Maroc Telecom

2018 REGISTRATION DOCUMENT

including the annual financial report

CONTENTS

2018
REGISTRATION DOCUMENT

including the annual financial report

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This Registration Document was filed with the French Financial Markets Regulator (AMF) on April 11, 2019, in accordance with Article 212-13 of its General Regulations. The Registration Document may be used in connection with a financial transaction if supplemented by an offering circular (note d'opération) approved by the AMF. The document was prepared by the issuer and is binding on its signatories.

MESSAGE FROM THE CHAIRMAN OF THE MANAGEMENT BOARD

ABDESLAM AHIZOUNE

Maroc Telecom intends to contribute fully to creating the conditions for a digital society accessible to all, wherever it operates

Thanks to a strategy focused on investment and innovation, the indicators of Maroc Telecom Group in 2018 have confirmed the excellent profitability and resilience of our business model. These results prove the success of our vision, focused on satisfying our customers and based on two essential pillars: services and networks.

Therefore, the Group continues to invest massively in extending and improving its networks across all territories and in offering the latest technologies.

Because digital developments are transforming our societies and providing new growth opportunities, Maroc Telecom is working to meet the expectations of society and capture the full potential of these developments.

As a committed operator, Maroc Telecom wants to be fully involved in creating the conditions for a digital society accessible to all, wherever it operates.

Maroc Telecom also remains committed to its subsidiaries. In countries with young populations, hungry for knowledge and interaction, which are growing significantly, digital developments are key drivers for economic growth and social progress. The Group plans to continue playing its full role, supporting the ongoing changes and meeting the challenges posed along the way, in terms of growth, infrastructure and social inclusion.

2018 saw new progress in the Group's digital transformation, which affects the entire value-creation chain. Maroc Telecom continues to improve the experience of its customers, by actively digitizing its processes to make it easier for them to manage their services independently. These changes also impact our employees' working environment, through the digitalization of internal processes and the roll-out of collaborative tools.

Maroc Telecom Group therefore enters 2019 with serenity, buoyed by its results and the determination of its employees to rise to whatever challenges the future brings.

CORPORATE GOVERNANCE

François VITTE | Hassan RACHAD | Abdeslam AHIZOUNE | Larbi GUEDIRA | Brahim BOUDAOUD

MANAGEMENT BOARD

CHAIRMAN

- Abdeslam AHIZOUNE,
  Chairman of the Management Board

MEMBERS

- Larbi GUEDIRA*,
  Managing Director Services
- Hassan RACHAD,
  Managing Director Networks and Systems (CTO)
- Brahim BOUDAOUD,
  Managing Director, Legal and Regulatory Affairs
- François VITTE,
  Managing Director Administration & Finance (CFO)

Maroc Telecom also has eight regional offices which report to the Chairman of the Management Board.

SUPERVISORY BOARD

CHAIRMAN

- Mohamed BENCHÂABOUN,
  Minister of Economy and of Finance

DEPUTY CHAIRMAN

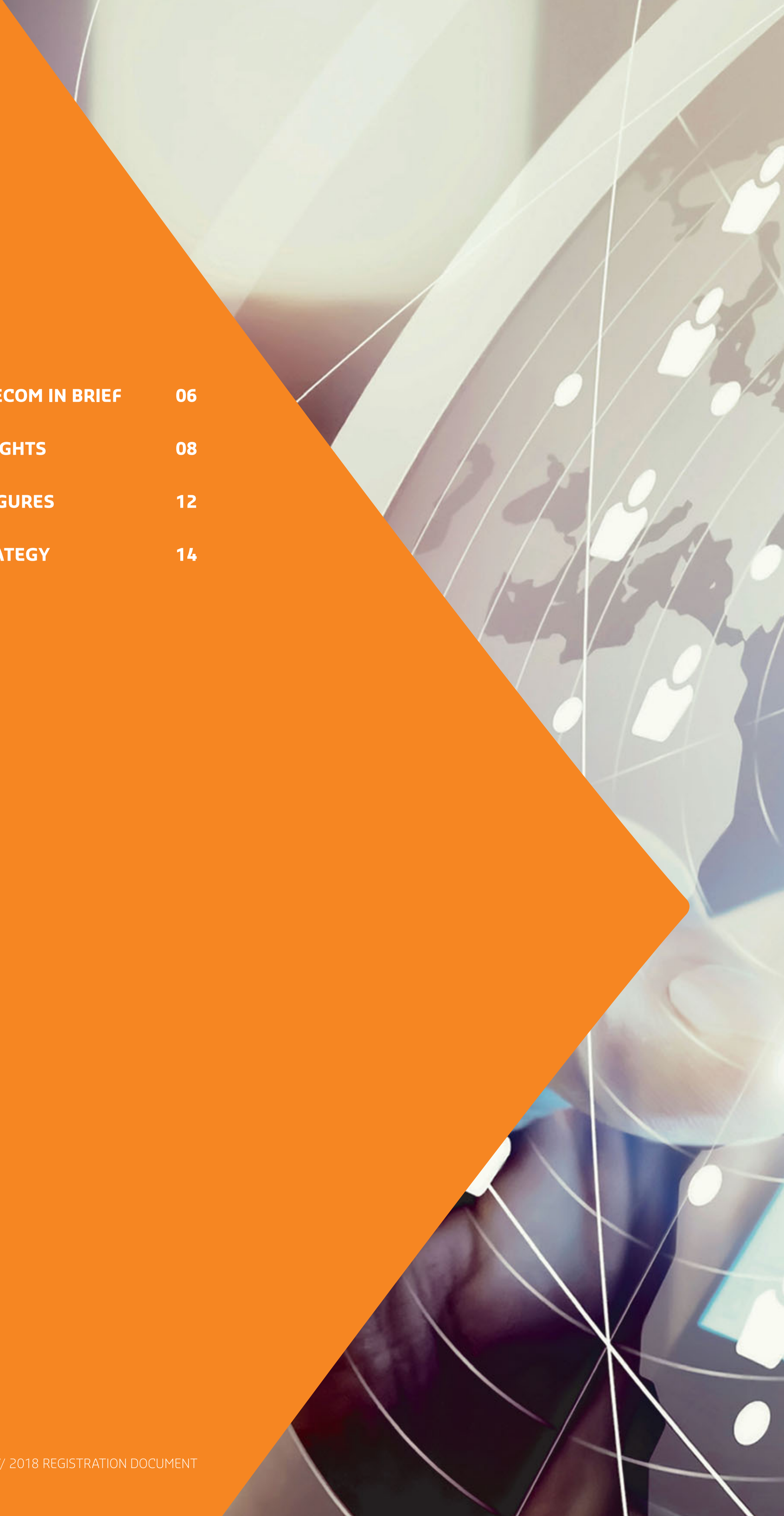
- Eissa Mohamed AL SUWAIDI,
  Chairman of the Board of Directors of Etisalat Group

MEMBERS

- Abdelouafi LAFTIT,
  Minister of the Interior
- Abderrahmane SEMMAR,
  Director for Public Enterprises and Privatization at the Ministry for Economy and Finance
- Mohamed HADI AL HUSSAINI,
  Member of the Board of Directors of Etisalat Group
- Saleh AL ABDOOLI,
  Managing Director of Etisalat Group
- Mohamed Saif AL SUWAIDI,
  Managing Director of Abu Dhabi Fund for Development
- Hatem DOWIDAR,
  Managing Director of Etisalat International
- Serkan OKANDAN,
  Chief Financial Officer of Etisalat Group

* *Mr Abdelkader MAAMAR was appointed on 15 February 2019, with effect from 1 March 2019, to replace Mr Larbi GUEDIRA who was admitted to retirement.*

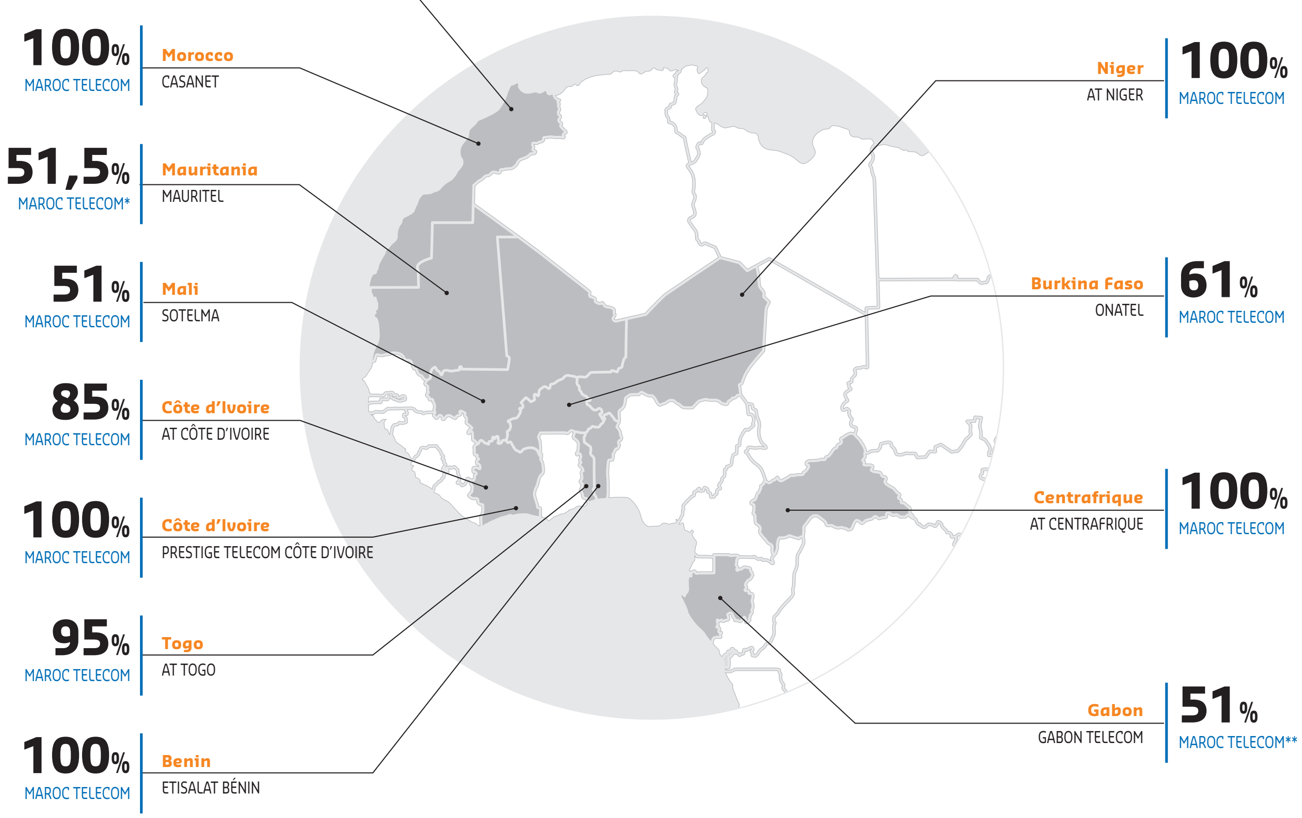
1 GROUP OVERVIEW



1 GROUP OVERVIEW

1.1 MAROC TELECOM IN BRIEF

A SIGNIFICANT PLAYER
IN THE ECONOMIC AND SOCIAL
DEVELOPMENT OF
10 AFRICAN COUNTRIES



* *51.5% controlled via CMC, a Mauritanian company.*
** *Merger of Gabon Telecom and AT Gabon on June 29, 2016.*

HISTORICAL

Maroc Telecom is the incumbent telecommunication operator in the Kingdom of Morocco. It operates in the Fixed-line telephony, Mobile telephony and Internet segments.

- **1984** – Creation of ONPT Moroccan Post and Telecommunications Bureau
- **1998** – Creation of Maroc Telecom SA. Promulgation of Law 24-96 and the implementing decrees relating to telecommunications
- **2001** – Acquisition of 54% of Mauritel SA Vivendi's entry into Maroc Telecom's capital
- **2004** – IPO in Casablanca and Paris
- **2006** – Acquisition of 51% stake in Onatel

TOTAL CONSOLIDATES REVENUE OF
36 MAD BILLIONS

GROUP EBITDA* MARGIN OF
49.6%
OF THE GROUP REVENUE

GROUP INVESTMENTS OF
6.6 MAD BILLIONS

10,609
GROUP EMPLOYEES

ADJUSTED NET INCOME** GROUP SHARE OF
6.0 MAD BILLIONS

61
MILLIONS OF CUSTOMERS

In an environment marked by profound transformation and intense competition, Maroc Telecom Group posted strong growth in its key performance indicators

2007
Acquisition of 51% of Gabon Telecom
Sale of 4% of Maroc Telecom by the Moroccan Government on the Casablanca stock exchange

2009
Acquisition of a 51% stake in Sotelma

2014
Etisalat acquires a stake in Maroc Telecom

2015
Acquisition of Etisalat's six African subsidiaries in Benin, Côte d'Ivoire, Gabon, Niger, The Central African Republic and Togo

2016
Merger of Gabon Telecom and Moov Gabon

2018
Acquisition of a further 10% of Onatel SA on the BRVM [West African regional stock exchange], bringing Maroc Telecom's stake in its Burkina Faso subsidiary to 61%.

* *The definition of EBITDA is detailed in 5.2.*
** *Net income adjustments are defined in the table on page 128*

1.2 2018 HIGHLIGHTS

JANUARY

- New uncapped plan aimed at data-hungry Retail customers, with 25GB of data and 10 hours of airtime for MAD 199.
- Fidelio Jawal, a prepaid loyalty program featuring bonus in minutes, SMS, mobile data and other rewards for customers each week.

FEBRUARY

- Launch of *Fibre Optique* DUO Full IP, a fiber internet package offering speeds of up to 200Mb/s, unlimited VoIP calls to Maroc Telecom Fixed Lines, and 10 hours of calls to domestic mobile numbers and major international destinations.
- In Mali, the government imposed a new “solidarity tax” of 0.5% of revenue.
- Launch of the Group Synergy project for international activity, aimed at developing Group spirit among Maroc Telecom subsidiaries and harmonizing their actions, with decisions on the following two components:
  - Promotion of inter-subsidiary International traffic,
  - Start of Free Roaming service among all of the group’s subsidiaries.

MARCH

- “Liberté” plan with 10GB of data, now enriched with 4 hours of airtime (up from 2 hours) at the same price of MAD 99 a month.
- On March 20, Wana Corporate sued Maroc Telecom for unfair competition in relation to access to Fixed-line and ADSL infrastructure, claiming damages of MAD 5,597 million. The case is before the Commercial Court of Rabat.
- In Côte d’Ivoire, Maroc Telecom made its third payment of CFAF 15 billions for a 4G license.
- In Benin, Maroc Telecom paid CFAF 9.6 billions in dues for the use of frequencies in 2018.

APRIL

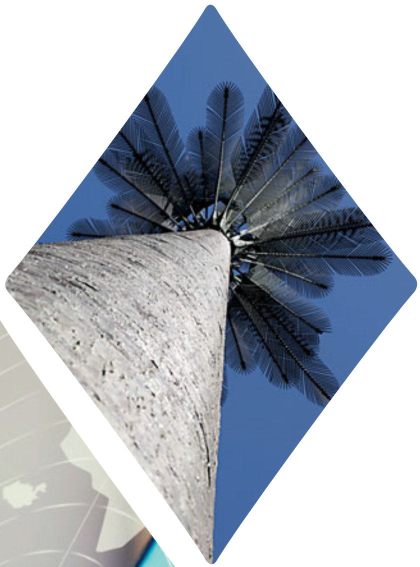
- New mobile data postpaid option with 2GB top-up for MAD 20. The top-up is available to customers eligible for any free mobile data plan.
- BOX Wifi 4G, an unlimited internet package with streaming television, from MAD 199 a month (incl. tax).
- In Burkina Faso, Maroc Telecom bought a further 10% of Onatel SA on the BRVM [West African regional stock exchange] for 41 million euros, bringing its stake in its Burkina Faso subsidiary to 61%.
- In Niger, increase in the share paid to the operator of termination in an international incoming transit at 80 FCFA/min.

MAY

- Two mobile plans now with an extra 1 hour of airtime and 1GB of data – 9 hours of airtime and 3GB of data for MAD 99 a month; 16GB of data and 12 hours of airtime for MAD 159 a month.
- In Côte d'Ivoire, customers without proof of ID were blocked in accordance with the government's decree on mobile subscriber identification. Customers failing to provide proof of ID within two month of being blocked were suspended from the network.

JUNE

- In Morocco, Orange cuts its mobile termination rate from 0.1399 to 0.1238 Dh Ht/min, reducing the asymmetry with Maroc Telecom's mobile call termination rate from +20% to +6%. The asymmetry with Wana remains unchanged at +20%.
- Facebook Flex now available in Morocco exclusively though Maroc Telecom. With Facebook Flex, Jawal customers can post, like, comment and share on Facebook at no charge and easily switch between free mode and paying data mode.
- Lower fiber optic installation fees now making fiber internet available to a wider range of customers.
- In Gabon, the amended budget law for 2018 retained the new 5% tax on mobile operators' revenue without specifying its terms of implementation, and a new 3% levy on financial transactions was imposed.



JULY

- Maroc Telecom is carrying out a global overhaul, from the Fixed-line, of the zoning system and rates to International and satellite destinations with a standardisation of tariffs between the general public and companies.
- Maroc Telecom obtained approval from Bank Al Maghrib for the launch of "MT cash" payment, deposit, withdrawal, and transfer services.
- In Togo, launched its 4G network.

AUGUST

- Business and Professional plans with 30 hours, 35 hours and 40 hours of airtime now with extra data bundles of up to 5GB.
- Three new Residential postpaid Mobile plans:
  - "Liberté" plan with 15 hours of domestic and international calls and 5GB of 4G+ data for MAD 99 a month;
  - capped plan with 16 hours of domestic and international calls and 16GB of 4G+ data for MAD 159 a month;
  - "illimité" plan with unrestricted international calls (no longer Zone A only) for MAD 649 a month.
- In Mali, Sotelma's license was extended to the 4G license for CFAF 14.5 billions.

OCTOBER

- New business Mobile plan with 20 hours of domestic and international calls, 5GB of data and unlimited calls to intra-fleet numbers for MAD 149 a month (incl. tax).
- New “Liberté” data-savvy mobile plan with 15GB of 4G+ data and 5 hours of domestic and international calls for MAD 99 a month (incl. tax).
- WiFi Mesh networking now available with the Netgear Orbi router system covering up to 250 m^2 and enabling 250 devices connected at the same time.

NOVEMBER

- VSAT gear (modem + antenna) now at a lower price of MAD 7,980 (incl. tax).
- Maroc Telecom launched the «Roaming Pass» which includes voice, SMS, and data for Jawal customers and capped offers for roaming subscribers in France, Spain, Portugal, the United Arab Emirates, the US, and Canada.
- In Mali, launched its 4G network.
- In Benin, a government decree imposed a new 5% levy on sales of electronic communication services.

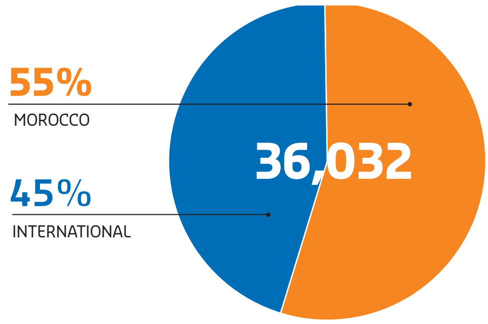
DECEMBER

- Roaming customers now enjoying lower rates on incoming and outgoing calls, SMS and roaming data across several partner networks.

1.3 2018 KEY FIGURES

REVENUES BY GEOGRAPHICAL AREA

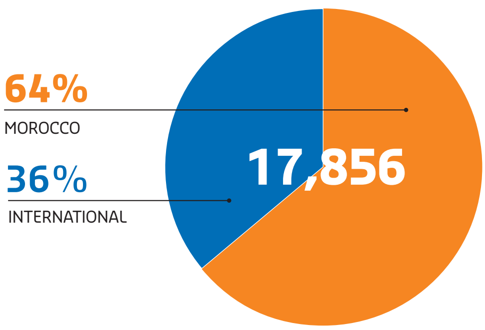
(in MAD millions)



	2018	2017	2016
Morocco	21,414	20,481	21,244
International	16,041	15,733	15,326
NET TOTAL	**36,032**	**34,963**	**35,252**

EBITDA* BY GEOGRAPHICAL AREA

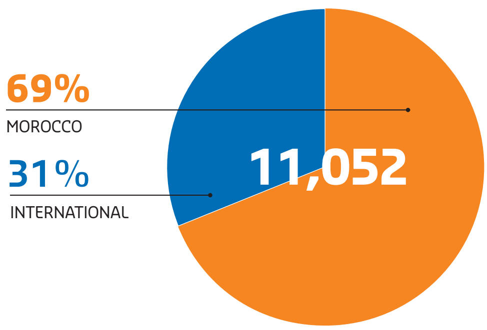
(in MAD millions)



	2018	2017	2016
Morocco	11,460	11,804	11,004
International	6,397	6,357	5,905
NET TOTAL	**17,856**	**17,160**	**16,909**

EBITA** ADJUSTED BY GEOGRAPHICAL AREA

(in MAD millions)



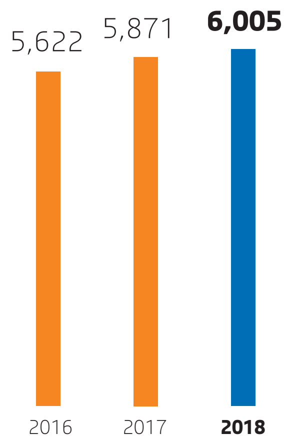
	2018	2017	2016
Morocco	7,620	6,954	7,157
International	3,431	3,599	3,268
NET TOTAL	**11,052**	**10,553**	**10,426**

* *The definition of EBITDA is detailed in 5.2.*

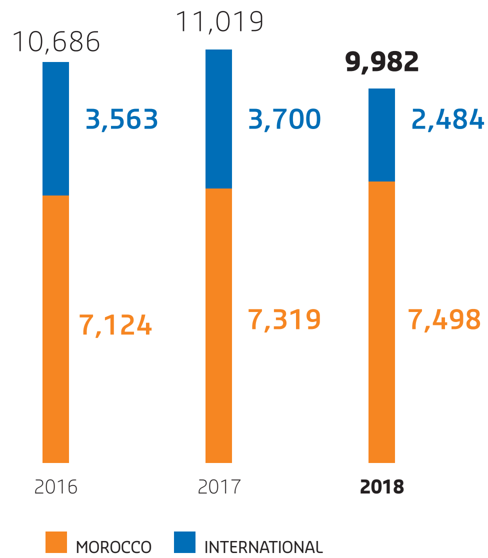
** *The definition of EBITA is detailed in 5.2.*

DIVIDEND UP 5.4%
OVER 2017

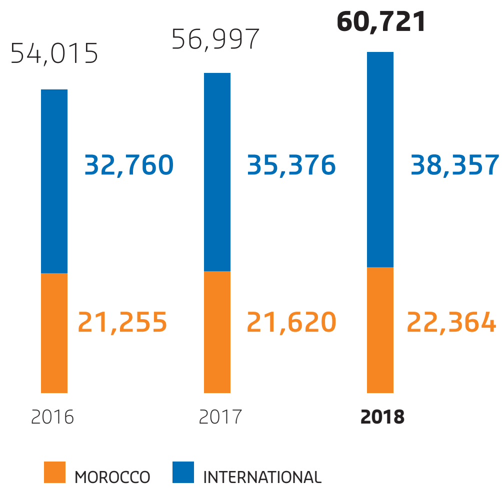
GROUP SHARE OF ADJUSTED NET INCOME
(in MAD millions)



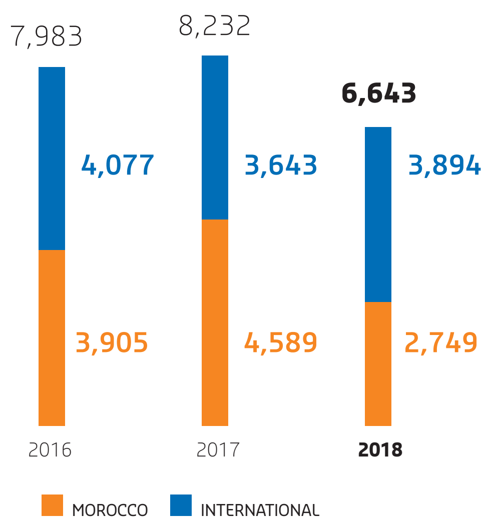
CFFO ADJUSTED* BY GEOGRAPHICAL AREA
(in MAD millions)



CUSTOMER BASE BY GEOGRAPHICAL AREA
(in thousands of customers)



INVESTMENTS BY GEOGRAPHICAL AREA
(in MAD millions)



* *CFFO adjustments are defined in the table on page 128.*

1.4 GROUP STRATEGY

The prospects for growth are promising in all of the countries in which Maroc Telecom Group operates (Morocco and countries in sub-Saharan Africa). Despite a difficult economic and security environment in 2018, African economies have managed to maintain their growth. Morocco's 2019 Finance Act forecasts 2.9% growth in GDP, while the International Monetary Fund expects average GDP growth of 7.5% in 2019 for all nine sub-Saharan countries in which Maroc Telecom operates. In terms of the growth prospects of the telecom markets in particular, Morocco should be distinguished from other Group entities since that market presents a different set of challenges.

MOROCCAN TELECOM MARKET OUTLOOK AND MAROC TELECOM'S BUSINESS STRATEGY

In Morocco, the Mobile market is mature, with a Mobile penetration level approaching that of European countries. According to the ANRT, the Mobile penetration rate in Morocco was 131% in the Q3 2018, while the European average was 124% (source: Merrill Lynch Q1 2018).

In 2018, the Moroccan telecom regulator maintained the regulatory framework introduced in 2016 and 2017 ("the new guidelines") and modified the asymmetry in Mobile call termination rates in favor of the competitors. The current regulatory framework established by the ANRT includes:

- floor rates for all voice and data services, which have stabilized prices after several years of significant price declines;
- rate asymmetry for domestic Mobile incoming call terminations in favor of the competitors (+20% for INWI and +6% for Orange);
- a special premium of 20% above the minimum rate for Mobile voice services, below which Maroc Telecom, the only operator declared to be dominant, cannot offer its rates;
- an alignment of the three Mobile operators on data services with common prices to all three operators;
- the liberalization since November 2016 of IP telephony services, with a very marked impact on incoming international traffic to Mobile lines.

In order to maintain its leadership in the Mobile market, where it remains number one with a 42.65% (Q3 2018) market share, while complying with the guidelines set by the regulator, Maroc Telecom intends to continue its investment program in order to roll out and expand the most extensive broadband Mobile network in the Kingdom of Morocco, with the best quality of service for its customers enabling it to differentiate itself clearly from its competitors. Less than three years after its commercial launch, the Maroc Telecom 4G+ network covers 97% of the population, as does its 3G network, wich covers 98% of the populations, allowing the Company to support throughout the Kingdom of Morocco the customer excitement about mobile internet, a segment that grew 47% over one year. In order to take full advantage of this trend, the priority is to monetize Data through the development of special predominantly data offers and by maintaining a fair-use policy (maintaining Data consumption ceilings + Data options to be added), while coupling data services with voice services in order to support the usages of its customers, who are increasingly using their voice services through Voice over IP applications.

The inroads made by competitors into the ADSL and FTTH markets remain very limited despite the efforts required to Maroc Telecom by the regulator to guarantee that competitors have a fully fluid unbundling process. After the downward revision of wholesale unbundling prices, the positioning of the competition was maintained for broadband offers at unattractive prices, which partly explains their low impact on the market.

Maroc Telecom continues to stand out with its very competitive Fixed-line, ADSL and FTTH offers and its recognized quality. Contributing to this is a panel of innovative added value services that Maroc Telecom continues to enhance (home automation, Cloud, M2M).

Maroc Telecom faces increased competition in the Mobile segment. However, the incumbent intends to bolster its leadership through differentiation on its quality of service and continuous innovation. This is reflected in the ongoing network upgrade and the deployment of ultra-high-speed technology for both fixed-line (MSAN and FTTH) and mobile (Single RAN and 4G+).

INTERNATIONAL OUTLOOK AND STRATEGY OF MAROC TELECOM'S SUB-SAHARAN SUBSIDIARIES

Growth in sub-Saharan Africa was steady in 2018.

All countries in which the Group is present saw significant growth in their mobile penetration (on average 93% in 2018 vs. 90% in 2017), thus demonstrating the dynamism of those Mobile markets despite the strict customer identification requirement that applies to all operators. The increase in competitive pressure should also result in lower prices in those markets and a democratization of uses of mobile data and other features.

The historic subsidiaries continue to enjoy a privileged status as convergent historical operators (fixed/mobile), but their growth model will have to be reviewed in the coming years. In subsidiaries experiencing growth in mature markets (Gabon Telecom and Mauritel), changes have begun to encourage the use of mobile data over voice. Their efforts must therefore focus on maintaining their leading position through continuous expansion of network coverage and improvement of their QoS while developing innovative added value products (Mobile money, FTTH, Managed Business Services, etc.).

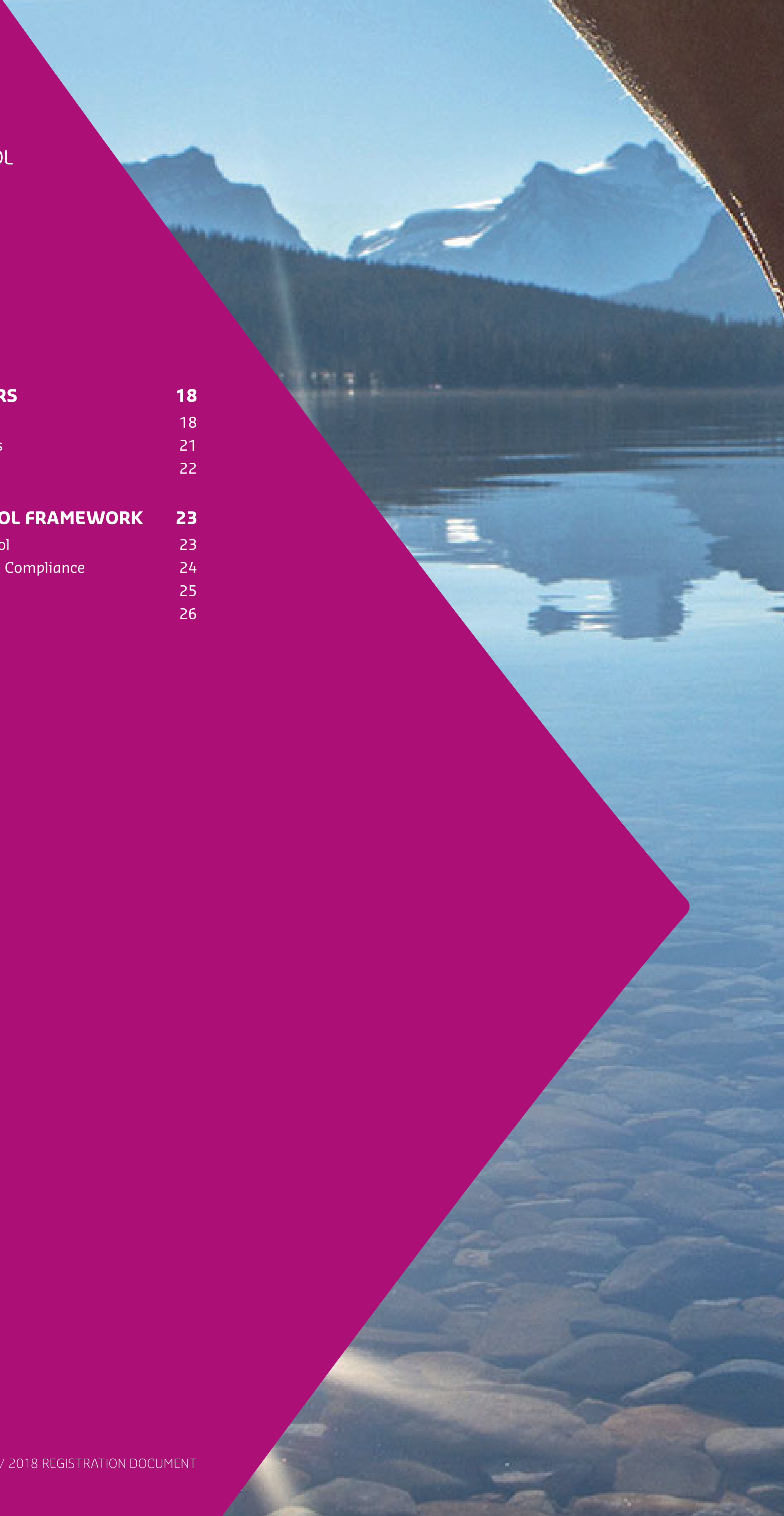
The historic subsidiaries operating in growing markets (Sotelma and Onatel) increasingly face challenges from their competitors in the Mobile market, but they remain very well placed to benefit from the rise of mobile data, which is considered as the relay of growth in those markets. As such, the forthcoming installation of a submarine cable at Group level will enable them to democratize Data Mobile usage since they will benefit from international bandwidth capacity at a very competitive price.

As for the subsidiaries acquired in 2015, Maroc Telecom continues to support them closely, sharing with the local teams the experience and expertise of Maroc Telecom in Morocco and Africa. The marketing and sales efforts of all the subsidiaries bore fruit with an increased share of the Mobile market for each of the subsidiaries. The significant capital expenditures implemented since 2016 also contributed to these encouraging results, thanks to the extension of networks and the continuous improvement in the quality of service. Significant efforts to streamline costs also improved the margins of all these subsidiaries, even if they are suffering from tax and regulatory environment that does not offer level favorable to challenger operators. These subsidiaries must also meet the challenge of mobile data development. Significant capital expenditures on networks are planned for the period from 2019 to 2020. These investments should allow the subsidiaries to expand their coverage, improve their service quality and keep pace with growing customer demand for mobile data and all the innovative products developed (M-payment, Cloud, M2M).

The challenge for these operators is to continue to gain market share and become reference operators in terms of service quality and innovation while ensuring the monetization of mobile data so that it becomes a growth accelerator in these markets.

The progressive improvement in the performances of the new subsidiaries and the consolidation of the assets of the historical subsidiaries should increase their contribution to the growth of the Group's sales and profits.

2
RISK FACTORS AND RISK CONTROL



2
RISK FACTORS AND RISK CONTROL

2.1 RISK FACTORS

This chapter describes the major risks faced by the Company, given the specific nature of its business, its structure and its organization.

These risks can be divided into three categories:

- business risks (Section 2.1.1);
- regulatory risks (Section 2.1.2);
- market risks (Section 2.1.3).

The Company conducted a review of the risks that could have a material adverse effect on its business, financial position or results (or on its ability to achieve its objectives) and considers that there are no material risks, other than those described below.

Furthermore, other risks not yet identified or currently considered insignificant by Maroc Telecom could have the same negative effect, and investors could lose all or part of their investment.

In addition to all the other information contained in this Registration Document, investors should carefully consider the risks described below before deciding to invest in the Company. Should one or more of these risks materialize, the operations, financial position, results and development of the Company could be adversely affected.

Maroc Telecom is involved in legal proceedings and litigation with competitors or other parties. The outcome of these proceedings is generally uncertain and could materially affect the results and financial position of the Company.

The main disputes in which Maroc Telecom is involved are described in Section 4.3. "Legal and arbitration proceedings."

2.1.1 BUSINESS RISKS

MAROC TELECOM'S FUTURE REVENUES AND RESULTS ARE HIGHLY DEPENDENT ON THE ECONOMIES OF THE COUNTRIES IN WHICH IT OPERATES

Maroc Telecom's core business is the provision of telecommunications services, including the provision of international telecommunications services. Consequently, the Group's revenues and profitability depend significantly on developments in consumer telecom spending and international call traffic. Telecom service usage trends are closely connected to changes in economic conditions in the countries concerned and, more particularly, in the disposable incomes of the population and the economic activity of businesses. A contraction of or slower-than-anticipated growth in the economy could have a negative impact on increases in the number of users or in usage rates for Mobile, Fixed-line and Internet telephone services, which could adversely affect the growth and profitability of the Group's business activities or might even result in a drop in revenues and results.

Acts of terrorism or war, whether in Morocco or elsewhere, could significantly affect the economy in general (caused particularly by a decline in tourism). Maroc Telecom cannot anticipate the consequences of possible acts of terrorism or war.

MAROC TELECOM FACES INCREASED COMPETITION IN THE MAIN MARKETS IN WHICH IT OPERATES, WHICH COULD RESULT IN A LOSS OF MARKET SHARE AND LOWER REVENUES FOR MAROC TELECOM

The business activities of the Maroc Telecom Group are subject to fierce competition, which could further intensify with the liberalization of the main markets in which the Company operates. This competition puts pressure on Maroc Telecom and its subsidiaries, which could lead to the Group introducing new reductions in tariffs, increasing loyalty costs and implementing promotional offers, which could lead to reduced revenues and results for the Group.

To meet, or even anticipate market needs and expectations, the Group must make significant new investments, although it is not possible to ensure that the products and services thus developed and offered will not become obsolete in the short term.

Note that since 2016, Maroc Telecom faces competition in voice and data services provided from the fixed-line copper network due to the operational implementation of unbundling. The competitors are able to offer multiple-play services from their unbundled access.

Maroc Telecom is also be subject to an obligation to share all its passive infrastructure (including optical fiber), which risks significantly reducing the competitive advantage it could derive from its investments, especially in high-speed broadband (and FTTH in particular), if this obligation is not imposed on equitable terms and conditions.

Maroc Telecom could lose its competitive advantage in terms of coverage in the Mobile market in Morocco as a result of the implementation of national roaming in PACT areas and, if the proposed amendment to law 24-96 is adopted in its current form, in the rural areas and roads selected by the ANRT.

IF THE GROUP IS UNABLE TO CONTROL ITS COSTS, ITS FINANCIAL POSITION COULD BE AFFECTED

If the Group is unable to control costs, its operating margins and earnings could be adversely affected.

Maroc Telecom's constant objective is to update its cost structure, in particular its sales costs and overheads. Maroc Telecom has adopted several voluntary termination plans and is continually taking steps to generate savings in its purchases and its network costs.

The Group is continually on the lookout for ways to reduce its costs and increase its margins.

MAROC TELECOM DEPENDS ON THE RELIABILITY OF ITS INFORMATION SYSTEMS – FAILURE OR DAMAGE AFFECTING SOME OR ALL OF ITS SYSTEMS COULD RESULT IN A LOSS OF CUSTOMERS AND A DROP IN REVENUES

Maroc Telecom is paid for its services only insofar as it has reliable information systems, including collection and billing systems, and succeeds in protecting and ensuring the operating continuity of its IT systems. Maroc Telecom has established a security policy for its information systems that allows it to deal with ordinary disruptions in computer operations (unauthorized access, power cuts, theft, hardware crashes, etc.) and to secure uninterrupted service.

Maroc Telecom currently has a Business Recovery and Continuity Plan for its critical information systems – i.e., those that have a direct impact on its revenues, such as systems for collecting data on taxes, sales and billing information for its three product lines: Fixed-line, Mobile and Internet. The plan also covers administrative systems for calculating inter-operator settlements, in Morocco and internationally, and for purchasing and financial management.

An accident entailing the total or partial destruction of these systems (natural disasters, fire or acts of vandalism) would automatically activate a backup information system.

Since the critical data systems are synchronized in real time by means of replication between production and emergency platforms, the risk of losing data and being unable to bill customers and recover outstandings from them is now marginal.

Since inception, this plan is tested and evaluated annually by simulating a situation where the information systems are totally unavailable.

The risk of a business interruption in the event of a disaster or cyberattack that compromises the critical information systems of subsidiaries is limited by data backup systems, security tools (e.g. antivirus, DDOS mitigation, server isolation) and gradual hardware redundancy (servers in multiple locations).

DISRUPTIONS TO TECHNICAL NETWORKS COULD RESULT IN A LOSS OF CUSTOMERS AND LOWER REVENUES

The Maroc Telecom Group can only provide services to the extent that it is able to protect its telecommunication networks from damages caused by disruptions, power failures, computer viruses, natural disasters, theft and unauthorized access. Any disruption of the system, accident or breach of security measures that would cause interruptions in the Group's operations might affect its ability to provide services to its customers and adversely affect revenues and results from operations. Such disruptions may also result in harming the image and reputation of the Company and/or its subsidiaries, which, in particular, could lead to a loss of customers. In addition, the Group may have to incur additional costs to repair the losses or harm caused by these disruptions.

The security of technical facilities and the active monitoring of network infrastructure run through various preventive measures as well as a Business Recovery and Continuity Plan.

MAROC TELECOM'S INDIRECT DISTRIBUTION NETWORK IS A STRENGTH THAT COULD BE WEAKENED IF MAROC TELECOM WERE UNABLE TO MAINTAIN IT

Maroc Telecom has an extensive distribution network consisting of a direct network of branches and an indirect network consisting of resellers and partners, and an independent network (see Section 4.2.1.6 "Distribution, advertising").

If Maroc Telecom were unable to maintain its close relationships, or to renew its distribution agreements, with its indirect network participants, or if its indirect distribution network were jeopardized for other reasons, including the action of competitors, the distribution network could be weakened and the activity and results of the Company could be significantly affected.

CONTINUED AND RAPID CHANGES IN TECHNOLOGY COULD INTENSIFY COMPETITION OR REQUIRE MAROC TELECOM TO MAKE SIGNIFICANT ADDITIONAL INVESTMENTS

Many services offered by Maroc Telecom and its subsidiaries make extensive use of technology. The development of new technologies could render some of the Company's services uncompetitive.

To respond to changes in the telecoms sector and to the expectations of demanding customers in terms of price and quality, the Group must adapt its networks and its technologies and develop new products and services at a reasonable cost, or it may not be able to compete with its competitors. Moreover, it cannot be excluded that the new technologies in which the Company may choose, or be forced, to invest will affect its ability to achieve its strategic objectives. As a result, Maroc Telecom may then lose customers, fail to attract new customers, or be obliged to incur significant costs to maintain its customer base, which might have a negative effect on its business activities, its operating revenues and its results.

ALTERNATIVE MEANS OF COMMUNICATION COULD LEAD TO A DECREASE IN THE UTILITY, OR EVEN THE OBSOLESCENCE, OF THE MOBILE AND THE FIXED-LINE NETWORK, WHICH COULD RESULT IN THE LOSS OF COMPETITIVE ADVANTAGE AND SIGNIFICANTLY REDUCE THE COMPANY'S REVENUES

The Company has already been faced with the phenomenon of the shift from Fixed-Line to Mobile, compounded by the use of alternative technologies. In addition, traffic bypass solutions using GSM gateways compete with Fixed-line voice services to Business customers.

The Company's Fixed-line and Mobile telephony business may be affected by the growth of these gateways.

Mobile activities are affected by the increasing use of Voice over IP (VoIP) applications, which are defined as technologies that enable voice and video communications over the internet that have been deregulated in Morocco since November 2016. If this phenomenon continues to grow, these alternative technologies could call into question the usefulness of the Company's infrastructure or business model, which could significantly affect its revenues and profits.

POTENTIAL HEALTH RISKS OF NETWORKS, MOBILE PHONES, AND WI-FI TERMINALS

In recent years, concerns have been expressed internationally about the potential risks to health of electromagnetic waves from mobile phones and mobile transmission sites. To date, Maroc Telecom is not aware of any tangible evidence that proves the existence of risks to human health associated with the use of mobile phones, with the emission of radio frequencies, or with electromagnetic fields. Maroc Telecom conducts campaigns each year to measure the intensity of electromagnetic waves from antennas, the results of which have always proved consistent with international standards.

Nevertheless, the perception of these risks by the public could have significant negative effects on the revenues or the financial position of Maroc Telecom, particularly if legal proceedings were instituted or if regulation imposed additional costs for compliance with new standards.

THE FRAUDULENT DIVERSION OF TRAFFIC COULD LIMIT THE COMPANY'S REVENUES AND AFFECT ITS RESULTS

The Company suffered a fraudulent diversion of traffic. Since then, Maroc Telecom has introduced a plan to fight against this fraud. However, Maroc Telecom cannot predict if new means of fraud will develop, nor the sectors that will possibly be targeted by offenders, nor the impact that any such fraud might have.

If Maroc Telecom fails to curb the use of fraud, it could see its traffic decline, and its revenues and results could be affected.

THE RISKS INHERENT IN POTENTIAL ACQUISITIONS BY MAROC TELECOM OF TELECOM COMPANIES OR LICENSES COULD HAVE AN IMPACT ON MAROC TELECOM'S BUSINESS ACTIVITIES

To broaden its search for new drivers for growth, Maroc Telecom is seeking to achieve external growth by acquiring telecom companies, or by licensing, in other countries. Such transactions necessarily involve risks. If Maroc Telecom were to fail to achieve the results expected from these acquisitions, its business activities and its results could be affected. Maroc Telecom could, in particular:

- make acquisitions on financial or operational terms and conditions which prove to be unfavorable;

- have difficulty absorbing the acquired companies, their networks, products or services;
- fail to retain the key talent in the acquired companies or to recruit skilled employees as needed;
- fail to achieve the expected synergies or economies of scale;
- make investments in countries where the political, economic or legal situation poses specific risks, such as civil or military unrest, the lack of real or comprehensive protection of shareholders' rights, or disagreements with other leading shareholders, including the public authorities, over management of the acquired companies; and
- fail to adapt to the specific characteristics of the countries in which the companies may possibly be acquired.

THE BUSINESS ACTIVITY OF MAROC TELECOM OUTSIDE MOROCCO COULD GIVE RISE TO ADDITIONAL RISKS

In the conduct of its international business, Maroc Telecom may be faced with risks, such as:

- fluctuations in exchange rates and the devaluation of certain currencies;
- restrictions imposed on the repatriation of capital;
- unexpected changes in the regulatory and tax environment;
- tax measures that could have negative effects on Maroc Telecom's results of operations or on its cash flows;
- the local economic and political situation.

WHEREVER MAROC TELECOM OPERATES, IT COULD FAIL TO RETAIN KEY PERSONNEL OR TO HIRE HIGHLY QUALIFIED STAFF, WHICH COULD SIGNIFICANTLY AFFECT THE COMPANY'S BUSINESS ACTIVITIES AND ITS ABILITY TO ADAPT TO ITS ENVIRONMENT

The performance of Maroc Telecom depends significantly on skills and services provided by its management team. The management team has a great deal of experience and extensive knowledge of the telecoms industry. The loss of key members of management could have a significant negative impact on the ability of Maroc Telecom to implement its strategy.

Maroc Telecom and its performance are also dependent on skilled personnel with the experience and the technical and commercial skills needed to grow its business. Maroc Telecom's ability to adapt its services, its products and its commercial offers, whether in the field of fixed-line or of mobile telecoms, is highly dependent on its having competent and skilled teams in each market segment.

The Group's human resources management policy – hiring, training, career management, skills development, mobility – seeks to identify, retain and develop the skills necessary for its success.

If Maroc Telecom were not to succeed in retaining its key personnel, whether in its management team or among its commercial and technical staff, its business could be affected and its operating income could diminish substantially.

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2.1.2 REGULATORY RISKS

THE INTERPRETATION OF EXISTING REGULATIONS AND THE ADOPTION OF FUTURE LEGAL OR REGULATORY STANDARDS COULD SIGNIFICANTLY AFFECT MAROC TELECOM'S OPERATIONS

The regulatory environment of the telecommunications industry in Morocco and in the countries where the Group operates is constantly changing.

In Morocco, Law 24-96 and its implementing provisions, as amended and supplemented, as well as current revisions, could be interpreted in a way that might affect Maroc Telecom's business and lead to a decrease in revenues and net profits.

Major impending regulations foreshadowed by Bill 121-12 amending Law 24-96, by guidelines for approving retail products, which came into effect in May 2016, and by related amendments could have a significant impact on the profitability of some services, and Maroc Telecom's business more generally, especially with regard to:

- the strengthening of existing and future regulatory measures in terms of access to the wired local loop and passive infrastructures;
- tougher sanctions (increase in fines of up to 2% of revenues, or 5% in the case of repeat offenses, and assigning greater powers to the regulator, which will have both investigative and punitive powers);
- boosting of national roaming and its extension to the areas designated by the ANRT, in addition to areas with universal service;
- the intensification of price controls over Maroc Telecom's retail offers and promotions (owing to its position as the dominant operator in all markets), and communication and

quality of service monitoring introduced by the regulator, risk prejudicing its commercial freedom and particularly its ability to launch attractive promotions on the market;

- the guidelines for reviewing the operators' rate offers published in 2016 are favorable to third-party operators. In contrast to Maroc Telecom, they have the possibility of practicing different on-net and off-net rates for prepaid communications. Promotions and offers will be subject to a replicability test based on the full cost. The minimum rate required from Maroc Telecom for the replicability test is now 20% for fixed-line and mobile. These lines could negatively impact the competitive capacity of IAM;
- the rules applicable to the occupation of the public domain contain uncertainties and could have an unfavorable impact on Maroc Telecom;
- new rules relating to urban planning and new real estate developments that have not yet been approved could have unfavorable consequences for Maroc Telecom;
- changes in Net Neutrality regulations encourage more intense competition from Over The Top (OTT) operators.

Following the passage of Law 104-12 on price freedom and competition, the Decree of May 31, 2016 amending and completing the Decree of July 13, 2005 governing the proceeding with the ANRT for disputes, anti-competitive practices and economic concentration, granted to the ANRT new powers to control anti-competitive practices and concentration in the telecommunications sector. As a result, the ANRT was given new powers to sanction anti-competitive practices, which can reach 10% of the revenue of the operator in question, which is doubled in the event of repeated violations.

The regulatory levers were already strengthened in 2018 through the decisions made by the ANRT regarding relevant markets, dominant operators and the continued asymmetry of Mobile termination rates (see Section 4.2.1.5, Regulatory environment).

MAROC TELECOM'S BUSINESS COULD BE AFFECTED BY REGULATORY PRESSURE IN THE MARKETS IN WHICH ITS SUBSIDIARIES OPERATE

Group subsidiaries must comply with a set of regulations relating to the conduct of their operations.

They are subject to continual regulatory oversight.

Major changes in the nature, interpretation or application of regulation by governmental, legal or regulatory authorities, particularly as concerns antitrust law, could result in additional expense for Maroc Telecom or cause it to modify its service, resulting in material impact on its operations, earnings and growth outlook.

Broadly speaking, the rise in regulatory fees and special taxes in countries in which Maroc Telecom Group does business also constitutes a significant risk factor.

For all subsidiaries, obligations relating to the identification of mobile subscribers have increased, and for some of them the identification deadlines are expiring. After that, the accounts of unidentified subscribers would have to be suspended. The risk of a fine cannot be ruled out.

If Maroc Telecom and its subsidiaries should be unable to acquire or renew the licenses they need, in good time and at a reasonable cost, or to carry out, continue, and develop their operations, and if they should be unable to retain them, in particular for noncompliance with commitments made in return for obtaining said licenses, their ability to achieve strategic objectives could be adversely affected.

MAROC TELECOM MAY BE UNABLE TO DEDUCT CERTAIN PROVISIONS FOR DOUBTFUL RECEIVABLES

The amount of doubtful receivables for which Maroc Telecom has made provisions is deductible from its taxable profit, subject to the presentation of evidence that legal action has been taken against the debtors. If the deductibility of such provisions for doubtful receivables was challenged, the Company's earnings and profits could be adversely affected.

2.1.3 MARKET RISKS

In accordance with its cash-management policy, Maroc Telecom does not invest in stocks, equity UCITS or derivatives. Maroc Telecom invests its cash with financial institutions, either in sight deposits or term deposits. The counterparty exposure limits for each financial institution are approved by the Management Board.

For market risks (foreign exchange and interest rate risks), see Section 5.2.3, "Qualitative and quantitative information on market risk". For liquidity risk, see Note 32 to the consolidated financial statements, "Risk Management".

Interest-rate risk management and an analysis of the sensitivity of the Group's position to interest rate fluctuations are presented in Note 32 to the consolidated financial statements, "Risk Management".

2.2 RISK CONTROL FRAMEWORK

2.2.1 AUDIT AND CONTROL

INTERNAL CONTROL

The internal control procedures established within Maroc Telecom Group have the following objectives:

- one, ensure that employees act within the bounds of operational processes that are consistent with strategic guidelines as well as applicable laws and regulations; and
- two, ascertain that the accounting, financial and management information provided to the Company's management bodies presents fairly the Company's operations and financial position

One of the objectives of the internal control system is to prevent or mitigate risks arising from the Company's business from error and fraud. As is the case for all audit systems, there is no guarantee that such risks will be fully eliminated.

Maroc Telecom controls its risks by means of a three-pronged framework:

Control line	Entity	Role
First control line	Operational Management	Implements the Company's strategy and the resources necessary to control its activities
Second control line	*Risk Management* and other support functions (IT, HR, Legal, Finance, Management Control, etc.)	Ensure the management of risks, internal control and compliance
Third control line	Internal Audit	Provides independent assurance and assessment

INTERNAL AUDIT, RISK MANAGEMENT & INSPECTION

Internal audit

Maroc Telecom's Internal Audit Department (Operational Audit and Financial Audit) reports to the General Control Department. It is an independent function that has direct access to the Audit Committee. The Internal Audit Department is governed by a charter approved by the Audit Committee.

The role of the General Control Department is to provide the Company with an analysis of the level of risk of its operations and to monitor the quality of internal control at each level of the Company's organization. It helps the Company to achieve its objectives by assessing procedures for risk management, control and corporate governance.

The effectiveness of the internal control process is assessed by the Internal Audit Department, according to an annual audit plan approved by the Audit Committee. Summaries of the comments and recommendations formulated by the General Control Department are provided to the Audit Committee.

The audit plan is defined according to an analysis of the business risks, which include financial risks, IT risks, operational risks and noncompliance risks as well as risks specific to the operational units of the Group.

To meet this twofold objective, the General Control Department is split into two complementary functions:

- financial audit (7 auditors at December 31, 2018), for processes with an accounting and financial impact;
- operational audit (12 auditors at December 31, 2018), for matters regarding operational units (Retail branches, technical centers, stores, regions, etc.). Operational audits consist of analyzing procedures for the management of resources, networks and customer services.

The annual audit plan consists of a program of engagements whose implementation is entrusted to the General Control Department.

These engagements have the following main objectives:

- to verify the existence and adequacy of controls in the areas of finance, data processing, and operations, to ensure that the main risks have been identified and are suitably covered;
- to review the robustness of financial information, including controls relating to security of the communication, storage and backup of information;

- to review the operational units and systems to ensure adequacy in respect of policies, procedures, and legal and regulatory requirements;
- to review the means for safeguarding assets and for advising management as to the efficiency and effectiveness of the utilization of resources;
- to ensure that recommendations have been carried out during follow-up engagements.

The General Control Department communicates and coordinates with the Company's external auditors to maximize the effectiveness of the audit scope of coverage.

Internal audits performed in 2018 involved the main items of the balance sheet and income statement, i.e., revenues, fixed assets, inventories, and liquidity, as well as other key corporate processes.

Risk Management

In a context marked by tougher competition, growing regulatory pressure, and strong environmental concerns, risk management is an essential management concern.

The Risk Management entity, created in late 2015 under the General Control Department, has set up an ongoing, dynamic process to manage risks in accordance with the COSO 2017 standards. Its goal is to identify, delineate and manage the risks faced by the Company and to keep them at a tolerable level.

For this purpose, it directs the risk management process by relying on a network of risk officers in the operational departments and the risk managers in the Group's subsidiaries.

Inspection

In conjunction with the Internal Audit Department, the Inspection Department (13 inspectors at December 31, 2018) is also responsible for assessing the Company's internal control system and reports to the General Control Department.

At the request of the aforementioned bodies or on its own initiative, the Inspection Department conducts periodic audits, spot checks, and specific reviews, for the following purposes:

- to protect the assets, property, resources and means employed;
- to verify compliance with management procedures, instructions, policies and rules;
- to ensure the quality, adequacy and reliability of data and the optimization of resource allocation;
- to demonstrate and determine any possible liabilities in the event that the Company becomes aware of deficiencies, irregularities or fraud.

The Inspection Department may be called on to contribute to the operational audit by completing specific, periodic missions and to set up a team to study, analyze, and make recommendations on the operations of the Company.

IIA CERTIFICATION OF MAROC TELECOM'S INTERNAL AUDIT ACTIVITIES

In January 2017, Maroc Telecom obtained IIA (Institute of Internal Auditors) certification for its internal audit activities from the IFACI (French Audit and Internal Control Institute) certification committee, in accordance with the Professional Internal Audit Guidelines (RPAI), which are based on International Internal Audit Standards.

Maroc Telecom is the first company listed on the Casablanca Stock Exchange to obtain this certification, which demonstrates that its internal audit activities meet strict criteria of independence and competence and make a strong contribution to the continuous improvement of operational processes.

IFACI certification guarantees compliance with and implementation of the 25 requirements of the 2015 Professional Internal Audit Guidelines, which are classified into three levels: the resources available to Maroc Telecom's Internal Audit (independence, objectivity, charter, ethics, etc.), the services it implements (risk-based audit plan, corporate governance, audit methodology and process, etc.) and audit management and control (supervision, insurance & quality improvement program, etc.).

This international recognition is a further guarantee of Maroc Telecom's professionalism and a reflection of its stated desire to align its audit and control activities with international standards.

In 2018 the IFACI renewed Maroc Telecom's internal audit Quality Certification in accordance with the 2015 RPAI and the IIA Standards after the first annual surveillance audit conducted by IFACI Certification, which pointed out the high degree of professionalism alongside continual professionalization and improvement since the initial audit in 2017.

2.2.2 CODE OF ETHICS & COMPLIANCE

Keen to maintain a high degree of fairness, transparency, market integrity and customer focus, Maroc Telecom established a Code of Ethics in 2006.

The code is not intended to replace existing rules, but serves as a reminder of the ethical principles and rules that generally apply, and the need to adhere scrupulously to them. The code aims to make each employee of the Company accountable, setting out the principal rules governing the use of inside information, so as to raise awareness of best practice among all employees and inform and guide their professional conduct.

The Code of Ethics includes rules for dealing with real or apparent conflicts of interest in order to avoid situations such as insider trading or the suspicion that it might occur.

In accordance with the provisions of the Moroccan Capital Markets Authority (AMMC), the Management Board appoints an Ethics Officer, who is responsible for ensuring compliance with the rules set forth by law and the Code of Ethics.

Several measures are taken by the Maroc Telecom Ethics Officer to ensure compliance with the Code of Ethics:

- issuance of a copy of the Code of Ethics to all employees who sign a document stating that they have reviewed them (operation started in 2006, ongoing for new recruits);
- induction seminars by the Ethics Officer for new recruits to raise awareness about the provisions of the Code of Ethics with exposure, for educational purposes, to some situations involving conflicts of interest that employees may face;
- ongoing awareness campaigns for compliance with the Code of Ethics;
- invitation issued to all insiders (internal and external) to sign confidentiality agreements for privileged information acquired in the exercise of their functions/terms of office, in accordance with AMMC provisions.

Employees may also consult the Chief Compliance Officer, who is in charge of ensuring compliance with the law and the rules enshrined in the Code of Ethics.

2.2.3 ISO CERTIFICATION

Our Company has been:

- ISO 9001 – Quality Management System certified since 2004;
- ISO 27001 – Security Management System certified since 2007.

The integrated Quality & Safety management system introduced by Maroc Telecom in 2008 has yielded the following benefits for the Company:

- solid business performance based on active market intelligence and an ongoing network-based sales campaign;
- dynamic adaptation of the organization according to the overarching strategic issues;
- increased security for the Company's assets and personal data;
- guaranteed continuity of business-critical processes;
- across-the-board compliance with internal, regulatory and legal requirements.

The certification, awarded by internationally recognized bodies, is a guarantee of the quality of the services provided by Maroc Telecom and proof of its commitment to satisfying and retaining its stakeholders through constant customer care.

The transition from the 2005 to the 2013 version of ISO 27001 was completed successfully in September 2015.

The first annual surveillance audit, successfully conducted in December 2017, saw the transition from the 2008 version to the 2015 version of ISO 9001. The second annual surveillance audit, conducted in December 2018, confirmed the Company's business, technical and IT achievements. The certification covers the design and development of products, marketing, installation/uninstallation, activation/deactivation, billing and collection, after-sales service, information and support for all products and services and for all consumer and business customers across Maroc Telecom's various sites.

Maroc Telecom is certified by Bureau Veritas.

PERSONAL DATA PROTECTION

With the establishment of the National Commission to Control the Protection of Personal Data (CNDP) on November 15, 2010, Maroc Telecom had a period of two (2) years (until November 15, 2012) to comply with the provisions of Law 09-08 on the protection of individuals in the processing of personal data.

A legal representative of Maroc Telecom was named to ensure, in collaboration with the National Commission to Control the Protection of Personal Data (CNDP), compliance with the law and the maintenance of compliance with said law.

Maroc Telecom notified the CNDP of all personal data processing operations it performs and obtained approval from the Commission in December 2013.

Since the effective date in 2013 of Law 09-08 on the protection of individuals in the processing of personal data, Maroc Telecom has continuously ensured compliance and the maintenance of its level of compliance with that Law.

To inform its employees of the scope of Law 09-08, Maroc Telecom made an instructional video.

2.2.4 INSURANCE

Maroc Telecom's risks are covered by a centralized policy of coverage by appropriate insurance policies set up in addition to prevention procedures and business recovery plans in the event of a loss. Maroc Telecom has a policy of continual review of its insurance policies through regular bid tenders to benefit from the best technical and financial terms in the market. These insurance programs are set up with the main national and international insurers in order to obtain optimum coverage of Maroc Telecom's risks.

In 2018, Maroc Telecom put out another invitation to tender for a better international Group insurance program offering its subsidiaries the best coverage available on the market. The program consists of property & business interruption insurance, civil liability insurance and directors & officers liability insurance.

At the international level, Maroc Telecom's principal insurance policy is comprehensive and covers its subsidiaries' business and assets against property damage and indirect operating losses. With regard to civil liability insurance, the Group program affords Maroc Telecom additional coverage extending to major losses and their potentially substantial financial consequences.

In 2018 Maroc Telecom put out invitations to tender to renew its personal insurance policies covering employees, in particular occupational accident and illness insurance, with supplementary health cover, and accidental death & disability insurance. An invitation to tender was also issued to renew Maroc Telecom's medical transport insurance policies covering its employees and expats in Morocco.

As part of its human resources policy, and in order to improve the health cover of its employees and their families, Maroc Telecom took out an insurance policy covering medical expenses abroad. The policy, provided by an international firm, covers serious conditions with complete treatment in countries which have excellent health and medical care facilities.

The Maroc Telecom Building in Rabat is covered by property damage insurance and a ten-year civil liability warranty, providing broad coverage of the potential risks surrounding this large-scale project.

Along with these insurance policies, for more than a decade Maroc Telecom has been committed to a major prevention program to protect its sites against property risks. This program is conducted in close collaboration with Maroc Telecom's insurance partners. The insurer's technical department performs audits regularly to review the existing protection and prevention measures and generally assess Maroc Telecom's safety system and the vulnerability of its key sites in general. After their visits the auditors prepare and send their reports to Maroc Telecom's various departments which then examine recommendations for improving site protection.

