

# Press Release

Rabat, 5<sup>th</sup> March 2005

## 2004 results

**Maroc Telecom Group reports significant consolidated revenues and earnings growth in 2004:**

- Revenues rose 12.8% to MAD 17,922 million (+11.2% on a comparable basis at constant currency<sup>1</sup>)
- Operating income increased 10.3% to MAD 7,668 million (+8.0% on a comparable basis at constant currency<sup>1</sup>)

**Dividend proposal: 5 dirhams per share.**

On 4<sup>th</sup> March 2005, the Supervisory Board examined the 2004 consolidated accounts of Maroc Telecom Group approved by the statutory auditors :

(MADm)	Reported			on a comparable basis at constant currency <sup>1</sup>		
	2003	2004	% change	2003	2004	% change
<b>Consolidated revenues</b>	<b>15,894</b>	<b>17,922</b>	<b>12.8%</b>	<b>16,450</b>	<b>18,295</b>	<b>11.2%</b>
<i>Gross revenues: Mobile<sup>2</sup></i>	8,388	10,147	21.0%	8,752	10,394	18.8%
<i>Gross revenues: Fixed-line and Internet</i>	11,210	11,184	-0.2%	11,512	11,367	-1.3%
<b>Operating income</b>	<b>6,949</b>	<b>7,668</b>	<b>10.3%</b>	<b>7,198</b>	<b>7,776</b>	<b>8.0%</b>
<i>Operating income: Mobile</i>	2,676	3,725	39.2%	2,824	3,822	35.3%
<i>Operating income: Fixed-line and Internet</i>	4,273	3,943	-7.7%	4,374	3,954	-9.6%
<b>Net Income, group share</b>	<b>5,085</b>	<b>5,210</b>	<b>2.5%</b>	<b>5,085</b>	<b>5,217</b>	<b>2.6%</b>
<b>Net cash position<sup>3</sup></b>	<b>6,093</b>	<b>6,498</b>	<b>6.6%</b>			

<sup>1</sup> The basis of comparison (i) reflects the impact of the integration of Mauritel as if it had been fully consolidated as of the beginning of 2003 and (ii) integrates the only changes of presentation, with no impact on results, of the accounting changes adopted on 31 December 2004 to standardise accounting practices. Firstly in 2004, restructuring charges were integrated as operating charges. Consequently, in 2003, the MAD91m writeback of restructuring provisions was reclassified as a reduction in operating charges. Secondly, revenues of services to subscribers managed by Maroc Telecom on behalf of content suppliers are now presented net of related charges (this change has an insignificant impact on the presentation and no impact on operating results). This basis of comparison does not take into account the neglectable impact of the new accounting framework (Avis CNC 2004-E dated October 13<sup>th</sup> 2004) concerning the accounting treatment of loyalty programs. This change, taken into account in the reported accounts statement, is integrated in the pro forma comparables included in the appendix of the consolidated accounts.

Using a constant exchange rate (MAD/MRO).

<sup>2</sup> Gross revenues include intercompany revenues between the fixed and mobile services of Maroc Telecom (interconnection fees and leased lines).

<sup>3</sup> Cash position net of loans

Abdeslam Ahizoune, Chairman of the Management Board of Maroc Telecom, declared:

*“I am pleased to announce that 2004 results have been in line with expectations, with double digit growth in revenues and consolidated operating income. Based on these results, the Supervisory Board will propose a dividend of 5 dirham per share. These results demonstrate that Maroc Telecom’s stock offers steady growth and high return for shareholders.”*

Abdeslam Ahizoune also added that Maroc Telecom remains an uncontested leader on its markets (Mobile, Fixed-line and Internet).

## **Operating income**

In 2004, the Maroc Telecom group achieved an operating income of MAD 7,668 million, up 10.3% compared to 2003 (+8.0% on a comparable basis at constant currency<sup>1</sup>).

Revenues rose 12.8% to MAD 17,922 million (+11.2% on a comparable basis at constant currency<sup>1</sup>), and costs were kept under control despite intense efforts to win over new customers. These factors were partially offset by a provision to cover a voluntary redundancy programme in 2005.

Excluding the impact of restructuring provisions, operating income would have risen 12.1% on a comparable basis at constant currency<sup>1</sup>.

## **Mobile**

In 2004, the Mobile had gross revenues<sup>2</sup> of MAD 10,147 million, up 21% compared to the previous year (+18.8% on a comparable basis at constant currency<sup>1</sup>). Most of this growth can be attributed to the 22% increase in the number of subscribers<sup>4</sup> (to nearly 6.4 million customers), handset sales, as part of efforts to win new customers, and the rise in prepaid ARPU<sup>5</sup> (+2% to 95 MAD).

