228**	**-45.6%**	
Of which frequencies and licenses	888			
CAPEX/revenues (excluding frequencies and licenses)	17.4%	16.0%	-1.4 pt	
Adjusted CFFO	**1,832**	**1,435**	**-21.7%**	
Net debt	**5,609**	**6,164**	**+9,9%**	
Net debt/EBITDA	1.0x	1.0x		

The Group's International activities generated revenues of MAD 7,582 million in the first half of 2017, a decline of 1.3%, which was due to the decrease in call termination rates. At constant exchange rates, and excluding regulatory measures, the International activities' revenues were up 1.1%, boosted by the 10.4% rise in the new subsidiaries' revenues, at constant exchange rates.

Operating income before depreciation and amortization (EBITDA) amounted to MAD 3,166 million over the same period, or an increase of 10.9% (+12.4% at constant exchange rates). The 0.9 pt improvement in the gross margin ratio as a result of the decreases in call termination rates, 9.2% decrease in OPEX and 2016 exceptional items resulted in a 4.6 pt improvement in the EBITDA margin rate, which reached 41.8%, at constant exchange rate.

The adjusted operating income (EBITA) amounted to MAD 1,794 million increased markedly, by 23% at constant exchange rates, driven by sustained growth in EBITDA and a 2.3% increase of depreciation charge. Operating margin rate up 4.4 pt, to 23.7% at constant exchange rates.

The adjusted cash flow from operations (CFFO) generated by the international activities decreased by 22% to MAD 1,435 million.

Operating indicators

	Unit	H1 2016	H1 2017	Change
Mobile				
Customer base[7]	(000)			
Mauritania		2,150	2,047	-4.8%
Burkina Faso		7,056	7,056	+0.0%
Gabon[11]		1,667	1,721	+3.3%
Mali		8,091	6,898	-14.7%
Ivory Coast		5,646	7,100	+25.8%
Benin		3,614	3,880	+7.4%
Togo		2,184	2,634	+20.6%
Niger		1,087	1,780	+63.8%
Central African Republic		152	137	-10.2%
Fixed-Line				
Customer base	(000)			
Mauritania		47	49	+4.2%
Burkina Faso		76	76	-0.3%
Gabon		19	20	+3.0%
Mali		142	152	+6.6%
Fixed-line broadband				
Customer base[10]	(000)			
Mauritania		11	12	+8.5%
Burkina Faso		14	13	-6.6%
Gabon		13	14	+13.0%
Mali		59	63	+6.2%

Notes:

(1) At a constant exchange rate for the MAD, Ouguiya and CFA franc.
(2) CAPEX corresponds to the acquisitions of property, plant and equipment and intangible assets recognized over the period.
(3) Maroc Telecom consolidates the following companies in its financial statements: Mauritel, Onatel, Gabon Telecom, Sotelma and Casanet, as well as the new African subsidiaries (in the Ivory Coast, Benin, Togo, Niger, and the Central African Republic) and Prestige Telecom, which has provided IT services to those companies since their acquisition on January 26, 2015.
(4) EBITA corresponds to EBIT before the amortization of intangible assets acquired through business combinations, the impairment of goodwill and other intangible assets acquired through business combinations, and before other income and expenses relating to financial investment transactions and transactions with shareholders (except when recognized directly in equity).
(5) CFFO includes net cash flow from operations before tax, as set out in the cash flow statement, as well as the dividends received from affiliates and non-consolidated equity investments. CFFO also includes net capital expenditure, which corresponds to net uses of cash for acquisitions and disposals of property, plant, equipment, and intangible assets.
(6) Loans and other current and non-current liabilities less cash and cash equivalents, including cash held in escrow for bank loans.
(7) The active customer base consists of prepaid customers who have made or received a voice call (excluding ERPT or Call-Center calls) or received an SMS/MMS, or used Data services (excluding exchanges of technical data with the ERPT network in question) during the past three months, and postpaid customers who have not terminated their subscription agreements.
(8) The active customer base for 3G and 4G+ Mobile Internet includes holders of a postpaid subscription agreement (with or without a voice offer) and holders of a prepaid Internet subscription agreement, who have purchased at least one top-up during the past three months, or whose top-up is still valid, and who have used the service during that period.
(9) ARPU is defined as revenues (generated by inbound and outbound calls and by data services) net of promotional offers, excluding roaming and equipment sales, divided by the average customer base for the period. In this instance, blended ARPU covers both the prepaid and postpaid segments.
(10) The broadband customer base includes ADSL access and leased lines in Morocco, as well as the ADMA customer base for the historical subsidiaries.
(11) The merger between Gabon Telecom and Moov Gabon in 2016 led to the consolidation of their historical data.

Maroc Telecom is a full-service telecommunications operator in Morocco and the leader in all of its Fixed-Line, Mobile and Internet business sectors. It has expanded internationally, and currently operates in ten African countries. Maroc Telecom is listed on both the Casablanca and Paris Stock Exchanges, and its majority shareholders are Société de Participation dans les Télécommunications (SPT*) (53%), and the Kingdom of Morocco (30%).

****SPT is a company incorporated under Moroccan law and controlled by Etisalat.***

Contacts

Investor Relations	***Press Relations***
relations.investisseurs@iam.ma	relations.presse@iam.ma

Appendix 1: Change from adjusted financial indicators to published financial indicators

The adjusted operating income, group share of adjusted net income and adjusted CFFO, all non-IFRS measures, should be considered as additional information. They better illustrate the performance of the group by excluding exceptional items.