Maroc Telecom also transmits its insurance and risk management experience to its subsidiaries.

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3
INFORMATION ABOUT THE COMPANY

3 INFORMATION ABOUT THE COMPANY

3.1 PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT AND FOR THE AUDIT OF THE FINANCIAL STATEMENTS

In this Registration Document, the terms "Maroc Telecom" and the "Company" refer to Itissalat Al-Maghrib S.A (Maroc Telecom), and the term "Group" refers to the group comprising the Company and all of its subsidiaries, as described in Chapter 4.

3.1.1 PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Mr Abdeslam AHIZOUNE

Chairman of the Management Board

3.1.2 CERTIFICATION OF THE REGISTRATION DOCUMENT

Having taken all reasonable care to ensure that the following is true, I hereby certify that, to my knowledge, the information contained in this Registration Document accurately reflects the facts and contains no omission likely to affect its meaning.

I certify that, to my knowledge, the financial statements were prepared in accordance with applicable accounting standards and that they present fairly the assets, financial position and results of operations of the Company and its consolidated subsidiaries, and that the management report (under Chapters 4 and 5 of this Registration Document) provides a fair review of the changes in revenues, results of operations and financial position of the Company and its consolidated subsidiaries, as well as the risks and uncertainties they face.

I have received an audit completion letter from the Statutory auditors stating that they have verified all information pertaining to the financial position and financial statements included in this Registration Document and that they have reviewed the Registration Document in its entirety.

Chairman of the Management Board
Abdeslam AHIZOUNE

3.1.3 PERSON RESPONSIBLE FOR THE AUDIT OF THE FINANCIAL STATEMENTS

STATUTORY AUDITORS

Deloitte Audit, represented by Sakina BENSOUDA KORACHI

288, boulevard Mohamed Zerktouni, Casablanca 20 050, Maroc

Sakina BENSOUDA KORACHI was first appointed by the Shareholders' Meeting on April 26, 2016. Her current three-year term of office expires at the close of the Ordinary General Meeting called to approve the financial statements for the fiscal year ending December 31, 2018.

Mr Abdelaziz ALMECHATT

83 avenue Hassan II – 20,100 Casablanca, Morocco

Abdelaziz ALMECHATT was first appointed in 1998 in accordance with the company articles. His current term of office, renewed for three years in 2017, expires at the close of the Ordinary General Meeting called to approve the financial statements for the fiscal year ending December 31, 2019.

3.1.4 INFORMATION POLICY

PERSON RESPONSIBLE FOR INFORMATION

Mr François VITTE

Managing Director Administration & Finance (CFO)
Maroc Telecom – Avenue Annakhil – Hay Riad
Rabat, Morocco
Telephone: +212 (0) 537 71 90 39
E-mail: relations.investisseurs@iam.ma

SCHEDULE OF FINANCIAL REPORTING

All financial information reported by Maroc Telecom (press releases, presentations, annual reports) is available at its website: www.iam.ma.

Maroc Telecom's 2019 financial reporting schedule (subject to change) is as follows:

Date[(a)]	Event
February 18, 2019	Q4-2018 and 2018 Annual Results
April 22, 2019	Q1-2019 Results
April 23, 2019	Shareholders' Meeting
July 22, 2019	H1-2019 Results
October 21, 2019	Q3-2019 Results

(a) Before stock market opening.

SHAREHOLDER INFORMATION

Corporate, accounting, and legal documents, whose reporting is governed by Moroccan and French law and by the Company's Bylaws, may be consulted at the Company's registered office by shareholders and third parties. Registration Documents and their updated versions filed with the AMF (French Financial Markets Regulator) can be viewed on its website at www.amf.fr. The Company's reports to investors and financial analysts as well as its press releases can be viewed and downloaded on Maroc Telecom's website: www.iam.ma.

In accordance with the provisions of the Transparency Directive, in force since January 20, 2007, all regulated information is archived and available on the Maroc Telecom website at the following address:

http://www.iam.ma/groupe-maroc-telecom/communication-financiere/information-reglementee/.aspx

3.2 INFORMATION ABOUT THE COMPANY AND CORPORATE GOVERNANCE

3.2.1 GENERAL INFORMATION ABOUT THE COMPANY

3.2.1.1 CORPORATE NAME

ITISSALAT AL-MAGHRIB.

The Company also operates under the trade names "IAM" and "Maroc Telecom."

3.2.1.2 REGISTERED OFFICE

The Company's registered office is on Avenue Annakhil, Hay Riad, Rabat, Morocco.

Telephone: +212 537 71 21 21

3.2.1.3 LEGAL FORM

Maroc Telecom is a *société anonyme* (corporation) with a Management Board and a Supervisory Board.

3.2.1.4 GOVERNING LAW

The Company is governed by Moroccan law, in particular by Law 17-95 pertaining to corporations, as amended and extended by Law 20-05 and 78-12, and by the Company's Bylaws. The Company is not subject to French law governing business corporations.

Because the Company is listed on a regulated market in Morocco, the provisions of various Moroccan laws, regulations, orders, decrees and circulars are applicable.

3.2.1.5 COMMITMENTS OF THE COMPANY WITH RESPECT TO THE FRENCH FINANCIAL MARKETS REGULATOR

Because the Company is also listed on the Euronext Paris exchange, it is subject to certain provisions of French securities regulations. Under current laws and pursuant to the General Regulations of the French Financial Markets Regulator (AMF), provisions concerning foreign issuers are applicable to the Company. In addition, Euronext Paris organization and operating rules are generally applicable to the Company. The French Financial Markets Regulator may also enforce the mandatory submission of a public tender offer and buyout for all buyout offers concerning Company shares.

As a result of the transposition of European Transparency Directive provisions, effective March 30, 2008, the rules governing the shareholding disclosure thresholds are now applicable to the Company.

Under French regulations, foreign issuers must apply the necessary measures that allow shareholders to manage their investments and exercise their rights.

By virtue of its listing on the Euronext Paris exchange, in accordance with the AMF's General Regulation, following the transposition into the French Monetary and Financial Code of the EU Transparency Directive, applicable from January 20, 2007, the Company must:

- inform the French Financial Markets Regulator (AMF) of any changes in its share capital compared with previously disclosed information, particularly any shareholding disclosure that Maroc Telecom may have received;
- publish a half-year financial report including condensed financial statements, a half-year operations report, a Statutory auditors' report on the review of the aforementioned financial statements, and a statement from the persons responsible for the half-year financial report, within three months of the end of the first half of the Company's fiscal year;
- publish an annual financial report including general and consolideted financial statements, a management report, a Statutory auditors' report, and a statement from the persons responsible for the annual financial report, within four months of the end of the Company's fiscal year;
- publish monthly the total number of voting rights and shares comprising the Company's share capital;
- publish promptly any information on new facts that may materially affected the share price, and inform the AMF thereof;
- inform French shareholders about changes in Company business or in the management team;
- make the necessary provisions to allow persons who hold their shares through Euroclear France to exercise their rights, particularly by informing them of Shareholders' Meetings and by allowing them to exercise their voting rights;
- notify persons who hold their shares through Euroclear France about dividend payments, new share issues, allocation, subscription, surrender and conversion;
- update names and details of the persons responsible for information in France;
- provide the AMF with any information it may require in accordance with its mission and with the laws and regulations applicable to the Company;

- comply with the provisions of the AMF General Regulations relating to mandatory public disclosure;
- comply with the various procedures described in the AMF General Regulations for publishing disclosures;
- post all available regulated information on Maroc Telecom's website and keep a record of such information for at least ten years;
- inform the AMF and Euronext Paris of any proposed amendment to the company articles.

The Company is required to inform the AMF of any resolution by the Shareholders' Meeting to authorize the Company to trade in its own shares, and must provide the AMF with periodic reports on the purchases or sales of shares by the Company by virtue of said authorization.

The Company must publish identical information simultaneously in France and in other countries, in particular Morocco.

All publications and disclosures referred to in this chapter are published mainly through notices and press releases in national financial daily newspapers distributed in France.

Information intended for the French general public is written in French.

Like French issuers, the Company publishes a Registration Document providing legal and financial information relating to the issuer (shareholder structure, operations, management procedures, financial information). The Registration Document does not contain information relating to the issue of specific securities.

In practice, the Company's annual report may be used as the Registration Document, on condition that it contains all mandatory information.

The Registration Document must then be filed or registered with the AMF and subsequently made available to the public.

Annual and half-year reports in French are available to the public in France at the offices of the financial intermediary in charge of the Company's financial services in France (currently BNP Paribas).

In addition, the Company intends to maintain an active policy towards all shareholders, including those whose shares are held through Euroclear France, to allow them to participate in all rights issues open to the public and, if applicable, carried out on international markets.

However, because of the constraints arising from operations on international financial markets, in order to benefit from the optimal conditions of those markets, and in the interest of the Company and of its shareholders, the Company cannot guarantee that persons holding their shares through Euroclear France will be able to participate in any such rights issues where applicable.

3.2.1.6 INCORPORATION – REGISTRATION

The Company was founded in Rabat by a charter dated February 3, 1998.

The Company was registered with the Rabat Trade Registry on February 10, 1998, under number 48,947.

3.2.1.7 TERM

The term of the Company, subject to early liquidation or extension as provided for by law and the Company's Bylaws, is ninety-nine (99) years from the date of registration with the Trade Registry.

3.2.1.8 CORPORATE PURPOSE

In accordance with its contract specifications as an operator and pursuant to Article 2 of the Company's Bylaws and the statutory and regulatory provisions in force, the Company's corporate purpose is:

- to provide all electronic communication services for domestic and international relations, and in particular to provide universal telecommunications service;
- to establish, develop and operate all publicly available electronic communications networks that are necessary for the provision of the aforementioned services, and to ensure that said networks are interconnected with other networks available to users in Morocco and international users;
- to provide all other services, facilities, equipment, handsets and electronic communication networks, and to establish and operate all networks that distribute audiovisual services, including audio, television and multimedia broadcasting.

As part of the activities thus defined, the Company may:

- create, acquire, own and operate all movable and immovable property and any business necessary, or just useful, for its activities and particularly those the transfer or use of which is provided for by law;
- market and, as a secondary activity, assemble and manufacture any telecommunication products, equipment and devices;
- create, acquire or take on license and operate or sell any patents, processes or trade names;
- participate, by any legal means, in any financial syndicates, businesses or companies, existing or being incorporated, with a purpose similar or related to that of the Company;
- more generally, execute any commercial, financial, securities-related or real estate transactions and, if necessary, any industrial operations that could, directly or indirectly, in whole or in part, be connected with any of the Company's corporate purposes, or with any similar or related purposes and even with any purposes that might promote its growth and development.

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3.2.1.9 CONSULTATION OF LEGAL DOCUMENTS

Corporate, accounting and legal documents the disclosure of which is required by law and by the Company's Bylaws to the shareholders and third parties may be inspected at the registered office of the Company.

3.2.1.10 COMPANY'S FISCAL YEAR

The Company's fiscal year begins on January 1 and ends on December 31.

3.2.1.11 ALLOCATION OF PROFITS

At each fiscal year-end, the Management Board establishes an inventory of the Company's various assets and liabilities at that date and prepares the financial statements and the management report to be submitted at the Shareholders' Meeting in accordance with the rules and regulations in force.

The net profit generated by the Company, less prior net losses, if any, is subject to a five percent (5%) deduction allocated to a legal reserve fund; this deduction ceases to be mandatory when the amount of the legal reserve exceeds one-tenth of the share capital.

The distributable profit consists of net profit for the fiscal year, after allocation to the legal reserve and allocation of net income carried over from previous years.

The Shareholders' Meeting may deduct from the profit any amounts that it deems appropriate to allocate to any ordinary or extraordinary discretionary reserve funds or to carry forward, within the limit of a maximum total amount equal to half (1/2) the distributable profit, unless an exception has been authorized by the Supervisory Board by a majority of three-quarters (3/4) of those members of the Supervisory Board who are present or represented.

The balance is allocated to the shareholders in the form of dividends, the total amount of which must be equal to at least half (1/2) the distributable profit, unless an exception has been authorized by the Supervisory Board by a majority of three-quarters (3/4) of those members of the Supervisory Board who are present or represented.

To the extent permitted by law, the Shareholders' Meeting may decide, exceptionally, to distribute sums withdrawn from the discretionary reserves which it controls. (See also Section 3.2.2.5. "Dividends and dividend policy").

Payment of dividends

The arrangements for the payment of dividends approved by the Ordinary Shareholders' Meeting are set by the meeting itself or, failing this, by the Management Board.

This payment will be made within a maximum period of nine (9) months after the fiscal year-end, subject to an extension of this period by order of the President of the Court, ruling in summary proceedings, at the request of the Supervisory Board.

After five years from the dividend payment date, the dividends are prescribed and lapse to the benefit of the Company.

Sums not collected and not prescribed constitute a claim by the beneficiaries that does not bear interest against the Company unless they are converted into loans on terms and conditions determined by mutual agreement.

If the shares are encumbered by a usufruct, the dividends are due to the usufructuary. However, the proceeds from a distribution of reserves, excluding retained earnings, are allocated to the owner.

3.2.1.12 SHAREHOLDERS' MEETINGS

3.2.1.12.1 Shareholders' Meetings

The collective decisions of the shareholders are made at Shareholders' Meetings, which can be ordinary or extraordinary depending on the nature of the decisions for which they are called.

Duly convened Shareholders' Meetings represent all the shareholders and their resolutions are binding on everyone, including the absent, incapacitated and objectors or shareholders deprived of the right to vote.

3.2.1.12.2 Convening of Shareholders' Meetings

Shareholders' Meetings are convened by the Management Board.

Otherwise, in an emergency, Ordinary Shareholders' Meetings may also be called:

- by one or more Statutory auditors, who may only do so after unsuccessfully requesting that the meeting be called by the Management Board;
- by a proxy appointed by the President of the Court following a summary application from any interested party or from one or more shareholders representing at least one-tenth of the share capital;
- by the liquidator(s) in the event of dissolution of the Company and during its liquidation;
- by the shareholders holding a majority of the capital or voting rights following a public tender or exchange offer or after the disposal of a block of shares changing the control of the Company; and
- by the Supervisory Board.

Shareholders' Meetings are called and deliberate as provided by law.

The Company is required, at least thirty (30) days before a Shareholders' Meeting, to publish, in a newspaper appearing in the list established by the Minister of the Economy and Finance, a notice of meeting containing the information required by law and the text of the draft resolutions to be presented to the Shareholders' Meeting by the Management Board.

The Company is required, at least fifteen (15) days before a Shareholders' Meeting, to publish, in a newspaper appearing in the list established by the Minister of the Economy and Finance, a notice of meeting including, if applicable, information on how to vote by mail. The Company must publish in an official journal of record, at the same time as the call to the Annual Ordinary Shareholders' Meeting, the summary financial statements for the previous fiscal year prepared in accordance with the legislation in force (which must include the balance sheet, the income statement, the schedule of income statement balances and the cash flow statement) and the report of the Statutory auditor(s) on those statements.

Any changes to these documents must be published in an official journal of record by the Company within twenty days of the date of holding the Annual Ordinary Shareholders' Meeting.

Meetings are held either at the registered office or at another location specified in the call to meeting.

3.2.1.12.3 Agenda

The agenda for meetings is set by the person calling the meeting.

However, one or more shareholders representing at least two percent (2%) of the share capital may request that one or more draft resolutions be included in the agenda.

Regardless of the number of shares held, every shareholder has the right, on proof of identity, to attend Shareholders' Meetings, on condition:

- for holders of registered shares: that these are registered in the name of the holder in the records of the Company;
- for holders of bearer shares: that the bearer shares, or a certificate of deposit issued by the depository of these shares, are lodged at the place mentioned in the notice convening the meeting; and
- if applicable, to provide the Company, in accordance with the provisions in force, with any document that can be used to identify such shareholder.

These formalities must be completed no later than five (5) days before the date of the Shareholders' Meeting, unless a shorter period is specified in the notice of meeting or in current mandatory legal provisions reducing this period.

3.2.1.12.4 Composition

The Shareholders' Meeting is composed of all the shareholders regardless of the number of shares held. Corporate shareholders are represented by their proxy who need not be a shareholder.

A shareholder may be represented by another shareholder, the shareholders' guardian, spouse or by an ascendant or descendant of the shareholder, without it being necessary that the latter, personally, be shareholders, or by any company whose corporate purpose is the management of portfolios of securities.

Joint owners of undivided shares are represented at Shareholders' Meetings by one of them or by a single proxy.

Shareholders who have pledged their shares retain only the right to attend Shareholders' Meetings.

3.2.1.12.5 Committee – Attendance register

COMMITTEE

Shareholders' Meetings are chaired by the Chairman or the Deputy Chairman of the Supervisory Board. Otherwise, the meeting elects its own Chairman.

The Chairman of the Shareholders' Meeting is assisted by two (2) shareholders representing the largest number of shares, either in their own right or as proxies, who, subject to their acceptance, are appointed as tellers. The committee thus formed appoints a Secretary who needs not be a shareholder attending the meeting.

ATTENDANCE REGISTER

An attendance register is maintained at each Shareholders' Meeting showing the first name(s), the family name and the address of the shareholders and, if applicable, their representatives, and the number of shares and votes they hold.

This attendance register is initialed by all shareholders present and by the proxies of those absent. It is then certified by the members of the Meeting Committee.

3.2.1.12.6 Voting

Members of the Shareholders' Meeting have as many votes as the shares they hold or represent, including by means of voting proxies or other powers.

Voting rights attached to shares belong to the usufructuary at Ordinary Shareholders' Meetings and to the bare owner at Extraordinary Shareholders' Meetings.

If shares are pledged, the owner exercises the right to vote.

The Company may not vote using shares that it has acquired or accepted as security.

Any shareholder may vote by mail in accordance with current regulations. Shareholders exercising a postal vote are treated as shareholders present or represented when their postal voting form is received by the Company at least two days before the Shareholders' Meeting.

3.2.1.12.7 Minutes

Minutes of Shareholders' Meetings are recorded in a special register kept at the registered office, numbered and initialed by the Registrar of the Court of the place where the Company's registered office is located.

Copies or extracts of the minutes are certified only by the Chairman of the Supervisory Board or by the Deputy Chairman of the Supervisory Board, signing jointly with the Secretary.

3.2.1.12.8 Ordinary Shareholders' Meetings

POWERS AND RESPONSIBILITIES

Ordinary Shareholders' Meetings decide on all administrative matters that exceed the powers of the Supervisory Board and the Management Board and which are not within the powers of Extraordinary Shareholders' Meetings.

An Ordinary Shareholders' Meeting is held at least once a year, within six months of the fiscal year-end.

It hears the Management Board's report and the Statutory auditors' report; It discusses, adjusts and approves or rejects the financial statements and approves the allocation and appropriation of profits.

It appoints and removes the members of the Supervisory Board, removes the members of the Management Board and appoints the Statutory auditors.

QUORUM AND MAJORITY

Ordinary Shareholders' Meetings are regularly constituted and may validly deliberate on first call if the shareholders present or represented hold at least one quarter of the shares with voting rights, excluding shares acquired or accepted as security by the Company. If there is no quorum, a second meeting is called for which no quorum is required.

At Ordinary Shareholders' Meetings, resolutions are passed by a majority vote of the shareholders present or represented.

3.2.1.12.9 Extraordinary shareholders' Meetings

POWERS AND RESPONSIBILITIES

Only Extraordinary Shareholders' Meetings are authorized to amend any or all the provisions of the Bylaws.

However, they may not change the nationality of the Company nor increase the obligations of shareholders without the consent of each of them.

They may decide to transform the Company into a company with any other form, subject to compliance with the legal provisions applicable on this subject.

QUORUM AND MAJORITY

Extraordinary Shareholders' Meetings are only duly constituted and may only validly deliberate if the shareholders present or represented at the first meeting called hold at least half or, at the second meeting called, one quarter of the shares providing the right to vote, excluding shares purchased or accepted as security by the Company.

In the absence of a quorum representing one quarter, the second meeting may be postponed to a date no more than two months after the meeting at which it had been called and may duly be held with the presence or representation of shareholders representing at least one quarter (1/4) of the share capital. At Extraordinary Shareholders' Meetings, resolutions are passed by a two-thirds majority vote of the shareholders present or represented.

3.2.1.13 STATUTORY AUDITORS

Audits of the Company are conducted by at least two Statutory auditors who are appointed and perform their engagement according to law.

3.2.1.13.1 Appointment – Disqualification – Ineligibility

During the life of the Company, the Statutory auditors are appointed for three fiscal years by the Ordinary Shareholders' Meeting.

The duties of the Statutory auditors expire after the Ordinary Shareholders' Meeting called to approve the financial statements for the third fiscal year. Statutory auditors may be reappointed.

A Statutory auditor appointed by a Shareholders' Meeting to replace another will only remain in office for the remainder of the term of office of the Statutory auditor's predecessor. If it is proposed at a Shareholders' Meeting not to renew a Statutory auditor's term of office when it expires, the Statutory auditor may, if the Statutory auditor so requests, address the Shareholders' Meeting.

One or more shareholders representing at least 5% of the share capital and/or the Moroccan Financial Market Authority (AMMC) may make a duly justified application to the President of the Commercial Court, ruling in summary proceedings, for the disqualification of the Statutory auditor(s) appointed by the Shareholders' Meeting and for the appointment of one or more auditors to hold office in their place. For the matter to be referred to the court, a duly reasoned application must be submitted within a period of (30) thirty days from the disputed appointment. If the application is granted, the Statutory auditor(s) appointed by the President of the Commercial Court will remain in office until the appointment of new auditor(s) by the Shareholders' Meeting.

If it becomes necessary to appoint one or more auditors and if the meeting fails to do so, any shareholder may apply to the President of the Commercial Court, ruling in summary proceedings, for the appointment of the required Statutory auditor(s).

The Statutory auditor(s) appointed by the President of the Court will remain in office until the appointment of the new Statutory auditor(s) by the Shareholders' Meeting. The appointment of Statutory auditors must take into account the rules governing conflicts of interest.

In the event of resignation, the Statutory auditors must prepare a report explaining the reasons for their decision. This document is submitted to the Supervisory Board and to the next Shareholders' Meeting. It must be sent immediately to the AMMC.

3.2.1.13.2 Duties of Statutory auditors

Statutory auditors have the permanent duty, to the exclusion of any interference in the management, to audit the book values, ledgers and accounting records of the Company and to verify that its accounts comply with the rules in force. They also verify the accuracy and consistency with the summary financial statements of the information set out in the management report of the Management Board and in the documents sent to shareholders concerning the Company's assets, its financial position and its results of operations.

The Statutory auditors ensure that equality between the shareholders has been observed.

The Statutory auditors are invited to meetings of the Management Board and the Supervisory Board which approve the financial statements and to Shareholders' Meetings.

The Statutory auditor(s) may, at any point throughout the year, conduct any inspections and audits that they deem appropriate, and may obtain disclosure, at the Company's offices, of any documents they consider necessary for the performance of their duties and, in particular, any contracts, ledgers, accounting documents and registers of minutes.

The summary financial statements and the Management Board's management report are made available to the Statutory auditors at least sixty days prior to the notice convening the Annual Shareholders' Meeting.

3.2.1.14 AUDIT COMMITTEE

Article 106a of Law 78.12 amending and expanding Law 17-95 on public limited companies (corporations) requires listed companies to set up an Audit Committee reporting to the Supervisory Board. The latter is specifically responsible for ensuring that information is collected and presented to the shareholders, the public and the AMMC for monitoring the effectiveness of internal control systems, internal audits, the statutory audit of financial statements and the independence of auditors with particular focus on the provision of additional services. It also makes recommendations to the Shareholders' Meeting on the Statutory auditor(s) whose appointment is proposed. In addition, it reports to the Supervisory Board on a regular basis on the performance of its duties and promptly informs of any difficulties encountered.

3.2.1.15 DISPOSAL OF SHARES

Disposals of shares take place as provided by law.

3.2.1.16 SHAREHOLDING DISCLOSURE THRESHOLDS

3.2.1.16.1 In Morocco

The obligations concerning the thresholds for the disclosure of ownership of shares or voting rights in listed companies are described by Circular 01/04 of June 8, 2004.

The following description summarizes these obligations. Holders of Company shares or other securities are advised to consult their legal advisors in order for them to prepare a declaration if the disclosure obligation is applicable to them.

Any individual or legal entity, acting alone or in concert, who comes to hold, directly or indirectly, a number of shares representing more than a twentieth (5%), a tenth (10%), a fifth (20%), a third (33.33%), half (50%) or two-thirds (66.66%) of the Company's capital or voting rights must, within five business days of crossing above or below the shareholding threshold, inform the Company, the Moroccan Financial Market Authority (AMMC) and the Casablanca Stock Exchange of the total number of shares held and the attached voting rights. The date of crossing the shareholding threshold is the date of execution on the stock market of the order passed by the declarant.

In addition to the statutory obligation mentioned above to inform the Company of crossing upward or downward the aforementioned thresholds for holdings of capital or voting rights, any individual or legal entity, acting alone or in concert, who comes to hold, directly or indirectly, a number of shares representing more than 3%, 5%, 8%, 10%, and, above 10%, each 5% multiple of the Company's capital or voting rights, is required to declare to the Company, by registered mail with acknowledgment of receipt, the total number of shares or voting rights held, within five stock exchange trading days from the date of acquisition.

The declaration mentioned above must also be made when the shareholding falls below the thresholds indicated above.

In each declaration referred to above, the declarant must certify that the declaration made comprises all the shares or voting rights owned or held. It must also indicate the dates of acquisition or transfer of shares.

Any individual or legal entity, acting alone or in concert, who comes to hold, directly or indirectly, a number of shares representing more than one-tenth (10%) or one-fifth (20%) of the capital or voting rights of the Company must, within five business days of crossing above one of these thresholds, inform the Company, the Moroccan Financial Market Authority (AMMC) and the Casablanca Stock Exchange of the objectives it intends to pursue in the subsequent twelve (12) months, clarifying whether it is acting alone or in concert, whether it plans to stop or continue buying shares, whether it plans to nominate members for the corporate bodies, and whether or not it intends to take control of the Company.

Without prejudice to the provisions of public order and within the mandatory provisions of the law, in the event of non-compliance with the above reporting obligation, the shares exceeding the fraction that should have been declared are stripped of the right to vote at any Shareholders' Meeting held until the expiration of a period of two (2) years from the date of the violation.

Holders of shares may also be subject to reporting obligations provided for by Moroccan royal decree (Dahir) 1-04-21 promulgating Law 26-03 relating to tender offers on the stock market, as amended and supplemented by Law 46-06.

3.2.1.16.2 In France

The provisions of the General Regulations of the French Financial Markets Regulator (AMF), concerning the method for calculating declarations of crossing the shareholding thresholds, the content, the distribution and finally the declaration of intent, applicable to the Company, are defined as follows:

In calculating the shareholding disclosure thresholds, the person liable for the information takes into account the shares and voting rights it holds, as well as the shares and voting rights considered equivalent to them, and determines the fraction of the share capital and voting rights which it holds on the basis of the total number of shares representing the share capital of the Company and the total number of voting rights attached to these shares.

Content of and methods for delivering the declaration of crossing the shareholding disclosure threshold(s):

- persons to notify the AMF must do so no later than the fourth trading day after crossing the shareholding threshold. The AMF publishes on its website the calendar of trading days on the different regulated markets established or operating in France;
- declarations of crossing the shareholding disclosure threshold must be prepared based on the template provided in the AMF guidelines concerning declarations of crossing the shareholding threshold available on the website *www.amf-france.org*.

They may be transmitted electronically to the AMF. The AMF then informs the public about the declarations within a maximum of three trading days after the receipt of the completed declarations.

The different applicable thresholds are as follows: 5%, 10%, 15%, 20%, 25%, 30%, 33%, 50%, 66%, 90% and 95%.

Declaration of intent:

- the declaration of crossing the threshold(s) of 10%, 15%, 20% or 25% of the capital or voting rights results in the obligation to make a declaration of intent for the next six months. Such declaration must indicate whether the purchaser is acting alone or in concert, whether it plans to stop or to continue buying or to acquire control of a company, the strategy which it plans with regard to the issuer, and if it plans to ask the issuer to appoint the declarant or one or more persons as a Director or as a member of the Management Board or of the Supervisory Board. It must be sent to the Company whose shares were acquired and to the AMF within ten trading days. This information is disclosed to the public in accordance with the terms set forth in the General Regulations of the AMF.

The penalty attached to failure to declare the crossings of shareholding thresholds or to irregularities in these declarations (loss of voting rights attached to shares exceeding the fraction that should have been declared for any Shareholders' Meeting to be held within two years from the date of proper notice) also applies to failure to make a declaration of intent.

3.2.1.17 PUBLIC OFFERS

Public offers under Moroccan law are governed by Law 46-06 amending and supplementing Law 26-03 of April 21, 2004. A public offer is defined as a procedure that enables an individual or legal entity (called the offeror), acting alone or in concert, to make it known publicly that it proposes to acquire, exchange or sell all or part of the securities giving access to the share capital or voting rights of a company the securities of which are listed.

As under French law, public offers can be voluntary or mandatory when certain conditions are met.

3.2.1.17.1 Voluntary Public Offers

Any individual or legal entity, acting alone or in concert, wishing to make it known publicly that it intends to sell or purchase securities listed on the stock exchange may file a draft Public Offer for the purchase or sale of said securities.

Unlike French law, which requires the involvement of the sponsoring institutions, under Moroccan law, a draft public offer is filed by the offeror with the Moroccan Financial Market Authority (AMMC) and must include:

- the objectives and intentions of the offeror;
- the number and type of shares that the Company holds or expects to hold;
- the date and terms on which their purchase has been or may be carried out;
- the price or exchange ratio at which the offeror is offering to acquire or dispose of the securities, the basis it has selected for setting them and the planned terms of settlement, delivery or exchange;
- the number of securities involved in the draft public offer; and
- if applicable, the percentage, expressed in voting rights, below which the offeror reserves the right to withdraw its offer.

The draft public offer must be accompanied by a prospectus.

The content and implementation of the proposals in the draft offer are guaranteed by the offeror and, if applicable, by any person acting as surety. The draft Public Offer filed with the AMMC must be accompanied, if applicable, by the prior authorization(s) of the competent authorities. Without this authorization, a draft public offer is inadmissible.

Upon filing of the draft Public Offer, the AMMC will publish a notice of filing of the draft Public Offer in an official journal of record reporting the main provisions of the proposal. The publication of such notice marks the start of the offer period.

The AMMC discloses the main features of the draft public offer to the authorities, which then have two (2) business days to decide whether the draft is admissible in view of the national strategic interests.

If the administration fails to publish its decision within two (2) days, it is deemed not to have any comments to make.

Upon filing of the draft Public Offer, the AMMC will request that the stock exchange management company suspend trading in the securities of the target of the draft Public Offer. The notice of suspension is published.

The AMMC has ten (10) business days from the publication to consider the admissibility of the draft offer and may require the offeror to produce any evidence or information required for its assessment. Under French regulations, this time limit is five (5) trading days following the publication of the filing of the draft offer.

As under French law, the offeror must amend the draft to comply with the recommendations of the AMMC if the latter considers that the draft violates the principle of equality among shareholders, transparency, market integrity and fairness in transactions and competition. In all cases, the AMMC has the authority to ask the offeror for any additional warranties or to require the deposit of margin in cash or securities. Reasons must be given for any decision of inadmissibility.

Where an offer is declared admissible, the AMMC informs the offeror of its decision and publishes a notice of admissibility in an official journal of record. Concurrently, the AMMC asks the stock exchange management company to resume trading.

Any proposed Public Offer must be accompanied by a prospectus which may be prepared jointly by the Offeror and the target company if it accepts the Offeror's objectives and intentions. If not, the target company may separately prepare and file with the AMMC its own prospectus within a maximum period of five (5) trading days from receipt of the Offeror's prospectus. The latter is required to deliver a copy of its prospectus and its draft Public Offer to the target company on the day it files its draft Public Offer with the AMMC.

The contents of the prospectus(es) is set by the AMMC, which has a maximum of twenty-five (25) business days to approve the prospectus(es) from the date of filing. If it considers that additional justification or explanations are required, this period may be extended by ten (10) business days. When this period has elapsed, the AMMC will grant or refuse approval, and reasons must be given for any refusal of approval.

The management company centralizes the sale or exchange orders and communicates the results to the AMMC, which publishes a notice on the outcome of the offer in an official journal of record. Under French law, the AMF's task is to check that the Offeror's proposal complies with current regulations (audit of compliance). To that end, the AMF has ten (10) trading days from the start of the offer period to examine, among other things, the objectives and intentions of the Offeror and the information contained in the draft prospectus. During this period, the AMF may request any explanation or justification required for it to learn about both the draft offer and the draft prospectus.

The deadline is suspended until receipt of the required documents. If the draft offer meets the required conditions, the AMF publishes a compliance statement that carries its approval of the prospectus.

Under French law, the prospectus approved by the AMF must be widely publicized (i) in a daily economic and financial newspaper with national circulation or (ii) by being made available to the public, free of charge, by the Offeror and the target company and published in summary form, or be the subject of a press release the distribution of which is ensured by the Offeror, in accordance with established procedures. This publication must take place before the opening of the offer and no later than the second trading day following the issuance of approval.

3.2.1.17.2 Mandatory public offers

TENDER OFFER

Under the provisions of Article 18 of Moroccan Law 26-03 on public offers, as amended and supplemented by Law 46-06, it is mandatory to file a tender offer where a person or entity, acting alone or in concert, comes to hold, directly or indirectly, a certain percentage of the voting rights of a company the shares of which are listed on the stock exchange.

The Minister of Finance and Privatization's Decree 1874-04 of 11 Ramadan 1425 (October 25, 2004) set at 40% the percentage of voting rights that requires the holder to make a take-over bid.

Any individual or legal entity must, on its own initiative and within three business days after crossing the threshold of 40% of the voting rights, file a draft public offer with the AMMC. Failing which, such person and those acting in concert with it automatically lose all the voting rights and the monetary and other rights that they may have in their capacity as shareholders. These rights are recovered only after the filing of a draft public offer.

The AMMC may grant an exception to the filing of a draft Mandatory Public Offer where:

- crossing the percentage of 40% does not affect the control of the company concerned, particularly in the event of a capital decrease or a transfer of ownership of shares between companies in the same group;
- voting rights result from direct transfer, from distribution of assets by a legal entity proportionate to the shareholders' rights, following a merger or partial contribution of assets, or from subscription to the increase in capital of a company in financial difficulty.

Applications for exemptions are filed with the AMMC within three business days of crossing the threshold of 40% of the voting rights. The applications must include undertakings by this person to the AMMC not to take any action aimed at acquiring control of said company for a specified period or to implement a recovery plan to revive the company concerned if it is in financial difficulty. If the AMMC grants the requested exemption, the decision is published in an official journal of record.

PUBLIC BUYOUT OFFER

Under the provisions of Article 20 of Moroccan Law 26-03 on public offers, as amended and supplemented by Law 46-06, it is mandatory to file a public buyout offer where a person or entity, acting alone or in concert, comes to hold, directly or indirectly, a certain percentage of the voting rights of a company the shares of which are listed on the stock exchange.

The Minister of Finance and Privatization's Decree 1875-04 of 11 Ramadan 1425 (October 25, 2004) set at 95% the percentage of voting rights that requires the holder to make a public buyout offer.

The persons who file such an offer must, on their initiative and within three business days after crossing the threshold of 95% of the voting rights, file a draft public buyout offer with the AMMC.

Failing which, they automatically lose all voting, monetary and other rights that they may have in their capacity as shareholders. These rights are recovered only after the filing of a draft public buyout offer.

The filing of a public buyout offer may also be imposed by the AMMC or the individual(s) or legal entity(ies) holding, alone or in concert, a majority of the capital of a company the shares of which are listed on the stock exchange, at the request of a group of shareholders that do not belong to the majority group, provided that several conditions are met including the requirement for the person(s) holding a majority simultaneously to hold 66% of the voting rights (Minister of Finance and Privatization Decree 1873-04 dated 11 Ramadan 1425).

It is also mandatory for the individuals or legal entities holding, alone or in concert, a majority stake in the company, to file a public buyout offer if the shares of a company are delisted for whatever reason.

3.2.1.17.3 Competing public offers and overbidding

Public offers may be subject to one or more competing public offers or overbidding.

A competing public offer is a procedure by which any individual or legal entity, acting alone or in concert, may, from the opening of a public offer and no later than five trading days before its closing date, file with the AMMC a competing public offer for the securities of the company targeted in the initial offer.

Overbidding is the process by which the offeror of the initial public offer improves the terms of its initial offer, either on its own initiative or as a result of a competing public offer, by changing the price or the type or amount of the securities or the terms and conditions of payment. An offeror who wishes to make a higher offer must file the amendments proposed to its initial public offer with the AMMC no more than five trading days before the closing date of its initial offer. The AMMC assesses the admissibility of the overbidding offer within five trading days from the filing of the draft offer. The offeror of a public offer prepares and submits a supplementary prospectus to the AMMC for approval.

Where more than ten weeks have passed since the publication of the opening of a public offer, the AMMC may, in order to expedite the competition between the public offers, set a deadline for the submission of overbids or of successive competing public offers.

If there is a competing public offer, the offeror of the initial or previous public offer must, no later than ten days before the closure of said public offer, inform the AMMC of its intentions. It may maintain its offer, abandon it or change it with a higher bid.

Under French law, a competing tender offer or an overbid must be drafted with a price which is at least 2% higher than the price stipulated in the initial offer. In other cases, it may also be declared admissible if it is accompanied by a significant improvement in the terms and conditions proposed to the shareholders. Finally, it may also be declared admissible if, without modifying the terms stipulated in the previous offer, it removes or lowers the threshold below which the offeror would not have responded to the offer.

3.2.1.17.4 Rules relating to target companies and to the offerors of a public offer

During the period of a public offer, the offeror, and the persons with whom the offeror acts in concert, may not, in the case of a joint offer, trade in securities of the target company nor in securities issued by the company whose securities are offered in exchange. In the event of a voluntary public offer, the offeror may withdraw its offer within the five trading days following the publication of the notice of admissibility of a competing offer or of an overbid. The offeror informs the AMMC of its decision to abandon, which is published by the latter in an official journal of record. This option exists under the French regulations as well.

During the period of the public offer, the target company and, if applicable, the persons acting in concert with such, may not trade, directly or indirectly, in the securities of the target company. Where the public offer is paid entirely in cash, the target company may, nonetheless, proceed with a share buyback program if a resolution of the Shareholders' Meeting which authorized the program has expressly provided for this.

During the period of the public offer, the target company, the offeror, the individuals or legal entities directly or indirectly holding at least 5% of the capital or voting rights of the target company, and any other individuals or legal entities acting in concert with them, must, after each trading session, declare to the AMMC the buy and sell transactions that they have executed in the securities concerned by the offer, as well as any transaction that transfers the ownership of the shares or voting rights of the target company, immediately or in the future.

Any authorization of a capital increase adopted by the Extraordinary Shareholders' Meeting of the target company is suspended for the period of the public offer or the exchange offer for the shares of said company, and the target company may not increase its treasury stock holdings.

During the period of the public offer, the competent bodies of the target company must first notify the AMMC of any planned decision, within their powers, that would prevent the completion of the public offer or of a competing offer. Under French law, the offeror of a public offer and the persons acting in concert with it may, subject to exceptions, purchase the securities of the target company in the market, on certain conditions as to price. These rules also apply to own-account trades by an institution advising the offeror or the target company. The General Regulations of the AMF also impose obligations to declare buy and sell transactions in securities concerned by the offer.

3.2.1.17.5 AMMC Supervision and Monetary Penalties

The offerors of a public offer, the target companies and the persons acting in concert with them are subject to control by the AMMC, which ensures the orderly conduct of such offers in the best interests of investors and the market. The AMMC may impose civil and criminal penalties.

3.2.2 ADDITIONAL INFORMATION ABOUT THE COMPANY

3.2.2.1 SHARE CAPITAL

3.2.2.1.1 Issued capital

The share capital of Itissalat Al-Maghrib is MAD 5,274,572,040, divided into 879,095,340 shares with a par value of MAD 6 each, all of the same class and fully paid in.

The nominal value of the shares may be increased or reduced as provided for by current laws and regulations. The share capital may be increased, reduced or redeemed by decision of the relevant Shareholders' Meeting and as provided by current laws and regulations.

3.2.2.1.2 Form of shares

The shares are in registered or bearer form, at the shareholder's choice.

The Company maintains a register of transfers at its registered office in which subscriptions and transfers of registered shares are recorded in chronological order. The register is numbered and initialed by the President of the Court. Any holder of a registered share issued by the Company is entitled to obtain a true copy certified by the President of the Management Board. If the register is lost, copies are authentic.

The Company reserves the right not to create its securities in physical form. In accordance with current legal provisions concerning the registration of securities, the Company's shares must be evidenced by an account entry with the central depository.

INDIVISIBILITY OF SHARES

The shares are indivisible with respect to the Company, which only recognizes one owner for each share.

Joint owners are required to appoint a joint representative in respect of the Company to exercise their rights as shareholders. In the absence of an agreement, a proxy is appointed by the President of the Court, ruling in summary proceedings, on application by the most vigilant co-owner.

However, the right to receive documents required by law belongs to each of the joint owners of undivided shares, and to each of the bare owners and usufructuaries.

3.2.2.1.3 Rights and obligations attached to shares

Each share confers the right to one part, in proportion to the percentage of the capital it represents, of the profits or in the corporate assets, on distribution, both during the life of the Company and in liquidation.

Every shareholder has the right to be informed about the progress of the Company and to obtain disclosure of certain corporate documents at the times and in the manner provided for by law and by the Bylaws.

Shareholders are only liable for corporate debt up to the nominal amount of the shares they own; any call for funds beyond this sum is not permitted.

The rights and obligations attached to a share follow ownership whenever it changes.

Share ownership will automatically imply acceptance of the Company's Bylaws and the resolutions of Shareholders' Meetings and of the Supervisory and Management Board, acting upon delegations of authority from Shareholders' Meetings.

The heirs, creditors, assigns or other representatives of a shareholder may not, under any pretext whatsoever, require official seals to be placed on the property and assets of the Company, nor request that these be divided or offered for sale at auction nor interfere in any way in its management. When exercising their rights, they must rely on the corporate inventories and the decisions of the Shareholders' Meeting.

Whenever it is necessary to own several shares in order to exercise any right, the owners of single shares or of less than the required number of shares will be personally responsible for consolidating and if necessary buying or selling the required number of securities or rights.

3.2.2.1.4 Acquisition by the Company of its own shares

MOROCCAN LAWS

According to Moroccan laws and the Company's Bylaws, the Company may acquire its own fully paid shares, up to a limit of 10% of the total of its shares and/or of a specific category of its shares.

Pursuant to Decree 2-02-556 of February 24, 2003, as amended and supplemented by Decree 2-10-44 of June 30, 2010, and to AMMC Circular of February 2011, replaced by the circular of January 2012, the circular of October 2013 and the Circular of October 2014, any corporation whose shares are listed on the Casablanca Stock Exchange wanting to buy back its own shares in order to regulate their price must prepare a factsheet which must be submitted to the AMMC for approval prior to holding the Shareholders' Meeting convened to vote on the transaction.

Trading by the Company in its own shares in order to regulate their price must not interfere with the normal functioning of the market. A company which trades in its own shares must, no later than the seventh day following the end of the month in question, notify the AMMC about the transactions executed in the share. If a company does not trade its own shares during any given month, it must inform the AMMC thereof within the same deadline.

During the implementation of the buyback program, any changes to the number of shares to be acquired, to the maximum purchase price and minimum sale price, and to the deadline within which the acquisition is to be made, must promptly be brought to the attention of the public by way of a press release published in an official journal of record. Such changes must remain within the limits of the authorization given by the Shareholders' Meeting.

FRENCH REGULATIONS

Following the admission of its shares to trading on a regulated market in France, the Company is subject to the regulations summarized below.

In accordance with the General Regulations of the AMF, the purchase by a company of its own shares is conducted in terms of a prospectus entitled "Program Description", which is not subject to AMF approval.

Under said regulation and under Regulation (EU) 596/2014 of April 16, 2014, a company may not trade in its own shares for the purpose of manipulating the market.

After purchasing its own shares, a company is required to render the details of all of its transactions public before the end of the seventh trading day following the date of execution and to file, with the AMF, monthly reports containing specific information about the transactions involved and a semi-annual account of the means in securities and in cash involved.

SHARE BUYBACK PROGRAM

Under a contract signed on December 13, 2017, effective from October 17, 2017, Maroc Telecom commissioned Rothschild Martin Maurel with the implementation of the following:

- in Casablanca, a price regulation contract, for which an initial amount of MAD 55 million has been allocated. In accordance with the AMMC circular that came into force on April 1, 2012 and was amended on April 8 and October 1, 2013 and on October 1, 2014. Rothschild Martin Maurel trades in the Company's shares on the Moroccan stock exchange via MSIN, an investment house;
- in Paris, a liquidity contract in accordance with the Code of Ethics drawn up by the AMAFI (French association of financial markets) and approved by the AMF on March 21, 2011. For the implementation of this contract, an initial EUR 5 million was allocated to the liquidity account.

The following table shows the summary of these contracts:

	12/31/2018	12/31/2017	12/31/2016
Casablanca – excl. liquidity pool	14,900 shares MAD 31,000,479.27	42,000 shares MAD 27,869,726.23	1,000 shares MAD 32,777,312.76
Casablanca – liquidity pool	14,000 shares MAD 34,047,316.10	85,000 shares MAD 24,815,586.10	3,750 shares MAD 35,019,587.96
Paris – liquidity account	67,250 shares EUR 4,241,633.00	116,077 shares EUR 3,616,882.00	7,479 shares EUR 4,943,937.00

Source: Rothschild Martin Maurel

The current buyback program to regulate the market was approved by the General Meeting of April 24, 2018, after the Company had obtained approval from AMMC on April 6, 2018 under reference VI/EM/005/2018 for the Simplified Prospectus relating to said program.

The General Meeting held on April 24, 2018 resolved:

- to revoke the buyback program on the stock exchange in order to regulate the market as authorized by the Ordinary General Meeting of April 25, 2017, which is expected to expire on November 8, 2018;
- to authorize the Management Board, as from this meeting, in accordance with the provisions of Article 281 of the Companies Act, for a period of eighteen months from May 10, 2018 to November 8, 2019 to purchase, in one or more stages on the stock exchange, in Morocco or abroad, shares of the Company in order to regularize prices and establish a liquidity contract backing this buyback program on the Casablanca Stock Exchange. The number of shares targeted by said liquidity contract may not under any circumstances exceed 300,000 shares, representing 20% of total number of shares covered by the buyback program.

The characteristics of this buyback program are as follows:

- program schedule: from May 10, 2018, to November 8, 2019;
- spread between buy and sell trades price: MAD 96 – MAD 189;
- maximum part of the share capital to be held, including the shares targeted by the liquidity contract: 0.17%, i.e., 1.5 million shares;
- maximum amount allocated to the program: MAD 283,500,000;
- liquidity contract backing this buyback program, representing 20% of the program, or a maximum of 300,000 shares.

The result of the share buyback program for the period extending from January 1 to December 31, 2018 is as follows:

	Casablanca – excl. liquidity pool	Casablanca – liquidity pool	Paris	Total
Number of shares bought	1,191,229	879,959	184,333	2,255,521
Average buy price	MAD 145.67	MAD 146.15	EUR 12.93	-
Number of shares sold	1,218,329	950,959	233,160	2,402,448
Average sell price	MAD 144.69	MAD 144.40	EUR 12.98	-
SHARES HELD AT DECEMBER 31, 2018	**14,900**	**14,000**	**67,250**	**96,150**

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3.2.2.1.5 Changes in the Company's share capital since incorporation

The table below shows the main transactions in the share capital executed in the last three years:

Date	Transaction	Total no. of shares	Nominal *(in MAD)*	Share capital *(in MAD)*
12/31/2016	None	879,095,340	6	5,274,572,040
12/31/2017	None	879,095,340	6	5,274,572,040
12/31/2018	None	879,095,340	6	5,274,572,040

3.2.2.2 CURRENT SHAREHOLDER STRUCTURE AND VOTING RIGHTS OF THE COMPANY

3.2.2.2.1 Shareholder structure

At December 31, 2018, the share capital and voting rights of the Company were held as follows:

Shareholders	Number of shares	% of share capital	Number of voting rights [c]	% of voting rights
Société de participations dans les télécommunications (SPT) [a]	465,940,477	53.00%	465,940,477	53.00%
Kingdom of Morocco	263,728,575	30.00%	263,728,575	30.00%
Senior managers	76,303	0.01%	76,303	0.01%
Public	149,253,835	16.98%	149,253,835	16.98%
Treasury shares [b]	96,150	0.01%	-	-
TOTAL	**879,095,340**	**100.00%**	**878,999,190**	**-**

(a) SPT is a Moroccan corporation controlled 91.3% by Etisalat and 8.7% by Abu Dhabi Development Fund.
(b) Maroc Telecom shares held directly or indirectly by the Company, on both the Casablanca and the Paris stock markets. These shares do not carry voting rights at Shareholders' Meetings.
(c) At December 31, 2018, the share capital consisted of ordinary shares with single voting rights.

3.2.2.2.2 Potential capital

At the date of this Registration Document, the Company had not issued any securities, other than ordinary shares, carrying direct or indirect rights to Company capital, immediately or in the future. Likewise, there is currently no stock-option plan reserved for employees.

3.2.2.2.3 Changes in the Company's shareholding structure

Maroc Telecom shares have been listed on both the Casablanca and Paris Stock Exchanges since December 13, 2004, after the Kingdom of Morocco's sale by public offering of a 14.9% stake in Maroc Telecom.

On November 18, 2004, the Kingdom of Morocco and Vivendi concluded an agreement regarding the acquisition by Vivendi of a 16% stake in Maroc Telecom.

On January 4, 2005, this agreement allowed Vivendi to increase its stake from 35% to 51% through the acquisition of 140,655,260 Maroc Telecom shares, thereby extending its control.

In 2006, the Moroccan government sold 0.10% of Maroc Telecom's share capital, thereby reducing the Kingdom of Morocco's stake to 34%.

On July 2, 2007, the Moroccan Government placed 4% of Maroc Telecom's shares on the Casablanca Stock Exchange at MAD 130 per share. The sale took the form of a private placement for Moroccan and international institutional investors, with book building during the period June 26-28, 2007. On completion of the transaction, the Moroccan government held 30% of the share capital and voting rights of Maroc Telecom, and the free float had increased from 15% to 19%.

Under the terms of the agreement signed in 2007 between Vivendi and the CDG Group, Vivendi acquired 2% of Maroc Telecom's share capital, thereby increasing its stake from 51% to 53% and reducing the free float to 17%. In addition, the CDG Group acquired a 0.6% stake in Vivendi.

On May 14, 2014, under a service agreement between Emirates Telecommunications Corporation ("Etisalat") and Vivendi, Etisalat took control of Société de Participation dans les Télécommunications ("SPT"), a holding company with 53% of the share capital and voting rights of the Company.

During the last three years, the share capital and voting rights of the Company were held as follows:

	12/31/2018			
Shareholders	**Number of share**	**% of share capital**	**Number of voting rights [c]**	**% of voting rights**
Société de Participation dans les Télécommunications (SPT) [a]	465,940,477	53.00%	465,940,477	53.00%
Kingdom of Morocco	263,728,575	30.00%	263,728,575	30.00%
Senior managers	76,303	0.01%	76,303	0.01%
Public	149,253,835	16.98%	149,253,835	16.98%
Treasury shares [b]	96,150	0.01%	-	-
TOTAL	**879,095,340**	**100.00%**	**878,999,190**	**-**

(a) SPT is a Moroccan corporation controlled 91.3% by Etisalat and 8.7% by Abu Dhabi Development Fund.
(b) Maroc Telecom shares held directly or indirectly by the Company, on both the Casablanca and the Paris stock markets. These shares do not carry voting rights at Shareholders' Meetings.
(c) At December 31, 2018, the share capital consisted of ordinary shares with single voting rights.

	12/31/2017			
Shareholders	**Number of shares**	**% of share capital**	**Number of voting rights [c]**	**% of voting rights**
Société de participation dans les télécommunications (SPT) [a]	465,940,477	53.00%	465,940,477	53.00%
Kingdom of Morocco	263,728,575	30.00%	263,728,575	30.00%
Senior managers	76,303	0.01%	76,303	0.01%
Public	149,106,908	16.96%	149,106,908	16.96%
Treasury shares [b]	243,077	0.03%	-	-
TOTAL	**879,095,340**	**100%**	**878,852,263**	**100%**

(a) SPT is a Moroccan corporation controlled 91.3% by Etisalat and 8.7% by Abu Dhabi Development Fund.
(b) Maroc Telecom shares held directly or indirectly by the Company, on both the Casablanca and the Paris stock markets. These shares do not carry voting rights at Shareholders' Meetings.
(c) At December 31, 2017, the share capital consisted of ordinary shares with single voting rights.

	12/31/2016			
Shareholders	**Number of shares**	**% of share capital**	**Number of voting rights [c]**	**% of voting rights**
Société de participation dans les télécommunications (SPT) [a]	465,940,477	53.00%	465,940,477	53.00%
Kingdom of Morocco	263,728,575	30.00%	263,728,575	30.00%
Senior managers	76,303	0.01%	76,303	0.01%
Public	149,337,756	16.99%	149,337,756	16.99%
Treasury shares [b]	12,229	0.00%	-	-
TOTAL	**879,095,340**	**100%**	**879,083,111**	**100%**

(a) SPT is a Moroccan corporation controlled 91.3% by Etisalat and 8.7% by Abu Dhabi Development Fund.
(b) Maroc Telecom shares held directly or indirectly by the Company, on both the Casablanca and the Paris stock markets. These shares do not carry voting rights at Shareholders' Meetings.
(c) At December 31, 2016, the share capital consisted of ordinary shares with single voting rights.

3.2.2.2.4 Shareholders' Agreements

SHAREHOLDERS' AGREEMENT BETWEEN THE KINGDOM OF MOROCCO AND EMIRATES TELECOMMUNICATIONS CORPORATION REGARDING MAROC TELECOM SHARES

On May 15, 2014, Emirates Telecommunications Corporation ("Etisalat"), *Société de Participation dans les Télécommunications* ("SPT"), which is a subsidiary of Etisalat, and the Kingdom of Morocco concluded a Shareholders' Agreement pertaining to Maroc Telecom ("the Company"). The key provisions governing the relationships between the Kingdom of Morocco and Etisalat Group are as follows:

Organization of powers in the management bodies of Maroc Telecom

Supervisory Board

The Shareholders' Agreement stipulates that the Supervisory Board will be composed of no more than nine members.

The allocation of seats on the Supervisory Board will depend on the percentage of the Kingdom of Morocco's interest in the share capital and voting rights of the Company, as follows:

- if the interest of the Kingdom of Morocco is at least equal to 15% of the share capital and voting rights of the Company, three members of the Supervisory Board will be appointed upon proposal by the Kingdom of Morocco and six by Etisalat;
- if the interest of the Kingdom of Morocco is less than 15% but at least equal to 5% of the share capital and voting rights of the Company, one member of the Supervisory Board will be appointed upon proposal by the Kingdom of Morocco and eight by Etisalat.

The Chairman of the Supervisory Board will be appointed by the Supervisory Board as proposed by the Kingdom of Morocco for as long as the Kingdom of Morocco holds at least 15% of the shares and voting rights of the Company. If the Kingdom of Morocco's interest in the share capital and voting rights of the Company is less than 15% but at least equal to 5%, Etisalat will be entitled to propose the Chairman of the Supervisory Board and the Kingdom of Morocco will be entitled to propose the Deputy Chairman of the Supervisory Board.

The Deputy Chairman of the Supervisory Board will be appointed by the Supervisory Board on the proposal of Etisalat for as long as the Kingdom of Morocco is entitled to propose the appointment of the Chairman and Etisalat is entitled to propose the majority of the members of the Supervisory Board.

In addition, the majority principles applicable to the Supervisory Board were incorporated into the Company's Bylaws at the Shareholders' Meeting of September 23, 2014.

Management board

The allocation of seats on the Management Board will depend on the percentage of the Kingdom of Morocco's interest in the share capital and voting rights of the Company, as follows:

- if the interest of the Kingdom of Morocco is at least equal to 15% of the share capital and voting rights of the Company, two members of the Management Board will be appointed on the proposal of the Kingdom of Morocco and three, including the Chairman, by Etisalat;
- if the interest of the Kingdom of Morocco is less than 15% but at least equal to 9% of the share capital and voting rights of the Company, one member of the Management Board will be appointed upon proposal by the Kingdom of Morocco and four, including the Chairman, by Etisalat.

Audit Committee and Appointments and Compensation Committee

As long as the Kingdom of Morocco holds at least 15% of the share capital and voting rights of the Company, it may propose the appointment of at least two members of the Company's Audit Committee; and as long as the Kingdom of Morocco holds at least 5% of the share capital and voting rights of the Company, it may propose the appointment of at least one member of said committee.

The rules of procedure for the Audit Committee will provide for:

- the option for any member of the Audit Committee to propose that the Audit Committee carry out an audit of the Company, and the obligation for the Audit Committee to decide on any formal request made by at least two members of the Audit Committee to carry out such an audit; and
- the option for any member of the Audit Committee to make any proposal relating to the work of the Audit Committee.

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The Shareholders' Agreement also provides for an Appointments and Compensation Committee composed of the Chairman and Deputy Chairman of the Company's Supervisory Board.

The stipulations with regard to the appointment of the Chairman and Deputy Chairman of the Supervisory Board and to the majority rules applicable to the Supervisory Board, as well as those applicable to the appointment of members of the Management Board, the Audit Committee, and the Appointments and Compensation Committee, will remain in force as long as the Kingdom of Morocco holds at least 5% of the share capital and voting rights of the Company and as long as Etisalat Group holds at least 20% of the share capital and voting rights of the Company.

Terms and conditions for the disposal or acquisition of shares of the parties

Non-transfers of shares by the Kingdom of Morocco
The Kingdom of Morocco has undertaken not to surrender any of the shares it holds in the Company for a period of five (5) years following the signing of the Shareholders' Agreement (i.e., May 15, 2014), if such transfer would result in the Kingdom of Morocco holding less than 22% of the share capital and voting rights of the Company.

Preemption right to the benefit of the Kingdom of Morocco
In the event of a proposed disposal of the shares held by Etisalat Group or its affiliates to a third party, the Kingdom of Morocco will be entitled to exercise a preemption right for a period of eight (8) years after the signing of the Shareholders' Agreement. This preemption right will only apply (i) to a transfer that would reduce the total interest of the Etisalat Group and SPT in the share capital of the Company to less than 50%, and (ii) to any transfer by Etisalat Group or SPT until the Kingdom of Morocco's stake reaches 50% of the Company shares plus one share.

Call option held by the Kingdom of Morocco
The Kingdom of Morocco has a call option entitling it to purchase, should it so notify its intention, all of the shares held by the investment vehicle of Etisalat (currently SPT) in the Company, if a change of control of Etisalat (i) affects the national interests of the Kingdom of Morocco or (ii) has a substantial and negative impact on the competitive environment in Morocco, or following a loss of control of SPT by Etisalat or the vehicle that becomes a shareholder in Maroc Telecom in place of SPT.

This clause will remain in force as long as the Kingdom of Morocco holds at least 20% of the Company's share capital.

Specific rights of the Kingdom of Morocco
The Kingdom of Morocco has the right to veto in the following cases:

- proposal of a merger, spin-off or partial transfer of assets that may substantially modify the Company's scope of activities or substantially modify the Company's corporate purpose, if the proposal is likely to affect the national interests of the Kingdom of Morocco for any reason of national security;
- transfer of shares by SPT to any entity, including any entity that controls SPT or is controlled by SPT and which is likely to affect the national interests of the Kingdom of Morocco.

These provisions will remain in force for the entire term of the Company.

Term of the Shareholders' Agreement

Subject to specific provisions with regard to the duration of certain rights, the Shareholders' Agreement has been entered into for a term of ten (10) years and will be renewable automatically for successive periods of five (5) years.

MAURITEL SA SHAREHOLDERS' AGREEMENT

According to the shareholders agreement entered into with the Islamic Republic of Mauritania, Maroc Telecom, which owns 51.527% of Mauritel via CMC Group, received end/or granted certain rights (Right of first refusal, etc.) enabling it to protect its shareholders rights.

GABON TELECOM SHAREHOLDERS' AGREEMENT

According to the Shareholders' Agreement entered into with the Republic of Gabon, Maroc Telecom, which owns 51% of Gabon Telecom, received and/or granted certain rights (right of first refusal, etc.) enabling it to protect its shareholder rights.

SOTELMA SHAREHOLDERS' AGREEMENT

According to the Shareholders' Agreement entered into with the Republic of Mali, Maroc Telecom, which owns 51% of Sotelma, received and/or granted certain rights (right of first refusal, etc.) enabling it to protect its shareholder rights.

ATLANTIQUE TELECOM CÔTE D'IVOIRE SHAREHOLDERS' AGREEMENT

According to the Shareholders' Agreement entered into with the joint shareholder, Maroc Telecom, which owns 85% of Atlantique Telecom Côte d'Ivoire, received and/or granted certain rights to the minority shareholder enabling it to protect its shareholder rights.

FONDS SINDIBAD SHAREHOLDERS' AGREEMENT

According to the Shareholders' Agreement signed with the other shareholders, Maroc Telecom, which owns 10.41% of Sindibad Fund, received and/or granted certain rights (right of first refusal, etc.) enabling it to protect its shareholder rights.

3.2.2.3 PLEDGED ASSETS

The Company has not pledged any assets.

In addition, the shares held by Maroc Telecom in its subsidiaries are not pledged for the benefit of third parties.

3.2.2.4 COMPANY STOCK INFORMATION

3.2.2.4.1 Stock exchanges

Maroc Telecom's shares have been listed on both the Casablanca and Paris Stock Exchanges since December 13, 2004.

3.2.2.4.2 Maroc Telecom share price

CASABLANCA STOCK EXCHANGE

Marché Principal, code 8001

	Average price [a] *(in MAD)*	High [b] *(in MAD)*	Low [b] *(in MAD)*	Transactions [c] No. of shares *(thousand)*	Transactions [c] Share capital *(in MAD million)*
January 2018	145.48	151.25	136.00	2,056.10	299.13
February 2018	149.00	152.00	144.50	3,314.47	493.85
March 2018	149.85	152.45	143.00	2,192.65	328.56
April 2018	150.80	157.90	147.50	1,136.99	171.46
May 2018	146.64	157.80	141.00	3,330.01	488.33
June 2018	142.61	147.50	138.50	1,738.61	247.95
July 2018	138.39	143.55	136.00	1,741.62	241.02
August 2018	141.94	143.50	140.50	952.77	135.24
September 2018	140.72	143.00	138.50	2,306.43	324.56
October 2018	142.77	145.40	138.00	3,762.18	537.11
November 2018	139.84	140.90	138.10	901.85	126.11
December 2018	140.66	141.50	139.80	3,467.78	487.77

(a) The average price is calculated by dividing trading value by number of shares.
(b) Intrady.
(c) Excluding off-market transactions.
Source: Casablanca Stock Exchange

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MAROC TELECOM SHARE PRICE TREND ON THE CASABLANCA STOCK EXCHANGE

Since December 2004 (base 100)

Since January 2018 (base 100)

At the end of 2018, 99% of the float was outstanding on the Casablanca Stock Exchange.