The strong performance of prepaid ARPU<sup>5</sup> is due to the stimulation of consumption via promotions and the launch of a 20-dirham scratch card.

In an increasingly competitive environment, Maroc Telecom intensified efforts to build customer loyalty: in 2004, the churn rate for prepaid customers<sup>4</sup> declined 1 point to 11%, while for postpaid customers<sup>4</sup>, this rate fell 4 points to 16%.

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<sup>4</sup> Excluding Mauritel

<sup>5</sup> ARPU is the amount of revenues generated by incoming and outgoing calls as well as revenues from data services net of promotions, excluding roaming charges and net of equipment revenues, divided by the average number of subscribers during the period.

The Mobile's consolidated operating income reached MAD 3,725 million in 2004, up 39.2% (+35.3% on a comparable basis at constant currency<sup>1</sup>). The Mobile's operating result performance is partly due to rate cuts on leased lines billed by the fixed services division. Excluding this rate cut, operating income in the Mobile services would have increased 22.7% (+19.7% on a comparable basis at constant currency<sup>1</sup>), thanks to revenue growth, which very largely offset increased spending on marketing campaigns and higher acquisition costs for new subscribers.

## **Fixed**

In 2004, Fixed-line and Internet's gross revenues<sup>2</sup> totalled MAD 11,184 million, down 0.2% compared to 2003 (-1.3% on a comparable basis at constant currency<sup>1</sup>). This performance is mainly due to the 1<sup>st</sup> January 2004 rate cut for leased lines, which reduced the amount billed to the mobile services division. Excluding the impact of this rate cut, revenues rose 3.7% (+2.6% on a comparable basis at constant currency<sup>1</sup>) thanks to a 7% increase in the number of subscribers<sup>4</sup> (1.3 million subscribers at year-end 2004), a 17% increase in incoming international traffic<sup>4</sup>, and the confirmed success of high-speed Internet services (about 60,000 subscribers at year-end 2004, vs. about 2,600 at year-end 2003), despite the reduction in average traffic per subscriber<sup>4</sup>.

In 2004, consolidated operating income in the Fixed-line and Internet's services was MAD 3,943 million, down 7.7% (-9.6% on a comparable basis at constant currency<sup>1</sup>), mainly due to the cut in leased line rates mentioned above. Excluding this rate cut, operating income in the Fixed-line and Internet's services would have risen 2.6% (+0.5% on a comparable basis at constant currency<sup>1</sup>) thanks to tight cost controls.

## **Net income**

In 2004, Net Income (group share) was MAD 5,210 million, up 2.5% compared to 2003 (+2.6% on a comparable basis at constant currency<sup>1</sup>).

Net profit did not rise as fast as operating income due to the group's decision not to contribute to the capital expenditure provision this year in order to boost the dividend distribution capacity of Maroc Telecom Group. After neutralising the impact of corporate tax savings generated by the investment provision in 2003, net profit would have risen by 9.6%.

## Cash and equivalent

At 31 December 2004, Maroc Telecom Group had a consolidated net cash position<sup>3</sup> of MAD 6,498 million (+6.6%). The increase in operating income before amortisation was partly offset by the 19% increase in capital expenditure and the distribution of an exceptional dividend in 2004.

## 2004 dividend

At the General Shareholders' Meeting on 8 April 2005, the Supervisory Board will recommend the payment of a 2004 dividend of 5 MAD per share, or a total payout of MAD 4,395 million and a dividend yield of 5.8% per share (*based on the share price of March, 4<sup>th</sup> 2005*).

## Outlook for 2005

Based on current market conditions, and assuming no major exceptional events disrupt the group's business, consolidated revenues and operating income growth is expected to range between 5% and 7%.

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### Important disclaimer

*Maroc Telecom is a company listed on the Casablanca Stock Exchange and on Euronext Paris SA. This press release contains forward-looking statements. These statements do not guarantee the future performance of the company. Actual results can differ considerably from forward-looking statements due to certain risks and uncertainty, most of which are beyond our control, notably the risks described in the documents filed by Maroc Telecom with the Moroccan and French market authorities CDVM (Conseil Déontologique des Valeurs Mobilières) and AMF (Autorité des Marchés Financiers), respectively. Investors and securities holders may obtain these documents through CDVM or AMF or directly from Maroc Telecom. Maroc Telecom has no legal obligation or commitment to update or revise its forward-looking statements.*