(in MAD million)	H1 2016			H1 2017		
	Morocco	International	Group	Morocco	International	Group
Adjusted EBITA	**3,824**	**1,483**	**5,306**	**3,493**	**1,794**	**5,287**
Exceptional items:						
Disposal of a real estate asset		+297	+297			
Restructuring charge				-188	-47	-235
Published EBITA	**3,824**	**1,780**	**5,603**	**3,305**	**1,747**	**5,052**
Group share of adjusted net income			**2 766**			**2 923**
Exceptional items :						
Disposal of a real estate asset			+152			
Restructuring charge						-161
Group share of published net income			**2 918**			**2 762**
Adjusted CFFO	**3,408**	**1,832**	**5,240**	**3,092**	**1,435**	**4,526**
Exceptional items:						
Disposal of a real estate asset		+317	+317			
Restructuring charge				-573	-7	-580
License payment		-33	-33		-438	-438
Published CFFO	**3,408**	**2,116**	**5,524**	**2,519**	**989**	**3,508**

Consolidated Statement of Financial Position

ASSETS (in MAD million)	**12.31.2016**	**06.30.2017**
Goodwill	8 360	8 553
Other intangible assets	7 378	7 199
Property, plant and equipment	29 981	30 272
Non-current financial assets	327	359
Deferred tax assets	276	274
Non-current assets	**46 322**	**46 655**
Inventories	324	395
Trade receivables	12 001	12 435
Short-term financial assets	156	147
Cash and cash equivalents	2 438	2 351
Assets available for sale	54	54
Current assets	**14 974**	**15 382**
TOTAL ASSETS	**61 296**	**62 037**

SHAREHOLDERS' EQUITY AND LIABILITIES (in MAD million)	**12.31.2016**	**06.30.2017**
Share capital	5 275	5 275
Retained earnings	4 604	4 776
Net earnings	5 598	2 762
Shareholders' equity - Group share	**15 476**	**12 813**
Non-controlling interests	3 822	3 450
Shareholders' equity	**19 298**	**16 263**
Non-current provisions	470	518
Loans and other long-term financial liabilities	4 666	4 615
Deferred tax liabilities	266	227
Other non-current liabilities	0	0
Non-current liabilities	**5 402**	**5 359**
Trade payables	24 626	24 298
Current tax liabilities	651	616
Current provisions	1 208	797
Loans and other short-term financial liabilities	10 110	14 704
Current liabilities	**36 596**	**40 415**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**61 296**	**62 037**

Statement of comprehensive income

(In MAD million)	06.30.2016	06.30.2017
Revenues	**17 593**	**17 091**
Cost of purchases	-3 046	-2 803
Payroll costs	-1 655	-1 553
Taxes	-1 434	-1 373
Other operating income (expenses)	-2 662	-3 237
Net depreciation, amortization, and provisions	-3 193	-3 072
Operating income	**5 603**	**5 052**
Other income and expenses from ordinary activities	-24	-23
Income from continuing operations	**5 580**	**5 029**
Income from cash and cash equivalents	5	3
Gross cost of financial debt	-157	-196
Net cost of financial debt	-152	-193
Other financial income and expense	-51	31
Financial income	-203	-162
Income tax	-1 894	-1 644
Net income	**3 483**	**3 223**
Translation differences resulting from foreign business activities	-70	250
Total comprehensive income for the period	3 412	3 473
Net income	**3 483**	**3 223**
Attributable to equity holders of the parent	2 918	2 762
Non-controlling interests	565	461

Earnings per share	**06.30.2016**	**06.30.2017**
Net income attributable to equity holders of the parent (in MAD million)	2 918	2 762
Number of shares on June 30	879 095 340	879 095 340
Earnings per share (in MAD)	**3,32**	**3,14**
Diluted earnings per share (in MAD)	**3,32**	**3,14**

Consolidated cash flow statement

(In MAD million)	06.30.2016	06.30.2017
Income from operations	5 603	5 052
Depreciation, amortization, and other restatements	2 880	3 073
Gross cash flows from operating activities	**8 483**	**8 126**
Other changes in net working capital	-405	-583
Net cash flows from operating activities before tax	**8 078**	**7 542**
Income tax paid	-1 935	-1 651
Net cash flows from operating activities (a)	**6 143**	**5 891**
Purchase of property, plant and equipment and intangible assets	-2 986	-4 039
Increase in financial assets	-1 235	48
Disposals of property, plant and equipment and intangible assets	413	1
Decrease in financial assets	13	43
Dividends received from non-consolidated equity investments	1	5
Net cash flows used in investing activities (b)	**-3 795**	**-3 942**
Capital increase	0	0
Dividends paid to shareholders	-5 338	-5 588
Dividends paid by subsidiaries to their non-controlling shareholders	-1 296	-442
Changes in equity capital (c)	**-6 634**	**-6 030**
Proceeds from loans and increase in other long-term financial liabilities	50	1 617
Payments on loans and decrease in other non-current financial liabilities	0	0
Change in short-term financial liabilities	3 653	2 728
Net interest paid (cash only)	24	-208
Other cash items relating to financing activities	-94	18
Change in loans and other financial liabilities (d)	**3 633**	**4 155**
Net cash flows used in financing activities (e) = (c) + (d)	**-3 001**	**-1 875**
Translation adjustments (f)	111	-162
Total cash flows (a)+(b)+(e)+(f)	**-541**	**-87**
Cash and cash equivalents at the beginning of the period	**3 082**	**2 438**
Cash and cash equivalents at the end of the period	**2 541**	**2 351**