EURONEXT PARIS

Eurolist – Foreign securities, code MA0000011488, eligible for Euronext's SRD (deferred settlement service)

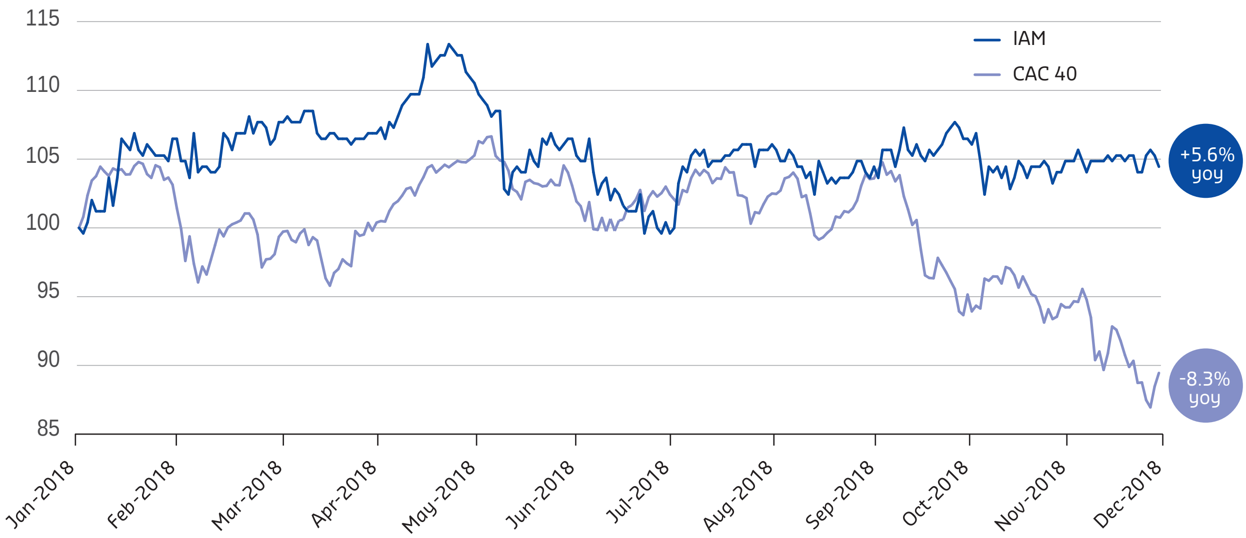
				Transactions [c]	
	Average price [a] *(in EUR)*	High [b] *(in EUR)*	Low [b] *(in EUR)*	No. of shares *(in thousand)*	Share capital *(in EUR million)*
January 2018	12.71	13.25	12.15	18.78	0.24
February 2018	12.99	13.40	12.50	24.75	0.32
March 2018	13.21	13.50	12.85	21.24	0.28
April 2018	13.28	14.00	12.95	22.93	0.30
May 2018	13.19	14.10	12.60	28.69	0.38
June 2018	12.98	13.20	12.60	18.18	0.24
July 2018	12.62	13.15	12.20	26.13	0.33
August 2018	12.94	13.35	12.65	17.88	0.23
September 2018	12.81	13.05	12.55	15.01	0.19
October 2018	13.07	13.60	12.65	32.09	0.42
November 2018	12.85	13.25	12.45	36.98	0.48
December 2018	12.92	13.30	12.60	39.52	0.51

(a) The average price is calculated by dividing trading value by number of shares.
(b) Intraday.
(c) Excluding off-market transactions.
Source: Euronext Paris.

MAROC TELECOM SHARE PRICE TREND ON THE PARIS STOCK EXCHANGE

Since December 2004 (base 100)

Since January 2018 (base 100)



At the end of 2018, 1% of the float was outstanding on the Paris Stock Exchange.

3.2.2.5 DIVIDENDS AND DIVIDEND POLICY

3.2.2.5.1 Dividends paid out over the past fiscal years

The following table shows the amounts of dividends (in MAD million) paid out by the Company for fiscal years 2004 to 2018:

Fiscal year	Payment date	Dividends
2004	05/04/2005	4,395
2005	05/02/2006	6,119
Extraordinary dividend	06/12/2006	3,516
2006	05/15/2007	6,927
2007	05/28/2008	8,088
2008	06/03/2009	9,517
2009	06/02/2010	9,063
2010	05/31/2011	9,301
2011	05/31/2012	8,137
2012	06/03/2013	6,501
2013	06/02/2014	5,275
2014	06/02/2015	6,065
2015	06/02/2016	5,591
2016	06/02/2017	5,590
2017	06/05/2018	5,697
2018	06/04/2019	6,004 [a]

(a) Amount proposed to the Ordinary General Meeting of April 23, 2019. This amount is adjusted to reflect the number of treasury shares held on the dividend payment date.

At December 31, 2018, the Company's reserves totaled MAD 4,393.3 million (excluding the earnings at end-December 2017), of which MAD 969 million were available for distribution.

3.2.2.5.2 Future dividend policy

The Company is keen to reward its shareholders to their satisfaction, while also ensuring the means for its growth. This is why Maroc Telecom has decided to pursue a policy of regular dividend distribution in significant amounts, based on current conditions, the Company's profits and its financing needs.

However, the amount of dividends to be paid will be determined by taking into account the Company's capital requirements, return on capital and current and future profitability. The Company cannot guarantee shareholders that they will receive the same dividend payment every year. This does not constitute a commitment by the Company.

Note that Article 16 of the Bylaws provides for the payment to the shareholders, in the form of dividends, of a total amount that is at least half the distributable profit, unless otherwise approved by a majority of three-quarters of the Supervisory Board.

Moreover, Article 331 of Law 17-95 as amended and expanded by Law 20-05 and Law 78-12 stipulates that a fixed dividend may not be set; Any company bylaw to the contrary is deemed invalid unless the Moroccan government allows shareholders to set a minimum dividend.

Moroccan company law requires Maroc Telecom, like any corporation, to allocate 5% of net income to the legal reserve until it reaches 10% of the share capital. Maroc Telecom reached the limit of its legal reserve in 2004 and may therefore, starting with fiscal year 2005, distribute all its distributable profit, if its shareholders consider this is advisable.

3.2.2.5.3 Tax treatment of dividends

MOROCCAN TAX TREATMENT

Shareholders should note that the Moroccan tax treatment is described below only for guidance and is not an exhaustive description of the tax situation applicable to each shareholder. Shareholders should therefore take advice from their tax advisers regarding the tax applicable to their specific situation and in particular concerning the acquisition, ownership or transfer of the Company's shares.

The tax rules applicable in Morocco for dividend distribution are governed by the General Tax Code: Corporate Income Tax applicable to legal entities and Individual Income Tax applicable to individuals.

The income from shares (dividends) paid, made available to or entered into accounts belonging to individuals or legal entities, whether resident in Morocco or not, is subject to a withholding tax of 15%. The companies involved in the payment of this income are responsible for withholding the tax at source and paying it to the Treasury.

However, companies that have their registered office in Morocco are exempt from this withholding, provided that they deliver to the paying agents a certificate of ownership of the shares showing their IS tax identification number in Morocco.

Note that dividends and other income from investments resulting from the distribution of profits by companies within the scope of corporate income tax, even if those companies are specifically exempt from this, are included in the operating income of the beneficiary of the dividends and other income from investments with a 100% allowance.

Similarly, dividends and other income from investments resulting from the distribution of foreign profits are included in the operating income of the beneficiary company with a 100% allowance. This measure applies to dividends and other income from investments received after January 1, 2008;

Note that dividends paid to residents of countries with which the Kingdom of Morocco has signed double taxation treaties may be subject to taxation at a rate below 15%, if the treaties provide for such a rate.

International law effectively prevails, in accordance with the Moroccan Constitution. If the double taxation agreement provides for a rate below 15%, the rate stipulated in the agreement is applied.

For example, under the tax treaty between Morocco and France, a rate of 15% applies, similar to the common law rate. Under the tax treaty between Morocco and the UAE:

- a rate of 5% applies if the equity held in the Company paying dividends is 10% or more;
- a rate of 10% applies if the equity held is less than 10%.

These persons are usually entitled to a tax credit with the tax authorities in their country for the tax paid in Morocco, in accordance with the procedures to avoid double taxation, where this is allowed under the tax regulations in their country.

Moroccan exchange regulations allow foreign shareholders to transfer dividends abroad, on the condition that they present a certain number of documents to an approved intermediary, primarily:

- transfer orders;
- the balance sheets and income statements, as these are understood by the Tax Authorities, as well as the supporting documents relating to the fiscal year in respect of which the transfer is requested, and the statement of non-accounting corrections applied to obtain the taxable income;
- the minutes of the Ordinary Shareholders' Meeting(s) at which the Company's results were discussed, showing the distribution of profits and the amount of dividends paid out;
- the list of shareholders and foreign or Moroccan Directors residing abroad, indicating their identity, nationality, address and the number of shares held by each of them;
- documentary evidence of the withholding tax paid.

FRENCH TAX TREATMENT

Shareholders should note that the French tax treatment is described below only for guidance and is not an exhaustive description of the tax situation applicable to each shareholder. Shareholders should therefore take advice from their tax advisers regarding the tax applicable to their specific situation and in particular concerning the acquisition, ownership or transfer of the Company's shares.

Individuals holding shares as part of their private assets and not habitually executing trades on the stock exchange

In accordance with the provisions of Article 25-2 of the Tax Treaty signed on May 29, 1970 by and between the Republic of France and the Kingdom of Morocco (the "Tax Treaty"), a shareholder resident in France is entitled to take a tax credit chargeable against the amount of tax on the income in France payable on this same income. The amount is set out in Article 25-3 of the Tax Treaty at a flat rate of 25% of the gross amount of the dividends distributed (before application of Moroccan withholding tax).

On January 1, 2018, dividends became subject to a flat tax of 30% broken down as follows:

- 12.8% in income tax;
- 17.2% in social security contributions.

The tax is based on gross dividends and is without allowances. Taxpayers may, however, expressly request to have their dividends taxed at the progressive tax scale under the conditions described below. Once chosen, the option to have investment income taxed at the progressive tax scale cannot be reversed and must be applied to the tax return submitted the year after the dividends are paid:

- under the progressive tax scale option, pursuant to a valid decision of the competent bodies of the Company, dividends are taken into account in the calculation of income tax, after applying a 40% deduction on their gross amount (i.e., 60% of the gross dividend is taxable). Investors should note that dividends denominated in Moroccan dirhams will, for the purposes of taxation in France, be converted into euros at the exchange rate in Paris on the dividend payment date. If there is no exchange rate on that day, the average exchange rate from a sufficiently close date is applied.

Applied to dividends, the flat tax consists of a social security contribution of 17.2% (from which can be deducted the CSG up to 6.8%) and a withholding income tax of 12.8%. However, persons whose taxable income for the previous year but one is less than EUR 50,000 (single, divorced or widowed taxpayers) or EUR 75,000 (joint taxpayers) may apply, no later than November 30 of the year preceding that of payment, for an exemption from this withholding.

Note that when the company paying the dividend is based in France, it is responsible for withholding these payments. Otherwise, shareholders must remit them voluntarily by the fifteenth of the month following payment of the dividends to the tax authority in their country of residence. They are subsequently declared by the shareholder with other income for the calendar year (in May/June of the following year) under the progressive tax, if so opted. The withholding tax of 12.8% and the minimum tax charge of 25% will apply.

Legal entities subject to corporate income tax

A distinction should be made depending on whether or not the shareholder is the parent company of Maroc Telecom.

Legal entities qualifying for the parent-subsidiary tax treatment

Legal entities meeting the requirements of Articles 145 and 216 of the General Tax Code may, at their option, claim an exemption for dividends received, in accordance with the parent-subsidiary tax treatment. Article 216 I of the General Tax Code stipulates however that a portion of the costs and expenses, set at a flat rate of 5% of the amount of dividends received, tax credit included, are to be added back into the taxable income of the legal entity beneficiary of such dividends. The tax credit cannot be offset against corporate income tax, but can be offset against any withholding tax that may be due in the event of further dividends being paid in the subsequent five years.

Legal entities not qualifying for the parent-subsidiary tax treatment

Companies are taxed on their dividend income:

- at the normal rate [1] of corporate income tax, plus the 3.3% social security contribution on corporate income tax if the amount of corporate income tax exceeds EUR 763,000 per 12-month period;
- the flat-rate tax credit set out in Article 25-3 of the Tax Treaty at 25% of the amount of dividends distributed can be offset against corporate income tax. However, the tax credit cannot exceed the amount of corporate income tax for French companies in respect of such dividends. The surplus tax credit cannot be refunded or carried forward.

3.2.3 CORPORATE GOVERNANCE

Maroc Telecom, a company incorporated under Moroccan law, is not required to comply with governance codes in France. It does not refer to any corporate governance code but has set up a system that complies with the principles of good governance.

3.2.3.1 MANAGEMENT AND SUPERVISORY BODIES

3.2.3.1.1 Management Board

COMPOSITION OF THE MANAGEMENT BOARD

Composition

The Management Board is composed of five (5) members. It manages and directs the Company under the control of the Supervisory Board.

The members of the Management Board members must be individuals. All the members of the Management Board must be employees of the Company and/or resident in Morocco for more than 183 days a year, unless an exception has been authorized at a Supervisory Board meeting by a qualified majority of three-quarters of the members present or represented.

If the current term of office of a member of the Management Board is terminated, the Supervisory Board must appoint a replacement in the manner provided for by law and by the Company's Bylaws.

MEMBERS OF THE MANAGEMENT BOARD

Name	Current title and primary occupation	Date of appointment	Term of office ends
Abdeslam AHIZOUNE	Chairman	Date of first appointment: February 20, 2001 Appointment renewed: February 24, 2017	March 1, 2019
Larbi GUEDIRA	Managing Director Services	Date of first appointment: February 20, 2001 Appointment renewed: February 24, 2017	March 1, 2019
Hassan RACHAD	Managing Director Networks and Systems (CTO)	Date of first appointment: December 5, 2014 Appointment renewed: February 24, 2017	March 1, 2019
Brahim BOUDAOUD	Managing Director, Legal and Regulatory Affairs	Date of first appointment: July 22, 2016 Appointment renewed: February 24, 2017	March 1, 2019
François VITTE	Managing Director Administration & Finance (CFO)	Date of first appointment: October 2, 2017	March 1, 2019

(1) For fiscal years starting on January 1, 2018, the rate is 28% for profits up to 500,000 euros and 33.33% thereafter.

BIOGRAPHICAL DETAILS AND OTHER POSITIONS HELD BY MEMBERS OF THE SUPERVISORY BOARD

Abdeslam AHIZOUNE

CHAIRMAN OF THE MANAGEMENT BOARD

Nationality: Moroccan
Business address:
Maroc Telecom – Avenue Annakhil, Hay Riad, Rabat, Morocco

Skills and experience

Born on April 20, 1955, married with three children. Mr. Abdeslam AHIZOUNE has a graduate degree in engineering from Paris Tech (1977). He has been Chairman of Maroc Telecom's Management Board since February 2001 and was a member of Vivendi's Management Board from April 2005 to June 2012. Mr. AHIZOUNE has been Chairman of the Association of Moroccan Telecom Professionals (Association Marocaine des Professionnels des Télécoms, or MATI) since 2008. Chairman and Chief Executive Officer of Maroc Telecom from 1998 to 2001. Mr. Abdeslam AHIZOUNE was previously Minister of Telecommunications in four governments, from 1992 to 1995 and from 1997 to 1998, while holding the position of Director General of the National Office of Postal Services and Telecommunications (Office National des Postes et Télécommunications, "ONPT") from 1992 to 1997. From 1983 to 1992, he was Director of Telecommunications in the Ministry for Postal Services and Telecommunications. Mr. Abdeslam AHIZOUNE has been Chairman of the Royal Moroccan Athletics Federation (Fédération Royale Marocaine d'Athlétisme) since 2006, and Chairman of the Moroccan Culture Association (Association Maroc Cultures) since 2015.

Current offices

- Mohammed V Foundation for Solidarity (Fondation Mohammed V pour la Solidarité, Morocco), member of the Board of Trustees
- Lalla Salma Foundation for the Prevention and Treatment of Cancer (Fondation Lalla Salma de Prévention et Traitement des Cancers, Morocco), member of the Board of Trustees
- Mohammed VI Foundation for the Environment (Fondation Mohammed VI pour la Protection de l'Environnement, Morocco), member of the Board of Trustees
- Moroccan Culture Association (Association Maroc Cultures, Morocco), Chairman
- Al Akhawayn University (Morocco), member of the Board of Trustees
- Royal Moroccan Athletics Federation (Fédération Royale Marocaine d'Athlétisme, Morocco), Chairman
- Confederation of African Athletics, Deputy Chairman
- Association of Moroccan Telecom Professionals (Association Marocaine des Professionnels des Télécoms, or MATI), Chairman

Offices expired during the last five years

- General Business Confederation of Morocco (Confédération Générale des Entreprises du Maroc, or CGEM), Deputy Chairman
- Royal Institute of Amazighe Culture (Institut Royal de la Culture Amazighe), member of the Governing Board
- International Chamber of Commerce, member of the Executive Committee
- Axa Assurances (Morocco), Board Member
- Holcim S.A. (Morocco), Board Member

Decorations

In Morocco: 1985: WISSAM Order of Merit, Exceptional Class; 1991: WISSAM Knight of the Order of the Throne, 1995: WISSAM Officer of the Order of the Throne

In France: 2003: Knight of the National Order of the Legion of Honor

Larbi GUEDIRA

MEMBER OF THE MANAGEMENT BOARD

Nationality: Moroccan
Business address:
Maroc Telecom – Avenue Annakhil, Hay Riad, Rabat, Morocco

Skills and experience

Born on November 22, 1954, Mr. Larbi GUEDIRA has a graduate degree in engineering from École Nationale Supérieure des Télécommunications in Paris and a Master's degree in Mathematics from the University of Paris XI (Orsay) and a Post-graduate Diploma (DESS) in Management from the University of Lille.

Mr. Larbi GUEDIRA is the Managing Director of the Services Division of Maroc Telecom; prior to that, he served as General Manager of the Commercial Division, General Manager of the Telecommunications Division, Chief Financial Officer and Regional Director for Casablanca. He is also a Director of various companies of the Maroc Telecom Group. He was also Chairman of the National Association of Telecommunications Engineers (Association Nationale des Ingénieurs des Télécommunications) between 2000 and 2002.

Current offices

Maroc Telecom Group:

- Sotelma SA (Mali), Permanent Representative of Maroc Telecom, Director
- MT Fly SA (Morocco), Chairman of the Board of Directors
- Other: None

Offices expired during the last five years

- Mauritel SA (Mauritania), Board member
- Gabon Telecom SA (Gabon), Permanent Representative of Maroc Telecom, Board member
- Onatel SA (Burkina Faso), listed company, Permanent Representative of Maroc Telecom, Board member
- Casanet SA (Morocco), Board member
- CMC S.A. (Mauritania), Board member
- Mauritel Mobiles SA (Mauritania), Board member
- Libertis SA (Gabon), Permanent Representative of Maroc Telecom, Board member
- Mobisud SA (France), Chairman of the Board of Directors
- Mobisud (Belgium), Board member

Decoration

Wissam Order of Merit, Exceptional Class

Hassan RACHAD

MEMBER OF THE MANAGEMENT BOARD

Nationality: Moroccan
Business address:
Maroc Telecom – Avenue Annakhil, Hay Riad, Rabat, Morocco

Skills and experience

Born on August 6, 1962, Mr. Hassan RACHAD has a graduate degree in engineering from École Nationale Supérieure des Télécommunications in Paris.

After joining Maroc Telecom in 1988 as Telecom Engineer, he has held several management positions within the same group, including Director of Human Resources and Regional Director for Greater Casablanca, Marrakesh and Oujda.

He is married with two children.

Current offices

Maroc Telecom Group:

- Mauritel SA (Mauritania), Board member
- Casanet SA (Morocco), Board member
- MT FLY SA (Morocco), Permanent Representative of Maroc Telecom, Board member
- Other: None

Offices expired during the last five years

- Gabon Telecom SA (Gabon), Board member
- Onatel SA (Burkina Faso), listed company, Board member
- Sotelma SA (Mali), Board member
- Atlantique Telecom Togo SA (Togo), Chairman of the Board of Directors

Brahim BOUDAOUD

MEMBER OF THE MANAGEMENT BOARD

Nationality: Moroccan
Business address:
Maroc Telecom – Avenue Annakhil, Hay Riad, Rabat, Morocco

Skills and experience

Born on April 7, 1968, Mr. Brahim BOUDAOUD graduated in 1995 with an MBA in Network Company Management from École Nationale des Postes et Télécommunications in Paris and holds a degree in postal and telecommunications administration.

Since 2000 Mr. Brahim BOUDAOUD has held several senior management positions within the same group, including Head of Sales, Head of Consumer Sales, Head of Marketing and Acting Chief Legal & Regulatory Officer.

Current offices

Maroc Telecom Group:

- Gabon Telecom SA (Gabon), Board member
- MT Fly SA (Morocco), Board member
- Other: None

Offices expired during the last five years

- Onatel SA (Burkina Faso), listed company, Board member
- Atlantique Telecom Côte d'Ivoire (Côte d'Ivoire), Board member
- Atlantique Telecom Togo (Togo), Board member
- Etisalat Benin (Benin), Board member
- Sotelma SA (Mali), Board member

François VITTE

MEMBER OF THE MANAGEMENT BOARD

Nationality: French
Business address:
Maroc Telecom – Avenue Annakhil, Hay Riad, Rabat, Morocco

Skills and experience

Born on March 4, 1968, François VITTE is a graduate of the Ecole Supérieure de Commerce in Toulouse, France.

Mr. VITTE has had a varied international financial career, mostly within the Orange Group, which he joined in 1996. During part of his time there, he was Deputy Chief Executive Officer in Egypt and Ethiopia. Previously, he held several financial positions in France and the UK before going to the Dominican Republic to serve as Vice President of Finance.

Mr. VITTE began his career in the Club Med Group, where he held various financial positions, mainly in Paris.

Current offices

CMC SA (Mauritania), Chairman of the Board of Directors

Offices expired during the last five years

None

APPOINTMENT, OPERATION AND RESPONSIBILITIES OF THE EXECUTIVE BOARD

Appointment and removal of members of the Management Board

Members of the Management Board are appointed by a simple majority of the members of the Supervisory Board present or represented. The Supervisory Board appoints one of them as Chairman.

They may be removed from office by the Ordinary Shareholders' Meeting. If the removal is without just cause, it may result in the payment of damages.

The removal from office of a member of the Management Board does not have the effect of terminating the employment contract that the person concerned may have signed with the Company.

Term of office

Members of the Management Board are appointed for a renewable term of two (2) years.

If the appointment of a member of the Management Board is terminated during such member's term in office, the Board member's replacement is appointed for the time remaining until the re-appointment of the Management Board.

Members of the Management Board may always be reappointed.

Operation

The Management Board manages collectively the affairs of the Company.

The members of the Management Board may, with the approval of the Supervisory Board, allocate management tasks among themselves.

However, this allocation may not in any way have the effect of removing from the Management Board its characteristic collective responsibility for the management of the Company. Its decisions are made by a majority vote of the members present or represented, each of them having one vote. Larbi GUEDIRA and Hassan RACHAD represent the Kingdom of Morocco, while Abdeslam AHIZOUNE, François VITTE and Brahim BOUDAOUD represent Etisalat.

Meetings of the Management Board may be held outside the registered office or by videoconferencing or equivalent methods enabling members to be identified, as provided for by current regulations.

Minutes of Management Board deliberations, if kept, are entered in a special register and signed by the Chairman of the Management Board and one other member. Copies or extracts of these minutes are certified by the Chairman of the Management Board or by an executive officer.

Powers

The Management Board is vested with the broadest powers to act in all circumstances in the name of the Company, within the limits of its corporate purpose, and subject to the powers expressly granted to the Supervisory Board by law and by Articles 10.5.3 to 10.5.5 of the Bylaws.

In its dealings with third parties, the Company is bound even by action taken by the Management Board which falls outside the corporate purpose and Bylaws, unless it proves that the third party knew that the action was ultra vires and/or that the action exceeded statutory provisions or that the third party must have been aware of this, given the circumstances.

The provisions of the Bylaws restricting the powers of the Management Board are not binding on third parties.

The Chairman of the Management Board represents the Company in its relations with third parties. The Supervisory Board may, however, assign the same power of representation to one or more members of the Management Board who then hold the title of executive officer.

The provisions of the Bylaws restricting the Company's power of representation to the Chairman or, if applicable, the executive officer are not binding on third parties.

The Chairman of the Management Board or the executive officer(s) may grant powers of attorney to a third party. However, the authority granted by such power of attorney must be limited and relate to one or more specific purposes.

With regard to third parties, all acts binding the Company are valid if carried out by the Chairman of the Management Board or any member appointed by the Supervisory Board as an executive officer.

Reporting obligations

The Supervisory Board may at any time ask the Management Board to submit a report on its management and ongoing operations. At the request of the Supervisory Board, this report may be supplemented by a provisional financial statement of the Company.

As and where necessary, the Management Board delivers to the Supervisory Board a report explaining the possible application or implementation of the items to be adopted by the Supervisory Board in accordance with Articles 10.5.3 to 10.5.5 of the Bylaws.

At least once in every quarter, the Management Board presents a report on the Company's operations to the Supervisory Board.

Within three (3) months of the end of each fiscal year, the Management Board must approve the Company's annual financial statements (balance sheet, income statement and accompanying notes) and submit them to the Supervisory Board so that it can exercise control.

The Management Board must also deliver to the Supervisory Board the report to be presented to the Ordinary Shareholders' Meeting called to approve the financial statements for the previous fiscal year, so that it may, if necessary, prepare comments that will be presented to the meeting.

Compensation

As part of its appointment decision, the Supervisory Board sets the method and the amount of the compensation for each Management Board member.

Liability

Without prejudice to the specific liability resulting from receivership or liquidation of the Company's assets, the members of the Management Board are jointly and severally liable, as applicable, to the Company or third parties, for violations of legal and regulatory provisions applicable to corporations, for breaches of the Bylaws, or for misconduct in their management.

In 2018 the Management Board met over 30 times.

3.2.3.1.2 Supervisory Board

COMPOSITION OF THE SUPERVISORY BOARD

Composition

The Supervisory Board is composed of at least eight (8) and no more than twelve (12) members; the number of members may be increased to fifteen (15) since the Company's shares are listed for trading on the Casablanca Stock Exchange.

Each member of the Supervisory Board must own at least one share of stock in the Company during the member's entire term of office.

The members of the Supervisory Board are elected by the Ordinary Shareholders' Meeting.

If, on the day of appointment, a member of the Supervisory Board does not own at least one share in the Company or if, during the member's term, he or she ceases to own said share, the Board member will be deemed to have automatically resigned from office if the situation is not rectified within three (3) months.

Name	Current title and primary occupation	Date of appointment	Term of office ends	Primary Occupation or Employment
Mohamed BENCHÂABOUN	Chairman	Supervisory Board meeting of December 7, 2018	Ordinary Shareholders' Meeting called to approve the 2018 financial statements	Minister of Economy and of Finance
Eissa Mohammed GHANEM AL SUWAIDI	Deputy Chairman	Supervisory Board meeting of May 15, 2014	Ordinary Shareholders' Meeting called to approve the 2018 financial statements	Chairman of Etisalat Group
Abdelouafi LAFTIT	Member	Supervisory Board meeting of July 21, 2017	Ordinary Shareholders' Meeting called to approve the 2018 financial statements	Minister of the Interior
Abderrahmane SEMMAR	Member	Supervisory Board meeting of July 22, 2016	Ordinary Shareholders' Meeting called to approve the 2018 financial statements	Director for Public Enterprises and Privatization at the Ministry for Economy and Finance
Hatem DOWIDAR	Member	Supervisory Board meeting of July 22, 2016	Ordinary Shareholders' Meeting called to approve the 2018 financial statements	Managing Director of Etisalat International
Saleh Al ABDOOLI	Member	Supervisory Board meeting of December 9, 2016	Ordinary General Meeting convened to approve the 2021 financial statements	Managing Director of Etisalat Group
Mohammed Saif AL SUWAIDI	Member	Supervisory Board meeting of May 15, 2014	Ordinary Shareholders' Meeting called to approve the 2018 financial statements	Director General of Abu Dhabi *Fund for Development*
Mohammed Hadi AL HUSSAINI	Member	Supervisory Board meeting of May 15, 2014	Ordinary Shareholders' Meeting called to approve the 2018 financial statements	Director of Etisalat Group
Serkan OKANDAN	Member	Shareholders' Meeting of September 23, 2014	Ordinary Shareholders' Meeting convened to approve the 2019 financial statements	Chief Financial Officer of Etisalat Group

Term of office

The term of office of members of the Supervisory Board is six years.

The term of office of a member of the Supervisory Board expires at the close of the Ordinary Shareholders' Meeting that approved the financial statements for the previous fiscal year and that is held in the year in which the term of office of the Supervisory Board member expires. They may always be reappointed.

They may be removed by the Ordinary Shareholders' Meeting at any time.

No member of the Supervisory Board and no employee or officer of a legal entity that is a member of the Supervisory Board may be a member of the Management Board. If a member of the Supervisory Board is appointed to the Management Board, the term of office of such member on the Supervisory Board ends upon the member's entry into office on the Management Board.

A legal entity may be appointed to the Supervisory Board. On its appointment, the legal entity is required to appoint a permanent representative who is subject to the same conditions and obligations and who incurs the same civil and criminal liability as if the representative were a member of the Supervisory Board in his or her own name, without prejudice to the joint liability of the legal entity he or she represents.

When a legal entity revokes the appointment of its representative, it is required, at the same time, to appoint another representative in its place.

It must immediately inform the Company of its decision. The same procedure is followed in the event of the death or resignation of the permanent representative.

Vacancies – Cooptation

If one or more seats on the Supervisory Board become vacant because of the death, resignation or other impediment of a member, the Board may make provisional appointments between two (2) Shareholders' Meetings.

If the number of members of the Supervisory Board falls below eight (8), the Supervisory Board must make provisional appointments to fill the Board within three (3) months from the date on which the vacancy occurs.

Provisional appointments made by the Supervisory Board are subject to ratification at the next Ordinary Shareholders' Meeting; the member appointed to replace another will remain in office only for the rest of his or her predecessor's term.

If provisional appointments are not ratified, the resolutions adopted and the actions taken previously by the Supervisory Board nonetheless remain valid.

If the number of members of the Supervisory Board falls below three (3), the Management Board must call an Ordinary Shareholders' Meeting to fill the Board within thirty (30) days from the date on which the vacancy occurs.

BIOGRAPHICAL DETAILS AND OTHER POSITIONS HELD BY MEMBERS OF THE SUPERVISORY BOARD

Mohamed BENCHÂABOUN

CHAIRMAN

Nationality: Moroccan
Business address:
Ministry of Economy and Finance

Skills and experience

Mohamed BENCHÂABOUN was born in Casablanca on November 12, 1961. On August 20, 2018, His Majesty King Mohammed VI appointed him Minister of Finance & the Economy.

A graduate of the École Nationale Supérieure des Télécommunications de Paris, Mr. BENCHÂABOUN was made Chief of the Customs & Duties Department in 1996.

After a three-year stint at Customs & Duties, he joined Banque Centrale Populaire, where he fulfilled a number of duties as Deputy CEO.

In September 2003, he was appointed by His Majesty the King as head of the national telecom regulator (Agence Nationale de Réglementation des Télécommunications).

In February 2018 he was appointed Chairman & CEO of Banque Centrale Populaire.

Mr. BENCHÂABOUN has held several senior posts in the private sector, such as Industrial Manager of Alcatel Alsthom in Morocco.

As an active member of professional and institutional bodies, from 2005 to 2006 he chaired the FRATEL network, an association of national telecom regulators, and from 2012 to 2015 was Chairman of the CIBP, the international Banques Populaires confederation.

Currently Mr. BENCHÂABOUN sits on the Economic, Social and Environmental Council as well as on the boards of various banks and companies. He is also a member of the Mohamed V Foundation for Solidarity and of the Mohamed VI Foundation for Environmental Protection.

Current offices

None

Offices expired during the last five years

None

Eissa Mohammed GHANEM AL SUWAIDI

DEPUTY CHAIRMAN

Nationality: Emirati
Business address:
Etisalat – intersection of Sheikh Zayed the First Street and Sheikh Rashid bin Saeed Al Maktoum Road, PO 3838, Abu Dhabi

Skills and experience

Mr. AL SUWAIDI has been Chairman of the Etisalat Group since 2012. He is also Director General of Abu Dhabi Investment Council, United Arab Emirates. He began his career at the Abu Dhabi Investment Authority in 1982.

Mr. AL SUWAIDI is also Chairman of Abu Dhabi Commercial Bank and a member of the Board of Directors of several organizations such as the Abu Dhabi National Oil Company for Distribution, the International Petroleum Investment Company, the Abu Dhabi Fund for Development and the Emirates Investment Authority.

He holds a BA in Economics from Northeastern University in Boston, Massachusetts, USA.

Current offices

- Etisalat Group, Chairman
- Abu Dhabi Investment Council, Managing Director
- Abu Dhabi Commercial Bank, Chairman
- Abu Dhabi National Oil Company for Distribution, Board member
- International Petroleum Investment Company, Board member
- Abu Dhabi Fund for Development, Board member
- Emirates Investment Authority, Board member

Offices expired during the last five years

- Emirates Integrated Telecommunication Company "DU", Board member
- Arab Banking Corporation (BSC), Board member

Abdelouafi LAFTIT

Nationality: Moroccan
Business address:
Ministry of the Interior

Skills and experience

Abdelouafi LAFTIT was born September 29, 1967 in Tafrist. On April 5, 2017, he was appointed by HM King Mohammed VI as Minister of the Interior.

A graduate of the Ecole Polytechnique of Paris in 1989 and the Ecole Nationale des Ponts et Chaussées in 1991, Mr. LAFTIT started his professional career in the financial field in France before joining the port operating office where between 1992 and 2002 he held the post of Director of Ports in Agadir, Safi and Tangiers, before being appointed, in May 2002, Director of the Tangier – Tetouan Regional Investment Center.

On September 13, 2003, Mr. LAFTIT was appointed by HM the King to be Governor of Fahs-Anjra Province, and in October 2006, he was then appointed Governor of the Province of Nador, a position he held until his appointment in March 2010 as Chairman and Managing Director of the Société d'Aménagement pour le Reconversion de la Zone Portuaire de Tanger.

On January 24, 2014, he was appointed by HM the King to be Wali of the Rabat-Sale-Zemmour-Zaer Region, Governor of the Rabat Prefecture.

Abderrahmane SEMMAR

Nationality: Moroccan
Business address:
Ministry of Economy and Finance

Skills and experience

Abderrahmane SEMMAR is Director for Public Enterprises and Privatization at the Ministry for Economy and Finance.

For nearly 34 years, including 32 years in the Ministry of Economy and Finance, he served as Head of the Division of Programming and Restructuring and Deputy Director for Information Design and Systems.

He also serves as Chairman of the Interministry Commission on Public-Private Partnership and Chairman of the Permanent Committee of the National Accounting Board.

Mr. SEMMAR has a degree in Business Administration from the University of Casablanca, a post-graduate degree in Economics from the University of Rabat and a doctoral degree from École Nationale d'Administration Publique of Rabat.

Hatem DOWIDAR

Nationality: Egyptian
Business address:
Etisalat – intersection of Sheikh Zayed the First Street and Sheikh Rashid bin Saeed Al Maktoum Road, PO 3838, Abu Dhabi

Skills and experience

Mr. DOWIDAR has been Managing Director of Etisalat International since March 2016. He joined Etisalat in September 2015 as Executive Director of Group Operations.

He was Chairman of the Board of Directors of Vodafone Egypt and Deputy Executive Director of Vodafone Group. Mr. DOWIDAR has more than 25 years of experience in multinational companies.

He first joined Vodafone Egypt in 1999 as Marketing Director, then served as Executive Director of Vodafone Malta, followed by the position of Executive Director of Vodafone Egypt from 2009 to 2014.

Mr. DOWIDAR, 46, holds a Bachelor's degree in Communication and Electrical Engineering from the University of Cairo and an MBA from the American University of Cairo.

Current offices

- Etisalat Egypte, Board member
- PTCL (Pakistan), Board member
- Ufone (Pakistan), Board member
- Barclays (Egypte), Board member

Offices expired during the last five years

- GSMA (Angleterre), Board member
- Etisalat Nigeria, Board member
- Vodafone Egypte, Chairmain
- Vodacom (South Africa), Board member

Saleh AL ABDOOLI

Nationality: Emirati
Business address:
Etisalat – intersection of Sheikh Zayed the First Street and Sheikh Rashid bin Saeed Al Maktoum Road, PO 3838, Abu Dhabi

Skills and experience

Saleh AL ABDOOLI is the Chief Executive Officer of the Etisalat Group and serves as Etisalat CEO in the United Arab Emirates. He is also Vice-Chairman of the Board of Directors, Chairman of the Executive Committee of Etisalat Misr, a member of the Board of Directors of Etisalat Services Holding, and the Etisalat representative on the Board of Directors of Mobily.

Mr. AL ABDOOLI launched his career with Etisalat in 1992 as a planning engineer for mobile network systems, and went on to hold several executive positions, including the position of Chief Executive Officer of Etisalat Misr.

Mr. AL ABDOOLI, an engineer, holds a Master's degree in Telecommunications technology, and an electrical engineering degree from the University of Colorado in the United States.

Current offices

- Etisalat Egypte, Vice-Chairman
- Etisalat Services Holding Company (UAE), Chairman
- Mobily (Saoudi Arabia), Board Member, representing Etisalat
- Thuraya (UAE), Chairman

Offices expired during the last five years

None

Mohammed Saif AL SUWAIDI

Nationality: Emirati
Business address:
Etisalat – intersection of Sheikh Zayed the First Street and Sheikh Rashid bin Saeed Al Maktoum Road, PO 3838, Abu Dhabi

Skills and experience

Mr. AL SUWAIDI holds a Bachelor's Degree in Business Administration (1992) from California Baptist University, USA.

Mr. AL SUWAIDI is currently Director General of Abu Dhabi Fund for Development. He was also Head of the Operations Department of this fund for 11 years where he managed all the projects financed by the Fund.

Mr. AL SUWAIDI is Chairman of Al Ain Farms for Livestock Production and Deputy Chairman of Arab Bank for Investment and Foreign Trade.

Current offices

- Abu Dhabi Fund for Development, Managing Director
- Arab Bank for Investment and Foreign Trade, Deputy Chairman
- First Gulf Bank, Board member
- Center of Food Security of Abu Dhabi, Board member
- Al Ain Farms for Livestock Production, Chairman
- UAE Red Crescent, Board member
- Aghtia, Board member
- CEPSA, Board member

Offices expired during the last five years

Al Hilal Bank, Board member

Mohammed Hadi AL HUSSAINI

Nationality: Emirati
Business address:
Etisalat – intersection of Sheikh Zayed the First Street and Sheikh Rashid bin Saeed Al Maktoum Road, PO 3838, Abu Dhabi

Skills and experience

Mr. AL HUSSAINI, holds a Master's degree in International Commerce from Switzerland and has professional experience in banking/finance, real estate and investments. He currently serves on the Board of Directors of five listed companies: Etisalat, Emirates NBD, Emirates Islamic Bank, Dubai Refreshments and Emaar Malls. He also serves on the Board of Directors of Dubai Real Estate Corporation. He comes from a long line of entrepreneurs whose main line of work is commerce.

Current offices

- Etisalat Group, Board member
- Emirates NBD, Board member
- Emirates Islamic Bank, Board member
- Dubai Refreshments, Board member
- Emaar Malls, Board member
- Dubai Real Estate Corporation

Offices expired during the last five years

- National General Insurance, Board member
- Takaful House, Board member
- Dubai Bank, Acting Chairman
- Emirates Financial Services, Chairman
- Economic Zones World, Board member

Serkan OKANDAN

Nationality: Cypriot
Business address:
Etisalat – intersection of Sheikh Zayed the First Street and Sheikh Rashid bin Saeed Al Maktoum Road, PO 3838, Abu Dhabi

Skills and experience

Mr. OKANDAN is a recognized expert in regional and international telecoms. In January 2012, he joined the Etisalat Group as Chief Financial Officer following a long and fruitful spell at Turkcell where he served as Group Chief Financial Officer between 2006 and 2011 and as Acting CEO for Ukraine operations in 2010. He began his professional career at PwC in 1992. Prior to his appointment *as a GCFO at* Turkcell, he was entrusted with the job of Group Financial Controller at Turkcell. In his prior assignment as a GCFO he led the Finance function of Turkcell, a publicly listed company, and its operations across eight different countries. He is known for his wealth of experience in IFRS, debt capital markets, syndicated loans, acquisitions and disposals at the regional and international level.

Mr. OKANDAN was awarded a degree in Economics from Bosphorus University, Istanbul, Turkey, in 1992.

Current offices

- Etisalat Group, Chief Financial Officer
- Ufone (Pakistan), Board member and Chairman of the Audit Committee
- PTCL (Pakistan), Board member and Chairman of the Audit Committee
- Etisalat Services Holding (ESH), Board member and Chairman of the Audit Committee
- Mobily (Saudi Arabia), Board member and member of the Audit Committee

Offices expired during the last five years

- Turkcell (Turkey), CFO
- Turkcell (Ukraine), Acting CEO
- Mobily (Saudi Arabia), Deputy CEO

OPERATION AND RESPONSIBILITIES OF THE SUPERVISORY BOARD

Chairman – Deputy Chairman

The Board elects from among its members a Chairman and a Deputy Chairman who each have the power to convene the Board and to chair its deliberations and who hold office for their term on the Supervisory Board.

The Chairman and the Deputy Chairman must be individuals.

The Board may appoint a secretary at each meeting who may be chosen from outside the members of the Board.

Calling of meetings – Deliberations

The Supervisory Board meets when called by its Chairman or Deputy Chairman, whenever the interests of the Company require, at the registered office or any other location specified in the notice of meeting. The notice of meeting may be sent by registered mail with return receipt or by email with acknowledgment of receipt or by international express courier, fifteen days before the date of the meeting; this period may be reduced if all the members of the Supervisory Board agree.

The Supervisory Board may validly deliberate only if at least half of the members of the Supervisory Board are in fact present.

If this quorum is not reached, the Chairman or the Deputy Chairman of the Supervisory Board will convene a second meeting, in the same manner as the first called meeting, seven business days before the date of the meeting, where the postmark, the certificate of delivery or the electronic acknowledgment of receipt is authentic. The notification of the second meeting must, in any event, be delivered at the latest during the week following the holding of the first meeting. If a quorum is still not reached, a third meeting is called and held in accordance with the terms and conditions for a minimum quorum established by Moroccan law. It is agreed that in the event that a quorum is not reached at the time specified in the notice for the meeting of the Supervisory Board, the beginning of the meeting will be postponed by one hour.

Members of the Supervisory Board attending a meeting of the Supervisory Board by videoconference or equivalent means that allow identification as stipulated by the regulations in force are deemed present for calculating the quorum and majority.

This provision does not apply when the agenda refers to the appointment and removal of the Chairman of the Board, approval of the Company's financial statements and the convening of Shareholders' Meetings.

In addition to the transactions subject by law to prior approval of the Supervisory Board and in accordance with Article 10.5.3 of the Bylaws, the following decisions require the prior approval of the Supervisory Board, voting by simple majority of the members present or represented:

- the examination, approval and revision of the business plan;
- the examination, approval and revision of the budget (without prejudice to the provisions of Article 10.5.4 (iii) of the Bylaws);
- the prior approval of any services agreement or any other contract between the Company or its Affiliates and one of its minority shareholders or one of its Affiliates, excluding contracts relating to current arm's length transactions;
- the annual or multi-annual labor policy, including policies for compensation, training, human resources management and the creation of incentive plans for employees or senior managers of the Company;
- subject to Article 10.5.4 (v) in the Bylaws, any proposal to the Shareholders' Meetings to appoint one of the two auditors of the Company;
- the appointment of members of the Management Board in accordance with applicable laws and the provisions of Article 9 of the Bylaws;
- the creation of committees, the drafting, approval or amendment of their bylaws or their mission;
- approval of the proposed resolutions to be submitted to the Company's Shareholders' Meeting concerning appropriation of the earnings of the Company and its subsidiaries (dividends, reserves, etc.) under the terms stipulated in Articles 16 and 10.5.4 of the Bylaws;
- any change in the Company's accounting policies not required by law or by the applicable regulations, unless such change has a significant impact on the distributable profit of the Company, in which case the decision should be taken by qualified majority in accordance with Article 10.5.4 (i) of the Bylaws;
- any transfer of a shareholding in an entity holding one or more operating licenses for fixed-line and mobile telecommunications networks open to the public, if the annual financial statements of said entity, certified by the Statutory auditors, show negative EBITDA for the last two consecutive years, calculated in accordance with accounting standards currently in force within the Company (such an entity is hereinafter referred to as "Loss-Making Entity");
- determining the transfer price and terms of the sale agreement on disposal of an interest in an entity that has one or more network operating licenses of fixed-line and mobile telecommunications open to the public, if it is not a Loss-Making Entity, as referred to in Article 10.5.4 (x) of the Bylaws.

However, as an exception to the provisions of Article 10.5.3 described above and the provisions of Article 10.5.4 of the Bylaws, the following decisions must be approved by a qualified majority of three-fourths of the members of the Supervisory Board present or represented:

- any significant change in the Company's accounting policies having a material impact on the Company's distributable profit, unless such change is required by law or the applicable regulations;
- the revocation, surrender or transfer of licenses or the granting of major operating facilities;
- any decision aiming to oblige the Company or its Affiliates, in respect of any action or any legal, administrative or arbitration proceedings, involving the Company or its Affiliates, and sums due or receivable by the Company or its Affiliates, in an amount greater than three hundred million dirhams;

- any decision concerning the entering into, amendment and/or termination of any contract for the provision of services, or any other agreement between, on one hand, the Company or its Affiliates and on the other, the controlling shareholder or its Affiliates, excluding agreements relating to current arm's length transactions;
- any proposal to the Shareholders' Meeting to appoint the second Statutory auditor of the Company;
- any decision for a merger, in any form whatsoever, between the Company's businesses and any business(es) controlled by the majority shareholder which compete(s) with the Company in Fixed-line, Mobile or Internet telecommunications sectors and in exchanges of data;
- any decision to dispense with the requirement that a member of the Management Board must be an employee of the Company and/or must be present in Morocco for more than one hundred eighty-three days a year;
- any overrun of more than 30% of the limits set in the Budget for investments or divestments or for borrowing or lending;
- any creation of a Company Affiliate or Company Affiliates with share capital or initial stockholders' equity in excess of three hundred million dirhams, and any acquisition(s) or sale(s) of ownership interest in any group or entity in an amount of more than three hundred million dirhams;
- any acquisition of ownership interest in an entity holding one or more operating licenses for fixed-line and mobile telecommunications networks open to the public; and any decision in principle to sell the ownership interest in such an entity if it is not a Loss-Making Entity;
- any decision(s), including in the event of internal restructuring, concerning (a) a merger, spin-off, partial transfer or lease management of all or part of the goodwill of the Company or its Affiliates, and (b) any decision to wind up, liquidate or terminate a substantial business belonging to the Company or its Affiliates, provided that the decisions referred to in (a) and (b) above may only be made by qualified majority if they concern an Affiliate whose estimated value or business exceeds five hundred (500) million dirhams; and
- any exemption from an obligation under the dividend distribution policy set out in Article 16 of the Bylaws to distribute dividends in an amount at least half the distributable profit.

In addition, and pursuant to the provisions of Article 10.5.5 of the Bylaws described below, the Supervisory Board may not submit the following resolutions to the Shareholders' Meeting unless they have been adopted by at least three-fourths of the members of the Supervisory Board present or represented:

- a proposal to change the Company's Bylaws concerning, among other things, an increase or decrease in the Company's share capital;
- a proposal for the Company to issue new types of shares or securities;
- a proposal to modify substantially the corporate purpose and/or principal business of the Company, or any of its Affiliates holding one or more operating licenses for fixed-line and mobile telecommunications networks open to the public;
- a proposal to amend the rights and obligations attached to the Company's shares;
- a proposal to change the closing or opening dates of the Company's fiscal year;
- a proposal to revoke the appointment of members of the Management Board or of the Supervisory Board appointed at the request of one of the minority shareholders pursuant to the provisions contained in Articles 9 and 10 of the Bylaws;
- any proposal to rebrand the Company's trading name or to change the brand or trade name of the Company in Morocco or among the Company's affiliates.

Duties and Powers of the Supervisory Board

The Supervisory Board exercises permanent oversight over the Management Board's management of the Company. At any time of the year, it performs the checks and controls that it considers appropriate, and may request any documents that it considers necessary for the performance of its duties.

The members of the Supervisory Board may review any information or data relating to the life of the Company.

The Supervisory Board may, within the limits it sets and subject to the provisions of Article 10.5 of the Bylaws cited above, authorize the Management Board to sell real estate, sell all or some holdings, set up security interests as well as sureties, pledges, endorsements or guarantees in the name of the Company.

It presents its comments on the Management Board report and the financial statements for the fiscal year to the Annual Shareholders' Meeting.

The Supervisory Board may set up, within the Board and with the assistance, if deemed necessary, of third parties, whether shareholders or not, technical committees to study questions it refers to them for an opinion. The activities of these committees and advice given or recommendations made are reported at Board meetings.

These committees have advisory powers and act under the authority of the Supervisory Board that has created them and to which they report.

Committee members are appointed by the Supervisory Board. Unless otherwise decided by the Supervisory Board, the term of office of committee members is the same as their term as members of the Supervisory Board.

Each committee establishes its own rules of procedure which must be approved by the Supervisory Board.

Compensation

The Shareholders' Meeting may allocate to members of the Supervisory Board, as compensation for their work, an annual fixed sum as Directors' fees. The Supervisory Board may also allocate exceptional compensation for the duties or offices held by its members.

Liability

The members of the Supervisory Board are liable, individually or jointly as applicable, to the Company or to third parties, either for violations of the laws or regulations applicable to corporations, or for breaches of the Bylaws, or for misconduct in their management.

If several members of the Supervisory Board have contributed together to the same acts, the court will determine the contribution of each in the reparation for damages.

The members of the Supervisory Board are liable for personal misconduct committed in the performance of their duties. They incur no liability in respect of management actions and their outcome. They may be found civilly liable for offenses committed by members of the Management Board if, having knowledge of such offenses, they have not disclosed them to the Shareholders' Meeting.

In 2018, the Supervisory Board met three (3) times, to approve both the performance of the business and its growth prospects in the medium to long term, with an average attendance rate of nearly 74%.

Mohamed BOUSSAÏD, Abdelouafi LAFTIT, and Abderrahmane SEMMAR (three members) were appointed to the Supervisory Board on the recommendation of the Kingdom of Morocco; and Eissa Mohamed AL SUWAIDI, Mohammed Hadi AL HUSSAINI, Hatem DOWIDAR, Saleh AL ABDOOLI, Mohammed Saif AL SUWAIDI, and Serkan OKANDAN (six members) were appointed on the recommendation of Etisalat.

3.2.3.2 AUDIT COMMITTEE

Morocco Telecom has an Audit Committee, the main purpose of which is to assist the Supervisory Board in exercising its oversight responsibilities relating to financial reporting, internal control systems, risk management, audits, and compliance with the laws and regulations in force and with the Code of Ethics.

To perform its task of assessing and validating the Company's internal control systems, the Audit Committee is supported by the General Control Department, defining its action plan and analyzing its findings.

The attendance rate among Audit Committee members at meetings held in 2018 was 100%.

COMPOSITION

Since July 17, 2014, the Audit Committee has been composed of five members, namely two representatives of the Kingdom of Morocco and three representatives of the Etisalat Group, including the Chairman.

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The composition of the Audit Committee is as follows:

Name	Current position	Date of appointment	Primary Occupation or Employment
Mohamed Hadi AL HUSSAINI	Chairman	2014	Member of the Board of Directors of Etisalat
Samir Mohamed TAZI	Member	2017	Wali (regional governor), official in the Ministry of the Interior
Abderrahmane SEMMAR	Member	2016	Head of Public Enterprises and Privatization, Ministry of Finance & the Economy
Serkan OKANDAN	Member	2014	Chief Financial Officer of Etisalat Group
Mohammed DUKANDAR	Member	2016	Chief Internal Control and Audit Officer of Etisalat Group (UAE and International Operations)

Biographical details and other positions held by members of the Audit Committee

Mohamed Hadi AL HUSSAINI

Mr. Mohamed AL HUSSAINI, an Emirati national, holds a Master's degree in International Commerce from Switzerland and has professional experience in banking/finance, real estate and investments. He currently serves on the Board of Directors of five listed companies: Etisalat, Emirates NBD, Emirates Islamic Bank, Dubai Refreshments and National General Insurance. He comes from a long line of entrepreneurs whose main line of work is commerce.

Samir Mohamed TAZI

Samir Mohammed TAZI is a Wali and an official in the Ministry of the Interior. He holds an engineering degree from the Ecole Polytechnique and an engineering degree from the Ecole Nationale des Ponts et Chaussées obtained, respectively, in 1983 and 1988.

In May 2001, Mr. TAZI was appointed Deputy Budget Director in charge of the Coordination of Industry and Synthesis Structures, a position he held until his appointment in June 2010 to Head of the Public Sector Entities and Privatization Department. In February 2016, he was appointed by HM King Mohammed VI to be Managing Director of Local Authorities.

In 2011, Mr. TAZI was decorated Wissam Officer of the Order of the Throne. He is a member of the Competition Authority and a director of several public sector entities including the National Ports Agency, the National Railways Office, the National Airports Authority and Crédit Agricole du Maroc.

In June 2017, Mr. TAZI was appointed by His Majesty King Mohammed VI as Wali and Managing Director of the FEC, a municipal infrastructure investment fund.

Abderrahmane SEMMAR

Mr. Abderrahmane SEMMAR is Director of Public Companies and Privatization in the Ministry of the Economy and Finance. For nearly 34 years, including 32 years in the Ministry of Economy and Finance, he served as Head of the Division of Programming and Restructuring and Deputy Director for Information Design and Systems. He also serves as Chairman of the Interministry Commission on Public-Private Partnership and Chairman of the Permanent Committee of the National Accounting Board. Mr. SEMMARhas a degree in Business Administration from the University of Casablanca, a post-graduate degree in Economics from the University of Rabat and a doctoral degree from École Nationale d'Administration Publique of Rabat.

Serkan OKANDAN

Mr. Serkan OKANDAN joined Etisalat in January 2012 as Chief Financial Officer of the Etisalat Group. Before that, he was Group Chief Financial Officer of Turkcell. He began his career at PricewaterhouseCoopers in 1992 and was a Financial Controller at DHL and Frito Lay before joining Turkcell. He is a member of the Board of Directors and Chair of the Audit Committee of PTCL, and Ufone and a member of the Board of Directors of Etisalat Services Holding.

Mr. OKANDAN holds a degree in Economics from Bosphorus University.

Mohamed DUKANDAR

Mr. DUKANDAR, Chief Internal Control and Audit Officer, directs the consolidated internal control and audit functions (UAE & International Operations). Mr. DUKANDAR is a Certified Accountant, Certified Internal Auditor (CIA) and Certified Self-Control Assessment (CCSA) with more than 20 years experience in governance, including Enterprise Risk Management (ERM), Insurance, Internal/External Audits, and Legal Analysis (Forensics). He has served as Director of Internal Audit in the Telkom Group (South Africa) since 2009. In this position, he was responsible for providing to the Board and Management assurance about the control environment and the areas with high exposures to material risks.

Mr. DUKANDAR began his career as an Auditor with KPMG Inc. in 1996 and then worked for the National Treasury and the City of Joburg (South Africa).

OPERATION

The Audit Committee was set up by the Supervisory Board in 2003 to respond to calls from shareholders to adopt international standards for corporate governance and internal control at Maroc Telecom.

The Audit Committee was convened for the first time in May 2004, and held five meetings in 2018. Its role is to make recommendations and proposals to the Supervisory Board on matters such as:

- review of statutory and consolidated financial statements before their submission to the Supervisory Board;
- consistency and effectiveness of the Company's internal audit process;
- supervision of audit programs of internal and external auditors and review of their audit findings;
- accounting policies and methods, and consolidation scope;
- the Company's off-balance-sheet risks and commitments;
- monitoring of the Company's insurance policies;
- procedures for the selection of the Statutory auditors, formulation of an opinion on the fees requested for the performance of their audit duties, and the monitoring of compliance with the rules guaranteeing auditor independence; and
- any issues that the committee believes might pose risks or serious procedural problems for the Company.

3.2.3.3 MANAGEMENT'S INTEREST

3.2.3.3.1 Compensation paid to members of the management and supervisory bodies

As part of its appointment decision, the Supervisory Board sets the method and the amount of the compensation for each Management Board member. A Compensation Committee consisting of the Chairman and Deputy Chairman of the Supervisory Board meets once a year to review the aggregate compensation of the members of the Management Board, including a variable portion, and submits its recommendation to the Supervisory Board.

The total gross compensation paid by the Company, its subsidiaries, and all controlling companies to members of the Management Board for their work on behalf of Maroc Telecom Group for the 2018 fiscal year stood at MAD 96 million. The variable portion, for 2018, was determined for Management Board members on the basis of the following criteria: (a) Maroc Telecom's financial objectives and (b) the priority actions of their activity.

The following table shows the compensation for the last three fiscal years:

(in MAD million)	2018	2017	2016
Short-term benefits	96	84	55
Termination benefits	117	105	65

Based on compensation for 2018, the minimum amount to be paid by the Company in the event of termination of employment contracts of members of the Management Board, except in cases of gross negligence or willful misconduct, would amount to MAD 117 million. Furthermore, the Company bears the cost of entertainment and travel expenses incurred by members of the Management Board in the course of their duties.

The impact of benefits in kind and special complementary pension plans set up for corporate officers is included in the figures in the above table.

For members of the Supervisory Board, the Shareholders' Meeting of April 26, 2016 voted to allocate the aggregate annual amount of two million five hundred forty thousand dirhams in Directors' fees to the members of the Supervisory Board and the Audit Committee.

This decision remains valid until a new decision is made by the Shareholders' Meeting. The conditions and criteria for distributing the fees must be set by the Supervisory Board.

3.2.3.3.2 Ownership of Company shares by members of the management bodies

At December 31, 2018, the members of the Management Board directly or indirectly held 76,303 shares in Maroc Telecom.

3.2.3.3.3 Conflicts of interest and other relevant considerations

Over the past five years, no member of Maroc Telecom's Management Board or Supervisory Board has been convicted of fraud; no member of the Management Board or Supervisory Board has been associated with a bankruptcy, receivership or liquidation; and no official public indictment and/or sanction has been issued against them by legal or regulatory authorities or professional organizations. Similarly, no corporate officer of Maroc Telecom has been prevented by a Court from acting as a member of an executive, management or supervisory body of an issuer, or from participating in the management or the business of an issuer.

Finally, the appointment of members of the Management Board and Supervisory Board is governed by a Shareholders' Agreement under the terms and conditions described in Section 3.2.2.2.4 "Shareholders' Agreements."

3.2.3.3.4 Management's interest in key customers or suppliers

None

3.2.3.3.5 Service agreements

With the exception of employment contracts between members of the Management Board and the Company, there are currently no contracts between members of the Management Board or Supervisory Board and the Company and/or its subsidiaries that bestow any particular benefits.

3.2.3.3.6 Loans and guarantees granted to senior managers

None

3.2.3.4 RELATED-PARTY AGREEMENTS

3.2.3.4.1 Legal framework

Under Articles 95 et seq. of Moroccan Law 17-95 on corporations, as amended and supplemented by Law 20-05 and Law 78-12, any agreement between the Company and, whether directly or indirectly, a member of the Management or Supervisory Boards, or between the Company and any shareholder directly or indirectly holding more than 5% of the share capital and voting rights, is subject to prior authorization from the Supervisory Board.

The same applies to agreements in which one of the persons referred to in the preceding paragraph is indirectly involved or in which he or she deals with the Company by proxy.

Agreements between the Company and another company are also subject to the same authorization if one of the members of the Management Board or the Supervisory Board is the owner, an indefinitely associated partner, manager, director, Chief Executive Officer or member of the Management Board or Supervisory Board of the company.

Related-party agreements entered into in the first half of 2018, as well as agreements from previous years still in effect in the first half of 2018, are presented below. However, these agreements are not the only existing parent-subsidiary flows between Maroc Telecom and its subsidiaries.

3.2.3.4.2 Related-party agreements renewed in 2018

AGREEMENT WITH THE MOROCCAN ROYAL FEDERATION OF TRACK AND FIELD (FRMA)

The agreement between Maroc Telecom and FRMA, of which Mr. Abdeslam AHIZOUNE is also Chairman, expired in December 2018.

At its meeting of December 7, 2018, the Supervisory Board renewed the agreement for a maximum period of three (3) years and a maximum amount of three million dirham (MAD 3,000,000) a year.

3.2.3.4.3 Agreements from previous years still in effect in 2018

BRAND LICENSING AGREEMENTS

As of January 26, 2015, Maroc Telecom became the majority shareholder of Atlantique Telecom Côte d'Ivoire, Etisalat Benin, Atlantique Telecom Togo, Atlantique Telecom Niger, Atlantique Telecom Gabon (entity absorbed by Gabon Telecom on June 29, 2016, effective from January 1, 2016) and Atlantique Telecom Centrafrique. As a result, Maroc Telecom acquired the rights related to the Brands "Moov" and "No Limit" belonging to the

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Etisalat Group as well as related Brand Licensing agreements with regard to the above subsidiaries.

Maroc Telecom is a majority shareholder of those entities and for Gabon Telecom, Mr. BOUDAOUD is also a member of the joint management bodies.

TECHNICAL ASSISTANCE AGREEMENTS

As of January 26, 2015, Maroc Telecom became the majority shareholder of Atlantique Telecom Côte d'Ivoire, Etisalat Benin, Atlantique Telecom Togo, Atlantique Telecom Niger, Atlantique Telecom Gabon (entity absorbed by Gabon Telecom on June 29, 2016, effective from January 1, 2016) and Atlantique Telecom Centrafrique. As a result, Maroc Telecom acquired the rights stemming from the Technical Assistance agreements by and between these companies and the Etisalat Group.

Maroc Telecom is a majority shareholder of those entities, and for Gabon Telecom Mr. BOUDAOUD is also a member of the joint management bodies.

AGREEMENTS FOR CURRENT-ACCOUNT ADVANCES

As of January 26, 2015, Maroc Telecom became the majority shareholder of Atlantique Telecom Côte d'Ivoire, Etisalat Benin, Atlantique Telecom Togo, Atlantique Telecom Niger, Atlantique Telecom Gabon (entity absorbed by Gabon Telecom on June 29, 2016, effective from January 1, 2016) and Atlantique Telecom Centrafrique. Maroc Telecom also acquired the current accounts of the Etisalat Group in these subsidiaries.

Maroc Telecom is a majority shareholder of those entities, and for Gabon Telecom Mr. BOUDAOUD is also a member of the joint management bodies.

TECHNICAL SERVICES AGREEMENT WITH ETISALAT

In May 2014, Maroc Telecom signed a service agreement with Emirates Telecommunications Corporation (Etisalat), under which the latter is to provide Maroc Telecom, at its request, directly or indirectly, with technical support services, including in the following areas: digital media, insurance, and financial ratings.

These services may be performed by expatriate staff.

On May 14, 2014, Etisalat became the principal shareholder of Maroc Telecom via SPT. Members of the management bodies common to both parties are: Messrs. Eissa Mohammad AL SUWAIDI, Hatem DOWIDAR, Saleh Abdooli, Serkan OKANDAN and Mohammad Hadi AL HUSSAINI.

SERVICE AGREEMENT WITH GABON TELECOM

In November 2016, Gabon Telecom signed an agreement with Maroc Telecom under which it provides services in the following areas: strategy and development, organization, networks, marketing, finance, purchasing, human resources, information systems and regulation.

These services are carried out mostly by expatriate employees.

Maroc Telecom is a majority shareholder of Gabon Telecom and the member of the management bodies in common is M. Brahim BOUDAOUD.

SERVICE AGREEMENT WITH SOTELMA

In 2009, Sotelma and Maroc Telecom signed an agreement under which Maroc Telecom provides it with technical support and services.

Maroc Telecom is a majority shareholder of Sotelma and the member of the management bodies common to both parties is Mr. Larbi GUEDIRA.

SERVICE AGREEMENT WITH ONATEL

In September 2007, Onatel signed an agreement with Maroc Telecom under which Maroc Telecom provides services to Onatel in the following areas: strategy and development, organization, networks, marketing, finance, purchasing, human resources, information systems and regulations.

These services are carried out mostly by expatriate employees.

Maroc Telecom is the majority shareholder of Onatel.

SERVICE AGREEMENT WITH MAURITEL

In fiscal year 2001, Mauritel SA signed an agreement with Maroc Telecom under which Maroc Telecom provides services and technical assistance and transfers equipment to Mauritel SA.

Maroc Telecom is the majority shareholder of Mauritel SA and the member of the management bodies in common is Mr. Hassan RACHAD.

AGREEMENT RELATING TO THE ACQUISITION AND FINANCING OF ETISALAT SUBSIDIARIES

The agreement concerns the settlement by Maroc Telecom of the purchase price in five interest-free maturities and the granting of a zero-interest loan of USD 200 million from Etisalat, which the company reallocated to certain acquired subsidiaries.

Etisalat is Maroc Telecom's majority shareholder. The members of the management bodies for Etisalat are Eissa Mohammad AL SUWAIDI, Mohammad Hadi AL HUSSAINI, Hatem DOWIDAR, Saleh Abdooli and Serkan OKANDAN.

CONTRACT WITH CASANET

Since 2003, Maroc Telecom has signed several agreements with its subsidiary Casanet, the purpose of which is, among other goals, the maintenance in operation conditions of the Menara internet portal of Maroc Telecom, the supply and development and hosting services for the mobile portal of the Maroc Telecom websites.

Maroc Telecom is the majority shareholder of Casanet and the member of the management bodies in common is Mr. Hassan RACHAD.

CURRENT-ACCOUNT ADVANCE – CASANET

Maroc Telecom decided to entrust its business directory activities to its subsidiary Casanet.

In relation to this, the Supervisory Board on December 4, 2007 authorized the payment by the Company of the necessary investments costs, which will be financed through non-interest-bearing current-account advances.

Maroc Telecom is the majority shareholder of Casanet and the member of the management bodies in common is Mr. Hassan RACHAD.

4

DESCRIPTION OF THE GROUP, BUSINESS OPERATIONS, LEGAL AND ARBITRATION PROCEEDINGS

4
DESCRIPTION OF THE GROUP, BUSINESS OPERATIONS, LEGAL AND ARBITRATION PROCEEDINGS

4.1 DESCRIPTION OF THE GROUP

4.1.1 OVERVIEW

Maroc Telecom is the incumbent telecommunications operator in the Kingdom of Morocco. It is operates in the Fixed-Line telephony, Mobile telephony and Internet segments. Since 2001 Maroc Telecom Group has focused on international development. The Group acquired a controlling interest in the incumbent operators of Mauritania (Mauritel, via CMC holding), Burkina Faso (Onatel) in December 2006 and Mali (Sotelma) in July 2009. The Group acquired a controlling interest in Gabon Telecom in February 2007.

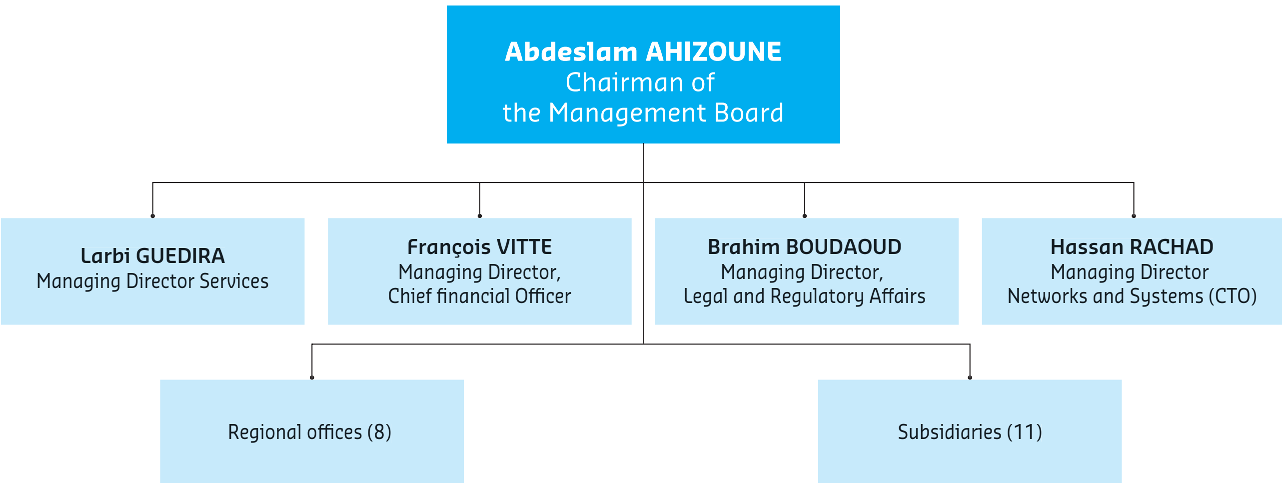
In January 2015, Maroc Telecom finalized the acquisition, started on May 4, 2014, of the six subsidiaries of Etisalat in Benin, Côte d'Ivoire, Gabon, Niger, the Central African Republic and Togo.

In addition, Maroc Telecom owns 100% of Casanet, a leading internet service provider in Morocco and host of the menara.ma web portal.

Maroc Telecom is organized by "Business Units" around its business activities and services. The Fixed-Line and Mobile operating segments are combined within the Services Division (DGS) and the Networks and Systems Division (DGRS), while support functions are covered by the Regulatory and Legal Affairs Division (DGRAJ) and the Administration and Finance Division (DGAF). Within the strategic framework defined by the Group's management bodies, these divisions ensure oversight of subsidiaries and compliance with the rules of Maroc Telecom Group.

Maroc Telecom is decentralized, with eight Regional Offices each with their own operating structure and support functions.

The Maroc Telecom Group's organizational chart at December 31, 2018, was as follows:



For details on the percentage ownership of the subsidiaries, please refer to Note 2 of the consolidated accounts.

Since May 14, 2014, Maroc Telecom has been part of Etisalat Group, the UAE's incumbent operator with operations in 15 countries in the Middle East, Asia and Africa. Etisalat began its international expansion in 2004 when it acquired its first 3G mobile license in Saudi Arabia. Since then, the operator has continued to grow, becoming one of the most dynamic operators in the world.

Source: Etisalat.

4.1.2 HUMAN RESOURCES

Human resources management is the mainstay of the MT Group's performance. The Group's development essentially relies on the expertise, know-how and commitment of its employees.

Maroc Telecom's human resources policy is based on the recognition of performance, skills development, fairness and equal opportunities.

4.1.2.1 EMPLOYEES OF THE MAROC TELECOM GROUP

Group headcount

The tables below illustrate the changes in headcount at Maroc Telecom during the three fiscal years ended December 31, 2016, 2017 and 2018:

	2018	2017	2016
Maroc Telecom	7,689	7,920	8,878
Subsidiaries	2,920	2,959	3,098
GROUP	**10,609**	**10,879**	**11,976**

NB: for the average number of employees of Maroc Telecom Group see Note 19 to the consolidated financial statements in Chapter 5.

Age and seniority

The average age in the Group is 46.4 years, and the average seniority is 20.2 years.

Staff turnover

Staff turnover %	2018	2017	2016
Maroc Telecom	0.98	1.0	0.9
Subsidiaries	1.28	1.5	2.1
GROUP	**1.0**	**1.1**	**1.2**

The low staff turnover at Maroc Telecom and its subsidiaries is a testimony of employee loyalty.

Change in staff compensation

Payroll costs have changed as follows over the past three fiscal years:

(in MAD million)	2018	2017	2016
Maroc Telecom	1,857	2,190	2,237
Maroc Telecom Group	2,891	3,138	3,260

4.1.2.2 PROFESSIONAL DEVELOPMENT

Recruitment

Aware of the strategic challenges in the changing telecommunications sector, Maroc Telecom is continually adapting its recruitment policy to consolidate its leadership position. The Group's recruitment approach is transparent, equitable, rigorous and highly selective. This attracts the best talent from national and international colleges and universities.

Training

Continuing professional development plays a major part in the skills development of Maroc Telecom employees. The Group provides training in its core activities across its business lines. The training program is regularly updated in light of the latest advances in technology, competitive and organisational developments.

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To meet its training needs Maroc Telecom has a Training Center in Rabat as well as numerous in-house trainers. The Company relies on in-house part-time trainers to transfer business skills. Altogether, approximately 50% of training is provided by the Group's own staff. Maroc Telecom uses external service providers for specific training.

To encourage employees who want to complete long-term qualifying training while they continue to work, Maroc Telecom has introduced a program which finances 80% of the cost of these studies. To date, two class groups have completed this program.

Skills development within the Group's African subsidiaries is also a key part of its modernization strategy. In addition to locally provided training, Maroc Telecom regularly holds seminars, workshops and immersion sessions for the employees of its subsidiaries in order to share with them the Group's business know-how.

Mobility

INTERNAL MOBILITY

Maroc Telecom encourages internal mobility in the interests of nurturing its employees' professional development and ensuring the Company's flexibility in a constantly changing environment. Several programs are in place to help employees get accustomed to their new duties.

INTERNATIONAL MOBILITY

International career opportunities are available to employees wishing to give their careers with the Maroc Telecom Group a new impetus. Talented employees can take up expatriate opportunities in various subsidiaries as part of the Group's modernization strategy. In this way the Group encourages the sharing of skills and best practices with its sub-Saharan subsidiaries.

Skills development

Skills development is at the center of all Maroc Telecom's HR processes. It rests in large part on the Annual Performance Appraisal (EAP). The EAP is an opportunity to discuss formal targets and performance and to assess an employee's expectations and career prospects.

4.1.2.3 EMPLOYEE BENEFITS

Maroc Telecom offers a number of fringe benefits to its employees and their families:

- grants to purchase a means of transport (car or motorbike);
- grants for the hajj;
- housing loan agreements with several banks to facilitate home ownership. The housing loan rates are negotiated with the banks and supplemented by Maroc Telecom;
- assistance and insurance contracts for medical transport;
- additional health insurance to improve the coverage of medical costs incurred by employees;
- medical insurance for serious conditions with complete treatment in countries which have excellent health and medical care facilities;
- death or disability cover;
- an annual flu shot campaign;
- a program to help smokers quit;
- vacation centers in several Moroccan towns and subsidized vacation packages.

4.1.2.4 DIALOGUE BETWEEN MANAGEMENT AND LABOR

Dialogue between management and labor is a tradition at Maroc Telecom. It serves as a platform to discuss the concerns and aspirations of the Company's employees with the unions.

The year 2018 was characterised by continued dialogue and meetings with both employee representatives and trade unions.

4.1.3 MAROC TELECOM'S SUSTAINABLE DEVELOPMENT POLICY

The challenges of sustainable development and social, societal and environmental challenges lie at the center of the policies of many countries. The objective is to value human capital and natural resources in economic development policies and reduce inequality and poverty.

As a major telecommunications operator in Africa, the Group has integrated the concerns of sustainable development in its growth strategy for several years. This strategy has also been based on the three principles of economic efficiency, social equity and environmental responsibility.

The Group has been working for a number of years to facilitate access to communications services for the greatest number of people and conducts a number of programs for the well-being of the population. It maintains responsiveness-based relationships of trust with all its stakeholders, whether employees, customers, shareholders or suppliers.

Maroc Telecom's sustainable development policy is built around three major challenges:

- bridging the digital divide, whether in geographic or social terms, to make information and communication technologies accessible to everyone in every region, no matter how remote;
- contributing to the social and economic development of the country by encouraging business and job creation, facilitating access to education and knowledge, supporting humanitarian initiatives to help those in need, and continuing to support culture and sports;
- acting as a responsible corporation by upholding ethical principles, maintaining transparency in its dealings with customers, suppliers, employees and all stakeholders, and by making every effort to limit the impact of the Company's activities on the environment.

Maroc Telecom has chosen to adopt world-renowned sustainable development standards to measure, promote and build on its performance.

In 2014 Maroc Telecom obtained the CSR Label from the *Confédération Générale des Entreprises du Maroc* (CGEM). The label shows that Maroc Telecom's commitments comply with universal principles of social responsibility and sustainable development in line with objectives from the CGEM charter of corporate social responsibility. The charter meets Moroccan legal requirements, complies with the standards, agreements and recommendations of international organizations such as the UN, ILO and OECD, and is in line with the guidelines of ISO 26000.

Continuing its ongoing progress in the field of sustainable development, early 2017, Maroc Telecom had an independent third-party expert carry out its first CSR audit under the globally acknowledged framework: ISO 26000.

The audit was conducted by Vigeo-Eiris, a leading European non-financial analyst, which gave Maroc Telecom its "Vigeo-Eiris 26 000" certification with an "Advanced" score, which is the highest level on the consultancy's corporate performance ratings scale.

In 2018, Maroc Telecom received its second Vigeo-Eiris 26 000 certification, maintaining its "Advanced" level. This distinction came in the wake of a renewal audit which measured ISO 26 000 compliance and the progress achieved. The results confirmed the continuing implementation of CSR practices and the inclusion of CSR in the company's policies and growth strategy.

4.1.3.1 KEY ACTIONS IN 2018

NICTs for all

Maroc Telecom strives for maximum network coverage across its regions. Long committed to reducing the digital divide, it deploys its telecommunications infrastructure in the remotest areas. It provides voice services to 99.5% of the population and enables 98% of the population to access Mobile Internet services.

In 2017, Maroc Telecom became the first global operator to offer broadband satellite internet access (via VSAT) covering the entire Moroccan territory. Satellite internet access provides stable and broadband internet access even to the most remote parts of Morocco.

Maroc Telecom's subsidiaries are also involved in efforts to connect remote areas. In 2018, they covered 170 remote communities in Benin, Burkina Faso, Côte d'Ivoire, Gabon, Mali, Mauritania, Niger and Togo.

A raft of new initiatives were launched to increase digital use in 2018:

To continue providing solutions for all family members while optimizing costs, Maroc Telecom launched its Wifi 4G+ BOX, a box installed in the home, enabling connection to the Maroc Telecom 4G+ network; these offers include unlimited Wifi internet access, as well as call credit, from 199 MAD/month.

In partnership with Facebook, Maroc Telecom has introduced the "Facebook Flex" service, aimed at young people. It enables them to stay connected to their friends and family when their internet balance has run out, or even when it is low and they want to save it, by accessing many features of the social network (chat, posting, commenting, liking or sharing content) from their mobiles or tablets, free of charge.

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Training young people

Maroc Telecom is committed to supporting young people who are a major part of Morocco's human capital and a driver of its development. It is increasing actions to facilitate their access to learning so that they can expand their knowledge.

Maroc Telecom is the leading contributor to national measures seeking to integrate ICT into education and vocational training.

The roll-out of the third phase of the Génie Program continued in 2018. Under it Maroc Telecom won the contract to equip more than 3,200 schools with ADSL internet access with filters to protect students from sensitive internet content, representing a major participation of 41% among four operators. During the first and second phases of Genie, Maroc Telecom connected nearly 1,300 schools.

Under the Injaz Program Maroc Telecom offers innovative products that so far have provided broadband mobile internet access as well as laptops and tablets at competitive prices to over 88,600 students.

Maroc Telecom also continued its involvement in the Nafida@ Program under which almost 269,000 teachers have obtained internet access at attractive prices.

Thus, Maroc Telecom is contributing 69% and 71% to the Injaz and Nafid@ programs respectively.

To date, the Maroc Telecom Association (MT2E), currently known as "MOSSANADA," has helped 720 bright young people from modest backgrounds to continue their education at universities in Morocco or abroad by offering them five-year scholarships.

Developing young talent

Maroc Telecom has joined a number of initiatives encouraging young people to express their creativity and showcasing their talents, thus furthering their involvement in social and cultural life.

In 2018, Maroc Telecom renewed its support for "Ftour 2.0," a meeting of young web/new technology designers in an Ftour to exchange ideas and express themselves. In 2018, the eighth edition of the Ftour 2.0 brought together hundreds of operators within the Moroccan web community around the theme of "Pooling energies to benefit the digital landscape."

Maroc Telecom also partnered the Oasis festival, Morocco's largest electronic music festival, which attracts big global names in electronic music and new Moroccan talent.

Maroc Telecom has its own sports school, created in 2001. The school provides soccer classes for children ages 6 to 16. It takes in 200 to 250 children every year. The children of employees account for more than one third of the children enrolled. In addition, Maroc Telecom has been a partner of the Mohammed VI Soccer Academy since 2007. The Academy provides high level training and contributes to the preparation of professional players.

Supporting jobs and the economy

Maroc Telecom is continuing to roll out high-speed broadband. This is an important economic issue for Morocco and a key factor in attracting investment throughout the country, enabling firms to be more competitive and harnessing technology to develop new services.

In 2018, Maroc Telecom continued the roll-out of its 4G+ Mobile network and its FTTH (Fiber To The Home) network, which is now available in all big cities across the country.

Maroc Telecom also promotes the use of new technologies in Small and Medium-Sized Enterprises (SME) and start-ups by offering them discounts on telecom products.

In addition, the firm's investments and businesses are having a positive impact on employment, with the creation of nearly 123,000 indirect jobs in Morocco and 740,000 million jobs in all countries in which the Group operates, in activities as diverse as retailing, subcontracting and call centers.

Embracing humanitarian causes

Because it is important to promote solidarity for inclusive, fair and sustainable development, Maroc Telecom is engaged with a number of national foundations and associations that perform humanitarian actions to benefit those who are sick or economically disadvantaged, including the Mohammed V Foundation for Solidarity, the Lalla Salma cancer prevention and treatment foundation, the Heure Joyeuse Association, and the AIDS association (ALCS), etc.

The Company also supports children's charities and organizations, such as the Moroccan Down Syndrome Association, the National Institute for Children's Rights, and the Lalla Asmaa Foundation for Deaf Children.

Supporting culture and sports

Maroc Telecom promotes art and culture in all their diversity, which are elements vital to individual and collective human development.

Every year since 2002, Maroc Telecom has held its summer beach festival in the major cities along Morocco's coast. The free beach festival attracts several million visitors each year.

With over 135 concerts and shows, the 17th beach festival in 2018 drew several million revelers, featuring some of the biggest names in the Moroccan and Arab music scene, as well as over 160 local groups.

Every year, Maroc Telecom partners with the largest and most famous festivals in the Kingdom, which highlight the Moroccan artistic heritage and welcome the greatest national and international artists. It has also been a patron of the Théâtre National Mohammed V de Rabat since 2002 and has been instrumental in publishing various books on Moroccan history and culture.

A pioneer in the introduction of on-demand content, Maroc Telecom continues to enrich the content of its on-demand music and video streaming services, to meet the needs of all and promote access to art, culture and entertainment.

The Maroc Telecom auditorium, with a capacity of 600, was designed to be modular and flexible so that it could host a wide variety of events, including conferences, concerts, shows and film screenings. By opening it to the public, Maroc Telecom underscores its commitment to fostering cultural diversity and universal shared access to culture. Since its inauguration in June 2013, the auditorium has already hosted numerous events.

The Maroc Telecom museum, Morocco's first technological museum, traces the history of the telecom sector; it helps to preserve the nation's cultural heritage and gives current and future generations the opportunity to discover new developments in telecoms technologies in Morocco. Open to the public and with free admission, it arranges regular fun and educational guided tours for children. The museum has tools for those with specific needs, to provide a cultural space that is accessible to all.

For years Maroc Telecom has supported Moroccan sport, which are emblematic of national values and a means of boosting the country's economy. It has formed long-term partnerships with the Royal Moroccan Soccer Federation and the Royal Moroccan Athletics Federation, as their official sponsor since 2000 and 1999 respectively. Maroc Telecom also supports other disciplines, such as equestrian sports, golf, tennis and motor racing.

Environmental protection

Maroc Telecom's environmental policy is based on several commitments both to reduce the environmental impact of the Company's activities and to mobilize, alongside civil society, to meet great environmental challenges.

Initiatives to reduce the use of electricity and raw materials continued in 2018, such as the use of renewable energies (installation of solar energy workshops), systematically introducing more efficient technologies (Single RAN), and promoting digitalization and paperless operations.

Maroc Telecom has introduced a system to assess its environmental compliance: a framework of national regulations and industry best practices, as well as an audit schedule to regularly measure compliance and environmental performance and identify areas for improvement. This system covers environmental management in general, energy and water use, waste production, atmospheric emissions, and visual and noise pollution.

Maroc Telecom is involved in the Voluntary Carbon Offsetting Program, run by the Mohammed VI Foundation for Environmental Protection, and is continuing its work for the Clean Beaches program, set up by the same Foundation. The firm also helped build the Foundation's *Centre de Sensibilisation à la Protection de l'Environnement* (an environmental awareness center) in Bouknadel.

The Maroc Telecom Tower was designed to reduce energy consumption and optimize water use:

- low energy consumption, through centralized management of blinds, air conditioning, lighting, etc., with a double-skinned façade, motion detectors and windows that reduce the need for artificial lighting;
- optimal water management due to rainwater harvesting for outdoor irrigation, timed faucets with infrared sensors, filtering of gray water, etc.

Acts that are appropriate to the surrounding environment to preserve the beauty of the natural landscape, Maroc Telecom uses mobile phone masts that are appropriate to the surrounding environment (for example, masts that resemble a palm or pine tree). It also uses equipment, materials and other techniques (painting, disguising antenna to look like palm fronds, concealed base transceiver stations) to make its mobile sites as unobtrusive as possible.

Finally, the environmental awareness of Maroc Telecom employees is increased through training related to sustainable development.

Preventing risks linked to digital use

One of Maroc Telecom's priorities is to protect the public from risks linked to the use of new technologies, with a special focus on young people.

With this in mind, Maroc Telecom's content is rigorously selected; the Maroc Telecom Facebook page is moderated. Maroc Telecom also offers a range of services to support consumers in protecting their data and usage, such as the SMS Antispam service, which blocks unsolicited SMS (which may come from malevolent networks); the Datacenter Hosting service, which gives companies a secure physical infrastructure (24/7), to host their IT equipment; and the MT Cloud, which offers high-security virtual servers.

GSM and health: strict adherence with standards

Maroc Telecom keeps close watch over health issues related to Mobile telephony and engages in constructive dialogue with local residents and customers who want to be better informed. In addition to tests carried out by the regulator, Maroc Telecom conducts its own annual surveys to measure the intensity of electromagnetic waves near relay masts. In 2018, measurements were taken at almost 550 sites. The results showed that all sites met international standards.

CSR audit of commercial partners

Since 2010, "sustainable development" clauses have been included in all supplier agreements. These clauses cover respect for fundamental human rights and labor rights as well as commitments relating to environmental protection and anti-corruption measures.

Since 2012, Maroc Telecom's Internal Audit Department has performed annual supplier audits to verify compliance with these clauses.

Since 2014, a charter of these same principles has been deployed with Maroc Telecom distributors and "Full Image" retailers.

Since 2015, it has included the distributors and "Full Image" retailers within the scope of the audits.

At end 2018, 70 audits had been conducted with 65 partners.

Participation in extra-financial ratings

Maroc Telecom has been included in the non-financial ranking by Vigeo-Eiris of over 40 companies listed on the Casablanca stock exchange since the initiative was launched in Morocco in 2011. To date, Vigeo-Eiris has conducted five assessments: in 2011, 2013, 2015, 2017 and 2018. At the end of each of these assessments, Maroc Telecom has always been declared a "Top CSR performer" by Vigeo-Eiris.

In 2018, Maroc Telecom was named "Top CSR Performer 2018" for the fifth consecutive year among 10 companies recognized for their overall performance.

Maroc Telecom was also included on the "Casablanca ESG 10", which was launched in September 2018 by the Casablanca Stock Exchange. It ranks the 10 stock exchange listings with the best ESG (environmental, social and governance) ratings as awarded by Vigeo Eiris.

Furthermore, in 2018 Maroc Telecom remained on the Emerging Market 70 list for the fourth consecutive year. This ranking lists the companies with the best corporate social responsibility practices in emerging or developing countries as selected by Vigeo-Eiris.

4.1.3.2 GOALS FOR 2019

In 2019, the Corporate Social Responsibility policy will be strengthened. The scope of the reporting will be extended to new social indicators in the subsidiaries. New initiatives such as managing waste, landscaping cell towers, reducing energy consumption, and promoting and assessing the CSR performance of suppliers will continue.

4.1.3.3 EXTRA-FINANCIAL REPORTING

Maroc Telecom introduced non-financial reporting in 2009. Since then, the Company has compiled non-financial data each year on the environment, its employees, and stakeholders. Some of the data are published. In 2018, Maroc Telecom compiled data for more than 170 non-financial performance indicators (48 social indicators, 23 environmental indicators, and more than 100 employee-related indicators). The non-financial data is audited each year by the internal auditors. These audits guarantee that reporting is in line with the relevant procedures and meets the criteria for completeness and reliability.

Maroc Telecom environmental indicators

- Electricity used (thousands of KWh): 543,543
- Waste Electrical and Electronic Equipment (WEEE) (Kg): 68,848
- Fuel used (generators) (L): 7,735,007
- Total Maroc Telecom CO_2 emissions (kg CO_2): 425,596,924
  - CO_2 emissions from mobile usage (t CO_2 eq)
    - Petrol: 57
    - Diesel: 6,876
  - CO_2 emissions from fixed-line usage (t CO_2 eq):
    - Electricity: 387,003
    - Other sources: 31,128
  - CO_2 emissions from business travel (t CO_2 eq):
    - Train: 131
    - Airplane: 403

The Group's employee performance indicators

- Headcount: 10,609
- Female employees: 2,798
- Male employees: 7,811
- Average age:
  - Maroc Telecom: 47 years
  - Subsidiaries: 45 years
- Average years of service:
  - Maroc Telecom: 22 years
  - Subsidiaries: 16 years
- Employees under age 25: 189
- Percentage of female executives: 33%
- Average number of training days per employee: 3

The Group's societal indicators

Regional, economic and social impact

- Indirect jobs created by the Group: Almost 740,000 jobs. Almost 123,000 in Morocco and almost 620,000 in the countries of the subsidiaries.
- 68% of Maroc Telecom's purchases were made with local suppliers.
- Isolated rural locations covered over the year: 17 in Benin, 29 in Burkina Faso, 19 in Côte d'Ivoire, 13 in Gabon, 38 in Mali, 4 in Mauritania, 64 in Niger, and 12 in Togo.

Consumer health and safety

- Number of measurements of the electromagnetic field (Maroc Telecom): almost 550.

4.1.4 REAL ESTATE PROPERTY

Maroc Telecom runs its networks and retail, support and administrative operations from more than 8,321 sites (buildings, land, etc.) throughout Morocco, of which approximately 87% are leased and 13% are owned by the Group. These facilities are primarily sites historically owned by the Kingdom of Morocco which were legally transferred to Maroc Telecom at the time of its incorporation in 1998 in accordance with Law 24-96 through a contribution in kind. Maroc Telecom is in the process of obtaining formal legal title to these sites.

The registration rates for the sites on which Maroc Telecom holds property rights are 97.69% composed of the following:

- 86.1% of the sites have a deed in the name of Maroc Telecom;
- 11.6% of the sites are being requisitioned from land conservancies.

Requisition is a claim to a property right. It is issued by the land registrar once the application for land registration has been made. It becomes a property title after completion of the regulatory administrative formalities.

Sites pending registration (2.3%) break down as follows: 13 sites involved in regularization, of which 2 sites are at an advanced stage in the process, while 11 sites are under dispute.

There are 41 other sites over which Maroc Telecom does not have ownership rights:

- 36 sites are being expropriated;
- 5 sites are under dispute.

Sites under dispute or subject to expropriation primarily involve land parcels owned by the government or local authorities, for which legal title follows a specific administrative procedure, and privately owned land where there is no proof of ownership.

The estimated costs of these procedures (e.g., payment of land-registration fees) and/or the potential financial risks likely to arise from any dispute over the legal title of ownership are deemed to be insignificant.

A similar process is taking place at Maroc Telecom's sub-Saharan subsidiaries.

2018 highlights

Maroc Telecom was able to register two major sites with a total estimated value of 103 million MAD.

4.1.5 INTELLECTUAL PROPERTY, RESEARCH AND DEVELOPMENT

At December 31, 2018, Maroc Telecom owned some 858 trademarks and brand names, five patents, four industrial models, and two industrial designs registered with the Moroccan Office for Industrial and Commercial Property (OMPIC).

Itissalat Al-Maghrib, Maroc Telecom, Jawal, El Manzil, Kalimat, Menara, Fidelio, the Maroc Telecom pages jaunes (yellow pages), Mouzdaouij, Solutions Entreprises, Phony, and Mobicash are among the main trademarks and brand names owned by Maroc Telecom Group.

The trademarks and brand names currently owned by Maroc Telecom are protected throughout Morocco. For the 285 trademarks registered prior to December 18, 2004, when Law 17-97 concerning the protection of industrial property rights took effect, the patent protection period is 20 years, renewable indefinitely; for the 568 trademarks registered after this date, the patent protection period is 10 years, also renewable indefinitely.

Since 2006, in order to protect its industrial and intellectual property rights abroad, Maroc Telecom has extended the protection of 32 of its trademarks, including Mobicash and Nomadis, to France, Benelux, Germany, Spain, Portugal, Italy, Algeria, the European Union and the African Intellectual Property Organization.

Moreover, when it acquired new subsidiaries in January 2015, Maroc Telecom also acquired the title to trademarks registered with the African Intellectual Property Organization (OAPI) and in select African countries, notably Angola, Rwanda, Burundi and Gambia.

These consist of the Moov trademark and a few Moov-derived trademarks.

In addition, Maroc Telecom is committed to taking all necessary and appropriate measures to protect the trademarks, patents and industrial models it has developed.

The rights to use the trademarks and brand names granted to Maroc Telecom are described in the service agreements signed with its contractors. Certain contracts for the sale of services or products grant retailers the right to use Maroc Telecom's trademarks for the term of the agreement, in accordance with the procedure agreed on by the parties.

4.2 BUSINESS ACTIVITIES

4.2.1 MOROCCO

GLOBAL OPERATING ENVIRONMENT

KEY MACROECONOMIC INDICATORS

	2018	2017	2016
Population *(in million)*	35,220	34,852	34,487
GDP per growth *(in $)*	3,355.42	3,136.86	2,996.65
GDP per capita *(in %)*	3.2	4.1	1.1
Inflation *(in %)*	2.4	0.8	1.6

Source: IMF.

OPERATING ENVIRONMENT

The Moroccan telecommunications market is made up of 3 operators which offer their customers a wide range of services covering Fixed-Line and Mobile communications, data transfer, and other value-added services.

The Mobile market has entered a phase of maturity, with the speedy rollout of Mobile telephony leading to an almost universal adoption of this service in both urban (99.8%) and rural (99.7%) households.

The decreasing trend in fixed lines observed worldwide also affects the Moroccan market, the number of fixed residential lines having fallen 8.2% over the last six years.

Internet services are becoming more popular, and they are gradually reaching rural areas. At the end of 2017, 70.2% of households had an internet connection, with 77.2% of those being urban households and 51.3% rural households. However, Mobile Internet is still the main way in which people access the internet.

Source: ANRT.

Competitive environment and existing operators

At December 31, 2018, a total of 25 telecommunications licenses had been awarded in Morocco.

The telecommunications market by operator and type of service is summarized below:

Technology	Number of licenses	Operator
Fixed line	3	Maroc Telecom Medi Telecom INWI
Mobile (2G)	3	Maroc Telecom Medi Telecom INWI
Mobile (3G)	3	Maroc Telecom Medi Telecom INWI
Mobile (4G)	3	Maroc Telecom Medi Telecom INWI
GMPCS	4	Soremar Orbcomm Maghreb European Datacomm Maghreb Al Hourria Telecom
VSAT	6	Spacecom Cimecom (Nortis) Gulfsat Magrheb Maroc Telecom Wana Corporate Société d'Aménagement et de Développement Vert (SADV)
3RP	3	Cires Telecom Moratel Société d'Aménagement et de Développement Vert (SADV)

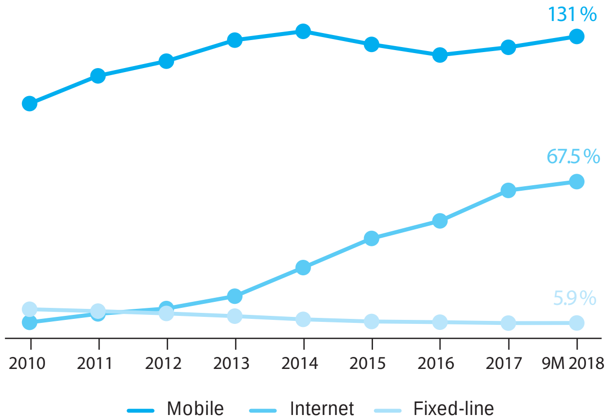
Source: ANRT.

Maroc Telecom's principal competitors are as follows:

- Médi Telecom ("Méditel"), holder of a Mobile license since August 1999, renamed Orange Maroc on December 8, 2016. Orange Maroc is 49% owned by the Orange Group, 25.5% by FinanceCom, and 25.5% by CDG;
- Wana, in which Al Mada Group holds a 69% stake, with the remaining 31% held by the consortium composed of Al Ajial Investment Fund Holding and Zain Telecommunications Group.

PRINCIPAL PERFORMANCE INDICATORS FOR THE MOROCCAN TELECOMMUNICATIONS SECTOR

CHANGE IN MOBILE, FIXED-LINE (INCL. RESTRICTED MOBILITY), AND INTERNET PENETRATION RATES IN MOROCCO OVER THE 2010-2018 PERIOD



Source: ANRT Q3 2018.

The mobile penetration rate reached 131% at the end of September 2018. The change is due to (i) investments made to expand coverage; (ii) enhanced packages.

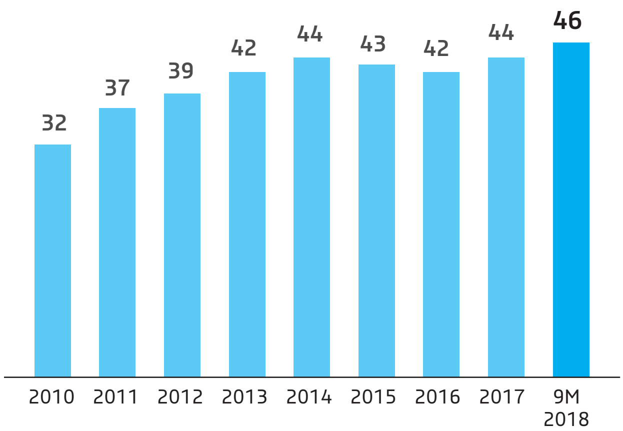
The Fixed-Line penetration rate is currently 5.9%, down as a result of the decrease in the customer base (limited mobility accounted for by the ANRT in the Fixed-Line base).

The Internet market continued its strong growth, driven by Mobile Internet and the ADSL Double Play package, with the penetration rate going from 6% in 2010 to 67.5% at the end of September 2018.

CUSTOMER BASE TRENDS

MOBILE TELEPHONY SEGMENT

CHANGE IN THE MOBILE CUSTOMER BASE IN MOROCCO FOR THE 2010-2018 PERIOD *(in millions of customers)*

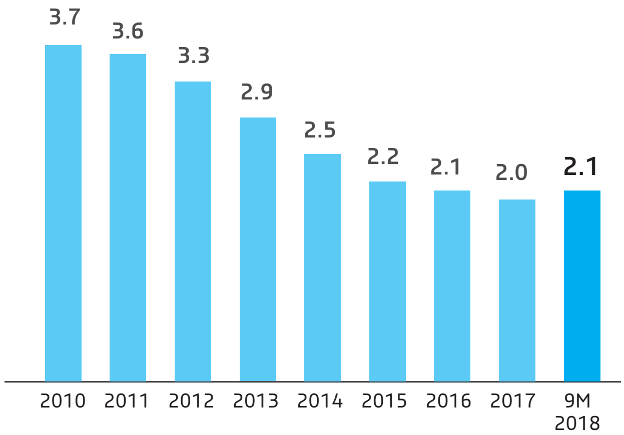


Source: ANRT Q3 2018.

The Mobile telephony market is dominated by prepaid customers, who represent 92% of the total customer base. At end-September 2018, there were a total of 46 million Mobile customers.

FIXED-LINE TELEPHONY SEGMENT (INCLUDING RESTRICTED MOBILITY)

FIXED-LINE CUSTOMER BASE IN MOROCCO OVER THE 2010-2018 PERIOD *(in millions of customers)*

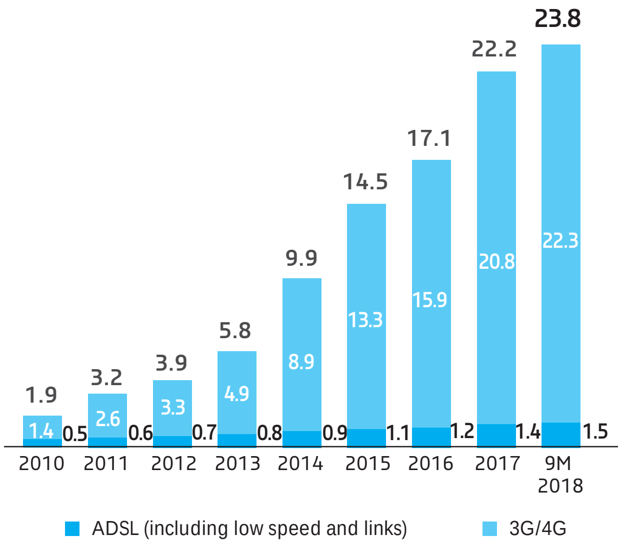


Source: ANRT Q3 2018.

Until 2010, the Fixed-Line market enjoyed steady growth from the introduction of restricted-mobility offers. Since 2010, the Fixed-Line market has been in steady decline owing to deep price cuts in the Mobile segment. However, as a result of the success of ADSL plans, particularly Double Play, the number of fixed wirelines increased in 2018 for the eighth consecutive year.

INTERNET SEGMENT

INTERNET CUSTOMER BASE IN MOROCCO OVER THE 2010-2018 PERIOD *(in millions of customers)*



Source: ANRT Q3 2018.

Growth in the Internet market has gathered pace since 2008, mainly because of the introduction of 3G/4G Internet offers that expand internet access at increasingly lower prices, as well as the launch in 2012 of ADSL Double Play plans to revive the Fixed-Line and Internet market. At the end of September 2018, there were 23.8 million Internet customers, including 22.3 million Mobile Internet customers (94% of the customer base).

4.2.1.1 MOBILE TELEPHONY

Market and competitive environment

In a mature market characterized by intense competition and a tougher regulatory environment, Mobile telephony in Morocco features generous call plans, repeated and aggressive promotional offers, and more targeted marketing efforts to build customer loyalty, increase usage and win new customers.

To boost growth in this segment, call plans are often combined with data, whose usage is growing rapidly thanks to the accessibility of smartphones and the introduction of mobile broadband.

YEARS IN WHICH MOBILE TECHNOLOGIES WERE LAUNCHED ON THE MARKET BY THE THREE OPERATORS

	Maroc Telecom	Orange Morocco	Inwi
GSM 2G	1994	2000	2010
GPRS	2002	2004	2010
Roaming MMS and GPRS	2004	2006	2010
3G	2008	2008	2008
4G	2015	2015	2015
VSAT	2017	-	2017

MOBILE MARKET SHARE OVER THE PAST THREE YEARS

Market share	Sept. 2018	2017	2016
Maroc Telecom	42.65%	42.13%	44.18%
Orange Maroc	33.13%	34.79%	32.80%
INWI	24.22%	23.08%	23.02%

Source: ANRT.

Despite the challenging competitive environment, Maroc Telecom has remained the market leader in the Mobile segment. In September 2018, Maroc Telecom had a market share of 42.65%, compared with 33.13% for Orange Maroc and 24.22% for Inwi.

PREPAID MOBILE SEGMENT

Maroc Telecom is continuing to promote call and data bundles with its Jawal Passes.

To win new customers and encourage them to purchase smartphones, Maroc Telecom launched a smartphone Pack promotion with bonuses staggered over the first three months following activation.

2018 saw the launch of the Fidelio Jawal prepay loyalty program to reward customers each week with bonus minutes, SMS, mobile internet, and other gifts.

The Multiple Topup promotion was improved, to include a bonus data package x 10, alongside the airtime bonus.

MARKET SHARE IN THE MOBILE PREPAID TELEPHONY MARKET OVER THE PAST THREE YEARS

Market share	Sept. 2018	2017	2016
Maroc Telecom	41.99%	41.27%	43.20%
Orange Maroc	33.37%	35.28%	33.29%
INWI	26.64%	23.45%	23.51%

Source: ANRT.

POSTPAID MOBILE SEGMENT

Maroc Telecom is continuing to focus on customer loyalty by offering a full range of low-cost plans combining free data and voice services, as well as an unlimited plan offering customers everything they need at highly competitive rates.

MARKET SHARE IN THE MOBILE POSTPAID TELEPHONY MARKET OVER THE PAST THREE YEARS

Market share	Sept. 2018	2017	2016
Maroc Telecom	50.25%	52.76%	56.93%
Orange Maroc	30.37%	28.74%	26.44%
INWI	19.38%	18.5%	16.63%

Source: ANRT.

The capped and Liberté plans have been enhanced to offer generous voice and data volumes: the capped plans 15GB +11 hours at MAD159 offers 16GB +16 hours at the same price The “Liberté” 99 MAD plan with 10GB +2 hours' talk time or 8 hours' talk time +2GB, now 15GB +5 hours or 15 hours +5GB, respectively. In this way, the needs of two customer segments, talk-oriented customers and data-oriented customers, are covered.

Maroc Telecom launched the new “Forfait Particulier” (individual uncapped plan) with 25GB of data and 10 hours of airtime for MAD 199, aimed at data-hungry Retail customers.

In the B2B segment basic and medium plans were readjusted as follows:

- improvements to mid-range and premium plans of 30 hours, 35 hours and 40 hours, with up to 5GB of additional free data;
- launch of a new generous Voice and Data package, with 20 hours' Domestic and International calls +5GB + unlimited intragroup airtime for 149 MAD (incl. tax) for Professionals and Businesses.

For mobile internet, the year saw the introduction of the Wifi 4G BOX with a package including unlimited internet access and talk time from 199 MAD (incl. tax) per month. Once the limit has been reached, the connection is not interrupted. The customer can continue having unlimited internet access at a lower speed but with a good QoE (Quality of Experience).

Performance

PRINCIPAL MOBILE PERFORMANCE INDICATORS

	2018	2017	2016
Sales– Mobile *(in MAD million)*	13,966	13,335	14,115
Mobile customers *(in thousand)*	19,062	18,533	18,375
o/w postpaid	1,993	1,767	1,729
Blended ARPU *(in MAD/customer/month)*	59.0	58.0	61.1

Mobile sales in Morocco rose 4.7% compared to 2017 to reach 13,966 million dirhams.

Maroc Telecom's total active customer base increased 2.9% to over 19 million customers, essentially driven by the good dynamic of the postpaid customer base, which grew 12.8%. The mixed ARPU for 2018 was 59 dirhams, a slight rise of 1%.

PREPAID MOBILE SEGMENT

Prepaid plans have become more popular thanks to the accessibility of data with SIM card packs and pass credits and promotions launched by Maroc Telecom on top-ups and calls to boost consumption and customer loyalty.

Maroc Telecom's active prepaid Mobile customer base rose slightly in 2018 (2.1% higher than in 2017), standing at over 17 million customers.

POSTPAID MOBILE SEGMENT

The Postpaid Mobile customer base rose 12.8% in 2018 to 1,993 thousand customers. This positive change reflects the availability of affordable plans providing easy access to postpaid plans for customers migrating from prepaid mobile.

MOBILE INTERNET

The Prepaid Mobile Internet customer base is currently about 9 million, with data-only being replaced by data + voice. The prepaid data-only customer base fell 44% vs 2017.

Maroc Telecom thus reconfirmed its position as leader in mobile internet, with a market share of 50.02% at end September 2018. With the strong popularity of mobile internet, data usage increased 23%. Revenue from mobile internet grew by 39%, thus enabling continued solid revenue growth of 6.9% from outgoing services.

Mobile offers and services

PREPAID PLANS

Maroc Telecom markets its prepaid plans under the Jawal brand. Prepaid plans are aimed primarily at the consumer market, which demands affordable SIM-only offers with frequent promotions on top-ups and calls. Maroc Telecom's prepaid plans are sold in the form of packages (handset and SIM card) and SIM card packs (SIM only) with a single price for calls to all national operators. (MAD 0.07 (incl. tax) per second and MAD 0.96 (incl. tax) per SMS). International call and text rates vary depending on the country and international pricing zone.

Pay as you go plans are continuously promoted by bonuses (depending on the value of the top up and the promotional period):

- ongoing x4 offer for all top ups from MAD 5 and Multiple Top Up Promotions alternating depending on the competitive situation: x10 top up or x12 top up);
- customers can choose from a wide range of passes:
  - pass *1 for texts only, *2 for voice and data, *3 for data, *4 for international calls, plus other passes for value-added services, such as *6 for social media access and *8 for data roaming, or *7 for bundled roaming voice, data and SMS.

POSTPAID RATE PLANS

Postpaid rate plans are available to Retail, Professional and Business customers:

- the Retail segment has a range of fixed rate plans from MAD 59 and unlimited offers from MAD 399:
  - **basic "Liberté" plans**: comprehensive and affordable plans with domestic and international calls plus data bundles starting at MAD 59,
  - **mid-range and Premium plans**: starting at 16 hours of airtime at MAD 159 (incl. tax) for domestic and international calls with a capping option, plus generous data bundles. These plans are also eligible for the Fidelio plan with access to a wide selection of competitively priced handsets,
  - **unlimited plans**: unlimited domestic and zone 1 international calls, unlimited texts and unlimited Mobile Internet depending on the plan;
- additional paying options are also available: unlimited paying numbers, Mobile Internet pass, Double and Triple Top Up in addition to the standard plan, SMS Pass, domestic voice pass and international voice pass to all countries;

- the Business segment has offers with free internal calls: Intragroup plan with 4 hours' airtime from MAD 72 per month, and Optimis plans from MAD 149 per month, as well as two unlimited plans from MAD 399 per month offering unlimited Voice and SMS to all domestic operators, international calls and mobile internet;
- as for the Professionals segment, a diverse range of flat-rate packages similar to the Business Package is available to meet the increasingly demanding business needs of artisans/traders, managers of very small enterprises, and self-employed professionals;
- additional offers are also available for topping up when reaching the extragroup ceiling, with Jawal top-ups that include ongoing free calls, the possibility of subscribing to voice and SMS passes, and international pass to all countries.

MOBILE INTERNET

To guarantee easy browsing for all users of mobile internet, Maroc Telecom has rolled out 4G+ browsing speed for all prepaid and postpaid internet plans. In areas not covered by the 3G+/4G+ network, Maroc Telecom's GPRS network provides seamless mobile internet access.

To continue browsing once the volume ceiling has been reached, for postpaid plans the customers (data+voice) can buy internet top-ups (5 GB for MAD 50 or 2 GB for MAD 25). These can be held concurrently and any remaining credit can be rolled over to the following month.

Postpaid customers also have a number of volume capped plans depending on usage and from 15MB at MAD 99 incl. tax per month.

The prepaid mobile internet plan provides an internet connection via modem or telephone on a pay-as-you-go basis with no monthly bill. Maroc Telecom has a wide range, from 500MB for 5 dirhams up to 20GB for 200 dirhams.

VALUE-ADDED SERVICES

Smart devices

Smart Kids

This is the first range of smart devices targeting child safety in Morocco. By linking a smart tag to a single mobile voice and data plan, Smart Kids lets parents locate on their children at all times.

With a Mobile Android or iOS app downloaded to the smartphone, parents can locate their child and view the location history, or receive notifications if the child enters or leaves predefined areas (unlimited number of areas).

The child can also make emergency calls to a single preset number by simply pressing the SOS button on the tag.

Smart Home

Maroc Telecom has positioned itself as a pioneer in home automation with Africa's first "Smart Home" service. This comprises a full equipment pack (central box, Wi-Fi IP camera, wireless door sensor and motion sensor) to improve security at home, in one's business or at work, conduct remote surveillance and receive email or text alerts if someone tries to break in.

The system is very easy to set up. For example, it can be programmed to capture images if one of the door or motion sensors is activated. These images can then be viewed directly online.

Additional equipment options can also be purchased (e.g. smart electrical sockets, receivers for shutters, curtains or garage doors, smoke detectors, etc.) to take full advantage of the system and benefit from other features, such as intelligent and automated lighting, heating and power management.

Smart Car

Maroc Telecom became the first company in Morocco to launch an integrated smart vehicle management system called "Smart Car". Now customers can manage and locate their vehicle(s) remotely and thus better manage their vehicle(s) or fleets.

The system consists of a terminal (dongle) inserted into the vehicle's OBD-II connector and a cloud management platform accessed via a Web portal or a smartphone application. It is simple and easy to install via plug and play. Users can locate their vehicles in real time and set up email alerts and push notifications.

Other features include driving behavior indicators to improve vehicle management over weekly or monthly periods, various dashboards and route management reporting.

Facebook FLEX

Maroc Telecom signed a partnership with Facebook, the world leader in social networks, to offer its mobile prepaid customers, particularly young people, the "Facebook Flex" service. It enables them to stay connected to their friends and family when their internet balance has run out, or even when it is low and they want to save it, by accessing many features of the social network (chat, posting, commenting, liking or sharing content) from their mobiles or tablets, free of charge. They also have the option of easily and transparently switching between the free-of-charge and paid-for modes, so that, if needed, they can access HD content (photos and videos).

Through Facebook Flex, Maroc Telecom provides its customers, especially young people, with technology and information solutions so that they can stay connected everywhere, all the time.

VOD services: ICFLIX & STARZ PLAY

Maroc Telecom exclusively offers its customers two unlimited Video-on-Demand (VoD) services for connected devices.

ICFLIX

Launched in 2015, ICFLIX is Morocco's first official videos streaming service. It gives customers unlimited access to an extensive catalog of Hollywood content, Bollywood content, children's programs and major Moroccan film productions. The platform offers access to a diverse catalog of HD video content (over 40,000 hours), including movies, TV series, animations, documentaries and cartoons. It can be accessed on five connected devices simultaneously (smartphone, tablet, PC and smart TV).

Starz Play

Launched in October 2016, Starz Play is an unlimited VoD service offering a wide range of content – especially big US productions – for adults and children alike. Content can be streamed to two devices simultaneously (smartphone, smart TV, tablet, computer or games console).

Maroc Telecom offers a free trial period on Starzplay of three days. At the end of this period, the service is offered without obligation at the price of 35 DH per month and 17.5 DH per week.

Music services: ANGHAMI & DIGSTER

Maroc Telecom teamed up with Universal Music and Anghami to offer its customers world-class music content.

DIGSTER

Digster is a music service offering weekly playlists compiled by leading playlisters. It acts as a personal DJ catering to every mood and musical style from rock, pop and hip-hop to rai, Nouvelle Chanson, Oriental and Golden Oldies.

Anghami

Anghami is the leading official music streaming app in the Middle East and North Africa. Customers have unlimited access to a wide and diverse music catalog with over 20 million songs and special features. Anghami is available on any connected device (smartphone, tablet, smart TV, smartwatch, computer).

All new Digster and Anghami customers get up to one month and one week of free content respectively. The services are then billed monthly at MAD 25 (incl. tax) and MAD 30 (incl. tax) respectively. Cheaper options are also available with Pass Hebdo at MAD 10 (incl. tax) for one week of Digster and Pass 10 Jours at MAD 15 (incl. tax) for 10 days of Anghami.

Handset plans

Jawal prepaid packs

A wide variety of Jawal prepaid packs are available at different prices. Maroc Telecom strives to offer customers the latest handsets and cutting-edge functionalities, as well as the growth of the customer base for smartphones. In 2018, Maroc Telecom offered Jawal packs 4G smartphones for MAD 899 (incl. tax) including a and a monthly bonus of 500 MB of data for the first three months. Thus, to encourage greater use of 4G, Maroc Telecom provided customers with a panoply of 4G Wi-Fi equipment for simultaneous roaming connection on several handsets.

In fact, prepaid packs including a 4G Mi-Fi, a Jawal case, and 20 GB of data were offered to customers at MAD 499 (incl. tax) during a promotion.

Postpaid packs

The postpaid-customer acquisition policy is based on the attractiveness of the call plan, the variety of associated products and services, and the range of handsets on offer. Cobranded offers create momentum for handset launches and upgrades, often simultaneous with their international campaigns, by offering customers new products with state-of-the-art design and cutting-edge technologies. In 2018 Maroc Telecom continued to increase the uptake of smartphones (including 4G) by selling competitively priced next-generation handsets and launched several promotional offers on packs throughout the year.

Indeed, 4G smartphone packs including three months' subscription to a Forfait Liberté? plan were offered to customers for MAD 999 (incl. tax).

As for mobile internet, 2018 saw the introduction of the 4G+ internet Box which gives customers Wi-Fi internet access with the option of connecting to several handsets at once.

To meet market demand, customers were offered very competitive prices on mobile internet plans, such as 4G+ Unlimited Internet, featuring the 4G+ internet Box for MAD 299 (incl. tax) instead of MAD 690 (incl. tax).

CUSTOMER LOYALTY

Customer loyalty is one of Maroc Telecom's strategic strengths which has helped it prepare for the impact of the advent of competition.

Fidelio was the first points-based loyalty program introduced in Morocco. It allows Maroc Telecom's postpaid customers to accumulate points based on usage (customers earn one Fidelio point for every MAD 10 (excl. tax) billed) and to receive benefits in the form of free or discounted handsets or free call time, texts and free Data Passes. The Fidelio 24-month plan allows customers to renew their contracts and change their handsets for even less.

Maroc Telecom's Gold Club offers customers exclusive deals and customized benefits throughout the year such as special private offers, previews, season's greetings and regular invitations to cultural, sporting and other events.

Club members are longstanding mobile postpaid customers who consume a certain amount of airtime and data.

INTERNATIONAL ACTIVITIES

International roaming

In 2018, Maroc Telecom had 673 Roaming agreements, signed with partner operators based in 227 destinations and/or countries (including 575 operator networks from 220 destinations/countries opened in GSM). 4G Roaming is available with the main partners, i.e. 208 operator networks in 116 destinations and/or countries (including 115 destinations for Roaming Out). 3G Roaming is available with 482 operator networks in 206 destinations and/or countries (including 205 destinations for 3G Out).

For GPRS Roaming, Maroc Telecom has entered into agreements with 508 operator networks in 207 destinations and/or countries (including 206 destinations for GPRS Out).

Prepaid roaming is also available: 199 destinations and/or countries thanks to agreements with 381 operator networks (including 199 destinations for Roaming Out networks), and 181 destinations and/or countries with 296 operators for prepaid data roaming.

Services for sending international SMS and MMS are also available over 213 destinations and/or countries covering the five continents, as well as short-code numbers (333 for voice mail and 777 for customer service).

2018 saw launch of a new Roaming Offer, 'Pass Roaming' which includes voice, SMS, and data in Roaming situations for Jawal customers and capped plans. Also, following the roaming tariff decrease, a new rate for roaming out, as well as a change of Zoning, was launched in 2018. This review went hand in hand with two cycles of Roaming promotions (Umrah & Hajj /Summer and year-end 2018). Pilgrims once again benefited from free incoming calls on all the Saudi networks in 2018 as well as a promotion on Roaming Data or 2 GB for MAD 100.

4.2.1.2 FIXED-LINE TELEPHONY

Market and competitive environment

Maroc Telecom is Morocco's leading provider of Fixed-Line telephony, internet and data transmission services. It is also the only provider of ADSL/fiber optic TV in markets that were fully liberalized in 2005.

The main fixed-line telecommunications services provided by Maroc Telecom are:

- telephony services;
- interconnection services with domestic and international operators;
- data transmission services provided to businesses, internet service providers and other telecommunications operators;
- high-speed and very-high-speed broadband with the associated value-added services;
- IPTV offer, Triple Play offer and SVoD.

Competitors launched their own fixed telephony and/or internet plans after the ANRT published its decision in 2015 setting the technical and pricing terms of the unbundling offer.

In April 2016, the ANRT issued new guidelines for the pricing of plans offered by telecoms operators.

Law 121-12 was adopted in July 2018, providing the ANRT with the task of imposing the technical and pricing arrangements for interconnection and access to the networks of telecom operators.

FIXED-LINE RESIDENTIAL TELEPHONY MARKET

Maroc Telecom offers a wide range of innovative plans tailored to the different needs of its customers:

- Phony offer, which allows customers to make unlimited calls to Maroc Telecom fixed-line numbers, as well as up to 8 hours per month of free calls to domestic mobile numbers;
- Double Play ADSL is targeted at customers wanting very affordable 4 Mb/s or 12 Mb/s ADSL internet access from MAD 199 (incl. tax) per month;
- MT Box, the first Triple Play plan on the Moroccan market, includes unlimited Fixed-Line telephony, free calls to Mobile numbers, ultra-broadband ADSL fiber-optic internet access, and various TV packages;
- Multiscreen VoD provides access to an unlimited range of movies and series from big US studios such as Paramount, Sony, Disney and ABC.

FIXED-LINE (INCLUDING RESTRICTED MOBILITY) RESIDENTIAL MARKET SHARE TREND OVER THE PAST THREE YEARS

Market share	Sept. 2018	2017	2016
Maroc Telecom	87.75%	84.34%	77.06%
INWI	11.90%	15.66%	22.94%

Source: ANRT.

PUBLIC TELEPHONY MARKET

To cope with the slowdown in this activity, a wide range of 2 hour to 60 hour packages is offered to telestore customers.

Telestore operators with Maroc Telecom Indoor Public Phones (PIC) in their telestores receive 25% compensation.

With the Phone Card product, Maroc Telecom offers aggressive rates for national and international calls. A MAD 20 Pass includes one hour of call time to national and major international destinations (area 1).

MARKET SHARE TREND IN THE PUBLIC TELEPHONY MARKET OVER THE PAST THREE YEARS

Market share	Sept. 2018	2017	2016
Maroc Telecom	69.33%	68.24%	65.20%
Orange Maroc	30.67%	31.76%	34.80%

Source: ANRT.

BUSINESS AND PROFESSIONAL FIXED-LINE TELEPHONY MARKET

For its Business customers, Maroc Telecom offers a wide range of plans tailored to the needs of this market:

- InfiniFix includes free unlimited calls to all of the Company's domestic fixed-line numbers and Maroc Telecom mobiles intragroup. In addition, customers get up to 10 hours of free calls to domestic mobiles and major international destinations;
- ForfaiFix Business includes a wide range of packages including phone line subscription and call time to national and major international destinations.

Additional options are available to tailor plans to the specific needs of each business and offer customers preferential rates:

- Intragroup Fixed-Line or Mobile: free unlimited calls to all company landlines;
- Privilège Mobile: preferential rates to all domestic mobiles;
- Privilège International: preferential rates to all international destinations.

Professional customers benefit from a wide range of packages:

- Phony Pro offers unlimited calls to all Maroc Telecom fixed lines, and up to 10 hours of free airtime to mobiles domestically as well as in the main international destinations;
- ForfaiFix Pro is a wide range of packages including subscription to the telephone line and hours of calls to national and major international destinations;
- MT Box Pro is a Triple Play offer which includes unlimited calls to Maroc Telecom landlines and up to 20 hours of free calls to domestic mobiles, internet access, several TV packages and value-added services specially designed for this type of customer.

MARKET SHARE TREND IN THE FIXED-LINE BUSINESS TELEPHONY MARKET OVER THE PAST THREE YEARS

Market share	Sept. 2018	2017	2016
Maroc Telecom	80.79%	83.92%	86.04%
Orange Maroc	16.16%	12.95%	10.83%
INWI	3.05%	3.13%	3.13%

Source: ANRT.

SPECIFIC SOLUTIONS

Maroc Telecom offers its Business customers tailored plans based on the latest technology that address the specific needs of each customer.

Indeed, in 2018, Maroc Telecom has accompanied several Key Accounts customers for the installation of specific solutions and to meet the needs in terms of turnkey solution meeting customer requirements.

INTERNET

2018 saw MT strengthen its position as a leader in the High-Speed market, which resulted in continued growth in the number of Internet customers.

The extended Fiber-Optic coverage was supported by an aggressive sales policy aimed at enabling more customers to access this new technology and benefit from a more powerful internet connection. This is due to falling handset prices and the introduction of generous promotions on a regular basis.

Moreover, to ensure rapid, reliable connectivity everywhere in Morocco, Maroc Telecom also offers satellite internet packages with generous plans and more affordable VSAT terminals, mainly thanks to price reductions.

This extensive range of services makes it possible to cover 100% of Moroccan territory and provide access to new information technologies to as many people as possible.

At end-September 2018, Maroc Telecom held a very strong position in the ADSL market with market share of 99.99% (Source: ANRT).

Performance

PRINCIPAL PERFORMANCE INDICATORS FOR FIXED-LINE AND INTERNET

	2018	2017	2016
Gross revenue *(in MAD million)*	9,239	8,962	8,829
Fixed-Line customers [(a)] *(in thousand)*	1,818	1,725	1,640
Broadband access [(b)] *(in thousand)*	1,484	1,363	1,241

(a) The customer base includes all Fixed-Line subscriptions, irrespective of the technology used (PSTN or ISDN). It does not include Maroc Telecom's proprietary base.
(b) Includes low-speed and rented lines.

In 2018, Fixed-Line and Internet operations in Morocco-generated revenues of MAD 9,239 million, an increase of 3.1%. This change is essentially due to increased international traffic and growth in internet revenue, particularly ADSL.

At end-2018, the Fixed-Line customer base in Morocco had grown by 5.4% year-on-year, to 1,818 thousand lines. Strong growth in the ADSL customer base (+7%), to 1,417 thousand subscribers, was underpinned by growth in MT DUO and Phony DUO (Double Play).

Growth in the Fixed-Line customer base (5.4% year on year) was obtained as a result of sales and marketing efforts carried out since 2011. The development of the Double Play ADSL and Fiber-Optic bundled plans helped to expand the customer base.

CHANGE IN CONSUMER HABITS

The drop in Fixed-Line traffic has been limited thanks to abondance deals, especially the unlimited to Fixed-Line MT and the increased free hours to Mobile and the main international destinations.

"Residential" and "Business" plans

FIXED-LINE OFFERS AND SERVICES

As the leading fixed-line operator, Maroc Telecom has always been renowned for the wide range of plans and services it offers its Retail customers. The Fixed-Line offers include:

- abundance deals: through the brand "Phony" having a great success, and allowing free and unlimited calls to all Maroc Telecom fixed numbers and free passes to national mobile;
- packaged offerings:
  - Double Play ADSL and Fiber-Optic: combining Voice and Data, with advantages over voice and/or speed depending on customer needs,
  - Triple Play combining Voice, internet and multimedia content, with a variety of television and radio channels.

INTERNET OFFERS

Maroc Telecom has a determined policy to allow the Moroccan population access to ADSL internet and provides solutions adapted to the customers' needs. This policy is mainly reflected in the market launch of the Double Play ADSL 4M entry-level package aimed at customers on limited budgets and the Fiber-Optic packages up to 200MB, to meet customers' requirements for speed and service quality. Furthermore, frequent promotions shake up the market throughout the year.

For customers located in areas not covered by ADSL, Maroc Telecom sells Internet services through satellite and CDMA technology.

ADDITIONAL SERVICES

Maroc Telecom offers its Residential and Business customers various services:

- convenience services: voicemail, itemized billing in Arabic or French, caller ID display, call-waiting notification, call transfer, three-way calling, an option for subscribers with capped rate to monitor their accounts and to top up their accounts remotely;
- value-added services: Maroc Telecom offers add-on services for its broadband plans, including home automation solutions, smart devices, parental control, IP addresses, national and international domain names, etc.

LOYALTY PROGRAM FOR RESIDENTIAL AND BUSINESS CUSTOMERS

Maroc Telecom has developed a points-based loyalty program for its customers. All Fixed-Line customers (excluding capped rate) are automatically enrolled in the fixed-line loyalty program. They can earn points based on the amount of their monthly bill. Points can then be exchanged for a range of gifts at Maroc Telecom stores.

A rewards brochure is published on www.iam.ma and is available from all retail outlets.

Business offers

TELEPHONY OFFERS

To meet the Fixed-Line telephony needs of Business customers, Maroc Telecom proposes a wide range of offers and rate plans using the Public Switched Telephone Network (PSTN) or the Marnis digital network.

The main plans are:

- ForfaiFix: A range of multi-destination plans, including subscription to the telephone line and airtime of 30 to 165 hours valid for calls to Fixed-Line, Mobile, and certain international destinations;
- InfiniFix: A supplement to all national fixed lines and Maroc Telecom business mobiles, with free hours of communication to domestic mobiles and the main international destinations;
- rate options: intrafleet Fixed & Mobile, Privilège Mobile & International (discounts on rates per minute for all destinations);
- Marnis: Maroc Telecom has an Integrated Services Digital Network (ISDN) called Marnis. It enables businesses to connect several telephones to a single access point. Companies then have a direct number for each employee and a large number of value-added services, such as videoconferencing, remote monitoring and payment services;
- customer-service number: Maroc Telecom has a range of customer-service numbers, toll-free numbers (08000xxxxx), reduced-rate numbers (08010xxxxx) and direct numbers (08020xxxxx), accessible throughout Morocco at a flat rate, making it easier for customers to reach a business and for businesses to offer personalized customer service.

FIXED-LINE INTERCONNECTION AND TRANSIT

International traffic in transit via Maroc Telecom increased by +29.6% in volume and +13.7% in value in 2018 vs. 2017. This very positive performance was achieved in an unfavorable environment on the international wholesale voice market, marked by a decline in international call volume, due mainly to the growing use of free calling solutions offered by OTT applications (WhatsApp, Viber, Skype, Facetime, etc.).

This performance was achieved mainly thanks to a strengthening of the relationships with Group subsidiaries in Africa and also the development of agreements with the big international operators as well as new partnerships.

International incoming IAM Fixed-Line traffic continued to decrease. The volume for this network suffer major decreases of -28.4% in volume in 2018 vs. 2017, despite the fact that the call rates from a number of international destinations remained affordable. This decrease is due to the use of OTT applications' free calling services by individual and Corporate customers.

BUSINESS INTERNET SERVICES

Maroc Telecom's range of Internet services for business customers was launched to enable companies to optimize their communication with co-workers, customers, partners, and suppliers by means of flexible, upgradeable access. For businesses, Maroc Telecom provides broadband via ADSL, fiber optic, leased lines or satellite. ADSL and fiber broadband for business customers are currently enjoying high demand, given their affordability and the add-on services they offer (e.g., secure email access, domain name, optional fixed IP address, etc.). Leased lines remain popular among large organizations owing to their performance, reliability (guaranteed symmetrical high-speeds) and end-to-end security. Satellite internet access connects businesses to their remote sites all over the country with download speeds of up to 20 Mb/s and 100% coverage of Moroccan territory.

DATA SERVICES

Maroc Telecom offers its customers a comprehensive range of data plans: VPN IP, Ethernet, leased lines and international plans for interconnection of customer sites, with speeds of up to 1 GB/s and a choice of point-to-multipoint or any-to-any architecture.

To encourage customers to upgrade to faster data and internet access, Maroc Telecom waives the upgrade fees for all customers who have been with Maroc Telecom for more than 12 months.

Moreover, Maroc Telecom supports its access solutions with back-up and load sharing offers to ensure the continuity of customer activity in the event of a breakdown.

DATA TRANSMISSION CHARGES

The pricing structure for data transmission consists of a one-off connection fee plus monthly subscription charges, depending on the data plan. Discounts based on volume and contract length apply to monthly subscription charges.

In addition, Maroc Telecom adapts its offers and rate plans to the specific needs of each client.

Value-added services

Maroc Telecom offers its Business customers a complete range of value-added services, such as:

MT Cloud

Through MT Cloud, the first infrastructure as a service (IaaS) hosted in Morocco, Maroc Telecom has positioned itself as a pioneer in cloud services for Moroccan businesses. With its new service, Maroc Telecom offers Moroccan companies an efficient, secure and affordable solution. Customers can boost their competitiveness by launching IT solutions and sharing them online with no initial investment. With a monthly contract that can be canceled at any time, Maroc Telecom offers companies enormous flexibility when it comes to their IT resources, which they can scale up or down as required.

G-Suite

G Suite is a range of cloud-based messaging, storage and collaborative tools developed by Google for businesses (software as a service or SaaS), which Maroc Telecom provides to its Business customers along with technical support and locally-based assistance. In return for a single monthly user subscription, companies have access to all the software tools they need to communicate (customised Gmail, shared calendar, instant messaging and professional social network), store their files and data and share them easily and quickly (with Google Drive), and collaborate (desktop publishing tools for documents, spreadsheets and presentations, and document editing and sharing tools).

Secure Web & Email

Maroc Telecom's internet security pack protects customers from threats when browsing the Web and using email. The cloud-based SaaS offers a simple means of securing employees' access to the internet at all times wherever they are and from any device. The Secure Web and Secure Email services are offered separately and come with their own advanced IT security management tools.

Datacenter hosting

This service offers a turnkey solution to host IT equipment such as servers, routers and disk arrays in a data center designed in line with the latest international standards and boasting 24/7 security with video surveillance, access control, security guards, fire detection and extinguishing mechanisms, and monitoring systems. Customers can choose between full and half racks with dedicated access where they can host their own servers, routers, disk arrays and other infrastructure over which they have complete control and which they can administer on-site or remotely.

DDoS security

This SaaS is a turnkey solution to protect firms from loss and damage caused by distributed denial-of-service (DDoS) attacks. It is a based on a local cloud architecture and comes in bronze, silver and gold editions.

Business Office 365

Business Office 365 is a business SaaS cloud-based suite of messaging, storage and collaborative tools offered by Microsoft which Maroc Telecom provides to its Business customers with local support and additional options. With it firms have access to all the software they need to communicate (customized Outlook, shared calendar, instant messaging and professional social network), store and easily share files and data (One Drive), and collaborate (desktop publishing and document editing and sharing).

4.2.1.3 CUSTOMER SERVICES

In addition to diversifying the services offered to its customers, Maroc Telecom uses resources, tools and processes enabling it to anticipate and respond to queries, information or support requests and complaints from customers.

Call centers

For consumers, call centers specialized by product segment (Fixed-Line, Mobile, and Internet) provide information and assistance services to customers. Business customers have their own call center with a dedicated telephone number.

The call centers provide information on Maroc Telecom's products and services and on activating or switching service plans, advice on using products and services, after-sales support and customer complaint processing. Customer complaints are referred to specialized call centers through various channels (call centers, Retail branches, etc.).

Billing

Maroc Telecom has taken a number of actions to reduce and optimize its consumption of paper and raw materials.

The electronic billing service is highly appreciated, particularly by Business customers. It allows customers to consult their bills online and download them and monitor consumption using tables and graphs. It has also been upgraded to include the Maroc Telecom customer selfcare service in the spirit of the global digital transformation.

The e-billing service will gradually replace paper bills. This is in line with Maroc Telecom's environmental objectives.

Digitalization

Maroc Telecom continues with its digital transformation by launching innovative projects for its customers:

- interactive multi-service terminals with tactile screens have been installed in the branch network in order to improve the customer experience. In just a few minutes, customers can pay their Mobile, Fixed or Internet bills, identify a prepaid card and also top up their mobile line quickly and independently;
- the digitalization of customer identification with an innovative self-identification system in the branches enables the customer to reliably and securely identify themselves. Sales staff also have a smartphone identification application for the digital and paperless processing of the identification procedure;
- special attention is given to Customer Relationship Management (CRM) systems, which are constantly being refined to improve customer service (e.g., maximizing real-time request processing) and ensure that customers are offered the right products. This is essential for building customer loyalty. In addition to this service, customers can activate certain services themselves via interactive voice servers or on the website (expansion of self-care);
- Maroc Telecom also offers to its customers a wide range of innovative payment options: by direct debit, on the Maroc Telecom website, at an ATM, or using the Mobicash service;
- IAM encourages customers to pay their bills online using the mobile apps of Maroc Telecom and its partner banks, offering free, remote, rapid and secure 24/7 service. These apps are set to become the most widely used payment and top-up methods.

Information

The 24-hour telephone information line has been enhanced by new value-added services, such as the ability to receive information by SMS and automatic connection.

4.2.1.4 SEASONALITY

In Morocco, the fortnight preceding the Eid al-Adha festival and the summer months (periods when Moroccans living abroad return home) traditionally see a spike in mobile usage and pay-as-you-go activation. The month of Ramadan represents a seasonal trough for the Fixed-Line and Mobile segments. Fewer Fixed-Line and Mobile contracts are activated during this period.

4.2.1.5 REGULATORY ENVIRONMENT AND POSSIBLE DEPENDENCIES

With the adoption of Law 24-96, the Prime Minister (the Head of Government, in accordance with the new constitution of 2011) established a public agency and separate legal entity that is financially independent and subject to the government's financial supervision and control: *Autorité Nationale de Réglementation des Télécommunications* (ANRT), the Moroccan national telecommunications regulatory agency.

Roles and responsibilities of the ANRT

As regulatory authority for the telecommunications sector, the role of the ANRT is traditionally to define the legal and regulatory framework (draft laws, decrees and ministerial decisions concerning telecommunications, contract specifications for operators, etc.) for the telecommunications sector, to monitor and ensure compliance with the antitrust laws applying to telecommunications operators, and to resolve disputes.

The ANRT prepares the procedures for the award of licenses by competitive bids, processes applications for licenses, and treats preliminary declarations for activities subject to reporting. The ANRT grants authorizations and prepares related licenses and contract specifications. It ensures that operators comply with the terms of their licenses.

The ANRT is also involved in legal action taken against telecommunications operators that fail to comply with current regulations.

It is also the ANRT's duty to resolve disputes over interconnection and infrastructure sharing.

Following the passage of Law 104-12 on open markets and competition, the Decree of May 31, 2016 amending and completing the Decree of July 13, 2005 on bringing disputes and allegations of anticompetitive and monopolistic practices to the ANRT granted it new powers to curb anticompetitive and monopolistic practices in the telecommunications sector as well as new powers to penalize such practices.

Legal and regulatory framework of the telecommunications industry in Morocco

This section contains a summary of the legal and regulatory framework for the telecommunications industry in Morocco. It is not intended to be exhaustive.

OVERVIEW

Since the adoption of Law 24-96 of August 7, 1997, abolishing *Office National des Postes et Télécommunications* (Morocco's national post and telecommunications agency, ONPT), Morocco has had a modern regulatory framework establishing the conditions for liberalization of the telecommunications sector.

The dissolution of the ONPT led to the creation of three separate legal entities: Itissalat Al-Maghrib (Maroc Telecom), a privately held corporation (*société anonyme*); Barid Al Maghrib (the postal service, hereinafter "BAM"), a financially independent public utility which in November 2011 became a corporation (*société anonyme*) wholly owned by the Moroccan government and the ANRT.

Liberalization continued with the adoption of a series of implementing decrees concerning the operation of the ANRT, interconnection, the general terms of operation for public telecommunications networks, the provision of value-added services and the provision of leased lines.

In November 2004, Law 24-96, as amended by Law 55-01, finalized the liberalization process begun in 1997 and clarified the existing statutory framework. In 2005 the decrees on interconnection and the general terms of operation of the public telecommunications networks were amended and added to.

The liberalization of Morocco's telecoms sector was based on a General Policy Document covering the period 2004-2008 which resulted in two fixed-line licenses, three 3G (UMTS) mobile licenses and a third 2G mobile license being awarded.

A second General Policy Document covered the period from February 25, 2010 to January 1, 2013.

A General Policy Document for 2014-2018 was adopted by the Management Board of the ANRT on March 18, 2015.

AMENDMENT OF THE STATUTORY AND REGULATORY FRAMEWORK

Act 121-12, amending and completing Act 24-96, was promulgated and published in the Official Bulletin of 18 February 2019. The main provisions added by this law are as follows:

- Assignment to the ANRT of the power (previously granted by decree in 2016) to apply the law on competition, including sanctions (up to 10% of revenue, or twice that amount in case of a repeat offence), and the establishment of a "violation committee" to be chaired by the Director General of the ANRT;
- Establishment of the universal obligation to share infrastructure;
- Increase in sanctions: 2% of revenue, 5% for a repeat offence, for failure to comply with regulations;
- Increase in sanctions for failure to supply information: (100,000 DH – 500,000 DH);
- Appointment by the planner/developer of an operator for managing infrastructure and instituting verification offices, approved by the ANRT, to check the compliance of connections (connection procedures have not yet been defined).

Rules governing the establishment and operation of telecommunication networks and services in Morocco

Law 24-96, as amended and supplemented, introduces separate rules depending on the type of telecommunications networks and services provided.

Operators seeking to establish public telecommunications networks using public rights-of-way or radio-frequency spectra are required to obtain a license (granted by decree). A license may only be granted following an invitation to tender conducted by the ANRT. Licenses are issued by decree of the Head of Government. They are unique to the license holder and may only be transferred to third parties by decree.

The establishment and operation of any independent network other than a business network require a license from the ANRT. Independent networks are nonprofit telecommunications networks that are reserved for private use (i.e., where use is reserved for the establishing company or individual) or shared use (i.e., where use is reserved for the exchange of internal communications between subsidiaries and/or branches of a single group of companies).

The provision of value-added services is unrestricted, subject to prior declaration to the ANRT and compliance with applicable laws and regulations. The list of value-added services was set by Decree 2-97-1024 of February 25, 1998, supplemented by Order 618-08 of March 13, 2008, and included the administration of the ".ma" domain name.

All equipment to be connected to a public telecommunications network and all radio systems is subject to the ANRT's prior approval.

Business networks and radio systems consisting solely of low-capacity or short-range devices may be established without restriction. Restrictions against the use of DECT short-range devices in certain parts of Morocco were removed in 2013 for devices with an embedded antenna.

LICENSES AWARDED TO MAROC TELECOM

Under Law 24-96, the telecommunications networks and services previously operated by the ONPT (i.e., mainly fixed-line and mobile telecommunications networks and services, and the right to use the radio frequencies allocated or assigned to the ONPT) were transferred to Maroc Telecom.

As the incumbent operator, Maroc Telecom is subject to contract specifications ratified by Decree 2-97-1028 of February 25, 1998, as amended by Decree 2-00-1333 of October 9, 2000 and Decree 2-05-1455 of April 21, 2006, which define the conditions for the operation of all networks and services initially operated by the ONPT.

These contract specifications state the conditions under which Maroc Telecom is to establish and operate, for an unlimited duration:

- local and nationwide fixed landline telecommunications services (including data transmission services, leased lines and the integrated services digital network (ISDN);
- GSM-standard Mobile telephony services;
- international telecommunications services.

With regard to other telecommunications networks or services, Maroc Telecom, like other operators, is subject to the provisions of Law 24-96 and holds a license to deploy and operate public telecommunications networks using third-generation (3G) technology. Maroc Telecom was granted this license by Decree 2-06-498 of December 29, 2006.

On April 10, 2015, Maroc Telecom was awarded by Decree 2-15-277 a 4G license that was assigned for a period of 20 years, renewable for periods of 10 years - and- then 5-years.

On November 5, 2015, Maroc Telecom was awarded a 10-year VSAT license.

Finally, Maroc Telecom is bound by specifications relating to the carrying out of its universal service responsibility approved by Decree 2-07-932 of July 7, 2007 as amended by Decree 2-18-337 of June 4, 2018.

The following table summarizes all the licenses held by Maroc Telecom:

License	Effective date	Term
Fixed-Line +2G	October 9, 2000	undefined
3G license	January 18, 2007	25 years
4G License	April 11, 2015	20 years
VSAT license	November 5, 2015	10 years
Universal service	December 31, 2007	30 years

MAIN OTHER LICENSES GRANTED

- GSM (2G) Mobile telephony: granting of a license to Medi Telecom in August 1999, for a renewable term of 15 years, extended to 25 years in 2005; granting of a license to Wana in February 2009 (commercial launch in February 2010);
- Fixed-Line next-generation telephony: in 2005, two licenses were awarded for next-generation Fixed-Line telephony:
  - in July 2005, a fixed-line license including local loop (without restricted mobility) and national and international transmission was awarded to Medi Telecom,
  - in September 2005, a fixed-line license including local loop (with and without restricted mobility) and national and international transmission was awarded to Wana;
- 3G and 4G Mobile telephony: in addition to the licenses granted to Maroc Telecom, 3G and 4G mobile licenses were awarded to the existing operators Medi Telecom and Wana in 2006 (3G) and in 2015 (4G);
- VSAT licenses: in addition to the licenses allocated to Maroc Telecom in November 2015, two other licenses were issued in 2015 (Wana and SADV) in addition to the three existing licenses.

Retail-pricing regulations

Retail rates may be freely set by operators, subject to compliance with antitrust rules and uniformity of domestic rates. Operators must notify the ANRT of their rates 30 days before publishing or applying them. As the dominant operator, Maroc Telecom is required to justify its rates with regard to its costs and whether third-party operators are effectively able to replicate its offers.

In addition, the duration and frequency of promotions are governed by the Order of June 3, 2008, which sets out the terms for the promotion of telecommunications services.

In April 2016, the ANRT adopted new guidelines for the review of operators' rate plans. Unlike Maroc Telecom, non-dominant operators are able to practice on-net and off-net rate differentiation for prepaid customers. Promotions (apart from pre-2016 offers) are also subject to the replicability test on a full-cost basis. The minimum margin required by Maroc Telecom for the replicability test for fixed-line and mobile voice is currently 20%.

Regulation of wholesale rates

Interconnection rates (Fixed-Line and Mobile voice & SMS termination), leased line rates, local loop unbundling rates (physical, virtual and bitstream), and infrastructure access rates are set by the ANRT and integrated into Maroc Telecom's technical and pricing terms, which are subject to ANRT approval.

Interconnection

BACKGROUND

Interconnection is governed by Law 24-96 and Decree 2-97-1025, as amended and supplemented by Decree 2-05-770 of July 13, 2005, which defines the technical and pricing terms for interconnection to public telecommunications networks.

Every operator of a public telecoms network is required to accept requests for interconnection from a holder of a license to operate a public telecom network.

INTERCONNECTION RATES

In February 2017, the ANRT reintroduced asymmetric mobile call termination rates. The Mobile Call Termination Rate for operators is shown in the schedule below.

In June 2018, the ANRT maintained the principle of pricing asymmetry by applying three different Call Termination Rates (see schedule below).

The table below shows the changes in call termination rates on national mobile networks (MAD excl. tax per minute) since 2011:

	Mobile Maroc Telecom		Mobile Medi Telecom		Mobile Inwi	
	Peak [(a)]	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
From 1/1/2011 to 6/30/2011	0.8317	0.4158	0.998	0.499	1.2309	0.6154
From 7/1/2011 to 12/31/2011	0.6238	0.3119	0.7186	0.3593	0.8801	0.44
From 1/1/2012 to 6/30/2012	0.3924	0.1962	0.452	0.226	0.5536	0.2768
From 07/01/2012 to 12/31/2012	0.2755	0.1377	0.3052	0.1526	0.3378	0.1689
From 1/1/2013 to 12/31/2016	0.1399		0.1399		0.1399	
From 3/1/2017 to 02/28/2018	0.1169		0.1399		0.1399	
Since 6/12/2018 [(b)]	0.1169		0.1238		0.1399	

(a) Peak: 8am to 8pm; Off-peak hours are 8pm-8am and on Saturdays, Sundays and public holidays. The peak/off-peak distinction fell away on January 1, 2013.
(b) Until a new decision is made.

The table below shows the changes in rates for call termination on national fixed-line networks (MAD excl. tax per minute) since 2011:

	Fixed-Line Maroc Telecom						Fixed-Line Médi Telecom		Wana Fixed-Line		Wana restricted mobility	
	Peak			Off-peak								
	intra CAA	Simple Transit	Double Transit	intra CAA	Simple Transit	Double Transit	Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
From 1/1/2011 to 6/30/2011	0.1155	0.2817	0.3860	0.0578	0.1409	0.1930	0.2693	0.1347	0.2693	0.1347	0.6238	0.3119
From 7/1/2011 to 12/31/2011	0.1079	0.2479	0.3531	0.0540	0.1240	0.1766	0.2410	0.1205	0.2410	0.1205	0.4678	0.2339
From 1/1/2012 to 6/30/2012	0.0740	0.1645	0.2411	0.0370	0.0823	0.1206	0.1617	0.0809	0.1617	0.0809	0.2277	0.1139
From 07/01/2012 to 12/31/2012	0.0591	0.1258	0.1894	0.0296	0.0629	0.0947	0.1252	0.0626	0.1252	0.0626	0.1798	0.0899
From 1/1/2013 to 2/28/2017	0.0360	0.0740	0.1130	0.0360	0.0740	0.1130	0.0740		0.0740		0.1160	
From 3/1/2017 to 6/11/2018	0.0360	0.0740	0.1130	0.0360	0.0740	0.1130	0.0740		0.0740		0.1160	
Since 6/12/2018 [(a)]	0.0306	0.0629	0.0960	0.0306	0.0629	0.0960	0.0740		0.0740		0.1160	

(a) Until a new decision is made.

Since 2012, the rates for SMS termination on the mobile networks of the three operators have been as follows:

	From 1/1/2012 to 12/31/2012	From 1/1/2013 to 12/31/2016	Since 6/12/2018 [(a)]
SMS termination rate (MAD excl. tax per SMS)	0.08	0.03	0.03

(a) Until a new decision is made.

DOMINANT OPERATORS

Each year the ANRT imposes specific obligations in terms of interconnection on the operators it designates as exercising a significant influence over a particular market. An operator is considered to exercise significant influence if, individually or jointly with others, it has a dominant position enabling it to conduct its business independently of its competitors, its customers and consumers.

The guidelines regulating the ANRT's reviews of the rates offered by operators of public communication networks also impose a requirement on dominant operators for their retail offers to be able to be replicated by third-party operators (taking into account current specific market rates, which results in price squeeze tests being implemented as part of the preliminary audit by the regulator of retail offers).

The initial list of specific markets approved by the ANRT for 2012, 2013 and 2014 included the market for fixed-line termination rates (including for restricted mobility), voice mobile call termination rate, SMS mobile termination rates and wholesale rates for leased lines.

Following the ANRT's decisions of December 30, 2013 relating to specific markets and operators exercising a significant influence there, two new specific markets have been defined: "access to the physical infrastructure of the wired local loop" and "access to the civil engineering infrastructure throughout the national territory," for which Maroc Telecom was declared the only dominant operator in 2014.

By decision dated November 24, 2014, the ANRT extended the list of specific markets for 2015, 2017 and 2017. By its decision of December 9, 2015, it identified Maroc Telecom as the only dominant operator in all of those markets in 2017. Medi Telecom and Wana are identified as operators with significant influence in the mobile SMS call termination market. This has led to the renewal, for 2017, of the asymmetric regulation of the civil engineering and wired local loop physical infrastructure introduced in 2014/2015.

In June 2018, the ANRT published a new decision on specific markets. It provides for the following:

- broadening of the wholesale market for leased lines for dark fiber optic and segmentation of this market into two sub-markets: (i) urban and intercity in the fixed-line connectivity market (LLO and equivalent, and intercity FO) and (ii) the fixed-line connectivity handset market (LLA and equivalent);
- introduction of the retail market for fixed-line broadband and very-high-speed broadband, irrespective of the device or technology used. The obligations applying to this market have not been specified;
- maintenance of wholesale markets: Mobile Call Termination Rate, Fixed-Line Call Termination Rate, SMS Call Termination Rate, access to Civil Engineering infrastructure;
- broadening of the local fiber loop market.

As such, IAM is declared the only dominant company in all markets except SMS (in which all operators have been declared dominant).

As a result of these decisions Maroc Telecom is required to provide the following wholesale offers (apart from interconnection):

- physical unbundling of the local loop and sub-loop;
- virtual unbundling;
- access to the dark-fiber local loop for unbundling purposes;
- bitstream;
- access to infrastructure throughout the country;
- fixed-line handset connections.

For unbundling, please refer to the relevant section below.

In terms of infrastructure, the ANRT's decision of December 9, 2014 determines the technical and pricing terms of access to Maroc Telecom's urban and suburban underground infrastructure and requires it to provide technical and pricing terms for access to its overhead infrastructure. Pursuant to Decision ANRT/DG/12/18 of July 27, 2018, the offer's technical and pricing conditions were revised.

Local loop unbundling

Since January 1, 2008 Maroc Telecom has established technical and pricing terms for total and shared access to its local loop approved by the ANRT in like manner as its interconnection technical and pricing terms.

IAM's physical unbundling technical and pricing terms have been successively modified. This was the case in 2013 when the unbundling of inactive lines was added to the technical and pricing terms and in 2017 when some pricing was overhauled. Pursuant to Decision ANRT/DG/15/18 of August 7, 2018, the offer's technical and pricing conditions were revised.

In 2018, the main unbundling rates were as follows:

- physical unbundling for MAD 61/month (excl. tax) at the local loop level, and MAD 51/month (excl. tax) at the "local sub-loop" level (MSAN);

- fiber optic links for unbundling for MAD 10/lm/year (excl. tax);
- virtual unbundling for MAD 35.25/month (excl. tax) for partial access, and MAD 70.5/month (excl. tax) for full access; collection rates vary depending on speed, level of collection and class of service for regional collection.

Numbering and portability of numbers

The ANRT allocates numbers, blocks of numbers and prefixes to operators of public telecom networks in an objective, transparent and non-discriminatory manner. These numbers and blocks of numbers may not be transferred without ANRT's prior express consent.

The portability of fixed-line and mobile numbers has been operational since May 31, 2007.

The terms and conditions for its implementation were set by the ANRT in its Decision 10/06 of October 4, 2006, concerning the terms and conditions for number portability, and in its Decision 10/07 of July 18, 2007, setting the pricing terms of portability for Maroc Telecom's fixed-line and mobile numbers and Medi Telecom's mobile numbers. The decision of October 4, 2006 was repealed by the ANRT's Decision ANRT/DG 1/11 of February 1, 2011, in turn amended and supplemented by Decision 09/12 of December 6, 2012, which was primarily intended to shorten the cancelation period offered to customers under this procedure.

The ANRT's decision of October 8, 2015 on the terms and conditions of portability is intended to further streamline the portability process by reducing porting times (three business days vs. seven calendar days) and by requiring operators to set up, under the aegis of the ANRT, a centralized database of ported numbers within a maximum of 18 months.

In October 2016, the ANRT launched a consultation for the selection of the third party responsible for setting up and managing the central database of ported numbers. The contract with the successful bidder tasked with managing the centralized database is pending signature.

Provision of infrastructure

Law 55-01, amending and supplementing Law 24/96, introduced a provision under which public-sector entities, utilities licensees and operators of public telecom networks are required, to the extent this does not interfere with public use, to make available to the operators of public telecoms networks which request them the easements, rights of way, civil engineering works, roads, cables, high points, etc., which they have, in order to install and operate transmission materials. These must be made available on acceptable, objective and non-discriminatory technical and financial terms and conditions, which ensure fair competition.

Separate accounting

According to the terms of Decree 2-97-1026, as amended and supplemented by Decree 2-05-771 of July 13, 2005 and Decree 2-97-1025, as amended and supplemented by Decree 2-05-770 of July 13, 2005, operators are required to maintain an analytical accounting system which determines the costs, revenues and profits of each network they operate or service they offer. The financial statements must be submitted, for audit, to a body designated by the ANRT.

Decision 08/12 of December 6, 2012 established a consistent framework for regulatory statements of cost refunds and income which operators are required to submit annually to the ANRT.

Universal service

Universal service includes at least one telephone service of a specified quality, at an affordable price; it also includes a service enabling access to the internet, the routing of emergency calls, the provision of telephone kiosks on the public highway, an information service and a printed or electronic directory (the last two services are mandatory).

Law 55-01, amending and supplementing Law 24/96, established the principle of Pay or Play and set the contribution of operators of public telecom networks to the universal service at 2% of revenue before tax (net of interconnection fees, handset sales and repayments to value-added service providers).

These operators may either perform the universal service tasks themselves, or pay a contribution into a special trust account, the Universal Service Fund (referred to as the "SU").

The manner in which each operator provides universal service tasks are set out in one particular set of specifications, approved by decree.

In 2008-2011, the ANRT launched a consultation with all the national operators for the realization of a vast universal service program, called "PACTE", the objective of which was to provide coverage for telephone services and internet access to all the blank areas in Morocco, namely 9,263 villages. The Telecommunications Universal Service Management Board selected Maroc Telecom for 7,338 of them.

Today, more than 99% of the program has been completed and Maroc Telecom has reminded the ANRT that, except for a few sites, completion of the PACTE program depends only on completion of the electrification program by Office National d'Électricité.

Note that the General Policy Document for the period 2014-2018 provides for the expansion of the universal service to include broadband, and that accordingly in June and August 2016 the ANRT launched two universal service consultations for the implementation of the National Broadband Development Plan (PNHD). The first concerns mobile broadband coverage of 10,651 locations; the second, the rollout of fiber (backbone and backhaul).

Moreover, Maroc Telecom contributes to implementation of the "Nafid@" and "INJAZ" programs, which have been selected as universal service programs by the Universal Service for Telecommunications Management Committee and partly funded by the Fund for Universal Service for Telecommunications (*Fond de Service Universel des Télécommunication* or FSUT).

In particular, these programs concern the general application of information and communication technologies in education:

- the INJAZ program is aimed at graduate students from a large number of teaching institutions, colleges and universities in the field of engineering, science and information and communication technology, and consists of giving them access to the mobile broadband internet service and a laptop;
- the Nafid@ program, which supplements the GENIE program (which consists in equipping schools with computers and internet access), is intended to encourage the education sector to use information and communication technologies in the educational system, by availing the adequate means for this purpose (laptops, internet access).

Contributions to research, training and standardization of telecoms

Law 55-01, amending and supplementing Law 24/96, states that the contribution of operators of public telecoms networks to training and standardization is set at 0.75% of revenues, before tax and net of interconnection fees, generated by the telecoms operations covered by their license. The contribution for research is set at 0.25% of the revenues referred to above. This amount is paid into a special fund for research. Operators providing equivalent funding for research programs under agreements with officially designated research agencies are exempt from the payment.

Since 2007, Maroc Telecom no longer enters into agreements with such agencies and pays the entirety of the abovementioned contribution into an account earmarked for research.

Identification of customers

The ANRT has informed the operators of public telecoms networks about Decision 04/11 of July 13, 2011 relating to the identification of 2G and 3G Mobile customers.

The ANRT issued a new decision on November 8, 2013, amended by a decision on January 31, 2014, pursuant to which the sale of pre-activated prepaid SIM cards was prohibited as from April 1, 2014.

Dispute resolution

The ANRT procedure for disputes, unfair business practices, and economic concentrations, taking into consideration the new powers of the ANRT in terms of competitive environment, is outlined in Decree 2-05-772 of July 13, 2005 as amended and completed by the Decree of May 31, 2016.

4.2.1.6 DISTRIBUTION AND COMMUNICATION

Distribution

ORGANIZATION

Maroc Telecom has the largest distribution network nationally. It includes more than 75,000 distribution outlets for direct and indirect sales. In 2018, Maroc Telecom's various distribution channels were:

- the direct network, composed of 459 branches at end-December 2018. This network is growing fast and every year new Retail branches are added and existing branches are refurbished;
- more than 460 full-image resellers, managed directly by Maroc Telecom's own network, which market consumer products and services;
- the indirect network comprises independent local shops, some of which have exclusivity agreements and are managed by the nearest retail branch. Nationwide distributors whose main activity is not telecoms;
- four national distributors, two of which operate exclusively in the field of telecoms for Business customers. The business of the other two concerns different customer segments and all Maroc Telecom's product ranges and services;
- five partners for the sale and installation of the PABX product.

DISTRIBUTION STRATEGY

The extent and organization of Maroc Telecom's distribution network is a major strategic asset for the Company.

The operator's distribution strategy is mainly focused on the following areas:

- expand its direct branch network by opening new Retail branches and refurbishing old ones every year, to maximize customer satisfaction while keeping up with the technological trends;
- increase digital distribution via indirect channels to forge closer ties with customers;
- strengthen the role of all those involved directly or indirectly, to promote its offerings and meet everyone's needs;
- diversify the distribution media (electronic top-ups, ATMs, express top-ups, online top-ups, pay points etc.);
- ensure synergy between direct and indirect channels in order to offer customers a very high-quality service.

DIRECT DISTRIBUTION NETWORK

In order to maintain the central and dynamic role of the direct network in its marketing and sales strategy, Maroc Telecom has continued with its program to expand and modernize its proprietary sales network in accordance with the new-generation retail branch concept.

With four newly-opened Retail branches and six branches totally refurbished by the end of December 2018, 369 of Maroc Telecom's sales outlets now feature the new design scheme.

At the end of December 2018, Maroc Telecom's network of Retail branches consisted of 459 branches, with eight regional offices, ensuring optimal coverage and density. The network has 428 Retail branches and 27 Business branches.

And four dedicated branches with nationwide coverage for key accounts.

INDIRECT DISTRIBUTION NETWORK

At the end of December 2018, the indirect distribution network consisted of a wide range of licensed resellers, top-up outlets and regional and national distributors:

The resellers network is composed mainly of convenience stores and other distributors of telecoms products which have signed agreements to sell Maroc Telecom products and services. A new category of resellers ("Revendeurs Plus") has been added in the form of Full Image sales points, which sell all Maroc Telecom prepaid and postpaid products. This network, which has a similar design scheme to Maroc Telecom Retail branches, currently has more than 460 stores. These make a valuable contribution to business performance and customer service, as well as providing visibility and sales coverage at the local level.

Overall, the indirect network comprised more than 75,000 prepaid resellers in 2018. More than 50,000 resellers offer the express top-up service.

Individual agreements with each partner serve to reinforce the network and to ensure local distribution. Partners are paid through commissions on the products and services sold.

Maroc Telecom has also signed agreements with partners for the international distribution of electronic top-ups.

DISTRIBUTION AGREEMENTS

At end-December 2018, Maroc Telecom held distribution agreements with the following companies:

	Type of business	Date of partnership agreement	Maroc Telecom products distributed
GSM Al-Maghrib	Distribution of telecom products	11/2003	Prepaid mobile and Fixed-Line phone cards mobile, Fixed-Line, internet subscriptions and electronic top-ups
Canal Market	Electronic payment service provider and distributor of electronic top-ups	11/2002 11/2006	Mobile and Fixed-Line electronic top-up Mobile, Fixed-Line and Internet business subscription – Marrakesh region
Sicotel	Distributor of telecom products	11/2006	Prepaid Mobile and Fixed-Line cards, Mobile Subscriptions Fixed-Line and internet
Lineatec	Distributor of telecom products	11/2006 11/2008	Prepaid mobile and Fixed-Line cards; Mobile, Fixed-Line and Internet business subscription – Rabat and Tangier regions,Mobile, Fixed-Line and Internet business subscription – Casablanca and Fez regions
M2T	Local customer services (bill payment, etc.)	04/2010	Mobile products (electronic and online top-ups)
CMI	E-commerce	06/2010 12/2015 04/2016 05/2016 06/2016 06/2016 09/2016 09/2016	Mobile, Fixed-Line and internet top-ups Top-ups and billing via online banking with CDM Top-ups and billing via online banking with BMCE Top-ups and billing via online banking with ABB Top-ups and billing via online banking with AWB Top-ups and billing via online banking with CIH Top-ups and billing via online banking with BMCI Top-ups and billing via online banking with CFG
Transfer To	International distribution of telecom products	02/2011	Top-up transfer from abroad
Vox Telecom	International distribution of telecom products	11/2013	Top-up transfer from abroad
PrepayNation	International distribution of telecom products	12/2016	Top-up transfer from abroad
Pintail (Indigo)	Distribution of international airtime	03/2017	Top-up transfer from abroad
Attijariwafa Bank	Bank	12/2007	Jawal top-up at ATM
Al Barid Bank	Bank	07/2005	Jawal top-up at ATM
Crédit Du Maroc	Bank	11/2004	Jawal top-up at ATM
Banque Populaire	Bank	12/2005	Jawal top-up at ATM
E-mania	Electronic banking, mobile top-up distributor	03/2015	Online top-up
BIM	Turkish hard discounter	01/2017	Online top-up

Communication

In 2018, Maroc Telecom consolidated its position as one of Morocco's top advertisers, continuing to spend a significant part of its advertising budget on its Mobile, Fixed-Line and Internet products, targeting the Retail and Business segments. Corporate, financial and event-driven communications were also increased through multiple targeted actions.

CORPORATE COMMUNICATIONS

In 2018, the general aim of corporate communications was to maintain Maroc Telecom's strong brand awareness and increase its popularity with all its market segments. Maroc Telecom also publicized its social, cultural and environmental responsibility throughout the year via public relations initiatives at every artistic, cultural, social and sporting event, promoting the population's general well-being.

Maroc Telecom continues to support local, regional, national and international cultural initiatives and events, associating its brand with them; this proves its commitment to the diversity and richness of Moroccan and African culture. Maroc Telecom also promotes and publicizes these events in the media, using its own public relations resources and social media to make them accessible to as many people as possible.

Maroc Telecom Group's other field of institutional expression, which has a strong association with the brand, is national soccer. In the first half of 2018, following the national team's qualification for and participation in the World Cup in Russia, Maroc Telecom successfully implemented an extensive communication platform to highlight its packages, promotions, activations and messages of support for the Moroccan team. As part of this effort, Maroc Telecom joined forces with Medhi Benatia, the Moroccan captain, in a global advertising campaign to promote its Voice and Data packages. A fan video, made to encourage the Atlas Lions, was also produced and circulated in partnership with the artist DJ VAN, featuring players from the national team. Likewise, a series of funny and educational videos called "Supporters' Academy" was circulated on social networks for a few weeks prior to the start of the competition to sustain support for the national team. In 2018, Maroc Telecom continued its identity-based communications strategy on the African continent to more firmly anchor all subsidiary brands to the Group brand, by highlighting the values of innovation and progress upon which the Group's success is built.

For the second phase of its institutional campaign, Maroc Telecom, in its quest to secure African performance, highlighted the achievements of all of its subsidiaries through an ambitious promise, "Africa is now", a music video produced and recorded with the Group's muse, Teddy Riner, along with big names in the African music scene, such as Serge Beynaud, Sidiki Diabaté, and Shura. The "Africa is now" slogan demonstrates that Maroc Telecom is serious about playing an active role in the rise of the African continent by supporting people in their day-to-day lives and offering technology services that are accessible to all.

RETAIL AND BUSINESS ADVERTISING

In 2018, Maroc Telecom maintained an intensive events and advertising campaign to support special offers and new product launches with a tone appropriate to its youth target. With this in mind, and to promote the operator's packages and services to this group, the advertising concepts adopted this year are essentially based on modern, dynamic, creative ideas which replicate the codes and universal habits of young people on the internet and social networks.

Within the Jawal Prepaid Mobile segment, the musical collaboration with Moroccan artists continued in 2018, with the "Jawal yajmaouna" campaign to promote multiple top-ups via a cover of the track "L'moussem" by popular singer Hamid Bouchnak.

Moreover, Maroc Telecom launched a national advertising campaign in partnership with Facebook to promote the Facebook Flex service, a free version of Facebook, exclusively available to prepaid Maroc Telecom customers;

In Postpaid Mobile, 2018 saw sustained advertising of the Liberté plans to boost activations and encourage Jawal customers to opt for mobile subscriptions. To do this, Maroc Telecom called upon Omar Sayed, lead singer with the group Nass El Ghiwane, to provide the voice, music, and reasoned words for the operator highlighting the values of community and sharing that are dear to the brand and reflected in its range of plans.

In the field of internet broadband, and to consolidate its image as an innovative brand at the forefront of technology, Maroc Telecom launched its "Un monde riche en émotions" public relations campaign in 2018, which consists of a TV spot with special effects evoking the power of fiber optic up to 200MB and the exclusive advantages of the power and speed of internet via FTTH technology.

For the Professional and Business markets, a major advertising campaign was launched focusing on innovative solutions specifically designed for these customers, highlighting the leadership Maroc Telecom has shown in these segments.

Finally, as it does each year, Maroc Telecom held its annual year-end prize drawing open to all of its prepaid and postpaid customers, one of whom wins a luxury car each week. A multi-media information campaign was launched for the drawing, announcing its launch and the rules for taking part, followed by video testimonials featuring past winners.

ONLINE ADVERTISING

In 2018, Maroc Telecom firmly established its reputation on Moroccan social media, particularly through its Facebook page, which has more than three million fans.

Maroc Telecom is now the leading Moroccan community-based company and brand on both Facebook and Twitter. It is also widely present on YouTube, Instagram and other social networks.

Similarly, Maroc Telecom continues to diversify its digital marketing to advertise the business and reach out to customers online:

- interactive tie-ins with product and corporate campaigns (games, competitions, quizzes, etc.);
- organization of cultural, sporting and artistic events sponsored by Maroc Telecom;
- help and advice for customer requests for information and complaints.

Maroc Telecom's website (*www.iam.ma*) is designed to meet the current needs and user habits of its different audiences, and features the latest internet trends and digital and technical standards.

It provides a comfortable and user-friendly customer experience with content and layout that adapt to all device types (computers, smartphones and tablets).

The website has versions in French and Arabic with the corporate section available in English and offers many functionalities and features:

- rapid access to information (in a maximum of three clicks);
- possibility of sharing the content viewed on social media on all pages of the site;
- showcase of customer decision-making tools:
  - "Simulators" for the Mobile, Fixed-Line, Fidelio and International Roaming offers,
  - "Compare" functionality to evaluate the features of mobile handsets.

Considered the commercial showcase for Maroc Telecom offers and services, the Group's website is designed as a customer relations platform offering a better consumer experience for telecom products and making customers' everyday lives easier.

SPONSORSHIP AND CORPORATE PHILANTHROPY

Maroc Telecom focuses its efforts on four areas of sponsorship and corporate philanthropy:

Beach Festival

From July 20 to August 21, 2018, Maroc Telecom hosted the 17th edition of the Maroc Telecom Beach Festival in eight of Morocco's main coastal cities. First launched in 2002, the Maroc Telecom Beach Festival is a must-see national event featuring a program of entertainment, celebrations and free concerts. Evening concerts featuring the biggest national stars draw jubilant crowds numbering in the millions.

Maroc Telecom is also involved, as it has been each year since 1999, in the "Clean Beaches" campaign, paying for equipment and facilities for 11 beaches.

Community and humanitarian actions

Aware of the important role it plays in society, Maroc Telecom supported several foundations and charities in 2018, including:

- Mohamed V Foundation for Solidarity;
- Mohamed VI Foundation for Environmental Protection;
- National Institute for Children's Rights;
- the Lalla Asmaa Foundation for Deaf Children;
- Moroccan Down Syndrome Association;
- Heure Joyeuse children's charity;
- the AIDS association (ALCS);
- the SOS Autism Association;
- "Women for Africa" Foundation;
- Open Days at the National Safety Center (*Direction Générale de la Sureté Nationale*).

Sports sponsorships

Maroc Telecom is heavily involved in sports at the national and local levels, across a wide range of disciplines, through partnerships with:

- Moroccan Royal Soccer Federation;
- Mohammed VI Royal Soccer Academy;
- African Championship of Soccer Nations (*Championnat d'Afrique des Nations de Football*) – CHAN MAROC 2018;
- Moroccan Royal Federation of Track and Field;
- Moroccan Royal Federation for Equestrian Sports;
- *Trophé Galop des étoiles*;
- Moroccan Royal Rugby Federation;
- Moroccan Royal Tennis Federation;
- Dar Es Salam Royal Golf Club Association;
- Moroccan Royal Golf Federation;
- Hassan II Golf Trophy Association and the Lalla Meriem Golf Cup;
- Mars d'OR awards ceremony;
- AFRIQUIA RACE OF MOROCCO;
- Gymnasiades Morocco 2018;
- Surf Insertion;
- Moroccan Royal Boxing Federation;
- the first mixed martial arts (MMA) sporting event held in Morocco, "BRAVE 14";
- Ms Bouchra Baibanou on her ascent to the highest summit of Antarctica, Mount Vinson, Cultural Sponsorship.

Cultural sponsorships

Maroc Telecom is particularly involved in culture. It takes part in many prestigious Moroccan and international festivals, such as the Mawazine Rythmes du Monde festival, the Gnaoua et des musiques du Monde festival, the Timitar Festival in Agadir, the festival of sacred music in Fez, the Amazigh Festival, also in Fez, the Izouran Festival in Khenifra, the Thamusida Festival in Kenitra, the Marrakesh International Film Festival, the Festival des chants du Cèdre in Ifrane, the Jawhara d'El-Jadida Festival, the Oasis Festival in Marrakesh, the International Festival of BOUGHANIM Art in EL HAJEB, and the Insaf festival in the city of Benslimane.

Maroc Telecom also supports forums and conferences such as the Crans Montana forum in Dakhla, AFRICA IT TELECOM in Abidjan, Les Panafricaines, Les Africités, and may other similar events.

Maroc Telecom is maintaining its partnership with the Mohammed V National Theater and continues to support the SIEL (International Publishing and Book Fair), as well as major digital events such as FTOUR 2.0.

Maroc Telecom continues to support the arts via the JIDAR "Toiles de rues" street art festival in Rabat, and the Light Painting World Alliance (LPWA). And once again it is sponsoring the Ritz, ABC and Rif cinemas in Casablanca for the 2018-2019 seasons (including sponsoring direct satellite re-broadcasts of plays by the Comédie Française in Paris, operas from the Metropolitan Opera in New York, and ballets from the Bolshoi in Moscow).

Maroc Telecom also supports the "Tairi N'Wakal" Association in organizing cultural and social events for the Amazigh new year of 2969.

Financial and scientific sponsoring:

Maroc Telecom continues to support agriculture by repeating its contribution to and involvement in the SIAM (Morocco's International Agriculture Fair) by setting up an area to showcase its services and demonstrate technological innovations in step with the needs of the farming world.

Maroc Telecom contributed in early 2018, in partnership with NASA and the European Space Agency to a teleconferencing session between students of the ENSIAS (specialist higher education institution for IT and Systems Analysis) and astronauts at the International Space Station (ISS).

FINANCIAL COMMUNICATION

The objective of financial communication is to raise investor confidence while providing precise, relevant, transparent and accurate information on the Group's position facilitating investor decision-making by. Maroc Telecom's financial communication also complies with the statutory and regulatory requirements.

As such, information is regularly disclosed to the markets through press releases, interim and annual results, financial reports, Registration Documents and the add, after like while the Group remains in close and permanent contact with analysts via roadshows, conference calls, analyst meetings, webcasts and other means.

The Investor Relations section of the Group's website www.iam.ma aimed at institutional investors is kept current and up to date at all times.

4.2.1.7 NETWORK AND SYSTEMS INFRASTRUCTURE

Key performance indicators

	2018	2017	2016
Radio sites	9,851	9,583	9,114
Internet bandwidth (Gbps)	1,550	1,120	550
Mobile failure rate	0.58%	0.77%	1.30%
Mobile dropped-call rate	0.52%	0.58%	0.91%
2G coverage rate (as a % of the population)	99.5%	99.5%	99.53%
3G coverage rate (as a % of the population)	98.4%	95.6%	86.75%
4G coverage rate (as a % of the population)	97.3%	93.4%	73.3%

Mobile infrastructure

Maroc Telecom's Mobile network is a 2G/3G/4G (GSM/3G-HSPA+/LTE) network available across almost all of the country. The network has a well-developed infrastructure, high international connectivity and a service quality comparable to that of international operators.

The 4th-generation network (LTE) was launched on July 13, 2015. It supports high-speed voice and data communication services.

MOBILE CORE NETWORK AND SERVICE PLATFORMS

Maroc Telecom's mobile switching network is equipped with Next-Generation Network (NGN) technology that supports IP and 2G/3G/4G simultaneously for optimal resource allocation.

Maroc Telecom has technical platforms enabling the provision of high-quality voice and data services to customers (voicemail, SMS, MMS, prepaid management systems, etc.). Maroc Telecom constantly adjusts the capacity of these platforms to cope with the increased usage of value-added services.

Packet switching and service platforms use highly redundant infrastructures in order to guarantee the highest network availability possible.

COVERAGE

Since the introduction of next-generation Single RAN (radio access node) technology, which combines 2G, 3G and 4G technologies, Maroc Telecom has continued to broaden its radio coverage while upgrading and boosting the capacity of its radio-access equipment.

At end-December 2018, some 9,851 Maroc Telecom radio sites covered 99.5% of its 2G customers and 98% of its 3G customers (compared with 96% at end-December 2017).

Maroc Telecom continued with its 4G coverage program that covered 97% of the population at the end of September 2018 (93% at end-December 2017).

The base station network is continually being optimized by:

- a continuous program of equipment redeployment and extension;
- the latest software upgrades;
- voice-compression technology to cope with spikes in traffic during public holidays and promotional periods.

MOBILE SERVICE QUALITY

Maintaining and enhancing Mobile service quality is a permanent priority for Maroc Telecom's engineers. The call completion rate was 99.4% at end-December 2018, while the average dropped-call rate was 0.52%; the incoming SMS success rate was 99.6%.

Maroc Telecom is conscious of public health issues and follows the guidelines for human exposure to electromagnetic radiation fields issued by the International Commission on Non-Ionizing Radiation Protection (ICNIRP), and conducts regular measurement campaigns to ensure compliance with international standards.

Fixed-Line network infrastructure

Maroc Telecom has a state-of-the-art network enabling it to deliver a wide range of voice and data services to its Residential and Business customers.

This network comprises network access with copper and fiber optic technologies, a transmission backbone, switching centers and service platforms.

INTERNET- AND DATA-ACCESS NETWORK

To supplement its copper wireline access network, which enables high-speed broadband access (up to 20 MB via ADSL 2+ in Morocco's major cities) and ADSL TV (more than 100 TV channels with direct control and VoD), Maroc Telecom has continued to deploy its optical local-loop technology with the aim of offering ultra-high-speed broadband to business customers, particularly by means of VPN IP technology.

In 2018 the Group continued bolstering its Fixed-Line network by means of next-generation Multiple Services Access Node (MSAN) equipment. MSAN equipment makes it possible to route voice and fixed data traffic on the Maroc Telecom network and supports FTTH with theoretical download speeds of up 200 Mb/s.

Maroc Telecom added to its internet range with satellite internet access via VSAT offering download speeds of up to 20 Mb/s.

Lastly, as part of the universal service, Maroc Telecom installed more than 600 Code Division Multiple Access (CDMA) base stations in the most remote areas, in order to deliver voice and Internet services to rural populations previously outside wireline coverage.

DOMESTIC TRANSMISSION NETWORK

Maroc Telecom's transmission network is entirely composed of fiber optic cable linking all of the country's cities.

Based on the latest hybrid NG-SDH and NG-WDM transmission technologies, and thanks to the introduction of 100GE services, the backbone can transmit up to 8Tbps on a single pair of fibers. These broadband connections are ultra-secure thanks to mesh networking and ASON (Automatically Switched Optical Network) technology.

SWITCHING PLATFORMS AND FIXED-LINE SERVICES

Fixed-Line switching is provided by next-generation equipment to provide value-added services (Voice over IP, three-way calling, call waiting, call transfers) while optimizing service quality.

INTERNATIONAL NETWORK

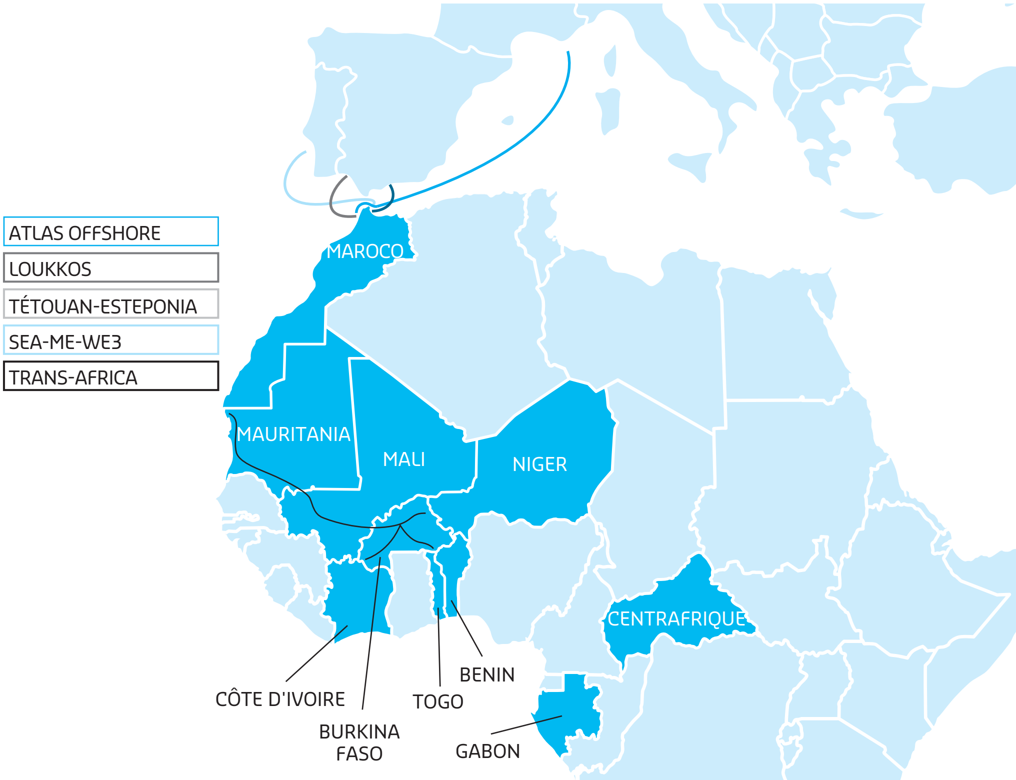
Maroc Telecom connects Morocco to the world through its infrastructure and agreements with large international operators:

- two international transit centers in Casablanca and Rabat;
- four fiber optic submarine cables linking Morocco to Europe. At end-December 2018, these cables had a combined capacity of 1,550 GBps to meet the connectivity needs of Maroc Telecom customers;
- a nearly 5,300km overland fiber optic cable connecting Maroc Telecom with its sub-Saharan subsidiaries in Mauritania, Mali and Burkina Faso.
- satellite links connect the most remote parts of the country to the Maroc Telecom backbone.

Cable name	From	To	Length	Introduced (services etc.)
Atlas Offshore	Asilah (Morocco)	Marseilles (France)	1,634 km	2007
Loukkos	Asilah (Morocco)	Rota (Spain)	187 km	2012
Tétouan-Estepona	Tétouan (Morocco)	Estepona (Spain)	113 km	1994
SEA-ME-WE3 [a]	Tétouan (Morocco)	Sesimbra (Portugal)	500 km	2009
Trans-Africa	Gueguerat (Morocco)	Ouagadougou (Burkina Faso)	5,300 km	2013

(a) IAM stake in a consortium of over 50 operators.

MAP OF MAROC TELECOM INTERNATIONAL SUBMARINE AND OVERLAND FIBER OPTIC CABLES



INFORMATION SYSTEMS

The Information Systems Department is responsible for providing the IT infrastructure and software applications required by Maroc Telecom's various business segments.

Several major IT projects were completed in 2018:

- support measures for the 2018 marketing plan;
- ongoing efforts for paperless processes and Digitalization of the customer experience;
- adaptation and upgrade of Information Systems (e.g. data collection and provisioning) to support network technology developments;
- technical and functional upgrade of business line information systems (CRM and branches), decision support systems/Big Data tools, human resources management systems, and QoS/network performance tools;
- enhanced security for data and Information Systems.

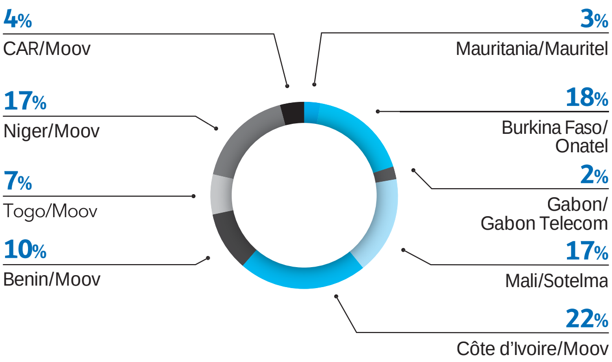
4.2.2 SUBSIDIARIES

4.2.2.1 CONSOLIDATED DATA

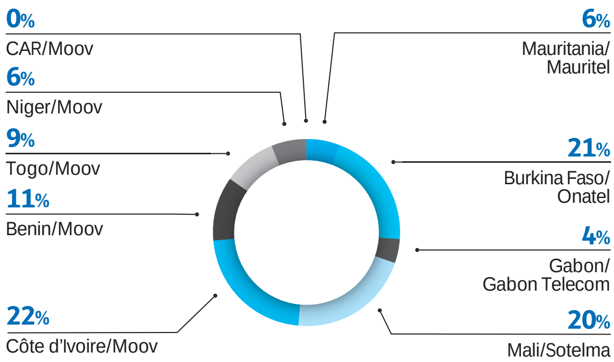
Population [a] *(000)*	Customers [b] *(000)*	Revenue [b] *(in MAD million)*
114,333	38,357	16,041

(a) Forecasts at end-December 2018 (source: IMF, October 2018).
(b) Data at end-December 2018 (source: Maroc Telecom).

BREAKDOWN BY POPULATION [1]



BREAKDOWN BY CUSTOMER [2]



4.2.2.2 MAURITEL

Macroeconomic indicators

	2018	2017	2016
Population *(000)*	3,970	3,881	3,794
GDP per capita *(in USD)*	4,564	4,474	4,336
GDP growth	+2.7%	+3.8%	+1.7%
Inflation	+3.7%	+2.1%	+1.5%

Source: IMF, October 2018.

Mauritel SA is the incumbent operator in Mauritania. It was formed in 1999 following the break-up of Office des Postes et Télécommunications, the national postal and telecommunications operator. In 2000, Mauritel SA created its wholly owned subsidiary Mauritel Mobiles, which has since obtained its second GSM Mobile telephony network license.

On April 12, 2001, following an international call for tenders issued by the Mauritanian government, Maroc Telecom acquired a 54% stake in Mauritel SA.

In January 2002, Maroc Telecom created Compagnie Mauritanienne de Communication (CMC), to which it transferred the shares it held in Mauritel SA. On June 6, 2002, Maroc Telecom sold 20% of CMC to Mauritanian investors. In fiscal year 2003, CMC sold 3% of Mauritel SA to its employees for MAD 17 million, in accordance with the commitments made during its privatization in 2001.

Once the Mauritanian government gave up its veto over Mauritel SA on July 1, 2004, Maroc Telecom gained exclusive control of its subsidiary which became a fully consolidated Group entity. In 2006, the CMC Group acquired 0.527% of Mauritel SA from SOCIPAM, a non-commercial company created by employees of the Mauritanian subsidiaries. On completion of this transaction, CMC held 51.527% of Mauritel SA.

Following the repeal in September 2007 (Act 2007-049 of September 3, 2007) of Article 73 of Act 99-019 on telecommunications, which required Mauritel SA by name to spin off all its activities subject to competition, in this case its Mobile business. On November 27, 2007, the Extraordinary Shareholders' Meetings of Mauritel SA and Mauritel Mobiles subsequently ratified plans to merge the two companies. Mauritel SA has since become a global operator able to take advantage of synergies between all its Fixed-Line, Mobile, and Internet businesses.

(1) Forecasts at end-December 2018 (source: IMF, October 2018).
(2) Data at end-December 2018 (source: Maroc Telecom).

Maroc Telecom's representatives sit on the Board of Mauritel SA. None of Maroc Telecom executives holds any operational functions within these companies. The consolidation methods for the CMC/Mauritel sub-group are summarized in Notes 1, 2 and 28 to the consolidated financial statements. In addition, Chapter 3.2.3.4 "Related-party transactions" illustrates the type of financial flows between Maroc Telecom and the Mauritel sub-group.

Fixed-Line Telephony, Data and Internet

Mauritel provides Fixed-Line telephony services (voice and data) as well as ADSL and FTTH internet access to Residential customers, companies and the public sector.

At the end of September 2018, Mauritania had 168 thousand fixed telephone lines (source: Dataxis) with a penetration rate of 4.1%. Mauritel holds a 61% market share.

In addition to Mauritel, Mattel and Chinguitel have had fixed-line licenses since 2009 that allow them to operate in this market. Nevertheless, to date, the former has developed neither networks nor Fixed-Line offers, while Chinguitel provides Fixed-Line services through its CDMA network. As a result, Mauritel remains the sole wireline operator in Mauritania.

At end-December 2018, Mauritel had a Fixed-Line customer base of 55 thousand lines, 9.4% more than in 2017. Mauritel also has an ADSL network via its fixed-lines whereby it can offer broadband, a fast-growing segment, to its customers. At end-December 2018, Mauritel also had 13 thousand internet subscribers, a slight decrease of 0.9%, most of whom were connected via the ADSL network (99% of customers).

To meet its international bandwidth needs, Mauritel participates in a consortium that has capacity on the Africa Coast to Europe (ACE) submarine cable and includes all Mauritanian telecom operators and the Mauritanian post office.

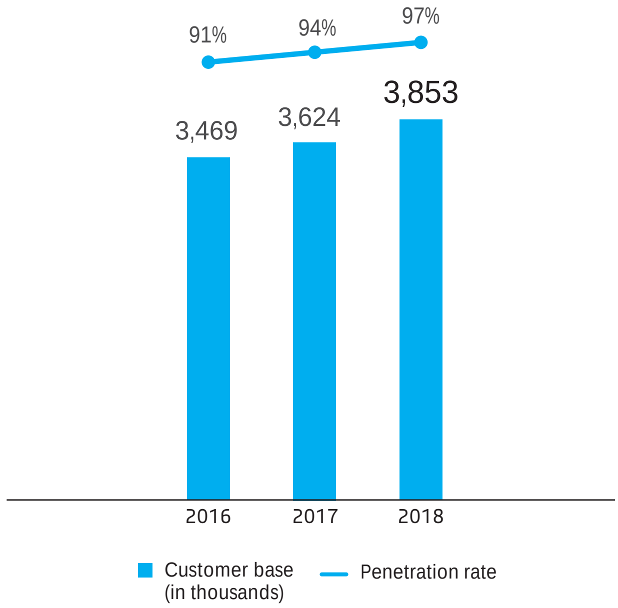
Mobile telephony

Mauritel's Mobile business consists of prepaid and postpaid services. Mobile services include voice, value-added services (SMS, MMS, etc.), 3G mobile internet and roaming. In addition, Mauritel launched its m-payment service under the Mobicash brand in 2013.

To offer these services, Mauritel relied on a network of 736 physical sites across the entire Mauritanian territory, offering 2G and 3G technologies. This latter was launched during 2009. In July 2015, Mauritel renewed its 2G license for a period of 10 years in return for a fixed share (MRO 10 billion) and an annual variable share corresponding to 2.5% of 2G revenues for the term of the license.

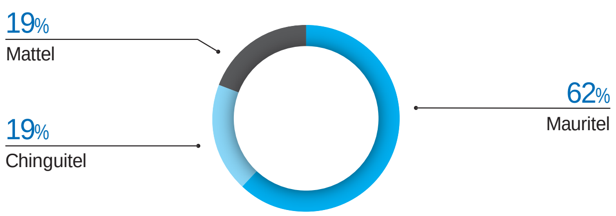
COMPETITION AND MARKET SHARE

MOBILE MARKET TRENDS IN MAURITANIA



Source: IMF (October 2018) and Dataxis (Q3 2018).

MOBILE MARKET SHARE IN MAURITANIA AT SEPTEMBER 30, 2018



Source: Dataxis Q3 2018.

At September 30, 2018, the Mauritanian market had 3.9 million Mobile customers, representing a penetration rate of 97%, up 3 points in one year.

Mauritel operates alongside two other operators, Société Mauritano-Tunisienne de Télécommunications Mattel and Chinguitel. Chinguitel launched a GSM service in 2011. In 2006, the ARE awarded 3G licenses to Mauritel and Chinguitel; Mattel did not obtain its 3G license until March 2009.

At December 31, 2018 Mauritel's Mobile customer base was 2.4 million (almost all prepaid), a 12.0% increase year-on-year despite heightened competition and regulatory customer identification requirements. Mauritel maintained its leadership position with a market share of 62% at end-September 2018.

PERFORMANCE

The following table shows Mauritel's key operating data:

	Unit	2018	2017	2016
Mobile customer base	(000)	2,397	2,139	1,984
Fixed lines	(000)	55	51	48
Broadband access	(000)	13	13	11

Seasonality

In Mauritania, the peak period is generally from June to September. Other spikes in usage occur during religious holidays, providing significant sales opportunities. Fixed-Line and mobile usage tends to be lower during Ramadan.

Regulations

OVERVIEW

The regulatory framework for telecommunications in Mauritania was modified by Law 2013-025 of July 15, 2013 on electronic communications (hereinafter the "Law").

This Law supplements in particular the prerogatives of the ARE and gives it powers to curb unfair business practices in the sector. These prerogatives are in addition to the ARE's regulatory, audit, and oversight powers with regard to industry operators, as set forth in Law 2001-18 of January 25, 2001 establishing the ARE.

The ARE is an independent public-sector entity with multi-sector authority and full financial and managerial autonomy. The ARE reports directly to the Prime Minister.

MAIN REGULATORY OBLIGATIONS APPLYING TO MAURITEL

Mauritel is required to pay industry fees and contributions. These include an annual universal-service contribution of no more than 3% of revenues, net of interconnection charges, regulatory fees of no more than 2% of revenues, net of interconnection charges, and an annual research and training contribution of no more than 1% of revenues, net of interconnection charges. Lastly, Mauritel pays annual fees for the use of radio frequencies and numbers as well as a levy of EUR 0.08/min on inbound international traffic.

MAURITEL LICENSES

Licenses and authorization	Award date	Expiration Date	Term
Fixed-Line authorization	04/12/2001	04/12/2001	20 years
2G license	07/18/2015	07/18/2025	10 years
3G license	07/27/2006	07/27/2021	15 years

2018 HIGHLIGHTS

Regulatory highlights for 2018:

- MRO 12.3 million fine imposed by the ARE in July 2018 for failing to meet service quality requirements;
- tender invitation in October 2018 for the allocation of 4G licenses reserved for operators with a 2G/3G license in Mauritania;
- tender invitation in October 2018 for a fourth 2G/3G/4G mobile license: existing operators will have an early renewal option on their licenses;
- MRO 37.8 million fine imposed by the ARE on Mauritel in December 2018 for failing to meet service quality commitments.

4.2.2.3 ONATEL

Macroeconomic indicators

	2018	2017	2016
Population *(000)*	19,460	18,935	18,420
GDP per capita *(in USD)*	1,993	1,884	1,790
GDP growth	+6.0%	+6.4%	+5.9%
Inflation	+2.0%	+1.5%	-0.2%

Source: IMF, October 2018.

Onatel (*Office National des Télécommunications*) is the incumbent operator of Burkina Faso. It was formed following the break-up of *Office des Postes et Télécommunications* in 1987, and became a state-owned company in 1994. In October 2002, the government created Telmob, Onatel's wholly owned mobile subsidiary, which has been licensed to operate a GSM mobile network since April 2004.

On December 29, 2006, following an international competitive privatization process, Maroc Telecom acquired 51% of Onatel.

On April 29, 2009, Onatel was listed for trading on the regional stock exchange in Abidjan, Côte d'Ivoire. This enabled the Burkina Faso government to sell 23% of the telecommunications operator on the market.

Onatel's Extraordinary Shareholders' Meeting of December 29, 2010 approved plans to merge with Onatel's mobile subsidiary. Since then, Onatel has become a global operator, benefiting from synergy between its Fixed-Line, Mobile and Internet businesses. Maroc Telecom's representatives sit on the Board of Onatel. None of Maroc Telecom executives holds any operational functions within these companies.

On April 17, 2018, Maroc Telecom finalized the acquisition of an additional 10% in the capital of Onatel on the regional stock exchange of Abidjan in Côte d'Ivoire, bringing its ownership of its Burkina Faso subsidiary to 61%.

The consolidation methods for Onatel and its subsidiaries are summarized in Notes 1, 2 and 28 to the consolidated financial statements. In addition, Chapter 3.2.3.4 "Related-party transactions" describes the type of financial flows between Maroc Telecom and Onatel.

Fixed-Line Telephony, Data and Internet

Onatel provides Fixed-Line telephony services (voice and data) as well as ADSL and FTTH internet access to Residential customers, companies and the public sector.

Onatel lost its monopoly on basic services (domestic Fixed-Line telephony, telex and telegraph) on December 31, 2005. However, it currently remains the only Fixed-Line telephony operator in Burkina Faso. By contrast, Onatel competes with other service providers in the Internet market.

At end-December 2018, Onatel had 77 thousand Fixed Lines, an increase of 1.0% compared with 2017, despite competition from Mobile services. The Fixed-Line penetration rate is still low, at only 0.4% of the population at end-December 2018.

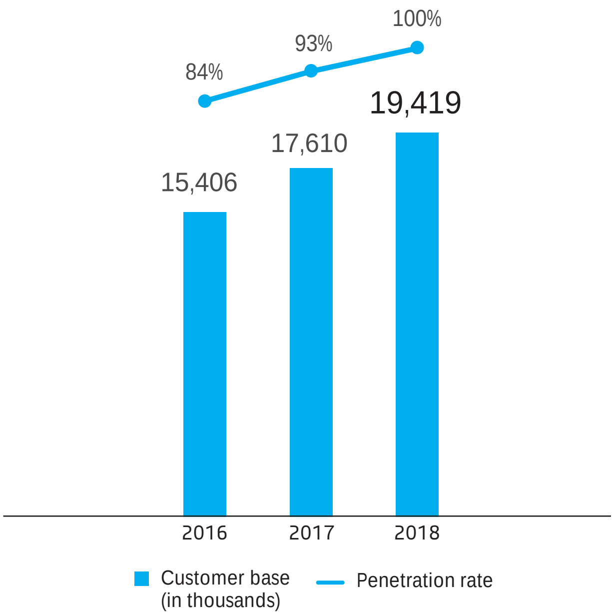
The operator also sells Broadband to its customers via its ADSL network. At the end of December 2018, Onatel had 15 thousand internet subscribers, a 10.7% rise compared with 2017, despite the impact of competition on the Mobile Internet market, which has now practically replaced Fixed-Line internet. Of these customers, 67% had ADSL broadband.

Mobile telephony

Onatel's Mobile business, operated under the Telmob brand, provides prepaid and postpaid services. Mobile services are offered for voice, value-added services (SMS, MMS, etc.), 3G mobile internet and roaming. In 2013, Onatel launched its m-payment service under the Mobicash brand, as well as 3G services.

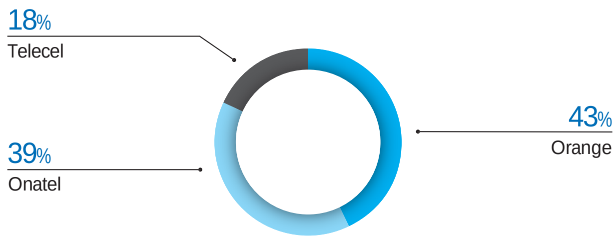
COMPETITION AND MARKET SHARE

MOBILE MARKET TRENDS IN BURKINA FASO



Source: IMF (October 2018) and Dataxis (Q3 2018).

MOBILE MARKET SHARE IN BURKINA FASO AT SEPTEMBER 30, 2018



Source: Dataxis (Q3 2018).

At June 30, 2018, Burkina Faso had 18.4 million Mobile customers, representing a penetration rate of 99%, up 5 points in one year.

The market continued to grow in 2018, thus allowing the three mobile operators in Burkina Faso to develop at the same time. These three operators were granted 3G licenses in 2013, for CFAF 1.5 billion each.

At December 31, 2018, Onatel had 7.6 million Mobile customers (mainly prepaid), a year-on-year increase of 6.1%. The new BTS brought into service during 2018 raised the operator's total to 1,337 BTS.

PERFORMANCE

The following table summarizes Onatel's key operating data:

	Unit	2018	2017	2016
Mobile customer base	(000)	7,634	7,196	7,017
Fixed lines	(000)	77	76	76
Broadband access	(000)	15	13	14

Seasonality

In Burkina Faso, the annual rainy season (August and September) has a negative impact on sales and on network quality of service. This has repercussions for both fixed-line and mobile revenues.

Regulations

OVERVIEW

Burkina Faso's current regulatory framework for telecommunications was established by Law 061-2008/AN of November 27, 2008, as amended, relating to General Regulations for networks and electronic communication services in Burkina Faso and its implementing decrees.

The Electronic Communications and Postal Services Regulatory Authority (*Autorité de Régulation des Communications Électroniques et de la Poste*, hereinafter "ARCEP") is an independent public-sector administration under the technical supervision of the Prime Minister's office.

It is responsible for ensuring that operators comply with their contract specifications, managing and controlling radio frequencies, establishing and managing the national numbering plan, and managing conciliation and arbitration proceedings among telecommunications operators and between operators and consumers.

The main implementing decrees of the Telecommunications Law are: Decree 2010-451 of August 12, 2010, defining the general conditions for network interconnection and access to those networks; Decree 2010-245 of May 20, 2010, defining the procedures and conditions attached to individual licenses, general authorizations, and declarations; Decree 2010-246 of May 20, 2010, establishing the rates and charging arrangements for fees, contributions and expenses.

MAIN REGULATORY OBLIGATIONS APPLYING TO ONATEL

Onatel is required to pay industry fees and contributions. This includes the regulatory fee of 1% of revenues excluding interconnection charges, the annual contribution to training and research of 0.5% of revenues excluding interconnection charges, and a contribution of 2% of revenues excluding interconnection charges to the Universal Service Fund.

In addition, Onatel pays fees for the use of frequencies and numbers.

In 2013, the 5% limit on the amount of fees and contributions was lifted.

Finally, since January 1, 2014, Onatel has paid a special tax on telecom operators equivalent to 5% of their revenue excluding Fixed-Line services, international interconnection charges and revenue from handset sales.

ONATEL LICENSES

Licenses and authorization	Award date	Expiration Date	Term
Fixed-Line license	12/29/2006	12/29/2026	20 years
2G license	06/21/2010	06/21/2020	10 years
3G license	05/22/2013	05/22/2023	10 years

2018 HIGHLIGHTS

Regulatory highlights for 2018:

- adoption in June 2018 of a decree on the procedures for identifying subscribers to electronic communications services and internet café customers;
- adoption in December 2018 of a decree defining the terms and conditions for allocating technologically neutral licenses;
- review of the current telecommunications law. It provides for heavier financial penalties in the event of serious shortcomings.

4.2.2.4 GABON TELECOM

Macroeconomic indicators

	2018	2017	2016
Population *(000)*	1,934	1,908	1,881
GDP per capita *(in USD)*	19,952	19,266	19,018
GDP growth	+2.7%	+1.0%	+2.1%
Inflation	+2.8%	+2.5%	+2.1%

Source: IMF, October 2018.

Gabon Telecom SA is the incumbent operator in Gabon. It was formed from the break-up in 2001 of Office des Postes et Télécommunications pursuant to Law 004/2001 of June 27, 2001 on the reorganization of the postal and telecommunications sector.

In March 1999, Gabon Telecom created Libertis, its wholly owned mobile subsidiary, which obtained a second license to operate a GSM Mobile telephony network in 2007. Until 2006, Gabon Telecom was wholly owned by the Gabonese government. In February 2007, following an international invitation to tender, the Gabonese government sold a 51% stake in the company to Maroc Telecom. The transaction was finalized on December 23, 2010, following completion of the agreements signed in 2008.

Gabon Telecom's Extraordinary Shareholders' Meeting of December 20, 2011 approved plans to merge with Gabon Telecom's Mobile subsidiary. Since then, Gabon Telecom has become a global operator, capitalizing on the synergy between its Fixed-Line, Mobile and Internet businesses.

In addition, after the acquisition of Moov Gabon in January 2015, and to comply with the country's regulatory requirements, a merger between Gabon Telecom and Moov Gabon was necessary.

The merger-absorption process for Gabon Telecom and Moov Gabon was finalized in June 2016.

On June 20, 2017 Gabon Telecom's universal license was renewed for a period of 10 years at a cost of MAD 148 million.

Maroc Telecom's representatives sit on the Board of Gabon Telecom. None of Maroc Telecom executives holds any operational functions within these companies.

The consolidation methods for Gabon Telecom and its subsidiaries are summarized in Notes 1, 2 and 28 to the consolidated financial statements. In addition, Chapter 3.2.3.4 "Related-party transactions" illustrates the type of financial flows between Maroc Telecom and the Gabon Telecom sub-group.

4

Fixed-Line Telephony, Data and Internet

Gabon Telecom provides Fixed-Line telephony services (voice and data) as well as ADSL and FTTH internet access to Residential customers, companies and the public sector.

Gabon Telecom lost its monopoly on basic services (domestic Fixed-Line telephony, telex, and telegraph) on December 31, 2005. However, it currently remains the sole national fixed-line operator in Gabon. By contrast, Gabon Telecom competes with other service providers in the internet and VSAT markets.

At end-December 2018, the operator had a Fixed-Line customer base of 22 thousand lines, an increase of 3.0%. The Fixed-Line penetration rate still remains low, at only 1% at end-December 2018.

Gabon Telecom also offers internet access via its fixed-line network (high-speed ADSL and fiber optic). At end-December 2018, Gabon Telecom had 17 thousand internet subscribers, up 4.1% year-on-year.

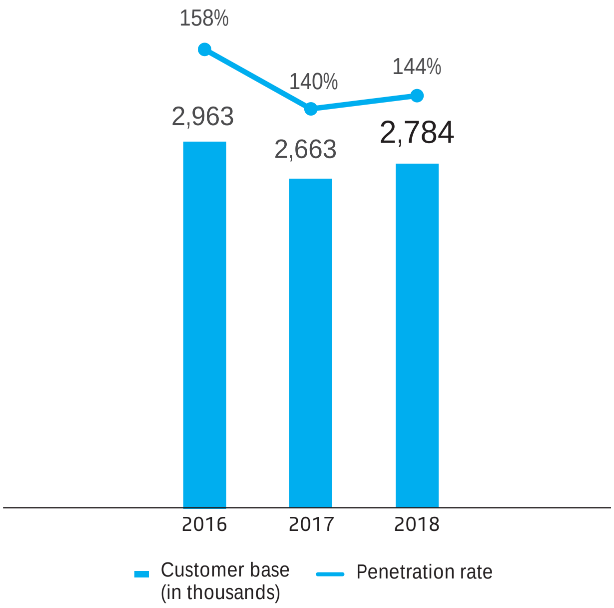
Gabon Telecom has access to the SAT-3 undersea cable with capacity of 30 GB/s coupled with a relief via the ACE system (10 GB/s), enabling it to cover its own international bandwidth needs and sell international services (internet, voice) to other telecom operators and Gabonese companies.

Mobile telephony

Gabon Telecom's Mobile segment, marketed under the Libertis and Moov brands, provides prepaid and postpaid services and offers voice and data plans (mainly SMS and mobile internet). It also provides roaming services for its mobile subscribers abroad and for customers of foreign partner operators visiting Gabon. In 2014 Gabon Telecom launched its m-payment service under the Mobicash brand as well as 3G and 4G services.

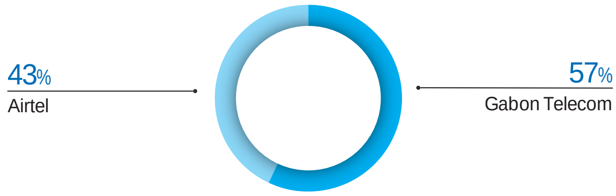
COMPETITION AND MARKET SHARE

MOBILE MARKET TRENDS IN GABON



Source: IMF (October 2018) and Dataxis (Q3 2018).

MOBILE MARKET SHARE IN GABON AT SEPTEMBER 30, 2018



Source: Dataxis (Q3 2018).

At September 30, 2018, there were 2.8 million Mobile customers (commercial customers), representing a penetration rate of 144%, up 4 points in one year.

The Gabonese market consists of two operators, Gabon Telecom and Airtel. Despite a highly competitive environment, Gabon Telecom had a 57% market share at the end of September 2018.

At December 31, 2018 Gabon Telecom had 1.6 million Mobile customers (mainly prepaid), a year-on-year increase of 4.7%. Gabon Telecom continued to build its mobile network in 2018, raising its total number of physical sites to 524.

PERFORMANCE

The following table shows Gabon Telecom's key operating data:

	Unit	2018	2017	2016
Mobile customer base	(000)	1,620	1,547	1,690
Fixed lines	(000)	22	21	19
Broadband access	(000)	17	16	13

Seasonality

In Gabon, December and the summer months (July to September) generally see a surge in activity due to end-of-the-year festivities (Christmas and New Year), holidays in the country's rural regions, family gatherings, the celebration of national independence and the back-to-school period.

November, January and February, in contrast, are generally quiet months, the aftereffects of the summer and year-end peaks.

Regulations

OVERVIEW

The regulatory framework for telecommunications in Gabon was established by Act 005/2001 of June 27, 2001 regulating the telecommunications sector in the Gabonese Republic as amended by Order 006/PR/2014 of August 20, 2014.

The *Agence de Régulation des Communications Électroniques et de Postes*, the Electronic Communications and Postal Services Regulatory Authority (hereinafter, "ARCEP") is responsible for the regulation, control and monitoring of the telecommunications sector. ARCEP is an independent administrative authority under the supervision of the Ministry of the Digital Economy, Communication and Post Office and the Ministry of Economy and Finance.

The main laws governing the telecommunications sector are: Order 08/PR/2012 of February 13, 2012, on the creation and organization of ARCEP, as amended by Order 005 of August 20, 2014; Decree 054 of June 15, 2005, on interconnection procedures and infrastructure sharing; and Decree 0844 of October 26, 2006, on duties, fees and contributions payable by telecommunications operators.

MAIN REGULATORY OBLIGATIONS APPLYING TO GABON TELECOM

Gabon Telecom is required to pay industry fees and contributions. These include a contribution to the Universal Service Fund of an amount equivalent to 2% of revenue excluding interconnection charges, as well as a contribution to telecom research, training, and standardization, in an amount equivalent to 2% of revenue excluding interconnection charges.

In addition, Gabon Telecom is required to pay annual fees for the use of radio frequencies and numbers.

The regulatory fees are capped at 5% of total revenues excluding interconnection charges for the Mobile business and at 6% of revenues excluding interconnection charges for the Fixed-Line business.

Finally, all operators pay a tax of 5% on telephone calls and a tax on incoming international communications of 47 CFA francs/min.

GABON TELECOM LICENSES

Licenses and authorization	Award date	Expiration Date	Term
Fixed-Line authorization	02/09/2007	02/09/2022	15 years
2G/3G/4G license	05/28/2017	05/28/2027	10 years

2018 HIGHLIGHTS

Regulatory highlights for 2018:

- the imposition of a new 5% tax on telephone calls via the 2018 Finance Law;
- the decision to apply a 6.6 billion CFA franc penalty to Gabon Telecom for breach of regulatory obligations concerning service quality.

4.2.2.5 SOTELMA

Macroeconomic indicators

	2018	2017	2016
Population *(000)*	19,517	18,893	18,289
GDP per capita *(in USD)*	2,256	2,169	2,091
GDP growth	+5.0%	+5.3%	+5.8%
Inflation	+1.4%	+0.2%	-1.8%

Source: IMF, October 2018.

Sotelma SA is the incumbent operator in Mali: it emerged in 1990 from the break-up of the former *Office des Postes et Télécommunications*. The company was created by Order 89-32 of October 9, 1989 and ratified by Law 90-018 ANRM of February 27, 1990.

On July 31, 2009, following an international competitive privatization process, Maroc Telecom acquired 51% of Sotelma. Maroc Telecom's representatives sit on the Board of Sotelma. None of Maroc Telecom executives holds any operational functions within these companies.

The consolidation methods for the Sotelma sub-group are summarized in Notes 1, 2 and 28 to the consolidated financial statements. In addition, Chapter 3.2.3.4 "Related-party transactions" illustrates the type of financial flows between Maroc Telecom and the Sotelma sub-group.

Fixed-Line Telephony, Data and Internet

Sotelma provides Fixed-Line telephony services (voice and data) as well as ADSL and FTTH internet access to Residential customers, companies and the public sector.

To date, Sotelma is the most active operator in the Fixed-Line market.

At end-December 2018, the operator had a Fixed-Line customer base of 164 thousand lines, an increase of 6.0%, primarily driven by the development of CDMA technology, which allows rapid nationwide expansion of coverage at a lower cost. The Fixed-Line penetration rate is still low, however, at only 0.8% of the population at end-December 2018.

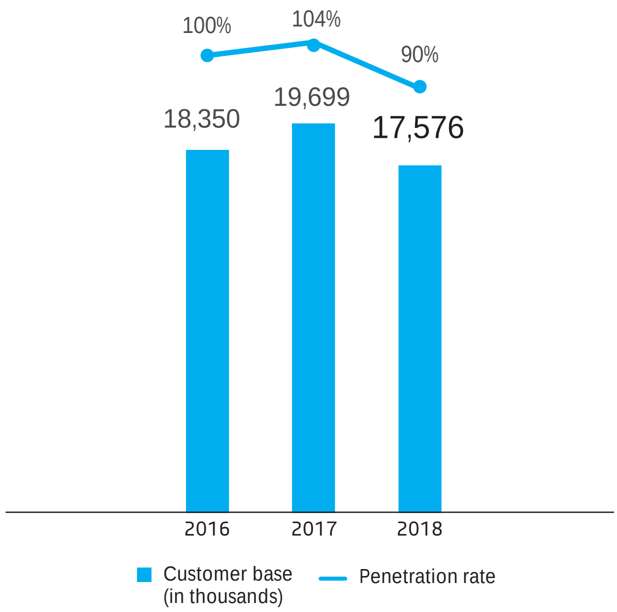
The operator is able to offer its Fixed-Line customers ADSL broadband packages. It also offers internet access via its CDMA network. At end-December 2018, Sotelma had 69 thousand internet subscribers, a 7.5% increase, despite the impact of competition from the Mobile segment.

Mobile telephony

Sotelma's Mobile business consists of prepaid and postpaid services through voice and data plans. It also provides roaming services for Sotelma mobile subscribers abroad and for customers of foreign partner operators visiting Mali. Sotelma launched its m-payment service under the Mobicash brand in 2014.

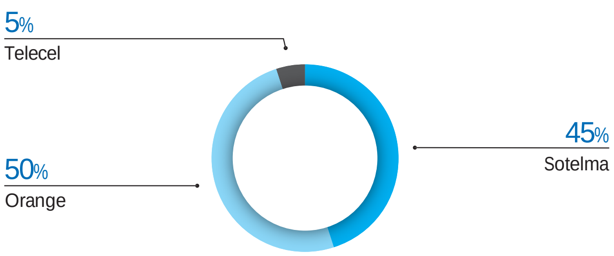
COMPETITION AND MARKET SHARE

MOBILE MARKET TRENDS IN MALI



Source: IMF (October 2018) and Dataxis (Q3 2018).

MOBILE MARKET SHARE IN MALI AT SEPTEMBER 30, 2018



Source: Dataxis (Q3 2018).

At September 30, 2018, the Mali market had 17.6 million Mobile customers, representing a penetration rate of 90%.

Three mobile operators are currently active in Mali: Sotelma, Orange, and Telecel. The latter launched its Mobile services in the first quarter of 2018.

At December 31, 2018, Sotelma had 7.3 million Mobile customers, a 1.8% increase from a year earlier.

Sotelma continued to densify its Mobile network in 2018, raising its total number of physical sites to 1,277.

PERFORMANCE

The following table summarizes Sotelma's key operating data:

	Unit	2018	2017	2016
Mobile customer base	(000)	7,320	7,190	7,087
Fixed lines	(000)	164	155	149
Broadband access	(000)	69	64	61

Seasonality

Telecommunications activity in Mali rises during the rainy season, from June to September, when large numbers of Malian students abroad return home for their summer vacation. Other brief events give rise to major commercial opportunities, including religious holidays such as Tabaski (generally the day of the holiday and the following days) and year-end holidays (December). However, mobile and fixed-line traffic falls substantially in the month of Ramadan, except for the last few days.

Regulations

OVERVIEW

The regulatory framework for telecommunications in Mali is now governed by Order 2011-023/P-RM of September 28, 2011 on telecom and information and communication technologies in Mali and Order 2011-024/P-RM of September 28, 2011 on the regulations of the telecommunications sector. These two orders abrogate Order 99-043/P-RM of September 30, 1999, and all previous regulatory provisions to the contrary.

The Malian Regulatory Authority for Telecommunications and Postal Services (*Autorité Malienne de Régulation des Télécommunications et des Postes*, AMRTP), created by Order 2011-024, is an independent governmental body under the supervision of the Ministry of Postal Services and New Technologies.

The main provisions adopted to date under the Order on Telecommunications are Decree 2011-867 of December 20, 2011 laying down the detailed rules for implementation of national roaming and Decree 2011-872 of December 30, 2011 on the sharing of infrastructure.

MAIN REGULATORY OBLIGATIONS APPLYING TO SOTELMA

Sotelma is required to pay a set of sector fees and contributions. Since 2013, Sotelma has been paying a total contribution of 3% of its revenues, net of interconnection charges, plus annual fees for the use of radio frequencies and numbering resources.

In addition, following the enactment of the law increasing the Tax on Access to Public Telecommunications Networks (TARTOP), this tax is now 5% of total revenues. As a reminder, the tax was introduced in 2013 and had previously been set at 2% of revenues, excluding interconnection charges, product sales and equipment rental (fixed-line and mobile) and services relating to incoming international traffic.

Finally, a new Radio and TV fee was introduced by inter-ministerial order in May 2018. This fee is set at one CFA franc per minute of communication.

SOTELMA LICENSES

Licenses and authorization	Award date	Expiration Date	Term
Fixed-Line license 2G, 3G, 4G [(a)]	07/31/2009	07/31/2024	15 years

(a) Extension of the current license to 4G in November 2018.

2018 HIGHLIGHTS

Regulatory highlights for 2018:

- introduction of a Radio and TV fee by inter-ministerial order in May 2018 at the rate of one CFA franc per minute of communication;
- adoption of a decree approving the addendum on the 4G clause and the revision of Sotelma's licensing specifications;
- drop in call termination rates for Mobile Voice (Mobile and Fixed-Line) to 11 CFA francs/min in 2018, 7 CFA francs/min in 2019, and 3 CFA francs/min in 2020. As a reminder, the Mobile call termination rate for 2017 was 15.8 CFA francs/min; the Fixed-Line call termination rate was 17.5 CFA francs/min.

4.2.2.6 MOOV OPERATORS

On January 26, 2015 Maroc Telecom completed the acquisition of Etisalat's subsidiaries in Benin, Côte d'Ivoire, Gabon, Niger, the Central African Republic and Togo. In terms of business activity, these subsidiaries have operations in the Mobile segment only, divided into prepaid and postpaid.

The acquisition also included Prestige Telecom which provides IT services on behalf of Etisalat's subsidiaries in those countries but ceased trading in June 2017.

CÔTE D'IVOIRE

Macroeconomic indicators

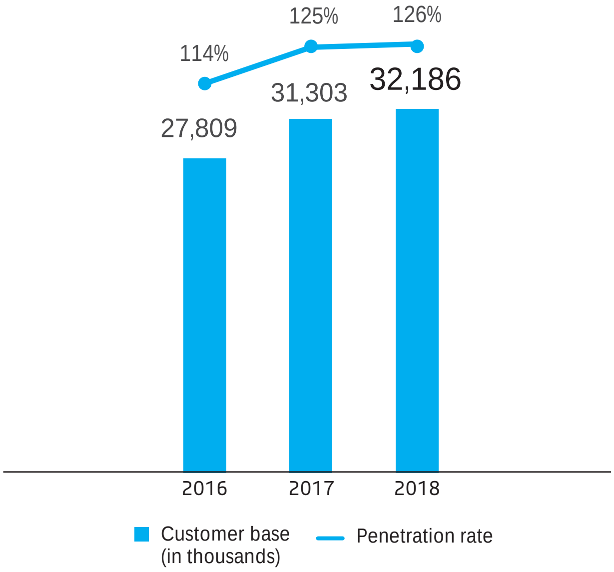
	2018	2017	2016
Population *(000)*	25,609	24,960	24,327
GDP per capita *(in USD)*	4,155	3,857	3,614
GDP growth	7.4%	7.6%	7.7%
Inflation	1.7%	1.0%	0.7%

Source: IMF, October 2018.

Mobile telephony

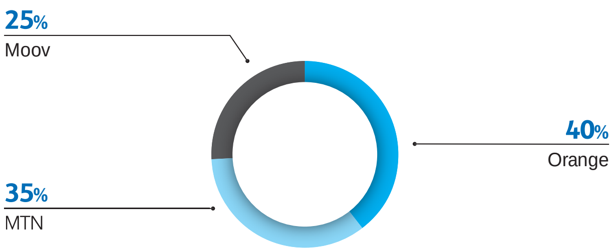
COMPETITION AND MARKET SHARE

MARKET TRENDS IN CÔTE D'IVOIRE



Source: IMF (October 2018) and Dataxis (Q3 2018).

CÔTE D'IVOIRE MARKET SHARE AT DSEPTEMBER 30, 2018



Source: Dataxis (Q3 2018).

Moov Côte d'Ivoire's Mobile business consists of prepaid and postpaid services through voice and data (mainly SMS) plans. It also provides roaming services for its mobile subscribers abroad and for customers of foreign partner operators visiting Côte d'Ivoire. To provide these services, Moov Côte d'Ivoire relies on a network of 1,434 physical sites throughout the country, offering 2G, 3G and 4G technology (commercial rollout of 4G in June 2016). Moov Côte d'Ivoire also offers an m-payment service under the Moov Money brand.

At September 30, 2018, the Ivorian market had 32 million Mobile customers, representing a penetration rate of 126%.

In this market, two major operators are active alongside Moov Côte d'Ivoire: Orange Côte d'Ivoire and MTN Côte d'Ivoire, following the market consolidation in April 2016.

PERFORMANCE

AT Côte d'Ivoire's Mobile customer base changed as follows:

	Unit	2018	2017	2016
Mobile customer base	(000)	8,646	7,734	6,840

At December 31, 2018 Moov Côte d'Ivoire had 8.6 million Mobile customers (mainly prepaid), a year-on-year increase of 11.8% despite heightened competition and customer identification requirements. The market share of Moov Côte d'Ivoire was 25% at end-September 2018, up 1 point compared to the previous year.

Regulations

OVERVIEW

The regulatory framework for telecommunications in Côte d'Ivoire is governed by Order 2012-293 of March 21, 2012 on telecommunications and on information and communications technology.

The Côte d'Ivoire Regulatory Authority for Telecommunications (ARTCI) is an independent administrative authority in charge of regulation on behalf of the state.

The main legislative instruments adopted to date pursuant to the Order concerning telecommunications are: Decree 2012-934 of September 19, 2012 relating to the organization and functioning of ARTCI; Decree 2013-300 of May 2, 2013 relating to interconnection of telecommunications networks and services and local loop unbundling; Decree 2014-104 of March 12, 2014 ratifying the specifications of concession and license holders for the establishment of telecommunications networks and provision of telecommunications/ICT services; Decree 2015-80 of February 4, 2015 defining the categories of Telecommunications/ICT activities and laying down the rules for access to scarce resources.

MAIN REGULATORY OBLIGATIONS APPLYING TO AT CÔTE D'IVOIRE

AT Côte d'Ivoire is subject to various sector fees and contributions. These include the annual regulatory fee equal to 0.5% of its revenue; the Research, Training and Normalization Contribution equal to 0.5% of its revenue; the universal service contribution equal to 2% of its revenue, as well as the fees for the use of radio frequencies and numbering resources.

In addition to these royalties and contributions, there is a tax on communications equal to 3% of their price before tax, and a tax on telecommunications companies set at 5% of revenue before tax (including interconnection receipts and income). AT CI is also subject to a tax for the promotion of culture in the amount of 0.2% of revenue.

AT CÔTE D'IVOIRE LICENSES

Licenses and authorization	Award date	Expiration Date	Term
Global license	March 2016 [(a)]	March 2033	16 years

(a) March 2017 is the license start date.

2018 HIGHLIGHTS

Regulatory highlights for 2018:

- unidentified customers were permanently deactivated between July 16 and July 27, 2018. This affected 1.9 million Moov SIM cards. Unidentified customers were put on simple reception as of May 11, 2018;
- the suspension of the decision of February 2017 on the prohibition on differentiation between on-net/off-net by all operators following the appeal lodged by AT Côte d'Ivoire. Proceedings challenging the substantive decision have been brought before the Court of Appeals;
- the drop in the Mobile Call Termination Rate as of January 1, 2018 from 19 CFA francs to 13 CFA francs.

BENIN

Macroeconomic indicators

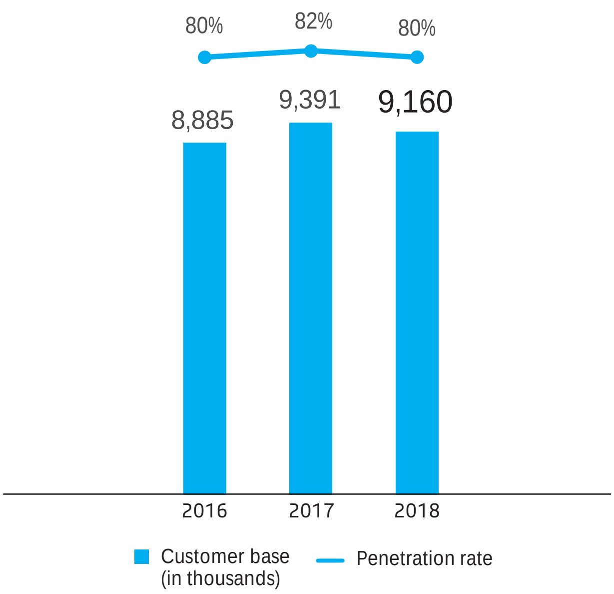
	2018	2017	2016
Population *(000)*	11,423	11,395	11,128
GDP per capita *(in USD)*	2,405	2,219	2,119
GDP growth	+6.0%	+5.4%	+4.0%
Inflation	+2.9%	+2.0%	-0.8%

Source: IMF, October 2018.

Mobile telephony

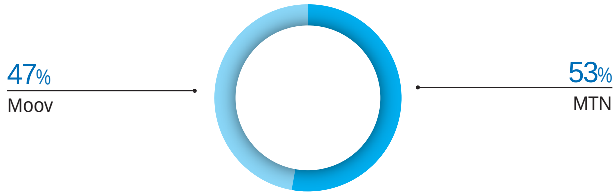
COMPETITION AND MARKET SHARE

MARKET TRENDS IN BENIN



Source: IMF (October 2018) and Dataxis (Q3 2018).

BENIN MARKET SHARE AT SEPTEMBER 30, 2018



Source: Dataxis (Q3 2018).

Moov Benin's Mobile business consists of prepaid and postpaid services through voice and data (mainly SMS) plans. It also provides roaming services for its mobile subscribers abroad and for customers of foreign partner operators visiting Benin. In addition to 3G and 4G services (the latter launched in April 2017), Moov Bénin offers an m-payment service under the Moov Money brand.

At September 30, 2018, the Benin market had 9.2 million Mobile customers, representing a penetration rate of 80%.

PERFORMANCE

Moov Bénin's Mobile customer base changed as follows:

	Unit	2018	2017	2016
Mobile customer base	(000)	4,279	3,960	3,727

At December 31, 2018, Moov Benin had 4.3 million Mobile customers (mainly prepaid), a year-on-year increase of 8.1%. Moov Benin had a market share of 47% at the end of September 2018. The operator brought 65 new physical sites into service in 2018, bringing the total to 611 sites.

Regulations

OVERVIEW

The regulatory framework for telecommunications in Benin is governed by Law 2017-20 of April 20, 2018 on the digital code in the Republic of Benin.

The Agency for the regulation of electronic and postal communications (hereinafter ARCEP BENIN) is an independent administrative structure with legal personality and financial and management independence. It works independently, impartially, fairly, and transparently. It is responsible for the regulation, control, and monitoring of the telecommunications sector.

The Benin Agency for Universal Electronic and Postal Communications Service (ABSU CEP) is placed under the auspices of the electronic communications and postal ministry. It implements government policy in the field of universal service.

MAIN REGULATORY OBLIGATIONS APPLYING TO ETISALAT BENIN

Etisalat Benin is required to pay various sector fees and contributions. These include:

- annual contribution to financing universal access to services – up to 1% of revenue excluding interconnection expenses;
- regulatory fee – up to 1% of revenue excluding interconnection expenses;
- annual contribution to training and research – up to 0.5% of revenue excluding interconnection expenses;
- regional planning and environmental protection fee -0.5%;
- development fee -2% of revenue excluding interconnection expenses;
- tax -10% of revenue.

Pursuant to a decree of which operators were notified on November 14, 2018, Etisalat Bénin must now pay a contribution of 5% of the sale price of electronic communications services. Lastly, Etisalat Bénin pays fees for the use of frequencies and numbers.

ETISALAT BENIN LICENSES

Licenses and authorization	Award date	Expiration Date	Term
Mobile (2G, 3G, and 4G)	06/07/2013	06/07/2033	20 years

2018 HIGHLIGHTS

Regulatory highlights for 2018:

- the introduction, then repeal, of taxes on the use of telecom services. The related decree provided for a tax of 5% of the price on all services and 5 CFA francs/MB for internet use by OTT applications;
- the introduction, as of November 14, of a contribution of 5% of the sale price of electronic communications services;
- the adoption of Inter-Ministerial Order 2097/MEF/MENC/DC/SGM/DRC/DGENP/SA/248SGG1 setting out the costs and fees for operating resources on frequencies payable by operators of radio networks.

TOGO

Macroeconomic indicators

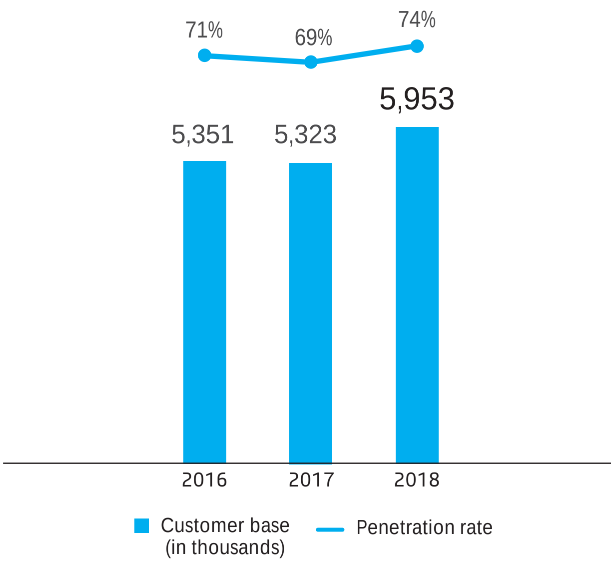
	2018	2017	2016
Population *(000)*	8,000	7,714	7,509
GDP per capita *(in USD)*	1,736	1,612	1,550
GDP growth	+4.9%	+5.0%	+5.0%
Inflation	+0.4%	+0.8%	+0.9%

Source: IMF, October 2018.

Mobile telephony

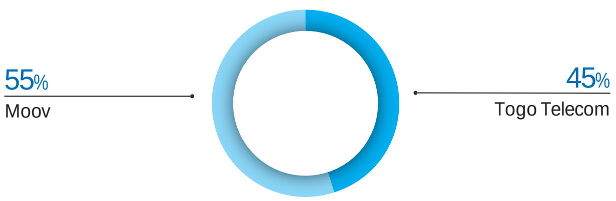
COMPETITION AND MARKET SHARE

MARKET TRENDS IN TOGO



Source: IMF (October 2018) and Dataxis (Q3 2018).

TOGOLESE MARKET SHARE AT SEPTEMBER 30, 2018



Source: Dataxis (Q3 2018).

Moov Togo's Mobile business consists of prepaid and postpaid services through voice and data (mainly SMS) plans. It also provides roaming services for its mobile subscribers abroad and for customers of foreign partner operators visiting Togo. To offer these services, Moov Togo relies on a network of 654 BTS across the country, 198 of which are 3G and 62 of which are 4G. Moov Togo launched 4G on July 1, 2018, just one year after the commercial launch of 3G services. An m-payment service under the Flooz brand is also available.

At September 30, 2018, the Togo market had 5.9 million Mobile customers, representing a penetration rate of 74%.

Two mobile operators are currently active in Togo: Moov Togo and Togo Telecom.

PERFORMANCE

Moov Togo's Mobile customer base changed as follows:

	Unit	2018	2017	2016
Mobile customer base	(000)	3,405	2,943	2,463

At December 31, 2018, Moov Togo had 3.4 million Mobile customers (almost all prepaid), a year-on-year increase of 15.7%, with a market share of 55%, outpacing its competitor Togo Telecom.

Regulations

OVERVIEW

The regulatory framework for telecommunications in Togo is governed by Law 2012-018 of December 17, 2012 on electronic communications, as amended by Law 2013-003 of February 19, 2013.

The Telecommunications Regulatory Authority (*Autorité de Régulation des Télécommunications*, ART&P) is a legal entity with independent management and financial autonomy. It is under the technical supervision of the ministry responsible for the telecommunications sector. The responsibilities of ART&P include implementing and monitoring the application of the legislation in force.

The main texts adopted to date, pursuant to the telecommunications law, are Decree 2014-088/PR of March 31, 2014 on the legal systems applicable to electronic communications, as amended by Decree 2018-145/PR of October 3, 2018; Decree 2014-112/PR of April 30, 2014 on interconnection and access to electronic communications networks, as amended by Decree 2018-144/PR of October 3, 2018; and Decree 2018-174/PR, setting the rates and the procedures for recovering and allocating costs and fees owed by operators of electronic networks and electronic communications services, suppliers of equipment and handsets, and installers of radioelectrical equipment.

MAIN REGULATORY OBLIGATIONS APPLYING TO AT TOGO

AT Togo must pay a regulatory fee of 0.5% of revenue, excluding tax and interconnection charges; an annual contribution to the Universal Service Fund of an amount equivalent to 2% of revenue, excluding taxes and interconnection expenses; an annual contribution to telecom research, training, and standardization, in an amount equivalent to 0.25% of revenue, excluding taxes and interconnection expenses; and an annual contribution to the digital sovereignty fund of 0.25% of revenue, excluding taxes and interconnection expenses.

AT TOGO LICENSES

Licenses and authorization	Award date	Expiration Date	Term
2G/3G/4G	June 2018	December 2036	18 years

2018 HIGHLIGHTS

Regulatory highlights for 2018:

- the renewal of the 2G/3G license, in June 2018, for an 18-year period and extension of the license to 4G for the same period;
- the adoption of Decree 2018-145/PR of October 3 amending the decree on the legal systems applicable to electronic communications;
- the adoption of Decree 2018-144/PR of October 3 amending the decree on interconnection and access to electronic communications networks. The decree gives operators the option to use Domestic Roaming to meet the coverage obligations set out in their specifications;
- the adoption of Decree 2018-174/PR, setting the rates and the procedures for recovering and allocating costs and fees owed by operators of electronic networks and electronic communications services, suppliers of equipment and handsets, and installers of radioelectrical equipment.

NIGER

Macroeconomic indicators

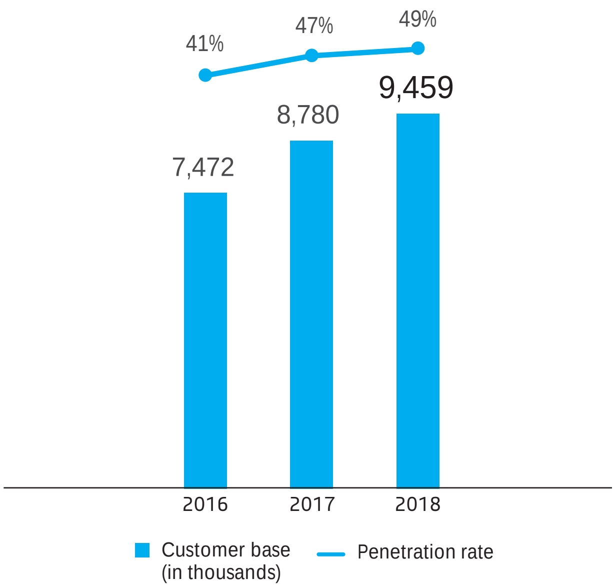
	2018	2017	2016
Population *(000)*	19,339	18,758	18,194
GDP per capita *(in USD)*	1,214	1,153	1,121
GDP growth	+5.1%	+4.2%	+5.0%
Inflation	+3.9%	+1.0%	+0.3%

Source: IMF, October 2018.

Mobile telephony

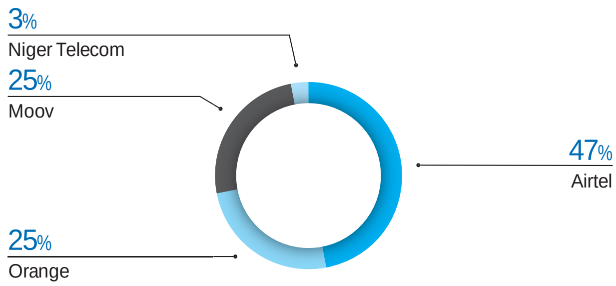
COMPETITION AND MARKET SHARE

MARKET TRENDS IN NIGER



Source: IMF (October 2018) and Dataxis (Q3 2018).

NIGERIAN MARKET SHARE AT SEPTEMBER 30, 2018



Source: Dataxis (Q3 2018).

Moov Niger's Mobile business consists of prepaid and postpaid services through voice and data (mainly SMS) plans. It also provides roaming services for its mobile subscribers abroad and for customers of foreign partner operators visiting Niger. To provide these services, Moov Niger relies on a network of 428 physical sites located throughout the country. In addition to its 3G service (launched in July 2017), Moov Niger offers an m-payment service under the Flooz brand.

At September 30, 2018, the Niger market had 9.5 million Mobile customers, representing a penetration rate of 49%, up 2 points in one year.

In this market, three operators are active alongside Moov Niger: Airtel Niger, Orange Niger and Niger Telecom (formed on September 28, 2016 by the merger of two Nigerien state-owned telecom companies Sonitel and Sahelcom).

PERFORMANCE

Moov Niger's Mobile customer base changed as follows:

	Unit	2018	2017	2016
Mobile customer base	(000)	2,485	2,114	1,418

At December 31, 2018 Moov Niger had 2.5 million Mobile customers (mainly prepaid), a year-on-year increase of 17.5%. Moov Niger had a market share of 25% at the end of September 2018.

Regulations

OVERVIEW

The regulatory framework for telecommunications in Niger is governed by Law 2018-45 of July 12, 2018 regulating electronic communications in Niger.

The Agency for the regulation of electronic and postal communications (hereinafter ARCEP) is responsible for regulating business activities in the electronic communications and postal sectors nationwide, pursuant to Law 2018-47 of July 12, 2018.

The main implementing texts on the regulation of electronic communications are Decree 2018-736/PRN/MPT/EN of October 19, 2018 on the guidelines, priorities and financing for access/universal service for electronic communications services; Decree 2018-737/PRN/MPT/EN of October 19, 2018 on the procedures for establishing and checking tariffs for electronic communications services; and Decree 2018-738/PRN/MPT/

EN of October 19, 2018 on general interconnection and access conditions.

MAIN REGULATORY OBLIGATIONS APPLYING TO AT NIGER

AT Niger is required to pay various sector fees and contributions. These include an annual universal-service contribution of no more than 2% of revenues, net of taxes. It is also required to pay regulatory fees of no more than 2% of revenues, net of taxes, and an annual research and training contribution of no more than 1% of revenues, net of interconnection charges.

AT Niger must also pay a tax on the use of telecommunications networks (TURTEL) at a rate of 3% of revenue excluding interconnection expenses. The 2019 finance bill provides for the reintroduction of the tax on incoming international traffic of 88 CFA francs/min for non-4G operators and 50 CFA francs for 4G operators. This tax had been repealed in 2017.

AT NIGER LICENSES

Licenses and authorization	Award date	Expiration Date	Term
2G	December 2015	December 2030	15 years
3G	June 2017	June 2032	15 years

2018 HIGHLIGHTS

Regulatory highlights for 2018:

- the adoption of Law 2018-45 of July 12, 2018 on electronic communications regulation in Niger and Law 2018-47 of July 12, 2018 on the creation, organization, and operation of the Agency for the regulation of electronic and postal communications (ARCEP);
- the adoption of Decree 2018-736/PRN/MPT/EN of October 19, 2018 on guidelines, priorities and financing for universal access/service to electronic communication services; Decree 2018-737/PRN/MPT/EN of October 19, 2018 on procedures for setting and controlling the rates for electronic communications services; and Decree 2018-738/PRN/MPT/EN of October 19, 2018 on the terms and conditions of interconnection and access;
- the ongoing discussions for the awarding of a 4G license to AT Niger;
- the granting of a 4G license to Celtel Niger in April 2018;
- the decrease in Mobile Call Termination Rates since January 1, 2018. The Mobile Call Termination Rate of AT was 7.9 CFA francs/min and 6.5 CFA francs/min for the Mobile Call Termination Rate of Celtel and Orange;
- the drop in Mobile Call Termination Rates as of October 30, 2018. The Call Termination Rate on AT Niger, Orange Niger, and Niger Telecom networks is 6.1 CFA francs excl. VAT, and 4.99 CFA francs on the Airtel network (the only dominant operator);
- the 2019 finance bill, providing for the reintroduction of the tax on incoming international traffic.

CENTRAL AFRICAN REPUBLIC

Macroeconomic indicators

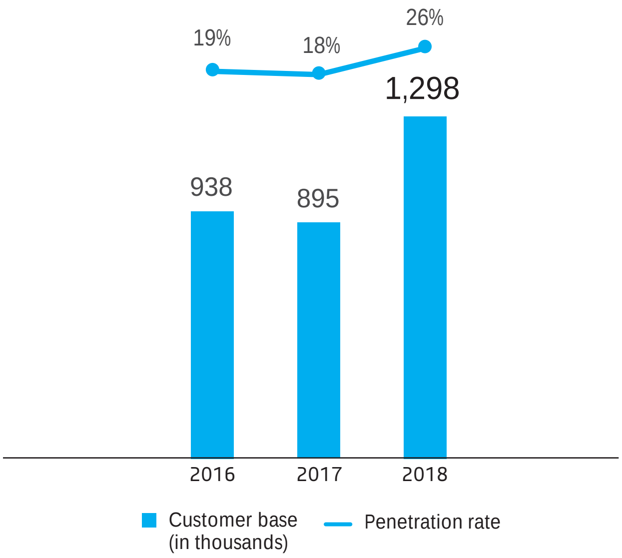
	2018	2017	2016
Population *(000)*	5,081	4,983	4,888
GDP per capita *(in USD)*	706	681	652
GDP growth	+4.0%	+4.7%	+4.5%
Inflation	+3.5%	+3.8%	+4.6%

Source: IMF, October 2018.

Mobile telephony

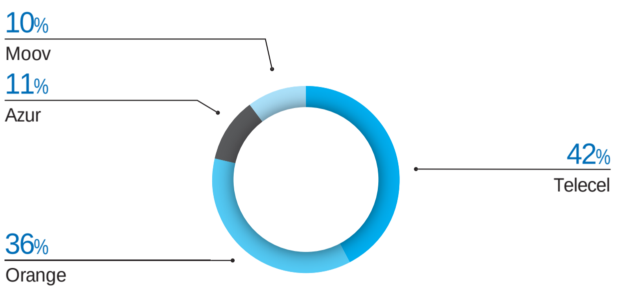
COMPETITION AND MARKET SHARE

MARKET TRENDS IN CENTRAL AFRICAN REPUBLIC



Source: Dataxis (Q3 2018).

CAR MARKET SHARE AT SEPTEMBER 30, 2018



Source: Dataxis (Q3 2018).

Moov Centrafrique's Mobile business consists of prepaid and postpaid services through voice and data (mainly SMS) plans. It also provides roaming services for its mobile subscribers abroad and for customers of foreign partner operators visiting the CAR.

At September 30, 2018, the Central African Republic had 1.3 thousand Mobile customers, representing a penetration rate of 26%.

In this market, three operators are active alongside Moov Centrafrique: Telecel RCA, Orange Centrafrique and Azur RCA.

To provide these services, Moov Centrafrique relies on a network of 51 physical sites, and has 34 3G BTS. Moov Centrafrique launched 3G in August 2018.

PERFORMANCE

Moov Centrafrique's Mobile customer base changed as follows:

	Unit	2018	2017	2016
Mobile customer base	(000)	140	144	144

At December 31, 2018 Moov Centrafrique had 144,000 Mobile customers (almost all prepaid), a 2.6% drop compared with 2017. Moov Centrafrique had a market share of 10% at end-September 2018.

Regulations

OVERVIEW

The legal framework applicable to the electronic communications sector in the Central African Republic is mainly based on Law 18.002, which governs electronic communications in the Central African Republic, promulgated in February 2018.

Agence de Régulation des Télécommunications (ART), the Telecommunications Regulatory Agency, is an independent public agency under the supervision of the Telecommunications Minister.

The implementing texts for the new law are being prepared. The principal implementing texts of the Law of December 28, 2007 are: Decree 09.209 defining the conditions for implementation of 07.020; Order 013/MPTNT/09 of December 3, 2009 establishing the international receiving rates for the Central African Republic, amended by Order 013 of October 29, 2010; Decree 020/MPTNT/09 of July 31, 2009 defining the regulatory fee procedures for existing licenses for the establishment and operation of telecommunications networks and services throughout the national territory; and Order 489/MPTNT/DIRCAB/DGART of November 17, 2008 stipulating the general conditions for the establishment and operation of public telecommunications networks and services.

MAIN REGULATORY OBLIGATIONS APPLYING TO AT CENTRAFRIQUE

AT Centrafrique must pay a range of industry fees and contributions of 3.5% of its annual revenue, in addition to a contribution for universal service of 2% of revenue. AT RCA also pays a tax on incoming international traffic amounting to 40 CFA francs/min and a tax of 1% on the revenue generated by the sale of handsets. On December 14, 2015 AT Centrafrique signed the specifications for its technologically neutral license.

AT CENTRAFRIQUE LICENSES

Licenses and authorization	Award date	Expiration Date	Term
Global mobile	June 2008	June 2038	30 years

2018 HIGHLIGHTS

Regulatory highlights for 2018:

- the promulgation of the law governing electronic communications in the Central African Republic. The main focuses of attention are (i) introduction of the universal service US (2% of revenue) and a 1% tax on handset sales, and (ii) fines of up to 5% of revenue, with the option of setting a minimum penalty;
- the draft implementing decree of the Law of January 17, 2018 provides for the review of current license costs. This review must consider the amount already paid and the investments made.

4.2.2.7 CASANET

A wholly owned Maroc Telecom subsidiary, Casanet is a major player in New Information and Communication Technologies (NICT) in Morocco. Its services are organized into networks and systems, IT solutions, Cloud Computing and online content and services.

- networks and Systems:
  - networks,
  - security,
  - systems,
  - seamless communications.
- IT solutions:
  - specific development,
  - business solutions (CRM tool).
- Cloud services:
  - hosting,
  - integration of SMS campaign solutions,
  - GPS technology,
  - collaboration,
  - My Cloud;
- online Content and services:
  - production of digital content and online services for Menara.ma (editorial team of the online newspaper Menara.ma, various services for the public such as Menara Jobs, Menara Real Estate and classified ads),
  - online directory service *www.pj.ma*,
  - mobile sites.

4.3 LEGAL AND ARBITRATION PROCEEDINGS

To the Company's knowledge, there are no pending or potential government, legal, or arbitration proceedings that may have or have had in the past 12 months a significant effect on the Company and/or the Group's financial position or profits, with the exception of the following disputes:

WANA LEGAL PROCEEDINGS

The dispute between Wana Corporation and Itissalat Al-Maghrib is pending in the Rabat Commercial Court. Wana Corporation claims payment of MAD5,597,000,000,000 for alleged unfair competition on unbundling.

WANA DISPUTE

On June 9, 2017, ANRT sent Maroc Telecom a referral from Wana for anticompetitive practices regarding the implementation of unbundling. On March 23, 2018, Maroc Telecom received the reply to its initial response sent on August 7, 2017. Maroc Telecom then sent a second reply on May 23, 2018. The case is being investigated by the ANRT.

DISPUTE BETWEEN THE TOGOLESE REVENUE AUTHORITY [OFFICE TOGOLAIS DES RECETTES] AND THE COMPANY ATLANTIQUE TELECOM TOGO SA

Atlantique Telecom Togo is in litigation against the Togolese Revenue Authority, which is claiming payment in the amount of CFAF 176,387,124 for an alleged breach of the reporting obligation of Atlantique Telecom Togo SA in its capacity as a third-party debtor. This case is pending before the Common Court of Justice and Arbitration of Abidjan.

5
FINANCIAL REPORT

5
FINANCIAL REPORT

5.1 CONSOLIDATED RESULTS OF THE PAST THREE YEARS

Maroc Telecom Group's consolidated financial data is summarized in the following table. Selected financial data from the three fiscal years ended December 31, 2016, 2017, and 2018, were drawn from Group consolidated financial statements prepared in compliance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and audited by the Statutory auditors.

5.1.1 CONSOLIDATED RESULTS IN MOROCCAN DIRHAMS

STATEMENT OF COMPREHENSIVE INCOME

(In MAD million)	31/12/2018	31/12/2017	31/12/2016
Revenues	**36,032**	**34,963**	**35,252**
Operating expenses	24,980	24,653	24,784
Earnings from operations	**11,052**	**10,310**	**10,468**
Earnings from continuing operations	11,040	10,278	10,421
Net earnings	**6,938**	**6,579**	**6,628**
Attributable to equity holders of the parent	6,010	5,706	5,598
Earnings per share *(in MAD)*	**6,84**	**6.49**	**6.37**
Diluted earnings per share *(in MAD)*	6.84	6.49	6.37

STATEMENT OF FINANCIAL POSITION

ASSETS

(in MAD million)	31/12/2018	31/12/2017	31/12/2016
Non-current assets	48,053	48,879	46,322
Current assets	14,078	13,803	14,974
TOTAL ASSETS	**62,131**	**62,682**	**61,296**

SHAREHOLDERS' EQUITY AND LIABILITIES

(in MAD million)	31/12/2018	31/12/2017	31/12/2016
Share capital	5,275	5,275	5,275
Shareholders'equity, attributable to equity holders of the parent	15,668	15,835	15,476
Non-controlling interests	3,822	3,916	3,822
Shareholders'equity	19,490	19,750	19,298
Non-current liabilities	4,185	5,014	5,402
Current liabilities	38,456	37,918	36,596
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**62,131**	**62,682**	**61,296**

5.1.2 CONSOLIDATED RESULTS IN EUROS

The Group reports its financial data in Moroccan dirhams. This section is intended to provide investors with comparable data in Euros.

For 1 euro	31/12/2018	31/12/2017	31/12/2016
The closing rate at the balance sheet	10.9503	11.2012	10.6284
Average rate used for the income statement	11.0936	10.9257	10.8505

The above table shows the average dirham/euro conversion rates used in preparing the financial statements for fiscal years 2016, 2017 and 2018.

The exchange rates are shown for indicative purposes only, to help the reader. The Group does not guarantee that the amounts expressed in dirhams were, could have been or could be converted to euros at those exchange rates or at any other rate.

The following table shows selected financial data for Maroc Telecom Group, presented in euros at the exchange rate used in preparing the Group's consolidated statement of financial position and income statement for fiscal years 2016, 2017 and 2018.

STATEMENT OF COMPREHENSIVE INCOME

(In € millions)	31/12/2018	31/12/2017	31/12/2016
Revenues	**3,248**	**3,200**	**3,249**
Cost of purchases	2,252	2,256	2,284
Earnings from operations	**996**	**944**	**965**
Earnings from continuing operations	995	941	960
Net earnings	**625**	**602**	**611**
Attributable to equity holders of parent	542	522	516
Earnings per share *(in Euro)*	**0.62**	**0.59**	**0.59**
DILUTED EARNINGS PER SHARE *(IN EURO)*	**0.62**	**0.59**	**0.59**

STATEMENT OF FINANCIAL POSITION

ASSETS

(In € millions)	31/12/2018	31/12/2017	31/12/2016
Non-current assets	4,388	4,364	4,358
Current assets	1,286	1,232	1,409
TOTAL ASSETS	**5,674**	**5,596**	**5,767**

SHAREHOLDERS' EQUITY AND LIABILITIES

(In € millions)	31/12/2018	31/12/2017	31/12/2016
Share capital	482	471	496
Shareholders'equity, attributable to equity holders of the parent	1,431	1,414	1,456
Non-controlling interests	349	350	360
Shareholders'equity	1,780	1,763	1,816
Non-current liabilities	382	448	508
Current liabilities	3,512	3,385	3,443
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**5,674**	**5,596**	**5,767**

5.2 OVERVIEW

The discussion and analysis that follow should be read in conjunction with the entire document, particularly with the audited consolidated financial statements that comprise the statement of financial position, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity, and the notes to the financial statements for the years ended December 31, 2016, 2017, and 2018.

In this document, in addition to the financial indicators published in accordance with IFRS (International Financial Reporting Standards), Maroc Telecom published financial indicators not defined by IFRS. These data are presented as additional information and must not be replaced by or confused with the financial indicators as defined by the IFRS standards.

The other performance indicators used are described below:

EBITA: the difference between EBITA and EBIT is made up of the depreciation of intangible assets linked to corporate groupings, amortization of acquisition goodwill and other intangible assets linked to corporate groupings, the share in the net profit of equity-accounted companies, and certain current and non-current liability provisions.

EBITDA: this piece of financial data is used by Maroc Telecom as a financial indicator in internal presentations (business plans, reporting, etc.) and external presentations (presentations to analysts and investors, etc.). It is a measurement unit useful for assessing the Group's operational performance over and above its EBIT.

CFFO: Maroc Telecom considers cash flow from operations (CFFO), which is not strictly an accounting measurement, as a relevant indicator to measure the group's operational and financial performance. CFFO includes net cash flow from operating activities before tax, as set out in the cash flow statement, as well as the dividends received from companies booked at equity and non-consolidated equity investments. CFFO also includes net capital expenditure, which corresponds to net uses of cash for acquisitions and disposals of tangible and intangible assets. The difference between CFFO and net cash flow from operating activities is made up of the dividends received from companies booked at equity and non-consolidated equity investments, net industrial investments, which are included in cash flow allocated to investment activities, and net taxes paid.

EBIT -
+/- Impairments (reversals) on non-current assets
+/- Capital losses (gains) on disposals of non-current assets
+ Depreciation and impairment
EBITA -
+ other income and expenses from ordinary activities
+/- Income from equity affiliates
EBITDA – Operating income before depreciation, capital gains (losses) and reversals (losses) of depreciations on non-current assets

5.2.1 SCOPE OF CONSOLIDATION

At December 31, 2018, Maroc Telecom consolidated in its financial statements the entities:

MAURITEL

Maroc Telecom acquires on April 12, 2001, 51.5% of the voting rights of Mauritel, the incumbent operator in Mauritania and operator of a Fixed-line and Mobile telecommunications network, subsequent to the merger of Mauritel SA (fixed line) and Mauritel Mobile. Mauritel SA is owned by the holding company Compagnie Mauritanienne de Communications (CMC), in which Maroc Telecom holds an 80% equity stake and consequently a 41.2% interest in Mauritel. Mauritel has been fully consolidated by Maroc Telecom since July 1, 2004.

ONATEL

On December 29, 2006, Maroc Telecom acquired a 51% stake in the Burkinabe operator Onatel. The Group increases its stake in Onatel, its stake is 61% as of April 17, 2018. The subsidiary has been fully consolidated in Maroc Telecom's financial statements since January 1, 2007.

GABON TELECOM

On February 9, 2007, Maroc Telecom acquired 51% of the capital of Gabon Telecom. Gabon Telecom has been fully consolidated by Maroc Telecom since March 1, 2007.

Gabon Telecom bought out Maroc Telecom to acquire 100% of the subsidiary Atlantique Telecom Gabon, which was absorbed by Gabon Telecom on June 29, 2016.

SOTELMA

On July 31, 2009, Maroc Telecom acquired a 51% stake in Mali's incumbent operator, Sotelma. Sotelma has been fully consolidated by Maroc Telecom since August 1, 2009.

CASANET

Casanet is a Moroccan provider of internet access created in 1995. In 2008, the company became a 100% subsidiary of Maroc Telecom and expands its activities by specializing in information engineering. Casanet has been fully consolidated by Maroc Telecom since January 1, 2011.

ATLANTIQUE TELECOM CÔTE D'IVOIRE

On January 26, 2015, Maroc Telecom acquired an 85% stake in the capital of the Côte d'Ivoire Mobile operator. Atlantique Telecom Côte d'Ivoire has been fully consolidated in the financial statements of Maroc Telecom since January 31, 2015.

ETISALAT BENIN

On January 26, 2015, Maroc Telecom acquired 100% of the capital of the Benin Mobile operator. Etisalat Benin has been fully consolidated in the financial statements of Maroc Telecom since January 31, 2015.

ATLANTIQUE TELECOM TOGO

On January 26, 2015, Maroc Telecom acquired a 95% stake in the capital of the Togo Mobile operator. Atlantique Telecom Togo has been fully consolidated in the financial statements of Maroc Telecom since January 31, 2015.

ATLANTIQUE TELECOM NIGER

On January 26, 2015, Maroc Telecom acquired 100% of the capital of the Niger Mobile operator. Atlantique Telecom Niger has been fully consolidated in the financial statements of Maroc Telecom since January 31, 2015.

ATLANTIQUE TELECOM CENTRAFRIQUE

On January 26, 2015, Maroc Telecom acquired 100% of the capital of the Central African Republic Mobile operator. Atlantique Telecom RCA has been fully consolidated in the financial statements of Maroc Telecom since January 31, 2015.

PRESTIGE TELECOM CÔTE D'IVOIRE

On January 26, 2015, Maroc Telecom acquired 100% of the capital of Prestige Telecom, the IT provider for the Atlantique Telecom subsidiaries. Prestige Telecom has been fully consolidated in the financial statements of Maroc Telecom since January 31, 2015.

OTHER NON-CONSOLIDATED INVESTMENTS

Investments whose impact is not material on Morocco Telecom financial statements or in which Maroc Telecom has no direct nor indirect exclusive control, joint control or significant influence are not consolidated and are accounted for in "Non-current financial assets".

This is the case for MT Fly as well as minority interests held in Médi1 TV, RASCOM, Autoroute Maroc, Arabsat and other participations.

5.2.2 COMPARISON OF RESULTS BY GEOGRAPHICAL AREA

Results by geographical area are as follows:

IFRS in MAD million	31/12/2018	31/12/2017	Change	Change at constant exchange rates [b]
Revenues	**36,032**	**34,963**	**+3.1%**	**+2.6%**
EBITDA	**17,856**	**17,160**	**+4.1%**	**+3.7%**
Margin (%)	*49.6%*	*49.1%*	*+0.5 pt*	*+0.5 pt*
Adjusted EBITA [a]	**11,052**	**10,553**	**+4.7%**	**+4.5%**
Margin (%)	*30.7%*	*30.2%*	*+0.5 pt*	*+0.6 pt*
Group share of adjusted net income [a]	**6,005**	**5,871**	**+2.3%**	**+2.1%**
Margin (%)	*16.7%*	*16.8%*	*-0.1 pt*	*-0.1 pt*
CAPEX [c]	**6,643**	**8,232**	**-19.3%**	**-19.9%**
Of which frequencies & licenses	*719*	*217*		
CAPEX/revenues (excluding frequencies & licenses)	*16.4%*	*22.9%*	*-6.5 pt*	*-6.5 pt*
Adjusted CFFO [a]	**9,982**	**11,019**	**-9.4%**	**-9.5%**
Net debt	**13,872**	**13,042**	**+6.4%**	**+6.0%**
Net debt/EBITDA	0.8x	0.8x		

(a) Details of the financial indicator adjustments are provided in Appendix 1.
(b) At a constant exchange rate for the MAD, Ouguiya and CFA franc.
(c) CAPEX corresponds to purchases of tangible and intangible assets recognized for the period

5.2.2.1 COMPARISON OF FINANCIAL DATA FOR FISCAL YEARS 2018 AND 2017

5.2.2.1.1 Group consolidated results

REVENUES

Maroc Telecom Group's consolidated revenues [1] at the end of December 2018 amounted to MAD 36,032 million, up 3.1% (+2.6% at constant exchange rates) compared to the end of December 2017. This performance was mainly due to sustained revenue growth in Morocco (+4.6%) driven by the increase in usage and data customer base, combined with the increase of the new subsidiaries (+3.5% at constant exchange rates).

EARNINGS FROM OPERATIONS BEFORE DEPRECIATION AND AMORTIZATION

At end-2018, Maroc Telecom Group earnings from operations before depreciation and amortization (EBITDA) amounted to MAD 17,856 million, up 4.1% from the previous year (+3.7% at constant exchange rates), thanks to the strong EBITDA growth in Morocco (+6.1%). EBITDA margin increased by 0.5 pt at constant exchange rates to reach the high level of 49.6% thanks to the Group's ongoing efforts to control the operating costs and the favorable impact of lower Mobile call termination in its subsidiaries.

EARNINGS FROM OPERATIONS

The Group's adjusted consolidated earnings from operations (EBITA) [2] at the end of 2018 amounted to MAD 11,052 million, up 4.7% (+4.5% at constant exchange rates) compared to the same period in 2017, thanks to the 4.1% increase in EBITDA and the contained increase in depreciation and amortization expenses (+2.3%). The adjusted EBITA margin increased by 0.5 pt to 30.7%.

GROUP SHARE OF NET INCOME

The Group share of adjusted net income amounted to MAD 6,005 million, up 2.3% (+2.1% at constant exchange rates) compared to 2017 due to the strong increase in net income in Morocco.

The reported Group share of net income rose sharply by 5.3% (+5.2% at constant exchange rates), due to business growth in Morocco and a favorable base effect due to restructuring charges recorded in 2017.

(1) 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 Côte d'Ivoire, Benin, Togo, Niger, and the Central African Republic) since their acquisition on January 26, 2015

CAPITAL EXPENDITURE

The capital expenditure excluding licenses and frequencies amounted to MAD 5,924 million for the Group, a significant decrease of 26.1% compared to 2017 (-26.6% at constant exchange rates). They account for 16.4% of revenues, versus 22.9% for 2017. The optimization of development projects and the synergies found within the Group enabled this reduction while improving network coverage and quality of service, both in Morocco and in the subsidiaries.

The new licenses acquired in Mali and Togo amounted to MAD 719 million in 2018.

CASH FLOW

Adjusted cash flow from operations (CFFO) amounted to MAD 9,982 million, down 9.4% year-on-year.

As of December 31, 2018, consolidated Maroc Telecom Group net debt [1] was up 6.4% at MAD 13.9 billion following the payment of licenses in the subsidiaries. Nevertheless it only represents 0.8 times the Group's annual EBITDA.

DIVIDENDS

The Supervisory Board of Maroc Telecom will propose to the general shareholder's meeting on April 23, 2019 to effect the payment of an ordinary dividend of MAD 6.83 per share, up 5.4% over 2017, representing a total amount of MAD 6.0 billion. This dividend corresponds to 100% of the Group Share of Net Income. This dividend payment date would be from June 4, 2019.

MAROC TELECOM GROUP OUTLOOK FOR 2019

On the basis of the recent changes in the market, to the extent that no new major exceptional event impacts the Group's business, Maroc Telecom is projecting the following for 2019, at constant scope and exchange rates:

- stable revenue;
- stable EBITDA;
- CAPEX of approximately 15% of revenues, excluding frequencies and licenses.

5.2.2.1.2. Activities in Morocco

IFRS *(in MAD million)*	**31/12/2018**	**31/12/2017**	**Change**
Revenues	**21,414**	**20,481**	**+4.6%**
Mobile	**13,966**	**13,335**	**+4.7%**
Services	*13,731*	*13,214*	*+3.9%*
Equipment	*235*	*121*	*+94.2%*
Fixed-Line	**9,239**	**8,962**	**+3.1%**
Of which Fixed-line data [(a)]	*2,935*	*2,664*	*+10.2%*
Eliminations and other income	**-1,790**	**-1,816**	
EBITDA	**11,460**	**10,804**	**+6.1%**
Margin (%)	*53.5%*	*52.8%*	*+0.8 pt*
Adjusted EBITA	**7,620**	**6,954**	**+9.6%**
Margin (%)	*35.6%*	*34.0%*	*+1.6 pt*
CAPEX	**2,749**	**4,589**	**-40.1%**
Of which frequencies & licenses		*61*	
CAPEX/revenues (excl. frequencies & licenses)	*12.8%*	*22.1%*	*-9.3 pt*
Adjusted CFFO	**7,498**	**7,319**	**+2.4%**
Net debt	**10,422**	**11,009**	**-5.3%**
Net debt/EBITDA	*0.9 x*	*1.0x*	

(a) Fixed-line data includes internet, ADSL TV and data services to businesses

Change from adjusted financial indicators to published financial indicators table is detailed on page 128.

In 2018, the Moroccan operations generated revenues of MAD 21,414 million, up 4.6%, thanks to the growth of data Mobile customer base whose revenue increased by 39.2% compared to the same period in 2017.

Earnings from operations before depreciation and amortization (EBITDA) reached MAD 11,460 million, up 6.1% thanks to the increase in revenues. The EBITDA margin increased by 0.8 pt to 53.5% thanks to the 0.5 pt improvement in the gross margin and the control of operating costs.

Adjusted earnings from operations amounted to MAD 7,620 million, up 9.6%, due to the increase in EBITDA and the 1.0% decrease in the depreciation and amortization expense. The adjusted EBITDA margin improved by 1.6 pt to reach 35.6%.

Adjusted cash flow from operations in Morocco amounted to MAD 7.5 billion at the end of 2018, up 2.4% thanks to the increase in EBITDA and an optimization in CAPEX, which represents 12.8% of revenues.

(1) Borrowings and other current and non-current liabilities less cash and cash equivalents, including cash held in escrow for bank loans.

MOBILE

	Unit	31/12/2018	31/12/2017	Change
Customer base [(a)]	**(000)**	**19,062**	**18,533**	**+2.9%**
Prepaid	(000)	17,068	16,766	+1.8%
Postpaid	(000)	1,993	1,767	+12.8%
Of which 3G/4G+ internet [(b)]	(000)	10,828	9,481	+14.2%
ARPU [(c)]	**(MAD/MONTH)**	**58.6**	**58.0**	**+1.0%**

(a) 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 ERPT services) during the past three months, and postpaid customers who have not terminated their agreements.
(b) 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 made 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.
(c) 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.

As of December 31, 2018, the Mobile customer base [(a)] numbered 19,1 million customers, up 2.9% year-on-year, thanks to the 12.8% rise of postpaid customers and the +1.8% rise of prepaid customers.

At end 2018, Mobile revenue recorded their fourth consecutive quarter of growth. They grew 4.7% over the year to MAD 13,966 million. Outgoing revenue increased by 6.9% driven by the sharp growth in mobile data, which more than offset the decrease in Voice.

Blended 2018 ARPU [(c)] amounted to MAD 58.6, up 1.0% compared to the same period in 2017 thanks to Data.

FIXED-LINE AND INTERNET

	Unit	31/12/2018	31/12/2017	Change
Fixed lines	(000)	1,818	1,725	+5.4%
Broadband access [(d)]	(000)	1,484	1,363	+8.9%

(d) The broadband customer base includes ADSL and FTTH (fiber optic) access and leased lines in Morocco, as well as the CDMA customer base for the historical subsidiaries.

The Fixed-line customer base grew 5.4%, with 1.8 million lines by the end of December 2018. The Broadband customer base grew by 8.9%, to nearly 1,5 million subscribers.

Fixed-line and internet activities generated revenues of MAD 9,239 million, up 3.1% compared to 2017 thanks to the growth of customer bases.

5.2.2.1.3. International activities

FINANCIAL INDICATORS

IFRS *(in MAD million)*	31/12/2018	31/12/2017	Change	Change at constant exchange rates [(e)]
Revenues	**16,041**	**15,733**	**+2.0%**	**+0.9%**
Of which Mobile Services	*14,647*	*14,274*	*+2.6%*	*+1.5%*
EBITDA	**6,397**	**6,357**	**+0.6%**	**-0.2%**
Margin (%)	*39.9%*	*40.4%*	*-0.5 pt*	*-0.5 pt*
Adjusted EBITA	**3,431**	**3,599**	**-4.7%**	**-5.3%**
Margin (%)	*21.4%*	*22.9%*	*-1.5 pt*	*-1.4 pt*
CAPEX	**3,894**	**3,643**	**+6.9%**	**+5.5%**
Of which frequencies & licenses	*719*	*156*		
CAPEX/revenues (excluding frequencies & licenses)	*19.8%*	*22.2%*	*-2.4 pt*	*-2.4 pt*
Adjusted CFFO	**2,484**	**3,700**	**-32.9%**	**-33.0%**
Net Debt	**6,514**	**5,767**	**+13.0%**	**+12.2%**
Net debt/EBITDA	*1.0 x*	*0.9 x*		

(e) At a constant exchange rate for the MAD, Ouguiya and CFA franc.

The Group's international operations generated revenues of MAD 16,041 million, up 2.0% year-on-year (+0.9% at constant exchange rates), driven by the 5.1% growth in revenues of new subsidiaries (+3.5% at constant exchange rates), which offset the impacts of the erosion of incoming international traffic and of Mobile call termination decrease.

At 2018-end, earnings from operations before amortization (EBITDA) amounted to MAD 6,397 million, up 0.6% (-0.2% at constant exchange rates). The EBITDA margin was 39.9%, down 0.5 pt, penalized by the weight of regulatory taxes and fees. Excluding this impact, the EBITDA margin grew by 0.6 pt to 41.0%.

Adjusted earnings from operations (EBITA) amounted to MAD 3,431 million, down 4.7% (-5.3% at constant exchange rates) due to the 6.8% increase in amortization expense as a result of the significant investments, which represented 19.8% of revenues excluding frequencies and licenses. The EBITA margin declined 1.4 pt at constant exchange rates to 21.4%.

Adjusted cash flow from operations (CFFO) from international activities amounted to MAD 2,484 million, down by 32.9%.

OPERATING INDICATORS

	Unit	31/12/2018	31/12/2017	Change
Mobile				
Customer base [(a)]	**(000)**	**37,926**	**34,967**	
Mauritania		2,397	2,139	+12.0%
Burkina Faso		7,634	7,196	+6.1%
Gabon		1,620	1,547	+4.7%
Mali		7,320	7,190	+1.8%
Côte d'Ivoire		8,646	7,734	+11.8%
Benin		4,279	3,960	+8.1%
Togo		3,405	2,943	+15.7%
Niger		2,485	2,114	+17.5%
Central African Republic		140	144	-2.6%
Fixed-line				
Customer base	**(000)**	**318**	**302**	
Mauritania		55	51	+9.4%
Burkina Faso		77	76	+1.0%
Gabon		22	21	+3.0%
Mali		164	155	+6.0%
Fixed-line Broadband				
Customer base [(b)]	**(000)**	**114**	**107**	
Mauritania		13	13	-0.9%
Burkina Faso		15	13	+10.7%
Gabon		17	16	+4.1%
Mali		69	64	+7.5%

(a) 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 ERPT services) during the past three months, and postpaid customers who have not terminated their agreements.

(b) The broadband customer base includes ADSL and FTTH (fiber optic) access and leased lines in Morocco, as well as the CDMA customer base for the historical subsidiaries.

5

Change from adjusted financial indicators to published financial indicators

Adjusted earnings from operations, Group share of adjusted net income, and adjusted cash flow from operations, are not strictly accounting measures and should be considered as additional information. They are a better indicator of the Group's performance as they exclude non-recurring items.

	31/12/2018			31/12/2017		
(in MAD million)	Morocco	International	Group	Morocco	International	Group
Adjusted EBITA	7,620	3,431	11,052	6,954	3,599	10,553
Non-recurring items:						
Restructuring costs						
Published EBITA	-2	+2	+0	-193	-49	-243
GROUP SHARE OF ADJUSTED NET INCOME	7,618	3,434	11,052	6,760	3,550	10,310
Non-recurring items:			6,005			5,871
Restructuring costs			+5			-165
GROUP SHARE OF PUBLISHED NET INCOME			6,010			5,706
Adjusted CFFO	7,498	2,484	9,982	7,319	3,700	11,019
Non-recurring items:						
Restructuring costs	-2	-9	-11	-579	-41	-620
License payments		-524	-524	-61	-578	-639
PUBLISHED CFFO	7,496	1,951	9,447	6,679	3,081	9,761

2018 was marked by the incremental payment of MAD 524 million for licenses in Côte d'Ivoire, Gabon and Togo.

In 2017, MAD 639 million were paid for licenses in Côte d'Ivoire, Gabon and Togo, as well as for the reorganization of the 4G frequency spectrum in Morocco.

5.2.2.2. COMPARISON OF 2017 AND 2016 DATA

5.2.2.2.1. Consolidated results of the Group

REVENUES

As of December-end 2017 Maroc Telecom Group's consolidated revenues amounted to MAD 34,963 million, slightly decreasing by 0.8% (-0.9% at constant exchange rates). The 2.4% increase in subsidiaries' revenues at constant exchange rates offset the impact in Morocco of the deregulation of IP telephony since November 2016 and the decline in call termination rates. Revenues from outgoing services were up 3.7% thanks mainly to the growth in the customer base and increased data usage.

EARNINGS FROM OPERATIONS BEFORE DEPRECIATION AND AMORTIZATION

At 2017-end, Maroc Telecom Group earnings from operations before depreciation and amortization (EBITDA) amounted to MAD 17,160 million, up 1.5% from the previous year (+1.5% at constant exchange rates). The EBITDA margin increased by 1,2 points over the year (at constant exchange rates) to 49.1% thanks to significant optimization efforts resulting in a 2.3% decrease in Group's operating costs, as well as the impact of the decreases in Mobile call termination rates in the subsidiaries.

EARNINGS FROM OPERATIONS

At 2017-end, Group consolidated adjusted earnings from operations (EBITA) amounted to MAD 10,553 million, up 1.2% vs. 2016 due to EBITDA growth. The adjusted EBITA margin improved by 0.6 points to 30.2%.

GROUP SHARE OF NET INCOME

The Group share of adjusted net income was MAD 5,871 million, up 4.4%. This increase reflects, in Morocco, the good resistance to VoIP applications and the substantial growth in net income from International operations and particularly the new Moov subsidiaries, which overall, at December-end 2017, produce a very substantially positive net income.

CASH FLOW

The adjusted cash flow from operations (CFFO) amounted to MAD 11,019 million, up 3.1% from 2016-end thanks to the increase in EBITDA, the close management of Working Capital Requirement (WCR) and despite the increase in capital expenditure that represented 23% of revenues over the full year (excluding frequencies and licenses).

As of December 31, 2017, the consolidated Maroc Telecom Group net debt was up 6.1% at MAD 13 billion. Nevertheless, this represents only 0.8 times the Group's annual EBITDA.

5.2.2.2.2. Activities in Morocco

IFRS *in MAD million*	**31/12/2017**	**31/12/2016**
Revenues	**20,481**	**21,244**
Mobile	**13,335**	**14,115**
Services	*13,214*	*13,806*
Equipment	*121*	*309*
Fixed-line	**8,962**	**8,829**
*including Fixed-line data**	*2,664*	*2,427*
Eliminations and other revenues	**-1,816**	**-1,700**
EBITDA	**10,804**	**11,004**
Margin (%)	*52.8%*	*51.8%*
Adjusted EBITA	**6,954**	**7,157**
Margin (%)	*34.0%*	*33.7%*
CAPEX	**4,589**	**3,905**
including licenses and frequencies	*61*	
CAPEX/Rev. (excluding licenses and frequencies)	*22.1%*	*18.4%*
Adjusted CFFO	**7,319**	**7,124**
Net debt	**11,009**	**10,937**
Net debt/EBITDA	*1.0*	*1.0*

(*) Fixed-line data includes internet, ADSL TV and data services to businesses

In 2017, operations in Morocco generated revenues of MAD 20,481 million, down 3.6%. The decline in incoming international traffic induced by the deregulation of IP telephony in November 2016 and the asymmetry of Mobile call termination rates since the first of March 2017 have weighed on Mobile revenues but are nevertheless partially offset by the increase in Fixed-line and internet activities.

The Fixed-line and internet activities' growth combined to the savings coming from the voluntary redundancy plan and efforts to optimize costs have increased the EBITDA margin by 1.0 points to 52.8%.

Adjusted earnings from operations were MAD 6,954 million, down 2.8% due to the decline in EBITDA. The adjusted EBITA margin improved by 0.3 points vs. prior year to 34.0%.

Cash flow from operations in Morocco was up 2.7% to more than MAD 7 billion, thanks to continued efforts to optimize Working Capital Requirements (WCR).

MOBILE

	Unit	31/12/2017	31/12/2016
Mobile	**(000)**	**18,533**	**18,375**
Prepaid	(000)	16,766	16,645
Postpaid	(000)	1,767	1,729
including internet 3G/4G+	(000)	9,481	7,844
ARPU	**(MAD/month)**	**58.0**	**61.1**

As of December 31, 2017, the Mobile customer base numbered 18,5 million customers, up 0.9% year-on-year, thanks to the 2.2% rise in postpaid customers and the 0.7% rise in prepaid customers.

Mobile revenues amounted to MAD 13,335 million, down 5.5% from 2016, suffering from the impact of deregulation of IP telephony since 2016 and the asymmetry of Mobile call terminations since March 2017.

Outgoing revenues increased by 1.9% to MAD 10,511 million, driven by the sharp growth in mobile data (+53%), which more than offset the decrease in Voice.

Mobile data continues to be very popular. The mobile data customer base increased by 21% and its traffic by 78%, supported mainly by the extension of 4G+ network which covered 93% of the population at December-end 2017.

Blended 2017 ARPU amounted to MAD 58, down by 5.0% compared to the same period in 2016 due to the decline in incoming revenues.

FIXED-LINE & INTERNET

	Unit	31/12/2017	31/12/2016
Fixed lines	(000)	1,725	1,640
Broadband access	(000)	1,363	1,241

The Fixed-line customer base was 1,7 million lines at year-end 2017, up by a sustained 5.2%, thanks to the ADSL services. The broadband customer base increased by 9.8% to nearly reach 1,4 million subscribers, driven by the enhancement of Double Play packages and success of FTTH offers.

Fixed-line and internet posted MAD 8,962 million in revenues, up 1.5% vs. 2016 driven by the growth in customer base.

5.2.2.2.3. International activities

FINANCIAL INDICATORS

IFRS *(in MAD million)*	31/12/2017	31/12/2016	Changes	Changes on a like-for-like basis
Revenues	**15,733**	**15,326**	**+2.7%**	**+2.4%**
o/w Mobile Services	*14,274*	*13,815*	*+3.3%*	*+3.1%*
EBITDA	**6,357**	**5,905**	**+7.6%**	**+7.6%**
Margin (%)	*40.4%*	*38.5%*	*+1.9 pt*	*+1.9 pt*
Adjusted EBITA	**3,599**	**3,268**	**+10.1%**	**+10.2%**
Margin (%)	*22.9%*	*21.3%*	*+1.6 pt*	*+1.6 pt*
CAPEX	**3,643**	**4,077**	**-10.7%**	
o/w licenses and frequencies	*156*	*888*		
CAPEX/Rev. (excluding licenses and frequencies)	*22.2%*	*20.8%*	*+1.4 pt*	
Adjusted CFFO	**3,700**	**3,563**	**+3.9%**	
Net Debt	**5,767**	**4,670**	**+23.5%**	
Net debt / EBITDA	0.9	0.8		

At 2017-end, the Group's International operations posted revenues of MAD 15,733 million, up 2.7% (+2.4% at constant exchange rates) driven by the 11.9% revenue increase (at constant exchange rates) of the new subsidiaries, offsetting the impacts of the drop in call termination rates, of the erosion of the international incoming traffic and of the deactivation of unidentified customers.

At 2017-end, earnings from operations before depreciation and amortization (EBITDA) amounted to MAD 6,357 million, up 7.6% at constant exchange rates. The EBITDA margin increased by 1.9 points to 40.4%, driven by the call termination rates and operating costs (-1.0% at constant exchange rates) decreases.

Adjusted earnings from operations (EBITA) were MAD 3,599 million, up 10.2% at constant exchange rates mainly due to the increase in EBITDA. The EBITA margin rose by 1.6 points (at constant exchange rates) to 22.9%.

Adjusted cash flow (CFFO) from international activities was up 3.9% to MAD 3,700 million, despite the acceleration in capital expenditure which reached more than 22% of revenues.

OPERATING INDICATORS

	Unit	31/12/2017	31/12/2016	Changes
Mobile				
Customer base	**(000)**	**34,967**	**32,370**	
Mauritania		2,139	1,984	+7.8%
Burkina Faso		7,196	7,017	+2.6%
Gabon		1,547	1,690	-8.4%
Mali		7,190	7,087	+1.5%
Côte d'Ivoire		7,734	6,840	+13.1%
Benin		3,960	3,727	+6.2%
Togo		2,943	2,463	+19.5%
Niger		2,114	1,418	+49.0%
Central African Republic		144	144	+0.1%
Fixed-line				
Customer base	**(000)**	**302**	**291**	
Mauritania		51	48	+6.4%
Burkina Faso		76	76	+0.4%
Gabon Telecom		21	19	+12.6%
Mali		155	149	+3.8%
Fixed-line broadband				
Customer base	**(000)**	**107**	**99**	
Mauritanie		13	11	+18.6%
Burkina Faso		13	14	-0.2%
Gabon		16	13	+23.4%
Mali		64	61	+4.9%

5.2.3 TRANSITION FROM SEPARATE FINANCIAL STATEMENTS TO CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements are derived from the separate financial statements of Maroc Telecom and its subsidiaries, as prepared under the generally accepted accounting principles of each country. Various adjustments have been made to these separate financial statements, in compliance with IFRS consolidation and presentation requirements.

The main adjustments to the presentation of the statement of comprehensive income are the:

- recognition of revenue related to the point loyalty program (fidelio) at the time of redemption or expiration of points;
- recognition of resellers' commissions as consolidated operating expenses. These costs were initially netted against revenues in the separate financial statements;
- activation of payroll costs relating to the deployment of fixed assets;
- recognition of SIM cards in intangible assets;
- inventory values of handsets sold but not activated are adjusted to account for the recognition of revenues upon activation;
- elimination of capitalized costs from the balance sheet and recognition in the income statement of the change in the period;
- recognition in the income statement of foreign currency translations adjustments (liabilities);
- recognition of the impact of unwinding the retirement benefits provision discounting in financial income;
- capitalization of deferred taxes on temporary differences arising from the separate financial statements, IFRS adjustments and tax loss carryforwards;
- reclassification under net operating income of noncurrent operating items, and under net financial income of noncurrent financial items;
- reclassification under current assets of assets held for sale;
- reclassification of the corporate income tax liability component of tax debts;
- reclassification under current items, of loan, financial debt and provision components maturing in less than a year.

Other consolidation adjustments concern all consolidation transactions (elimination of consolidated securities, intercompany transactions and internal capital gains or losses, etc.).

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5.3 CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2016, 2017 AND 2018

LIST OF CONTENTS TO THE NOTES TO THE FINANCIAL STATEMENTS

Pursuant to regulation (EC) no. 1606/2002 of the European Parliament of July 19, 2002, Maroc Telecom Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IAS/IFRS), as endorsed by the European Union.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2018

We have audited the accompanying consolidated financial statements of ITISSALAT Al MAGHRIB (IAM) S.A. and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31st, 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information. These consolidated financial statements show an amount of consolidated equity of MMAD 19,490 including a consolidated net profit of MMAD 6,938.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (EU). This responsibility includes planning, implementing, and monitoring internal controls relating to the preparation and presentation of financial statements that are free of material misstatement, whether due to fraud or error, and selecting accounting estimates that are appropriate for the circumstances

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Moroccan Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

In our opinion, the consolidated financial statements referred to in the first paragraph above provide in all material aspects a true and fair view of the financial position of the group comprising the persons and entities of ITISSALAT AL-MAGHRIB (IAM) S.A. at December 31st, 2018, and the financial performance and cash flows for the fiscal year then ended, in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union.

Casablanca, February 16th, 2019

The Statutory auditors

DELOITTE AUDIT
Sakina BENSOUDA-KORACHI
Partner

ABDELAZIZ ALMECHATT
Abdelaziz ALMECHATT
Partner

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

(In MAD million)	Note	31/12/2018	31/12/2017	31/12/2016
Goodwill	3	8,548	8,695	8,360
Other intangible assets	4	7,681	7,485	7,378
Property, plant, and equipment	5	31,301	32,090	29,981
Investments in equity affiliates	6	0	0	0
Noncurrent financial assets	7	299	335	327
Deferred tax assets	8	224	273	276
Noncurrent assets		**48,053**	**48,879**	**46,322**
Inventories	9	348	296	324
Trade accounts receivable and other	10	11,839	11,325	12,001
Short term financial assets	11	138	119	156
Cash and cash equivalents	12	1,700	2,010	2,438
Assets available for sale		54	54	54
Current assets		**14,078**	**13,803**	**14,974**
TOTAL ASSETS		**62,131**	**62,682**	**61,296**

SHAREHOLDERS' EQUITY AND LIABILITIES

(In MAD million)	Note	31/12/2018	31/12/2017	31/12/2016
Share capital		5,275	5,275	5,275
Retained earnings		4,383	4,854	4,604
Net earnings		6,010	5,706	5,598
Shareholders'equity attributable to equity holders of the parent	13	15,668	15,835	15,476
Noncontrolling interests		3,822	3,916	3,822
Shareholders'equity		**19,490**	**19,750**	**19,298**
Noncurrent provisions	14	464	570	470
Borrowings and other long-term financial liabilities	15	3,475	4,200	4,666
Deferred tax liabilities	8	246	244	266
Other noncurrent liabilities		0	0	0
Noncurrent liabilities		**4,185**	**5,014**	**5,402**
Trade accounts payable	16	24,095	25,627	24,626
Current tax liabilities		906	563	651
Current provisions	14	1,325	838	1,208
Borrowings and other short term financial liabilities	15	12,129	10,890	10,110
Current liabilities		**38,456**	**37,918**	**36,596**
TOTAL SHAREHOLDERS'EQUITY AND LIABILITIES		**62,131**	**62,682**	**61,296**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In MAD million)	Note	31/12/2018	31/12/2017	31/12/2016
Revenues	**17**	**36,032**	**34,963**	**35,252**
Cost of purchases	18	-6,011	-5,937	-6,223
Payroll costs	19	-2,891	-3,138	-3,260
Taxes and duties	20	-2,818	-2,838	-2,971
Other operating income (expenses)	21	-5,923	-6,183	-5,486
Net depreciation, amortization, and provisions	22	-7,337	-6,557	-6,845
Earnings from operations		**11,052**	**10,310**	**10,468**
Other income and charges from ordinary activities		-11	-32	-47
Income from equity affiliates	23	0	0	0
Earnings from continuing operations		**11,040**	**10,278**	**10,421**
Income from cash and cash equivalents		3	6	10
Gross borrowing costs		-527	-497	-333
Net borrowing costs		**-524**	**-491**	**-322**
Other financial income and expenses		99	-1	-124
Net financial income (expense)	**24**	**-425**	**-491**	**-446**
Income tax	25	-3,677	-3,208	-3,347
Net income		**6,938**	**6,579**	**6,628**
Exchange gain or loss from foreign activities		-239	463	-276
Other income and expenses		-5	-45	-23
Total comprehensive income for the period		**6,693**	**6,997**	**6,329**
Net income		**6,938**	**6,579**	**6,628**
Attributable to equity holders of the parent		6,010	5,706	5,598
Noncontrolling interests	26	928	873	1,031
Total comprehensive income for the period		**6,693**	**6,997**	**6,329**
Attributable to equity holders of the parent		5,855	5,940	5,438
Noncontrolling interests	26	839	1,014	891
Earnings per share		**2018**	**2017**	**2016**
Net earnings attributable to equity holders of the parent *(in MAD millions)*		6,010	5,706	5,598
Number of shares at December 31		*879,095,340*	*879,095,340*	*879,095,340*
Net earnings per share (in MAD)	**27**	**6.84**	**6,49**	**6.37**
Diluted net earnings per share (in MAD)	**27**	**6.84**	**6.49**	**6.37**

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CONSOLIDATED STATEMENT OF CASH FLOW

(In MAD million)	Note	31/12/2018	31/12/2017	31/12/2016
Earnings from operations		11,052	10,310	10,468
Depreciation, amortization and other non-cash movements		7,318	6,582	6,548
Gross cash from operating activities		**18,370**	**16,892**	**17,016**
Other changes in net working capital		-883	1,189	-145
Net cash from operating activities before tax		**17,487**	**18,081**	**16,871**
Income tax paid		-2,967	-3,170	-3,388
Net cash from operating activities (a)	**12**	**14,520**	**14,911**	**13,483**
Purchase of PP&E and intangible assets		-8,075	-8,370	-6,251
Purchases of consolidated investments after acquired cash		-469	0	-66
Investments in equity affiliates		0	0	0
Increase in financial assets		-194	-319	-219
Disposals of PP&E and intangible assets		31	0	414
Decrease in financial assets		335	622	22
Dividends received from nonconsolidated investments		2	6	5
Net cash used in investing activities (b)		**-8,369**	**-8,061**	**-6,094**
Capital increase		0		-122
Dividends paid by Maroc Telecom	13	-5,732	-5,598	-5,590
Dividends paid by subsidiaries to their noncontrolling interests		-798	-921	-1,210
Changes in equity		**-6,529**	**-6,519**	**-6,922**
Proceeds from borrowings and increase in other long-term financial liabilities		1,347	1,681	307
Payments on borrowings and decrease in other noncurrent financial liabilities		0	0	0
Proceeds from borrowings and increase in other short-term financial liabilities		1,933	910	1,352
Payments on borrowings and decrease in other current financial liabilities		-2,682	-2,545	-2,299
Change in net current accounts		0	0	0
Net interest paid (cash only)		-575	-784	-265
Other cash expenses (income) used in financing activities		6	-9	-153
Change in borrowings and other financial liabilities		**29**	**-747**	**-1,058**
Net cash used in financing activities (d)	**12**	**-6,501**	**-7,266**	**-7,979**
Translation adjustment and other noncash items (g)		**40**	**-13**	**-53**
Total cash flows (a)+(b)+(d)+(g)	**12**	**-310**	**-428**	**-644**
Cash and cash equivalents at beginning of period		**2,010**	**2,438**	**3,082**
Cash and cash equivalents at end of period	**12**	**1,700**	**2,010**	**2,438**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in MAD million)	Note	Share capital	Earnings and retained earnings	Other comprehensive income	Total Group share	Non controling interest	Total
Restated position at January 1, 2016		**5,275**	**10,341**	**-271**	**15,344**	**4,360**	**19,704**
Total comprehensive income for the period			**5,598**	**-142**	**5,456**	**901**	**6,357**
Change in gains and losses recognized directly in equity and recyclable in profit or loss				*-142*	*-142*	*-130*	*-271*
Gains and losses on translation				-142	-142	-130	-271
Change in gains and losses recognized directly in equity and recyclable in profit or loss				*-14*	*-14*	*-10*	*-23*
Actuarial difference				-14	-14	-10	-23
Actuarial gains and loses					0		0
Capital increase					0		0
Capital decrease					0		0
Change in percentage without assumption/loss of control			282		282	-337	-55
Change in percentage with assumption/loss of control					0		0
Dividends			-5,590		-5,590	-1,118	-6,708
Treasury stock			40		40		40
Other adjustements			-42		-42	25	-17
Restated position at December 31, 2016		**5,275**	**10,628**	**-427**	**15,476**	**3,822**	**19,298**
Total comprehensive income for the period			**5,706**	**319**	**6,025**	**1,014**	**7,039**
Change in gains and losses recognized directly in equity and recyclable in profit or loss			*0*	*319*	*319*	*144*	*463*
Gains and losses on translation				319	319	144	463
Change in gains and losses recognized directly in equity and recyclable in profit or loss				*-42*	*-42*	*-2*	*-45*
Actuarial difference				-5	-5	-2	-8
Actuarial gains and loses				-37	-37		-37
Capital increase					0		0
Capital decrease					0		0
Share-based compensation					0		0
Change in percentage without assumption/loss of control					0		0
Change in percentage with assumption/loss of control					0		0
Dividends			-5,591		-5,591	-918	-6,509
Treasury stock			-31		-31		-31
Other adjustements			-2		-2	-2	-4
Position at December 31, 2017		**5,275**	**10,710**	**-150**	**15,835**	**3,916**	**19,750**
Total comprehensive income for the period			**6,010**	**-155**	**5,855**	**839**	**6,694**
Change in gains and losses recognized directly in equity and recyclable in profit or loss			*0*	*-155*	*-155*	*-84*	*-239*
Gains and losses on translation				-155	-155	-84	-239
Change in gains and losses recognized directly in equity and recyclable in profit or loss				*-1*	*-1*	*-5*	*-5*
Actuarial difference				13	13	-5	9
Actuarial gains and loses				-14	-14		-14
Capital increase					0		0
Capital decrease					0		0
Share-based compensation					0		0
Change in percentage without assumption/loss of control			-346		-346	-126	-471
Change in percentage with assumption/loss of control					0		0
Dividends			-5,696		-5,696	-807	-6,503
Treasury stock			20		20		20
Other adjustements					0		0
Position at December 31, 2018		**5,275**	**10,699**	**-306**	**15,668**	**3,822**	**19,490**

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At December 31, 2018, Maroc Telecom's share capital comprised 879,095,340 ordinary shares. Ownership of the shares was divided as follows:

- Etisalat: 53% through a holding company 91.3%-owned by Etisalat and 8.7%-owned by the Abu Dhabi Development Fund;
- Kingdom of Morocco: 30%;
- Other: 17%.

The reserves consist mainly of accumulated prior year retained earnings of which MAD 3,424 million of undistributable reserves at December 31, 2018 and Group part net income for the current year.

NOTE 1 — ACCOUNTING PRINCIPLES AND VALUATION METHODS

Group companies are consolidated on the basis of their fiscal year ending December 31, except for CMC, whose fiscal year ends March 31, 2018.

The financial statements and notes thereto were approved by the Management Board on January 25, 2019.

1.1 BASIS OF PREPARATION FOR THE CONSOLIDATED FINANCIAL STATEMENTS FOR 2018, 2017, AND 2016

Pursuant to regulation (EC) no. 1606/2002 of July 19, 2002, concerning the adoption of international accounting standards, the consolidated financial statements of Maroc Telecom Group for the year ended December 31, 2018, were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), applicable as endorsed by the European Union (EU). For purposes of comparison, the 2018 financial statements also include financial information on 2017 and 2016.

1.2 COMPLIANCE WITH ACCOUNTING STANDARDS

The consolidated financial statements of Itissalat Al-Marghrib SA have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations endorsed by the European Union and mandatory at December 31, 2017. The accounting standards applied to the consolidated financial statements do not differ from those issued by the International Accounting Standards Board (IASB).

1.2.1 Standards and interpretations applied by Maroc Telecom for fiscal year 2018

All the new standards, interpretations and amendments published by the IASB and mandatory in the European Union since January 1, 2018 have been applied.

1.2.2 Impact of application of the standards and interpretations adopted in 2018

The annual improvements of the cycle 2014-2016 has an impact on the IFRS 1, and IAS 28 without material impact on Maroc Telecom's annual financial statements.

IFRS 15 - Revenue from Contracts with Customers, which takes effect January 1, 2018, is the new standard governing how revenue will be recognized.

In applying IFRS 15 within the Maroc Telecom Group, work has been done to identify and measure its impact on the consolidated financial statements. The results of the analyses undertaken confirm that the Group's existing model used to recognize its revenues does not materially differ from the new provisions of IFRS 15. Consequently, the first application of this standard does not materially impact the consolidated financial statements.

Furthermore, the decision was made to apply IFRS 15 retrospectively in full without adjusting the published figures as they were judged to be in compliance with IFRS 15.

1.2.3 Standards and interpretations applied by Maroc Telecom for fiscal year 2019

In applying IFRS 16 (Leases), which takes effect in January 2019, leases will have to be recognized on the balance sheet as a right-of-use asset with a corresponding lease liability, taking into account the exclusions provided by the standard. Application of IFRS 16 will therefore bring an increase in the Group's financial debt, an improvement in its operating income and an increase in its financial expenses.

In 2018, the Group began a compliance project, which also included the implementation of a dedicated information system.

For the transition, the Group opted for the simplified retrospective method without restating comparative periods and used estimates to determine the remaining term of the leases and the discount rates. Work is continuing to improve the reliability of the impacts, bearing in mind that at this stage the Group would estimate the increase in its debt between MAD 1 billion and MAD 1,5 billion.

1.3 PRESENTATION AND PRINCIPLES GOVERNING THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENT

Pursuant to IFRS principles, the consolidated financial statements have been prepared on an historical-cost basis, with the exception of certain asset and liability categories.

The categories concerned are mentioned in the notes below. The consolidated financial statements are presented in Dirham and all values are rounded to the nearest million unless otherwise noted. They include the accounts of Maroc Telecom and its subsidiaries after elimination of intra-group transactions.

1.3.1 Statement of comprehensive income

Maroc Telecom has chosen to present its statement of comprehensive income in a format that breaks down income and expenses by type.

1.3.1.1 EARNINGS FROM OPERATIONS AND EARNINGS FROM CONTINUING OPERATIONS

Earnings from operations, which in documents previously issued by Maroc Telecom was called operating income, includes revenues, cost of purchases, payroll costs, taxes and duties, other operating income and expenses, as well as net depreciation, amortization and provisions.

Earnings from continuing operations includes earnings from operations, other income from continuing operations, other expenses on continuing operations (including impairment of goodwill and other intangible assets), as well as the share of net earnings of equity associates.

1.3.1.2 FINANCING COSTS AND OTHER FINANCIAL INCOME AND EXPENSES

Net financing costs comprise:

- gross financing costs which includes interest payable on loans calculated using the effective-interest rate method;
- financial income received from cash investments.

Other financial income and expenses mainly include gains and losses on currency translation (other than those relating to operating activities recognized under earnings from operations), dividends received from non-consolidated companies, earnings from consolidated activities or companies not recognized under earnings from discontinued activities or in the process of being discontinued.

1.3.2 Statement of financial position

Assets and liabilities with maturities shorter than the operating cycle, i.e. generally less than 12 months, are recognized under current assets or liabilities. If their maturities are longer than this, they are recognized under noncurrent assets or liabilities, except for operating expenses.

1.3.3 Consolidated statement of cash flows

Maroc Telecom Group has chosen to present its consolidated cash flow statement using the indirect method. Working capital requirements from operations correspond to changes in the balance sheet items of trade receivables, inventories and trade payables.

1.3.4 Use of estimates and assumptions

The preparation of consolidated financial assets in accordance with IFRS requires Maroc Telecom to make certain estimates and assumptions that it deems reasonable and realistic. Despite regular reviews of these estimates and assumptions based on past or anticipated achievements, facts and circumstances may lead to changes in these estimates and assumptions that could have an impact on the carrying value of Group assets, liabilities, equity, or earnings.

The main estimates and assumptions concern changes in the following items:

- provisions: risk estimates, performed on an individual basis; the occurrence of events during risk-measurement procedures may lead at any time to a reassessment of the risk in question (see Note 14);
- impairment of trade receivables and inventories: estimates of nonrecovery risk for trade receivables and obsolescence risk for inventories;
- employee benefits: assumptions, updated annually, include the probability of employees remaining with the Group until retirement, expected changes in future compensation, the discount rate, and the inflation rate (see Note 14);
- revenue recognition: estimates of benefits granted as part of customer-loyalty programs, to be deducted from certain revenue items, and of deferred revenue relating to distributors (see Note 17);
- goodwill: valuation methods adopted for the identification of intangible assets acquired through business combinations (see Note 3);
- goodwill, indefinite useful lives of intangible assets, and assets in progress: assumptions are updated annually for impairment tests performed on each of the Group's cash-generating units (CGUs), determined by future cash flows and discount rates;
- deferred taxes: estimates concerning the recognition of deferred tax assets are updated annually; estimates include the Group's future tax results and expected changes in temporary differences between assets and liabilities (see Note 8).

1.3.5 Consolidation methods

The generic name Maroc Telecom refers to the Group of companies composed of the parent company Itissalat Al-Maghrib SA and its subsidiaries.

A list of the Group's principal subsidiaries is presented in Note 2, "Scope of consolidation at December 31, 2016, 2017, and 2018".

Maroc Telecom's scope of consolidation comprises wholly owned companies exclusively; therefore the only consolidation method employed by the Group is that of full consolidation.

The accounting method described below was applied consistently to all the periods presented in the consolidated financial statements. This accounting method was applied consistently by all Group entities.

FULL CONSOLIDATION

All companies in which Maroc Telecom has a controlling interest, namely those in which it has the power to govern financial and operational policies to obtain benefits from their operations, are fully consolidated.

The new standard for consolidation, introduced by IFRS 10 as replacement of IAS 27 (amended) - Consolidated and Separate Financial Statements and by SIC 12 Special Purpose Vehicles, is based on the following three criteria that must be met simultaneously for Maroc Telecom to assume control:

- Maroc Telecom has power over the subsidiary when it has existing rights that give it the ability to direct the relevant activities (i.e., the activities that significantly affect the investee's returns); Power arises from existing and/or potential voting rights and/or contractual arrangements. The voting rights must be substantial (i.e., they may be employed at any time and without limitation, particularly during votes on important activities). Assessment of whether a parent has power over a subsidiary depends on the relevant activities of the subsidiary, it's decision-making procedures, and the breakdown of votes among the other shareholders;
- Maroc Telecom has exposure or rights to variable returns from its involvement with the subsidiary. These returns may vary in accordance with the subsidiary's performance. The notion of return is defined broadly and includes dividends and other forms of distributed economic benefits, the investment's valuation, cost savings, synergies, etc.;
- Maroc Telecom has the ability to exercise its power to affect the returns. Any power that cannot affect returns is considered non-controlling.

The Group's consolidated financial statements are presented as those of a single economic entity with two types of owners: 1. the owners of Maroc Telecom Group (shareholders of Maroc Telecom SA), and 2. holders of non-controlling interests (minority shareholders of the subsidiaries). A non-controlling interest is defined as a stake in a subsidiary that cannot be directly or indirectly attributed to a parent company (hereinafter "non-controlling interests"). Consequently any changes in percentage of ownership of a parent company in a subsidiary that do not result in the loss of control affects only equity, because control is not changed within the economic entity.

TRANSACTION ELIMINATED IN THE CONSOLIDATED FINANCIAL STATEMENTS

Revenues, expenses, and balance-sheet positions resulting from intragroup transactions are eliminated during the preparation of the consolidated financial statements.

1.3.6 Business combinations

BUSINESS COMBINATIONS FROM JANUARY 1, 2009

The acquisition method is used to account for business combinations. Under this method, upon the initial consolidation of an entity over which the Group has acquired exclusive control:

- the identifiable assets acquired and the liabilities assumed are measured at their fair value on the acquisition date;
- the noncontrolling interests are measured either at fair value or at their proportionate share of the acquiree's identifiable net assets. This option is available on a transaction-by-transaction basis.

On the acquisition date, goodwill is measured as the difference between:

- the fair value of the consideration transferred plus the amount of noncontrolling interest in the acquiree, and, in a business combination achieved in stages, the acquisition-date fair value of the equity interest held previously by the acquirer in the acquiree;
- the net amount on the acquisition date for identifiable assets acquired and liabilities assumed.

  The fair-value measurement of noncontrolling interests increases goodwill up to the share attributable to the noncontrolling interests, thereby resulting in the recognition of full goodwill. The purchase price and its allocation must be completed within 12 months of the acquisition date. If goodwill is negative, it is recognized as profit directly in profit or loss. After the acquisition date, goodwill is measured at its initial amount, less any recorded impairment losses.

The following principles also apply to business combinations:

- beginning on and after the acquisition date, to the extent possible, goodwill is allocated to each cash-generating unit likely to benefit from the business combination;
- any adjustment to the purchase price is recorded at fair value on the acquisition date, and any subsequent adjustment after the purchase-price allocation period is recognized in profit or loss;

- acquisition-related costs are recognized as expenses when incurred;
- in the event of acquisition of an additional interest in a consolidated subsidiary, Maroc Telecom recognizes the difference between the acquisition cost and the carrying value of noncontrolling interests as a change in equity attributable to shareholders of Maroc Telecom;
- goodwill is not amortized.

BUSINESS COMBINATIONS PRIOR TO JANUARY 1, 2009

Pursuant to IFRS 1, Maroc Telecom elected not to restate business combinations that occurred before January 1, 2004. IFRS 3, as published by the IASB in March 2004, had already retained the acquisition method. Its provisions, however, differed from those of the revised standard on the following main points:

- noncontrolling interests were measured on the basis of their proportionate share in the acquired net identifiable assets; the option of fair-value measurement did not exist;
- contingent consideration was recognized in the cost of acquisition only if payment was likely to occur and the amounts could be measured reliably;
- costs attributable directly to the acquisition were recognized under the cost of the business combination.
- in the event of acquisition of an additional interest in a consolidated subsidiary, Maroc Telecom recognizes as goodwill the difference between the acquisition cost and the carrying value of acquired noncontrolling interests.

1.3.7 Foreign-currency translation

Foreign-currency transactions are initially recorded in the functional currency at the exchange rate prevailing on the date of the transaction. At the end of the period, monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at the exchange rate prevailing on that date. All translation differences are recognized in profit or loss for the period.

1.3.8 Translation of financial statements for foreign activities

Assets and liabilities relating to foreign activities, including goodwill and fair-value adjustments arising from consolidation, are translated into Moroccan dirhams at the exchange rate prevailing at the end of the period.

Income and expenses are translated into dirhams at the average exchange rate over the period.

Foreign exchange differences arising from translation are recorded as foreign currency translation differences, as a separate component of shareholders' equity.

1.3.9 Assets

1.3.9.1 OTHER INTANGIBLE ASSETS

Intangible assets acquired separately are recorded at cost, and intangible assets acquired in connection with a business combination are recorded at their fair value at the acquisition date. Subsequent to initial recognition, the historical cost model is applied to intangible assets that are amortized when they are ready for use. Depreciation is recorded for assets with limited useful life. The useful lives are reviewed at each closing.

The estimated useful lives are between 2 and 5 years.

IAS 38 does not recognize brands, subscriber bases and market segments generated internally as intangible assets.

Licenses for the operation of telecommunications networks are recorded at historical cost and are amortized on a straight-line basis as of the effective date of the service for the period of validity of the license.

The Maroc Telecom group chose not to use the option offered by IFRS 1 to choose to measure certain intangible assets at fair value on January 1, 2004 at this date.

Expenditures posted to intangible enterprises are capitalized only if they enhance the future economic benefits associated with the asset. Other expenses are recognized as expenses when incurred.

1.3.9.2 RESEARCH AND DEVELOPMENT COSTS

Research costs are expensed when incurred. Development expenses are capitalized when the project can reasonably be considered feasible.

Pursuant to IAS 38 Intangible Assets, development costs are capitalized only after the technical and financial feasibility of the asset for sale or use have been established, where it is likely that the future economic benefits attributable to the asset will flow to the company, and where the cost of the asset can be measured reliably.

1.3.9.3 PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment are carried at historical cost less any accumulated depreciation and impairment losses. Historical cost includes acquisition or production costs as well as costs directly attributable to transporting the asset to its physical location and to preparing it for use in operations. For the purposes of IAS 23, borrowing costs directly attributable to the acquisition, construction, or production of a qualifying asset are included in the cost of the asset. Other borrowing costs are recognized as an expense for the period in which they are incurred. When property, plant, and equipment include significant components with various useful lives, the components are recorded and depreciated separately.

Property assets comprising the items "land" and "buildings" are derived in part from the contribution in kind granted in 1998 by the Moroccan government (in connection with the breakup of ONPT) to Maroc Telecom when it was established.

When these assets were transferred, the property titles could not be registered with the property registry.

Fully 97.69% of such assets had been assigned property titles at the end of 2018. Although uncertainty over the property titles remains, the risk is limited, because the Moroccan government has guaranteed Maroc Telecom use of the transferred property as at the end of 2013, and because to date there have been no significant incidents related to this situation.

The assets transferred by the Moroccan government on February 26, 1998, to establish Maroc Telecom as a public operator were recorded as a net amount in the opening statement of financial position, as approved by:

- the Postal Services and Information Technology Act no. 24-96;
- the joint order no. 341-98 of the Ministry of Telecommunications and the Ministry of Finance, Commerce, and Industry, approving the inventory of assets transferred to Maroc Telecom Group.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Useful lives are reviewed at the end of each reporting period and are as follows:

- construction and buildings 20 years
- civil engineering projects 15 years
- network equipment:
- transmission (Mobile) 10 years
- switching 8 years
- transmission (fixed line) 10 years
- fixtures and fittings
  - 10 years for various facilities
  - 20 years for the fitting out of buildings
- computer equipment 5 years
- office equipment 10 years
- transportation equipment 5 years

Assets not yet in service are recorded as assets in progress. Assets financed through finance leases are recorded at the lower of the fair value of the asset and the present value of the minimum lease payments, and related debt is recorded under "Borrowings and other financial liabilities." These assets are depreciated on a straight-line basis over their estimated useful lives.

Depreciation of assets acquired under finance leases is recorded as a general depreciation expense.

Maroc Telecom has elected not to apply the option provided in IFRS 1 to remeasure property, plant, and equipment at fair value as at January 1, 2004.

The carrying value of an item of property, plant, and equipment includes the replacement cost of a component of such an item if this cost is incurred, if it is probable that the future economic benefits associated with the asset will flow to Maroc Telecom Group, and if the cost can be measured reliably.

All maintenance costs are expensed when incurred.

1.3.9.4 IMPAIRMENT OF FIXED ASSETS

Goodwill and other intangible assets with indefinite useful lives are subject to an impairment test at the close of each annual period, and are also tested whenever there is an indication that they may be impaired. The carrying value of other fixed assets is also subject to an impairment test whenever events or circumstances indicate that the carrying value of such assets may not be recoverable. The impairment test compares the asset's carrying amount with its recoverable amount (i.e., the higher of fair value less disposal costs and value in use).

The recoverable amount is determined for an individual asset as long as the asset generates cash inflows that are largely independent of those from other assets or groups of assets. If such is the case, as it is for goodwill, the recoverable amount is determined for the cash-generating unit. Maroc Telecom has selected as its cash generating units its fixed and Mobile business units (BU).

1.3.9.5 FINANCIAL ASSETS

The Group has applied the provisions of IFRS 9 to financial instruments that were not derecognized on the initial application date of January 1, 2017. All financial assets recognized within the scope of IFRS 9 have been measured at amortized cost or fair value based on the two criteria mentioned above, hereinafter the categories of financial assets identified by Maroc Telecom:

- financial assets classified as held-to-maturity and loans and receivables are measured at amortised cost in accordance with IFRS 9 because they are held in a business model to collect contractual cash flows. These cash flows consist solely of the payment of principal and interest on the outstanding principal;
- equity securities classified as available-for-sale have been irrevocably classified as fair value through other comprehensive income, except for investments in treasury shares held for trading. The latter continue to be measured at fair value through net income;
- held-for-trading financial assets continue to be measured at fair value through net income under IFRS 9 because these investments are managed as a trading portfolio and settlement is based on changes in the fair value of the underlying securities and interest.

Thus, no change in the classification of the Group's active financial instruments has been identified in accordance with the new IFRS 9 standard, which has not generated any material impact on the financial statements.

1.3.9.6 INVENTORIES

Inventories comprise:

- goods held for sale to customers upon line activation, Fixed-line, Mobile internet or Multimedia terminals and their accessories. These inventories are accounted for using the weighted average cost method;
- handsets delivered to distributors and not activated at year-end are recorded as inventory;
- handsets not activated within nine months of the delivery date are recorded as revenue;
- equipment and supplies corresponding to general network equipment. These inventories are measured at their average purchase price;
- Inventories are valued at the lower of cost and net realizable value. Impairment is recognized based on the outlook for disposal (whether for Mobile, Fixed-line, internet or technical assets).

1.3.9.7 TRADE ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

This item comprises trade receivables and other receivables, initially recognized at fair value and subsequently at amortized cost less impairment losses.

Trade accounts receivable includes trade receivables and government receivables:

- trade receivables: held against individuals, distributors, businesses, and national and international operators;
- government receivables: held against local authorities and the Moroccan government.

Impairment is recognized when the carrying value of an asset exceeds the present value of its estimated future cash flows.

1.3.9.8 CASH AND CASH EQUIVALENTS

"Cash and cash equivalents" include cash on hand, sight deposits, current accounts, and short-term, highly liquid investments with maturities of three months or less.

1.3.10 Assets held for sale and discontinued operations

A noncurrent asset or a group of assets and liabilities qualifies as held for sale when its carrying value may be recovered principally through its disposal and not by its continued utilization. To qualify as held for sale, the asset must be available for immediate sale and the disposal must be highly probable. Such assets and liabilities are reclassified as assets held for sale and as liabilities associated with assets held for sale, without possibility of offset. The reclassified assets are recorded at the lower of fair value (net of disposal fees) and cost less accumulated depreciation and impairment losses, and are no longer depreciated.

An operation is qualified as discontinued when the criteria for classification as an asset held for sale have been met or when Maroc Telecom has sold the operation. Discontinued operations are reported on a single line of the statement of comprehensive income for the periods reported, comprising the earnings after tax of the discontinued operations until the divestiture date and the gain or loss after tax on the sale or fair-value measurement, less costs to sell the assets and liabilities of the discontinued operations. In addition, operating, investing, and financing cash flows generated by discontinued operations are reported on the statement of cash flows.

FINANCIAL LIABILITIES

Financial liabilities comprise borrowings, accounts payable, and bank overdrafts.

BORROWINGS

All borrowings are initially accounted for at fair value of the amount received, net of borrowing costs.

The allocation of borrowings to current and noncurrent liabilities is performed on the basis of contractual maturity.

The borrowings granted by Etisalat have not been updated due to their insignificant nature.

DERIVATIVE FINANCIAL INSTRUMENTS

Maroc Telecom uses a currency hedging in the form of purchases and sales of foreign currencies.

1.3.11. Provisions

Provisions are recognized when, at the end of the reporting period, the Group has a legal, regulatory, or contractual obligation as a result of past events, when it is probable that an outflow of resources (without any expected related inflow) will be required to settle the obligation, and when the obligation can be estimated reliably. Where the effect of the time value of money is material, provisions are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money. If no reliable estimate can be made of the amount of the obligation, no provision is recorded and a disclosure is made in the notes to the consolidated financial statements.

Restructuring provisions are recorded when the Group has approved a formal and detailed restructuring program and has either begun to implement the program or has announced the program publicly. Future operating expenses are not provisioned.

A provision for pension obligations has been recorded for senior executives of Maroc Telecom. For the subsidiaries, this provision is estimated using the actuarial method.

1.3.12 Deferred taxes

Deferred taxes are accounted for using the liability method, for differences existing at closing between the tax-base value of assets and liabilities and their carrying value on the balance sheet.

Deferred tax liabilities are recognized for all taxable temporary differences:

- except for temporary differences generated by the initial recognition of goodwill;
- for taxable temporary differences arising from investments in subsidiaries, affiliates, and joint ventures, unless the date on which the temporary difference will reverse can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, tax-loss carry forwards, and unused tax credits, insofar as it is probable that a taxable profit will be available, or when a current tax liability exists to make use of those deductible temporary differences, tax-loss carryforwards, and unused tax credits:

- except where the deferred tax asset associated with the deductible temporary difference is generated by initial recognition of an asset or liability in a transaction that is not a business combination and that at the transaction date does not impact accounting earnings, taxable income, or taxable losses;
- for deductible temporary differences arising from investments in subsidiaries, affiliates, and joint ventures, deferred tax assets are recorded to the extent that it is probable that the temporary difference will reverse in the foreseeable future and that taxable profit will be available against which the temporary difference can be utilized.

The carrying value of deferred tax assets is reviewed at each closing date and reduced to the extent that it is no longer probable that a taxable profit will be available to allow the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the expected tax rates for the year during which the asset will be realized or the liability settled, on the basis of tax rates (and tax regulations) enacted or substantially enacted by the closing date.

Taxes for items credited or charged directly to equity are recognized in equity, not in profit or loss.

1.3.13 Trade accounts payable

Trade accounts payable include trade payables and other accounts payable. These are measured initially at historical cost and subsequently at amortized cost.

1.3.14 Share-based compensation

Pursuant to IFRS 2, share-based compensation is recorded as a payroll cost at the value of the equity instruments granted, which are assessed using a binomial model. However, depending on whether the equity instruments granted are settled through the issuance of Maroc Telecom shares or in cash, the valuation of the expense differs:

- for equity-settled instruments, the value of the instruments granted is initially estimated and fixed at grant date, then allocated over the vesting period on the basis of features of equity-settled instruments. The obligation is recorded in equity;
- for cash-settled instruments, the value of the instruments granted is initially estimated and fixed at grant date and is then re-estimated at each reporting date; the expense is adjusted pro rata for subsequent changes in the value of the vested rights. The obligation is allocated over the vesting period on the basis of features of cash-settled instruments. The corresponding obligation is recorded as a noncurrent provision.

Pursuant to the transitional provisions of IFRS 1 for IFRS 2, Maroc Telecom elected to apply IFRS 2 retroactively, to January 1, 2004.

In 2016, 2017 and 2018 no compensation paid in shares is recognized.

1.3.15 Revenus

Maroc Telecom revenues arise primarily from the sale of Mobile, Fixed-line and internet telecommunication services and from the sale of equipment:

- Mobile, Fixed-line and internet revenues consist of:
  - income from standard subscriptions as well as from postpaid plans,
  - outgoing national and international call revenues (excluding plans), as they are used,
  - incoming national and international call revenues,
  - revenues generated by ADSL and Mobile internet offers Revenues generated by Mobile customers who are non-residents of Morocco, using Maroc Telecom networks (Roamers),
  - income from data-transmission services provided to businesses, internet service providers, and other telecommunications operators,

- income from the sale of advertising inserts in printed and electronic directories that are taken into account when they are published,
- revenues generated by Value-Added Services (VAS).

♦ equipment sales covers all sales of equipment (Mobile handsets, broadband equipment, connected objects, and accessories).

Income from contracts with customers is recognized under revenue when the provider's obligations are met immediately or gradually. Revenues from incoming and outgoing call traffic are recognized when the service is provided. For prepaid services, revenues are recognized as calls are made. Revenue from equipment is recognized when the line is activated.

Revenue from contracts with customers is recognized if the following conditions are met:

♦ the parties to the contract have approved it (in writing, orally, or according to other normal business practices) and have undertaken to fulfill their respective obligations;

♦ the company can identify each party's rights to the goods or services to be provided;

♦ the company can identify the payment terms agreed for the goods or services to be provided;

♦ the contract has commercial substance (causes an identifiable and measurable change in the economic circumstances of the entity or associated risk);

♦ it is probable that the entity will receive the consideration to which it is entitled in exchange for the goods or services that it will provide to the customer.

Revenues from telephone subscriptions are recognized on a straight-line basis over the subscription contract period.

Revenues from Value-Added Services (VAS) are recognized as follows:

♦ sales of services developed by Maroc Telecom are recorded gross;

♦ sales of services to customers managed by Maroc Telecom on behalf of content providers (mainly premium-rate numbers) are recorded net of related expenses;

♦ when sales are made via a third-party distributor supplied by the Group and involve a discount on the Retail price, revenues are recorded as gross revenues and commissions granted are recognized as operating expenses.

The criteria for determining whether Maroc Telecom is acting as a "principal" or "agent" are analyzed in line with the indicators in paragraph B37 of IFRS 15: "Entity acting as principal or agent".

Benefits granted by Maroc Telecom and its subsidiaries to customers under loyalty programs in the form of free services or reductions are recognized in accordance with IFRS 15 and deferred until such time as the acquired points are used or expire.

1.3.16 Cost of purchases

Purchases consumed mainly include purchases of Mobile and Fixed-line equipment and interconnection costs.

1.3.17 Other operating income and expenses

This item comprises mainly commissions to distributors, network-maintenance expenses, advertising and marketing costs, and restructuring charges.

1.3.18 Net financing costs

Net financing costs include interest payable on loans (calculated using the effective-interest method) and interest on investments.

Investment income is recognized in the statement of earnings when acquired.

1.3.19 Tax expenses

Tax expense includes income tax payable and deferred tax expense (or income). Tax is expensed unless it applies to items recorded directly to equity.

1.4 CONTRACTUAL COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

Once a year, Maroc Telecom and its subsidiaries prepare detailed reports on all contractual obligations, commercial and financial commitments, and contingent obligations for which they are jointly and severally liable. These detailed reports are updated regularly by the relevant departments and reviewed by Group senior management.

The assessment of off-balance-sheet commitments to suppliers of fixed assets is based on the orders actually issued. The commitment corresponds to the difference between the orders issued and those completed.

In addition, commitments relating to real estate rental contracts are estimated on the basis of the notice period provided the notice period provided in the termination clause of the contract.

1.5 SEGMENT DATA

A segment is a distinguishable component of the Group that is engaged in providing a product or service in a specific economic environment (geographical segment), or in providing products or related services (business segment) that are subject to risks and rewards different from those of other business segments.

In order to align itself with internal reporting indicators, as required by IFRS 8, Maroc Telecom has chosen to present its main financial and operating indicators by geographical area, through the creation, in parallel with Morocco, of a new international segment bringing together its current subsidiaries in Mauritania, Burkina Faso, Gabon, Mali, Côte d'Ivoire, Benin, Togo, Niger and Central African Republic.

1.6 NET CASH POSITION

This corresponds to cash and cash equivalents minus borrowings, cash equivalents and cash earmarked for borrowings repayable in more than 3 months' time.

1.7 EARNINGS PER SHARE

Earnings per share, as presented in the statement of comprehensive income, are calculated by dividing net earnings (Group share) for the period by the average number of shares outstanding over the period.

Diluted earnings per share are calculated by dividing:

- net profit of the fiscal year (Group share);
- by the average number of shares outstanding over the period plus the average number of ordinary shares that would have been issued upon conversion of all potentially dilutive instruments that are convertible into ordinary shares.

At December 31, 2018, there were no potentially dilutive instruments.

NOTE 2 — SCOPE OF CONSOLIDATION

Company	Legal form	% Group interest	% Capital held	Consolidation method
Maroc Telecom	SA	100%	100%	FC
Avenue Annakhil Hay Riad Rabat-Maroc				
Compagnie Mauritanienne de Communication (CMC)	SA			
Dec, 31.18		**80%**	**80%**	**FC**
Dec, 31.17		80%	80%	FC
Dec, 31.16		80%	80%	FC
Avenue Roi Fayçal Nouakchott-Mauritanie				
Mauritel SA	SA			
Dec, 31.18		**41%**	**52%**	**FC**
Dec, 31.17		41%	52%	FC
Dec, 31.16		41%	52%	FC
Avenue Roi Fayçal Nouakchott-Mauritanie				
Onatel	SA			
Dec, 31.18		**61%**	**61%**	**FC**
Dec, 31.17		51%	51%	FC
Dec, 31.16		51%	51%	FC
705, AV. de la nation 01 BP10000 Ouagadougou – Burkina Faso				
Gabon Telecom	SA			
Dec, 31.18		**51%**	**51%**	**FC**
Dec, 31.17		51%	51%	FC
Dec, 31.16		51%	51%	FC
Immeuble 9 étages, BP 40, 000 Libreville-Gabon				
Sotelma	SA			
Dec, 31.18		**51%**	**51%**	**FC**
Dec, 31.17		51%	51%	FC
Dec, 31.16		51%	51%	FC
Route de Koulikoro, quartier Hippodrome, BP 740, Bamako-Mali				
Casanet	SA			
Dec, 31.18		**100%**	**100%**	**FC**
Dec, 31.17		100%	100%	FC
Dec, 31.16		100%	100%	FC
Avenue Annakhil Hay Riad Rabat-Maroc				

Company	Legal form	% Group interest	% Capital held	Consolidation method
Atlantique Telecom Côte d'Ivoire	SA			
Dec, 31.18		**85%**	**85%**	**FC**
Dec, 31.17		85%	85%	FC
Dec, 31.16		85%	85%	FC
Abidjan-Plateau, Immeuble KARRAT, Avenue Botreau Roussel, 01 BP 2347				
Etisalat Bénin	SA			
Dec, 31.18		**100%**	**100%**	**FC**
Dec, 31.17		100%	100%	FC
Dec, 31.16		100%	100%	FC
Cotonou, ilôt 553, quartier Zongo Ehuzu, zone résidentielle, avenue Jean Paul 2, immeuble Etisalat				
Atlantique Telecom Togo	SA			
Dec, 31.18		**95%**	**95%**	**FC**
Dec, 31.17		95%	95%	FC
Dec, 31.16		95%	95%	FC
Boulevard de la Paix, Route de l'Aviation, Immeuble Moov-Etisalat - Lomé - BP 14511				
Atlantique Telecom Niger	SA			
Dec, 31.18		**100%**	**100%**	**FC**
Dec, 31.17		100%	100%	FC
Dec, 31.16		100%	100%	FC
720 Boulevard du 15 avril Zone Industrielle, BP 13, 379, Niamey				
Atlantique Telecom Centrafrique	SA			
Dec, 31.18		**100%**	**100%**	**FC**
Dec, 31.17		100%	100%	FC
Dec, 31.16		100%	100%	FC
Bangui, BP 2439, PK 0, Place de la République, Immeuble SOCIM, rez-de-chaussée				
Prestige Telecom Côte d'Ivoire	SA			
Dec, 31.18		**100%**	**100%**	**FC**
Dec, 31.17		100%	100%	FC
Dec, 31.16		100%	100%	FC
Grand Bassam Zone Franche VITIB ex-Complexe IIAO, 01 BT 8 592 Abidjan				

NOTE 3 — GOODWILL

(In MAD millions)	31/12/2018	31/12/2017	31/12/2016
Mauritel	136	136	137
Onatel	1,838	1,838	1,838
Gabon Telecom	656	668	641
Sotelma	4,669	4,776	4,532
Casanet	5	5	5
Filiales Moov	1,243	1,271	1,206

From July 1, 2009, business combinations are recognized using the full goodwill method. Goodwill is allocated to cash generating units (CGU) identified under IAS 36. Goodwill of Sotelma and the new Moov subsidiaries has been calculated in accordance with the revised IFRS 3 standard.

Goodwill is tested for impairment at least once a year and whenever there is evidence of loss of value.

A value test consists of comparing the carrying value of each CGU against its market value. This market value is estimated by discounting the future cash flows based on 5 years business plans. For Casanet, the market value is estimated by the market multiples method, on 2018 results and 2019 projections.

Goodwill-impairment tests are based on the following assumptions:

CGU	Valuation method	Discount rate in local currency	Perpetual growth rate in local currency
Mauritel	DCF*	15.50%	1.50%
Onatel	DCF	12.00%	1.50%
Gabon Telecom	DCF	12.50%	1.50%
Sotelma	DCF	14.00%	3.00%
Filiales Moov	DCF	[9.5% -16%]	3.00%
Casanet	Multiples boursiers	Average of 12.3 x of 2018 EBITDA and 10.6 x of 2019 EBITDA	

(*) Discounted Cash Flows

GOODWILL VARIATION TABLE

(in MAD million)	Beginning of period	Impairment	Translation adjustment	Reclassification	Change in scope of consolidation	End of period
2016	**8,440**	**0**	**-113**	**33**	**0**	**8,360**
Mauritel	137		-1			137
Onatel	1,838					1,838
Gabon Telecom	142		-9		508	641
Sotelma	4,613		-81			4,532
Casanet	5					5
Filiales Moov	1,704		-22	33	-508	1,206
2017	**8,360**	**0**	**336**	**0**	**0**	**8,695**
Mauritel	137		0			136
Onatel	1,838					1,838
Gabon Telecom	641		27			668
Sotelma	4,532		244			4,776
Casanet	5					5
Filiales Moov	1,206		65			1,271
2018	**8,695**	**0**	**-147**	**0**	**0**	**8,548**
Mauritel	136		0			136
Onatel	1,838					1,838
Gabon Telecom	668		-12			656
Sotelma	4,776		-107			4,669
Casanet	5					5
Filiales Moov	1,271		-28			1,243

NOTE 4 — OTHER INTANGIBLE ASSETS

(in MAD million)	31/12/2018	31/12/2017	31/12/2016
Software	1,508	1,674	1,411
Telecom license	4,554	4,289	4,588
Other intangible assets	1,618	1,522	1,379
NET TOTAL	**7,681**	**7,485**	**7,378**

The “Telecom Licenses” item includes the following licenses:

- the 2G licenses for Mauritel, Onatel, Gabon Telecom, Sotelma, Etisalat Bénin, AT Togo and AT Niger;
- the 3G licenses for Ittisalat Al-Maghrib SA, Mauritel, Onatel, Gabon Telecom, Sotelma, Etisalat Bénin, AT Togo, AT Niger and AT RCA;
- the global Mobile licenses for AT RCA and Etisalat Benin;
- the global license for AT CDI;
- the 4G licenses for Ittisalat Al-Maghrib SA, Gabon Telecom, Sotelma, Etisalat Bénin and AT Togo.

“Other intangible non-current assets” primarily includes patents, trademarks, and assets reflecting business combinations such as customer bases identified when measuring the goodwill of acquired subsidiaries.

2018

(in MAD million)	31/12/2017	Acquisitions and allocations	Transfers and removals	Translation adjustment	Change in scope of consolidation	Reclassifications	31/12/2018
Gross	**21,574**	**1,628**	**-150**	**-244**	**0**	**-57**	**22,752**
Software	8,478	486	-147	-75		-80	8,662
Telecom license	7,588	719		-149		6	8,165
Other intangible assets	5,507	423	-3	-20		17	5,925
Amortization and impairment	**-14,089**	**-1,286**	**148**	**126**	**0**	**29**	**-15,071**
Software	-6,804	-562	146	52		14	-7,154
Telecom license	-3,299	-382		71		0	-3,610
Other intangible assets	-3,985	-342	2	4		15	-4,307
NET TOTAL	**7,485**	**342**	**-2**	**-118**	**0**	**-27**	**7,681**

Intangible assets recorded an increase of MAD 1,628 million relating to new acquisitions detailed as follows:

- investments in telecom licenses in the amount of MAD 719 million;
- investments in software products in the amount of MAD 486 million;
- investments in patents and trademarks in the amount of MAD 267 million in Morocco.

2017

(in MAD million)	31/12/2016	Acquisitions and allocations	Transfers and removals	Translation adjustment	Change in scope of consolidation	Reclassifications	31/12/2017
Gross	**20,009**	**1,405**	**-11**	**445**		**-274**	**21,574**
Software	7,732	911	-11	117		-271	8,478
Telecom license	7,296			292		0	7,588
Other intangible assets	4,981	494		36		-3	5,507
Amortization and impairment	**-12,631**	**-1,332**	**10**	**-246**		**110**	**-14,089**
Software	-6,321	-528	10	-84		118	-6,804
Telecom license	-2,708	-434		-138		-19	-3,299
Other intangible assets	-3,601	-369		-25		10	-3,985
NET TOTAL	**7,378**	**73**	**-1**	**199**		**-164**	**7,485**

2016

(in MAD million)	31/12/2015	Acquisitions and allocations	Transfers and removals	Translation adjustment	Chan ge in scope of consolidation	Reclassifications	31/12/2016
Gross	**18,540**	**2,052**	**0**	**-242**	**0**	**-340**	**20,009**
Software	7,476	695		-86		-353	7,732
Telecom license	6,552	888		-143			7,296
Other intangible assets	4,513	468		-13		13	4,981
Amortization and impairment	**-11,417**	**-1,356**	**0**	**117**	**0**	**25**	**-12,631**
Software	-5,873	-551		62		41	-6,321
Telecom license	-2,294	-446		47		-16	-2,708
Other intangible assets	-3,250	-359		8		0	-3,601
NET TOTAL	**7,123**	**696**	**0**	**-125**	**0**	**-315**	**7,378**

The reclassification column concerns transfers between line items of intangible assets.

NOTE 5 — PROPERTY, PLANT, AND EQUIPMENT

(in MAD million)	31/12/2018	31/12/2017	31/12/2016
Land	1,593	1,607	1,572
Buildings	2,982	2,876	2,859
Technical installations, machinery and equipment	25,542	26,612	24,451
Transportation, equipment	319	92	149
Office equipment, furniture, and fittings	617	712	747
Other property, plant, and equipment	248	192	204
NET TOTAL	**31,301**	**32,090**	**29,981**

The “Other property, plant, and equipment” item mainly includes advances and deposits for property, plant and equipment orders.

2018

(in MAD million)	31/12/2017	Acquisitions & dotations	Disposals and withdrawals	Translation adjustment	Change in scope of consolidation	Reclassification	Assets held for sale	31/12/2018
Gross	**103,303**	**5,015**	**-341**	**-840**	**0**	**7**	**0**	**107,145**
Land	1,631	13	-9	-15		-1		1,619
Buildings	8,650	401	-3	-31		-9		9,008
Technical plant, machinery and equipment	86,534	3,985	-308	-745		138		89,605
Transportation, equipment	549	273	-19	-10		0		792
Office equipment furniture and fittings	5,604	193	-2	-31		-44		5,720
Other property, plant, and equipment	336	150	-1	-8		-77		401
Depreciation and impairment	**-71,213**	**-5,572**	**354**	**568**	**0**	**20**	**0**	**-75,843**
Land	-24	-2		0		0		-26
Buildings	-5,774	-281	3	26		0		-6,027
Technical plant, machinery, and equipment	-59,922	-4,963	330	503		-11		-64,062
Transportation equipment	-457	-51	19	8		7		-473
Office equipment, furniture, and fittings	-4,892	-264	2	27		24		-5,103
Other property, plant, and equipment	-144	-12	0	3		0		-152
NET TOTAL	**32,090**	**-557**	**13**	**-272**	**0**	**28**	**0**	**31,301**

Acquisitions of property, plant and equipment (PP&E) amounting to MAD 5,015 million are mainly due to investments made in network infrastructure in 2018, as follows:

- MAD 1,580 million in Morocco due for the modernization of Mobile, Fixed-line and internet infrastructure;
- MAD 2,408 million investments in international network infrastructure.

2017

(in MAD million)	31/12/2016	Acquisitions & dotations	Disposals and withdrawals	Translation adjustment	Change in scope of consolidation	Reclassification	Assets held for sale	31/12/2017
Gross	**95,532**	**6,851**	**-164**	**1,540**		**-432**	**0**	**103,303**
Land	1,584	16		31		0		1,631
Buildings	8,300	297	0	53		0	0	8,650
Technical plant, machinery and equipment	79,402	6,164	-10	1,364		-386		86,534
Transportation, equipment	616	36	-113	13		-2		549
Office equipment furniture and fittings	5,303	200	-40	61		80		5,604
Other property, plant, and equipment	327	115	0	17		-122		336
Depreciation and impairment	**-65,551**	**-5,595**	**380**	**-1,050**		**604**		**-71,213**
Land	-12	-13		0				-24
Buildings	-5,441	-287	1	-48		0		-5,774
Technical plant, machinery, and equipment	-54,951	-4,974	291	-931		643		-59,922
Transportation equipment	-467	-42	48	-12		16		-457
Office equipment, furniture, and fittings	-4,557	-265	39	-53		-56		-4,892
Other property, plant, and equipment	-123	-14	0	-7				-144
NET TOTAL	**29,981**	**1,256**	**216**	**489**		**148**	**0**	**32,090**

2016

(in MAD million)	31/12/2015	Acquisitions & dotations	Disposals and withdrawals	Translation adjustment	Change in scope of consolidation	Reclassification	Assets held for sale	31/12/2016
Gross	**90,364**	**5,932**	**-417**	**-887**	**0**	**193**	**347**	**95,532**
Land	1,610	23	-58	-16	0	25		1,584
Buildings	8,118	214	-347	-41		8	347	8,300
Technical plant, machinery and equipment	75,131	5,364	-1	-781	0	-312		79,402
Transportation, equipment	614	31	-10	-19	0	0		616
Office equipment furniture and fittings	4,675	154	-1	-25	0	499		5,303
Other property, plant, and equipment	216	146		-6	0	-28		327
Depreciation and impairment	**-61,025**	**-5,196**	**315**	**561**	**0**	**83**	**-289**	**-65,551**
Land	-11	-2		1				-12
Buildings	-5,220	-249	289	28		0	-289	-5,441
Technical plant, machinery, and equipment	-51,277	-4,632	16	497	0	445		-54,951
Transportation equipment	-454	-36	10	13	0			-467
Office equipment, furniture, and fittings	-3,952	-263	1	20	0	-362		-4,557
Other property, plant, and equipment	-110	-15		2		0		-123
NET TOTAL	**29,339**	**736**	**-101**	**-326**	**0**	**275**	**59**	**29,981**

The reclassification column concerns transfers between line items of property, plant, and equipment.

NOTE 6 — INVESTMENTS IN EQUITY AFFILIATES

No equity interest was accounted for by the equity method in 2016, 2017, or 2018.

NOTE 7 — NONCURRENT FINANCIAL ASSETS

(in MAD million)	Note	31/12/2018	31/12/2017	31/12/2016
Unconsolidated investments	7.1	73	102	156
Other financial assets		226	233	171
NET TOTAL		**299**	**335**	**327**

At December 31, 2018, other financial assets mainly comprised:

- AT Togo financial receivables of MAD 146 million;
- Maroc Telecom financial assets of MAD 63 million, of which MAD 16 million are loans to personnel;
- Loans by Mauritel of MAD 34 million.

At December 31, 2018, the maturities of other financial assets were as follows:

(in MAD million)	Note	31/12/2018	31/12/2017	31/12/2016
Due in less than 12 months		168	172	9
Due in 1 to 5 years		57	59	159
Due in more than 5 years		0	2	3
NET TOTAL		**226**	**233**	**171**

7.1 UNCONSOLIDATED INTERESTS

2018

(in MAD million)	Percentage held	Gross value	Impairment	Carrying amount
Arabsat	NS	12		12
Autoroute du Maroc	NS	20	4	16
Thuraya	NS	10	8	2
Fond d'amorçage Sindibad	10%	5	5	0
Médi1 SAT	8%	169	147	23
RASCOM	9%	46	35	11
Sonatel	NS	9		9
CMTL	25%	6	6	0
INMARSAT	NS	12	12	0
IMT/GIE	20%	1		1
MT Fly	100%	20	20	0
Hôtels de la GARE	NS	1	1	0
TOTAL		**310**	**237**	**73**

In 2018, the share of non-consolidated companies decreased by 29% due to the depreciation of Médi1 TV, INMARSAT and Thuraya shares.

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2017

(in MAD million)	Percentage held	Gross value	Impairment	Carrying amount
Arabsat	NS	12		12
Autoroute du Maroc	NS	20	4	16
Thuraya	NS	10		10
Fond d'amorçage Sindibad	10%	5	5	0
Médi1 TV	8%	169	138	31
RASCOM	9%	47	36	11
Sonatel	NS	13		13
CMTL	25%	6	6	0
INMARSAT	NS	12	4	8
IMT/GIE	20%	1		1
MT Fly	100%	20	20	0
Hôtels de la GARE	NS	1	1	0
TOTAL		**316**	**213**	**102**

2016

(in MAD million)	Percentage held	Gross value	Impairment	Carrying amount
Arabsat	NS	13		13
Autoroute du Maroc	NS	20	4	16
Thuraya	NS	10		10
Fond d'amorçage Sindibad	10%	5	5	0
Médi1 TV	8%	169	84	85
RASCOM	9%	44	32	12
Sonatel	NS	12		12
CMTL	25%	6	1	4
INMARSAT	NS	12	8	3
IMT/GIE	20%	1		1
MT Fly	100%	20	20	0
Hôtels de la GARE	NS	1	1	0
TOTAL		**312**	**156**	**156**

NOTE 8 — CHANGE IN DEFERRED TAXES

8.1 NET POSITION

(in MAD million)	31/12/2018	31/12/2017	31/12/2016
Assets	224	273	276
Liabilities	246	244	266
NET POSITION	**-23**	**29**	**10**

8.2 CHANGE IN DEFERRED TAXES

2018

(in MAD million)	31/12/2017	Income statement expense	Impact on shareholders' equity	Changes in the scope of consolidation	Reclassifications	Currency translation differences	31/12/2018
Assets	273	-25	-28		9	-5	224
Liabilities	244	15	-1		-11	-1	246
NET POSITION	**29**	**-39**	**-27**	**0**	**19**	**-5**	**-23**

Deferred tax assets decreased by MAD 49 million relative to 2017, in contrast to deferred tax liabilities which remained almost unchanged.

The decrease in deferred tax assets reflects the decrease in provisions for retirement packages at subsidiaries.

2017

(in MAD million)	31/12/2016	Income statement expense	Impact on shareholders' equity	Changes in the scope of consolidation	Reclassifications	Currency translation differences	31/12/2017
Assets	276	8	2		-26	14	273
Liabilities	266	6	-1		-28	1	244
NET POSITION	**10**	**2**	**3**	**0**	**2**	**13**	**29**

2016

(in MAD million)	31/12/2015	Income statement expense	Impact on shareholders' equity	Changes in the scope of consolidation	Reclassifications	Currency translation differences	31/12/2016
Assets	429	-159	6		6	-6	276
Liabilities	282	-13	-4		1	0	266
NET POSITION	**148**	**-146**	**10**	**0**	**5**	**-6**	**10**

COMPONENTS OF DEFERRED TAXES

(in MAD million)	31/12/2018	31/12/2017	31/12/2016
Impairment deductible in later period	55	55	55
Restatement (IFRS) of revenues	-21	-27	-38
Deferred losses	62	62	109
Other	-119	-61	-116
NET POSITION	**-23**	**29**	**10**

NOTE 9 — INVENTORIES

(in MAD million)	31/12/2018	31/12/2017	31/12/2016
Inventories	530	500	545
Impairment (-)	-182	-204	-221
NET TOTAL	**348**	**296**	**324**

Gross inventories on December 31, 2018, mainly comprised inventories in Morocco including:

- MAD 151 million in Mobile handsets;
- MAD 145 million in consumable materials and supplies.

The inventory breakdown at subsidiaries follows the same trend as at Maroc Telecom.

Changes in inventories are recognized in cost of purchases.

Inventory impairment is recorded under "Amortization, depreciation and charges to provisions".

NOTE 10 — TRADE ACCOUNTS RECEIVABLE AND OTHER

(in MAD million)	31/12/2018	31/12/2017	31/12/2016
Trade receivables and related accounts	8,534	8,527	8,929
Other receivables and accruals	3,305	2,798	3,072
NET TOTAL	**11,839**	**11,325**	**12,001**

10.1 TRADE RECEIVABLES AND RELATED ACCOUNTS

(in MAD million)	31/12/2018	31/12/2017	31/12/2016
Trade receivables	14,882	14,554	14,776
Gouvernment receivables	1,391	1,611	1,507
Depreciation of trade receivables (-)	-7,739	-7,638	-7,354
NET TOTAL	**8,534**	**8,527**	**8,929**

Net trade receivables remained stable compared to 2017.

10.2 OTHER RECEIVABLES AND ACCRUALS

(in MAD million)	31/12/2018	31/12/2017	31/12/2016
Trade receivables, advances, and deposits	464	169	240
Employee receivables	59	82	87
Tax receivables	1,064	1,193	1,687
Other receivables	1,298	985	774
Accruals	419	369	283
NET TOTAL	**3,305**	**2,798**	**3,072**

The item "Tax receivables" mainly refers to VAT and corporation income tax receivables.

In 2018, the balance of tax receivables amounted to MAD1,064 million (compared to MAD1,193 million in 2017), a decrease of 10.81%. This variation is due to the decrease in tax expenses at certain subsidiaries.

NOTE 11 — SHORT-TERM FINANCIAL ASSETS

(in MAD million)	31/12/2018	31/12/2017	31/12/2016
Term deposit > 90 days			
Escrow account	138	119	156
Marketable securities			
NET TOTAL	**138**	**119**	**156**

Maroc Telecom commissioned Rothschild Martin Maurel to execute a liquidity contract on the Paris stock exchange and a share price adjustment agreement on the Casablanca stock exchange to maintain the liquidity of its stock.

NOTE 12 — CASH AND CASH EQUIVALENTS

(in MAD million)	31/12/2018	31/12/2017	31/12/2016
Cash	1,664	1,923	2,338
Cash equivalents	35	87	100
CASH AND CASH EQUIVALENTS	**1,700**	**2,010**	**2,438**

Cash and cash equivalents fell by MAD 310 million, mainly due to Morocco.

CHANGE IN CASH AND CASH EQUIVALENTS

(in MAD million)	31/12/2018	31/12/2017	31/12/2016
Net cash from operating activities	14,520	14,911	13,483
Net cash used in investing activities	-8,369	-8,061	-6,094
Net cash used in financing activities	-6,501	-7,266	-7,979
Foreign-currency translation adjustments	40	-13	-53
Change in cash and cash equivalents	**- 310**	**-428**	**-644**
Cash and cash equivalents at beginning of period	2,010	2,438	3,082
Cash and cash equivalents at end of period	1,700	2,010	2,438
Change in cash and cash equivalents	**-310**	**-428**	**-644**

Cash and cash equivalents fell by MAD 310 million in 2018. This decrease is due to the deterioration in net cash flow from investing activities due to delays in the repayment of equipment suppliers, partially offset by the improvement in net cash flow from financing activities following the implementation of new borrowing lines.

NET CASH FROM OPERATING ACTIVITIES

In 2018, net cash flow from operating activities totaled MAD 14,520 million, a decrease of MAD 391 million from a year earlier. This decline is mainly due to a MAD 877 million decrease in working capital requirement, mainly from Morocco.

NET CASH USED IN INVESTING ACTIVITIES

Net cash flow from investing activities was a net outflow of MAD -8,369 million, an increase of MAD 308 million over the previous year. This increase was due to new asset acquisitions in the period, mainly network equipment.

NET CASH USED IN FINANCING ACTIVITIES

This flow mainly reflects dividends paid to shareholders of MAD 6,503 million and debt service payments of MAD 3,251 million.

Cash inflows during the period were mainly loans from banks of MAD 1,692 million and overdraft lines of credit in the amount of MAD 1,588 million earmarked for funding ongoing operations.

NOTE 13 — DIVIDENDS

13.1 DIVIDENDS

(in MAD million)	31/12/2018	31/12/2017	31/12/2016
Dividends paid by subsidiaries to their noncontrolling interests			
Total (a)	**807**	**918**	**1,118**
Dividends paid by Maroc Telecom to its shareholders			
Kingdom of Morocco	1,709	1,677	1,677
Société de Participation dans les Télécommunications (SPT)	3,019	2,963	2,963
Other	968	950	949
Total (b)	**5,696**	**5,591**	**5,590**
TOTAL DIVIDENDS PAID (a)+(b)	**6,503**	**6,509**	**6,708**

13.2 DIVIDEND PROPOSED FOR 2018

Dividends paid by Maroc Telecom to its shareholders remained almost stable relative to 2017.

Dividends paid by subsidiaries to their non-controlling shareholders declined by 12% relative to the previous year.

NOTE 14 — PROVISIONS

Provisions for contingencies and losses are analyzed as follows:

(in MAD million)	31/12/2018	31/12/2017	31/12/2016
Noncurrent provisions	**464**	**570**	**470**
Provisions for life annuities	16	17	18
Provisions for termination benefits	389	428	400
Provisions for disputes with third parties	38	94	28
Other provisions	21	32	23
Current provisions	**1,325**	**838**	**1,208**
Provisions for voluntary redundancy plan	0	0	386
Provisions for employee-related expenses	0	0	0
Provisions for disputes with third parties	1,268	834	822
Other provisions	57	4	0
TOTAL	**1,789**	**1,408**	**1,679**

The “Noncurrent provisions” item mainly includes provisions for retirement benefits, provisions for disputes with third parties, provisions for life annuities as well as noncurrent provisions for taxes.

The “current provisions” item mainly includes provisions for disputes with third parties and current provisions for taxes.

2018

(En millions MAD)	31/12/2017	Charges	Used	Change in scope of consolidation	Translation adjustment	Reversals	Reclassification	31/12/2018
Noncurrent provisions	**570**	**46**	**-60**	**-**	**-11**	**-55**	**-26**	**464**
Provisions for life annuities	17		-1					16
Provisions for termination benefits	428	46	-59		-9		-17	389
Provisions for disputes with third parties	94				-1	-53	-1	38
Other provisions	32				-1	-2	-8	21
Current provisions	**838**	**813**	**-266**	**-**	**-10**	**- 53**	**4**	**1,325**
Provisions for voluntary redundancy plan	-							-
Provisions for employee-related expenses	-							-
Provisions for disputes with third parties	834	759	-266		-9	- 53	4	1,268
Other provisions	4	54			-1			57
TOTAL	**1,408**	**858**	**-326**	**-**	**-20**	**-109**	**-22**	**1,789**

Total provisions rose by 27% mainly reflecting current provisions. The upward trend is explained by the increase in provisions for litigation.

At the same time, non-current provisions declined due to the decrease in the balance of provisions for retirement benefits, mainly due to changes in actuarial assumptions.

2017

(in MAD million)	31/12/2016	Charges	Used	Change in scope of consolidation	Translation adjustment	Reversals	Reclassification	31/12/2017
Noncurrent provisions	**470**	**126**	**-57**		**24**	**-5**	**10**	**570**
Provisions for life annuities	18	-1						17
Provisions for termination benefits	400	43	-45		20		10	428
Provisions for disputes with third parties	28	76	-11		3	-3		94
Other provisions	23	9			1	-2		32
Current provisions	**1,208**	**160**	**-12**		**15**	**-419**	**-115**	**838**
Provisions for voluntary redundancy plan	386					-386		
Provisions for employee-related expenses								
Provisions for disputes with third parties	822	156	-12		15	-33	-115	834
Other provisions		4			0			4
TOTAL	**1,679**	**286**	**-69**	**-**	**39**	**-424**	**-104**	**1,408**

2016

(En millions MAD)	31/12/2015	Charges	Used	Change in scope of consolidation	Translation adjustment	Reversals	Reclassification	31/12/2016
Noncurrent provisions	**535**	**53**	**-55**	**-**	**-9**	**-72**	**18**	**470**
Provisions for life annuities	19		-1					18
Provisions for termination benefits	381	42	-45	-	-9	-2	33	400
Provisions for disputes with third parties	29	7	-9	-	0		1	28
Other provisions	106	4		-	0	-69	-16	23
Current provisions	**834**	**624**	**-155**	**-**	**-16**	**-37**	**-42**	**1,208**
Provisions for voluntary redundancy plan	131	255						386
Provisions for employee-related expenses								-
Provisions for disputes with third parties	365	369	-135	-	-16	-37	275	822
Other provisions	338		-20		0		-317	-
TOTAL	**1,369**	**677**	**-210**	**-**	**-25**	**-109**	**-24**	**1,679**

NOTE 15 — BORROWINGS AND OTHER FINANCIAL LIABILITIES

15.1 NET CASH POSITION

(in MAD million)	31/12/2018	31/12/2017	31/12/2016
Bank loans due in more than one year	3,475	4,200	4,666
Bank loans due in less than one year	2,748	2,913	2,551
Bank overdrafts	9,381	7,977	7,559
Borrowing and other financial liabilities	**15,605**	**15,090**	**14,775**
Cash and cash equivalents	1,700	2,010	2,438
Cash held in escrow for repayment of bank loans	34	38	48
Net cash position	**-13,872**	**-13,042**	**-12,289**

(in MAD million)	31/12/2018	31/12/2017	31/12/2016
Outstanding debt and accrued interest (a)	15,605	15,090	14,775
Cash assets (b)	1,733	2,048	2,486
NET CASH POSITION (B)- (A)	**-13,872**	**-13,042**	**-12,289**

The change in the Group's financial liabilities is explained by:

- increase in debt by subsidiaries with credit institutions in the amount of MAD 995 million;
- increase in bank overdrafts in the amount of MAD 1,933 million mainly in Morocco;
- repayment of the euro-denominated line of credit granted by Etisalat to Maroc Telecom in the amount of MAD 1,154 million;
- repayment of financial debts and bank overdrafts by subsidiaries in the amount of MAD 1,122 million.

15.2 NET CASH BY MATURITY

The breakdown by maturity is based on the repayment terms and conditions of the borrowings.

2018

(in MAD million)	<1 year	1-5 years	>5 years	Total
Bank loans	2,748	3,433	43	6,223
Bank overdrafts	9,381			9,381
Borrowing and other financial liabilities	**12,129**	**3,433**	**43**	**15,605**
Cash and cash equivalents	1,700			1,700
Cash held in escrow for repayment of bank loans	34			34
NET CASH POSITION	**-10,396**	**-3,433**	**-43**	**-13,872**

2017

(in MAD million)	<1 year	1-5 years	>5 years	Total
Bank loans	2,913	4,200		7,113
Bank overdrafts	7,977			7,977
Borrowing and other financial liabilities	**10,890**	**4,200**	**0**	**15,090**
Cash and cash equivalents	2,010			2,010
Cash held in escrow for repayment of bank loans	38			38
NET CASH POSITION	**-8,842**	**-4,200**	**0**	**-13,042**

2016

(in MAD million)	<1 year	1-5 years	>5 years	Total
Bank loans	2,551	4,641	25	7,217
Bank overdrafts	7,559			7,559
Borrowing and other financial liabilities	**10,110**	**4,641**	**25**	**14,775**
Cash and cash equivalents	2,438			2,438
Cash held in escrow for repayment of bank loans	48			48
NET CASH POSITION	**-7,623**	**-4,641**	**-25**	**-12,289**

15.3 STATEMENT OF ANALYSIS

Company	Borrowing *(in MAD million)*	Currency	Maturity	31/12/2018	31/12/2017	31/12/2016
Maroc Telecom	Emprunt ETISALAT	EUR	january-19	728	1,882	2,881
Maroc Telecom	Emprunt ETISALAT	USD	novembre-19	1,979	1,979	1,979
Maroc Telecom	Banques, découverts IAM	MAD	-	8,118	7,535	7,064
Mauritel	Contrat de Leasing ZTE 42 site solaire	USD	may-17			3
Mauritel	Contrat de Leasing ZTE 12 site solaire	USD	april-18	0	1	3
Mauritel	Contrat de Leasing ZTE 50 site solaire	USD	august-19	5	12	20
Mauritel	Emprunt QNB	MRO	july-19	28	64	105
Mauritel	Emprunt ETTIJARI	MRO	july-19			53
Mauritel	Découvert Mauritel	MRO	-	49	73	1
Onatel	Emprunt AFD1110-1111	EUR	ocotber-18	0	2	4
Onatel	Emprunt BIB 2008	FCFA	-			
Onatel	Crédits spot Onatel	FCFA	-			179
Onatel	CREDIT SPOT BICIA B ONATEL	FCFA	30-apr.-18	84	86	
Onatel	CREDIT SPOT SGBF ONATEL	FCFA	30-apr.-18	7	43	
Onatel	CREDIT SPOT SGBF ONATEL	FCFA	30-apr.-18	80	86	
Onatel	CREDIT SPOT CBAO ONATEL	FCFA	may-18	53	51	
Onatel	CREDIT SPOT ORABANK ONATEL	FCFA	april-19	20		
Onatel	CREDIT SPOT BICIA B ONATEL 2	FCFA	april-19	45		
Onatel	Emprunt BICIA 2011 Telmob	FCFA	july-16			
Onatel	Emprunt SGBB 2012 (2 MLRS)	FCFA	may-17			3
Onatel	Emprunt SGBB 2012 (3 MLRS)	FCFA	november-17			10
Onatel	Emprunt BIB 2013	FCFA	october-18			41
Onatel	Emprunt BICIA 2014	FCFA	may-20		86	114
Onatel	Emprunt BICIA 2016	FCFA	may-22	68	87	82
Onatel	Emprunt CBAO 2015	FCFA	may-21	42	60	73
Onatel	Emprunt SGBB 2015	FCFA	may-21	42	60	73
Onatel	Banques, découverts ONATEL	FCFA	december-19	32	3	16
Onatel	Emrpunt BICIA B 2014	FCFA	may-20			
Gabon Télécom	Emprunt AFD	FCFA	-	2	2	2
Gabon Télécom	Emprunt UGB	FCFA	december-20	359	367	
Gabon Télécom	Emprunt UGB	FCFA	december-20	200	166	194
Gabon Télécom	Banques, découverts GT	FCFA		35		
Sotelma	Emprunt DGDP/CFD OP	FCFA	april-20	0	1	1
Sotelma	Emprunt AFD OE/CML 1026 01 S	FCFA	april-18		2	5
Sotelma	Emprunt AFD OY/CML 1065 03 X	EUR	october-16			
Sotelma	Emprunt DGDP/NKF	FCFA	-		10	10

Company	Borrowing *(in MAD million)*	Currency	Maturity	31/12/2018	31/12/2017	31/12/2016
Sotelma	Emprunt BIM 47 milliards	FCFA				575
Sotelma	Emprunt BIM 58 milliards	FCFA	apr.-19	293	871	
Sotelma	Emprunt BIM 10 milliards	FCFA	oct.-19	97	173	
Sotelma	Emprunt BIM 52 milliards	FCFA	september-16			
Sotelma	Emprunt DGDP/RASCOM	USD		9		
Sotelma	Emprunt BAM 13 milliards	FCFA	december-19	219		
Sotelma	Banques, découverts Sotelma	FCFA	-	272	7	307
Casanet	Banques, dette financière Casanet	MAD	-		0	
Moov CDI	Emprunt SIB	EUR	august-18	209	182	392
Moov CDI	BANQUE ATLANTIQUE COTE D'IVOIRE	FCFA	2018	417	150	
Moov CDI	SIB ICNE	FCFA	december-18	3		
Moov CDI	BOA	FCFA	march-19	117		
Moov CDI	ECOBANK	FCFA	january-19	50		
Moov CDI	Banques, découvert Moov CDI	FCFA	-	200		
Moov Bénin	Emprunts BABE	FCFA	-	19	63	96
Moov Bénin	Emprunt CAA pour construction câble ACE	FCFA		22	23	21
Moov Bénin	Découverts bancaires Moov Bénin	FCFA	january-19	104		
Moov Togo	Emprunt ECOBANK	FCFA	november-17	156		39
Moov Togo	BANQUE ATLANTIQUE TOGO	FCFA	july-21	177	187	
Moov Togo	BANQUE ATLANTIQUE TOGO	FCFA	december-21		97	
Moov Togo	ECOBANK TOGO 2	FCFA			26	
Moov Togo	CREDIT DE TRESORERIE BOA	FCFA	september-19	43		
Moov Togo	BIA TOGO	FCFA	june-23	250		
Moov Togo	Banques, découvert Togo	FCFA	-	263	101	22
Moov Niger	Emprunt ECOBANK AT Niger	FCFA	march-18		111	201
Moov Niger	Emprunt ERICSSON	USD	december-16			
Moov Niger	Emprunt Moov CDI	FCFA	-			
Moov Niger	Banques, découvert Niger	FCFA	-		68	144
Moov Niger	CMT BOA	FCFA		87		
Moov Niger	Decouvert BOA	FCFA		11	104	
Moov Niger	Decouvert ECOBANK	FCFA		21	35	
Moov Niger	Decouvert CBAO	FCFA		53	15	
Moov Niger	EMPRUNT CBAO 1	FCFA	october-17	7	13	
Moov Niger	EMPRUNT CBAO 2	FCFA	november-17	11	24	
Moov Niger	EMPRUNT CBAO 3	FCFA	september-20	15	42	
Moov Niger	CMT BAN	FCFA	december-17	183	85	
Moov Niger	ORABANK	FCFA		3		
Moov Niger	Decouvert CBAO 2	FCFA		217		
Moov RCA	Emprunt Ecobank	FCFA	-			53
Moov RCA	BANQUE POPULAIRE MAROCO	FCFA	1-sept.-22	39	49	
Moov RCA	POOL BPMC-CBCA	FCFA	march-24	56		
Moov RCA	Emprunt DPA ERICSSON	USD	january-20	2	2	5
Moov RCA	Banques, découvert RCA	FCFA	-	3	4	4
Prestige	Emprunt Banque Atlantique	FCFA	-			
Prestige	Caution (FDFP, Laborex, Reuter, GESTOCI)	FCFA	-			
Moov Gabon	Banque UBA	FCFA	-			
TOTAL BORROWINGS AND OTHER FINANCIAL LIABILITIES				**15,605**	**15,090**	**14,775**

NOTE 16 — TRADE ACCOUNTS PAYABLE

(in MAD million)	31/12/2018	31/12/2017	31/12/2016
Trade payables and related accounts	14,442	16,265	15,247
Accruals	2,798	2,370	2,107
Other payables	6,855	6,992	7,272
TOTAL	**24,095**	**25,627**	**24,626**

Trade payables and related accounts include amounts due for the acquisition of fixed assets and trade receivables – advances and deposits on orders in progress.

In 2018, operating debt fell by MAD 1,532 million, of which MAD 1,823 million reflects a change in trade payables and related accounts, versus 2017. This change mainly reflects the settlement of trade payables that had come due.

"Other operating debts" mainly reflects tax owed (excluding corporate tax) in the amount of MAD 4,364 million.

NOTE 17 — REVENUES

(in MAD million)	31/12/2018	31/12/2017	31/12/2016
Morocco	21,414	20,481	21,244
International	16,041	15,733	15,326
Elimination of transactions between the parent company and subsidiaries	-1,423	-1,250	-1,318
TOTAL CONSOLIDATED REVENUES	**36,032**	**34,963**	**35,252**

Maroc Telecom Group's consolidated revenues at the end of December 2018 totaled MAD 36,032 million, up 3.1% compared to the same time the previous year. This performance was mainly due to sustained revenue growth in Morocco (4.6%) driven by the increase in usage and data customer base, combined with that of the new subsidiaries.

NOTE 18 — COST OF SALES

(in MAD million)	31/12/2018	31/12/2017	31/12/2016
Cost of handsets	683	659	793
Domestic and international interconnection charges	4,040	4,090	4,290
Other cost of sales	1,287	1,188	1,140
TOTAL	**6,011**	**5,937**	**6,223**

The "Other cost of sales" item mainly comprises purchases of energy (fuel and electricity) and top-up cards.

Cost of sales remained relatively unchanged in 2018 versus the previous year (up 1.2%).

NOTE 19 — PAYROLL COSTS

(in MAD million)	31/12/2018	31/12/2017	31/12/2016
Wages	2,472	2,654	2,796
Payroll taxes	419	484	463
Wages and taxes	**2,891**	**3,138**	**3,260**
Payroll costs	**2,891**	**3,138**	**3,260**
Average headcount (in number of employees)	**10,714**	**11,022**	**12,162**

This item includes the payroll costs for the fiscal year (wages, payroll taxes, training costs) but excludes employee severance plan costs, which were recognized as other operating expenses.

In 2018, personnel expenses declined by MAD 247 million, in line with the Group's average headcount.

NOTE 20 — TAXES, DUTIES, AND FEES

(in MAD million)	31/12/2018	31/12/2017	31/12/2016
Taxes and duties	772	873	1,096
Fees	2,046	1,964	1,876
TOTAL	**2,818**	**2,838**	**2,971**

Royalties include amounts owed to telecom regulatory agencies in Morocco and internationally.

Total taxes, duties and fees in 2018 were unchanged from the previous year. The taxes and duties component fell by 12% from the previous year, mainly reflecting the reassessments and penalties levied in 2017.

NOTE 21 — OTHER OPERATING INCOME AND EXPENSES

(in MAD million)	31/12/2018	31/12/2017	31/12/2016
Communication	825	822	809
Commissions	1,946	1,845	1,745
Other including:	3,151	3,517	2,931
Rental expenses	903	852	936
Maintenance, repair, and property-service charges	1,027	1,020	962
Fees	850	763	706
Postage and banking service	141	149	145
Voluntary redundancy plan	11	620	
Other	219	113	183
TOTAL	**5,923**	**6,183**	**5,485**

In 2018, other operating income and expenses decreased by 4%. This change is mainly due to the significant decrease in expenses related to the voluntary redundancy plan implemented in 2017.

The "Other" item primarily includes foreign exchange gains and losses on operations, transfers of operating expenses and gains or losses on disposals of fixed assets.

NOTE 22 — DEPRECIATION, IMPAIRMENT AND PROVISIONS

The following table sets out changes in this item for the fiscal years ended December 31, 2016, 2017, and 2018:

(in MAD million)	31/12/2018	31/12/2017	31/12/2016
Depreciation and impairment of fixed assets	6,821	6,610	6,489
Net provisions and impairment	516	54	355
TOTAL	**7,337**	**6,557**	**6,845**

Net allocations to depreciation, impairment and provisions totaled MAD 7,337 million at end-December 2018, versus MAD 6,557 million at end-Decembe 2017. This change is mainly explained by the increase in fixed assets due to the acquisition of the 4G licenses in the subsidiaries.

DEPRECIATION AND IMPAIRMENT OF FIXED ASSETS

The following table sets out the depreciation and impairment of Maroc Telecom Group's fixed assets for the fiscal years ended December 31, 2016, 2017, and 2018:

(in MAD million)	31/12/2018	31/12/2017	31/12/2016
Other intangible assets	1,273	1,300	1,309
Building and civil engineering	281	286	249
Technical plant and pylons	4,939	4,690	4,616
Other property, plant, and equipment	328	334	315
TOTAL	**6,821**	**6,610**	**6,489**

NET CHARGES TO PROVISIONS AND IMPAIRMENT

The following table sets out the net charges to provisions and impairment of Maroc Telecom Group for the fiscal years ended December 31, 2016, 2017, and 2018:

(in MAD million)	31/12/2018	31/12/2017	31/12/2016
Impairment of trade receivables	153	178	-78
Impairment of inventories	-21	-22	-18
Impairment of other receivables	21	22	-4
Provisions	363	-232	-256
NET CHARGES AND REVERSALS	**516**	**-54**	**-355**

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NOTE 23 — INCOME FROM EQUITY AFFILIATES

No equity interest was accounted for by the equity method in 2016, 2017, or 2018.

NOTE 24 — NET FINANCIAL INCOME OR EXPENSE

24.1 BORROWING COSTS

(in MAD million)	31/12/2018	31/12/2017	31/12/2016
Income from cash and cash equivalents	3	6	10
Interest expense on loans	-527	-497	-333
NET BORROWING COSTS	**-524**	**-491**	**-322**

Net borrowing costs include interest expense on loans less income from cash and cash equivalents (investment income).

Interest expense on loans rose a slight 6%. This change is due to the increase in the Group's debt.

24.2 OTHER FINANCIAL INCOME AND EXPENSE

(in MAD million)	31/12/2018	31/12/2017	31/12/2016
Foreign-exchange gains and losses	64	5	5
Other financial income (+)	149	84	83
Other financial expenses (-)	-115	-89	-211
Other financial income and expenses	99	-1	-124

Other financial income and expenses increased by MAD 26 million.

The item "Other financial income" includes income from non-consolidated equity investments and reversals of provisions for securities.

NOTE 25 — TAX EXPENSE

Like all Moroccan corporations (sociétés anonymes), Maroc Telecom is subject to income tax.

"Income tax expense" includes current and deferred taxes.

Deferred tax reflects temporary differences between the carrying value of assets and liabilities and their tax-base value.

The following table shows Maroc Telecom Group's payable and deferred taxes for the years ended December 31, 2016, 2017, and 2018:

(in MAD million)	31/12/2018	31/12/2017	31/12/2016
Income tax expense	3,591	3,199	3,221
Deferred tax	40	-2	146
Provisions for tax	45	11	-20
Current tax	**3,677**	**3,208**	**3,347**
Consolidated effective tax rate (*)	**35%**	**33%**	**34%**

(*) Tax expense/pretax earnings.

(in MAD million)	31/12/2018	31/12/2017	31/12/2016
Net earnings	6,938	6,579	6,628
Income tax expense	3,632	3,197	3,367
Provision for tax	45	11	-20
Earnings before tax	**10,615**	**9,787**	**9,975**
Moroccan statutory tax rate	31%	31%	31%
Theoretical income tax expense	3,291	3,034	3,092
Impact of changes in tax rate	-81	-91	-80
Other differences (*)	467	265	334
Effective income tax expense	3,677	3,208	3,347

(*) Other net differences mainly include withholding tax of MAD 266 million of Maroc Telecom.

A provision for income taxes was recorded in 2018 for MAD46 million.

The deferred tax rates of the Group are as follows:

Entity	The deffered tax rate
Maroc Telecom	31.0%
Casanet	31.0%
Mauritel	25.0%
Onatel	27.5%
Gabon Telecom	30.0%
Sotelma	30.0%
Atlantique Telecom Côte d'Ivoire	30.0%
Etisalat Benin	30.0%
Atlantique Telecom Togo	28.0%
Atlantique Telecom Niger	30.0%
Atlantique Telecom Centrafrique	30.0%
Prestige Côte d'Ivoire	30.0%

NOTE 26 — NONCONTROLLING INTERESTS

(in MAD million)	31/12/2018	31/12/2017	31/12/2016
Total noncontrolling interests	928	873	1,031

Non-controlling interests represent the claims of shareholders other than Maroc Telecom to the earnings of Mauritel, Onatel, Gabon Telecom, Sotelma, AT CDI and AT Togo.

In 2018, non-controlling interests rose by 6% due to the growth in income of the Group's subsidiaries.

NOTE 27 — EARNINGS PER SHARE

27.1 EARNINGS PER SHARE

	31/12/2018		31/12/2017		31/12/2016	
(in MAD million)	**Basic**	**Diluted**	**Basic**	**Diluted**	**Basic**	**Diluted**
Net earnings, Group share	6,010	6,010	5,706	5,706	5,595	5,595
Adjusted net earnings, Group share	6,010	6,010	5,706	5,706	5,595	5,595
Number of shares *(millions)*	879	879	879	879	879	879
Earnings per share *(in MAD)*	6.84	6.84	6,49	6,49	6,37	6,37

27.2 CHANGE IN THE NUMBER OF SHARES

(In number of shares)	31/12/2018	31/12/2017	31/12/2016
Weighted average number of shares outstanding for the period	879,095,340	879,095,340	879,095,340
Adjusted weighted average number of shares outstanding for the period	879,095,340	879,095,340	879,095,340
Potential dilutive effect of financial instruments outstanding			
Number of shares including potential dilutive effect	879,095,340	879,095,340	879,095,340

NOTE 28 — SEGMENT DATA

28.1 STATEMENT OF FINANCIAL POSITION: ITEMS BY GEOGRAPHICAL AREA

2018

(in MAD million)	Morocco	International	Eliminations	Total Maroc Telecom Group
Non current assets	36,351	24,654	-12,952	48,053
Current assets	7,776	8,242	-1,939	14,078
Total assets	**44,126**	**32,896**	**-14,891**	**62,131**
Shareholders'equity	18,236	11,146	-9,892	19,490
Non current liabilities	2,217	5,028	-3,060	4,185
Current liabilities	23,674	16,722	-1,939	38,456
Total shareholders'equity and liabilities	**44,126**	**32,896**	**-14,891**	**62,131**
Acquisitions of PP&E and intangible assets	2,749	3,894		6,655

2017

(in MAD million)	Morocco	International	Eliminations	Total Maroc Telecom Group
Non current assets	37,129	24,360	-12,610	48,8779
Current assets	7,963	8,135	-2,295	13,803
Total assets	**45,092**	**32,495**	**-14,905**	**62,682**
Shareholders'equity	17,666	11,065	-8,981	19,750
Non current liabilities	2,963	5,680	-3,629	5,014
Current liabilities	24,462	15,750	-2,295	37,918
Total shareholders'equity and liabilities	**45,092**	**32,495**	**-14,905**	**62,682**
Acquisitions of PP&E and intangible assets	4,612	3,643		8,256

2016

(in MAD million)	Morocco	International	Eliminations	Total Maroc Telecom Group
Non current assets	36,172	22,446	-12,296	46,322
Current assets	8,413	8,526	-1,966	14,974
Total assets	**44,585**	**30,972**	**-14,261**	**61,296**
Shareholders'equity	17,600	10,679	-8,981	19,298
Non current liabilities	4,051	4,666	-3,315	5,402
Current liabilities	22,934	15,628	-1,966	36,596
Total shareholders'equity and liabilities	**44,585**	**30,972**	**-14,261**	**61,296**
Acquisitions of PP&E and intangible assets	3,906	4,077		7,983

28.2 SEGMENT EARNINGS BY GEOGRAPHICAL AREA

2018

(in MAD million)	Morocco	International	Eliminations	Total Maroc Telecom Group
Revenues	21,414	16,041	-1,423	36,032
Earnings from operations	7,618	3,434	0	11,052
Net depreciation and impairment	3,849	2,973		6,821
Voluntary redundancy plan	2	9		11

2017

(in MAD million)	Morocco	International	Eliminations	Total Maroc Telecom Group
Revenues	20,481	15,733	-1,250	34,963
Earnings from operations	6,760	3,550	0	10,310
Net depreciation and impairment	3,826	2,784		6,610
Voluntary redundancy plan	579	41		620

2016

(in MAD million)	Morocco	International	Eliminations	Total Maroc Telecom Group
Revenues	21,244	15,326	-1,318	35,252
Earnings from operations	6,901	3,568		10,468
Net depreciation and impairment	3,846	2,643		6,489
Voluntary redundancy plan				0

NOTE 29 — RESTRUCTURING PROVISIONS

(in MAD million)	Morocco	International	Total Maroc Telecom Group
Balance at Jan. 01, 2016	**131**	**0**	**131**
Change in scope and adjustment of allocation of acquisition price			
Allocated	255		255
Used			
Reversed			
Balance at Dec. 31, 2016	**386**	**0**	**386**
Change in scope and adjustment of allocation of acquisition price			
Allocated			
Used			
Reversed	-386		-386
Balance at Dec. 31, 2017	**0**	**0**	**0**
Change in scope and adjustment of allocation of acquisition price			
Allocated			
Used			
Reversed			
Balance at Dec. 31, 2018	**0**	**0**	**0**

NOTE 30 — RELATED-PARTY TRANSACTIONS

30.1 COMPENSATION OF CORPORATE OFFICERS, SENIOR MANAGERS, AND DIRECTORS IN 2016, 2017, AND 2018

(In MAD million)	31/12/2018	31/12/2017	31/12/2016
Short-term benefits [(a)]	96	84	55
Termination benefits [(b)]	117	105	65

(a) Wages and salaries, compensation, incentives and bonuses paid, social security contributions, paid leave and nonmonetary benefits recognized
(b) Severance pay

30.2 EQUITY AFFILIATES

In 2016, 2017 and 2018 no company is consolidated by the equity method.

30.3 OTHER RELATED PARTIES

Maroc Telecom conducted transactions in 2018 mainly with Emirates Telecommunications Corporation, EDCH, and Etihad Etisalat Company (Mobily), and other related companies as part of the strategic cooperation with the Etisalat group. These different transactions are summarized as follows:

2018

(in MAD million)	Etisalat	EDCH	Mobily	Other
Revenues	201	29	9	1
Expenses	61	10	2	1
Receivables	64	84	6	2
Payables	2,723	58	5	3

2017

(in MAD million)	Etisalat	Atlantique Telecom, S.A	Etisalat Intl Rep. of Benin	Mobily	EDCH	EIN	Excelcommindo
Revenues	139	66	16	6	0	1	0
Expenses	46	3	3	3	1	2	0
Receivables	47	20	11	2	0	1	0
Payables	3,881	10	3	0	8	2	2

2016

(in MAD million)	Etisalat	Mobily
Revenues	163	7
Expenses	21	5
Receivables	24	6
Payables	4,863	3

NOTE 31 — CONTRACTUAL COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

31.1 CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS RECORDED IN THE BALANCE SHEET

(in MAD million)	Total	Less than 12 months	1-5 years	>5 years
Long-term debt	15,605	12,129	3,475	0
Capital lease obligations	3		3	0
Operating leases	151	78	73	0
Irrevocable purchase commitments				
Other long-term commitments				
TOTAL	**15,759**	**12,207**	**3,551**	**0**

31.2 OTHER COMMITMENTS GIVEN AND RECEIVED AS PART OF THE CURRENT ACTIVITY

COMMITMENTS GIVEN

The commitments given include:

(in MAD million)	31/12/2018	31/12/2017	31/12/2016
Commitment given	**3,147**	**6,627**	**8,779**
Investment commitment	*1,499*	*4,719*	*6,918*
Outgoing commitments and signature with banks	*1,030*	*1,532*	*1,297*
Operating and financing lease commitments	*154*	*113*	*65*
Satellite rental commitments	*34*	*44*	*45*
Other commitments	**427**	**217**	**411**
Network maintenance with Ericsson	*82*	*183*	*387*
Commitments on operating expenses	*345*	*34*	*24*
Other commitments	**2**	**2**	**44**
Recovery of guraantees given by Etisalat on the financing of the Atlantic subsidiaries	*2*	*2*	*44*
Forward sale commitment	*0*	*0*	*0*

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COMMITMENTS RECEIVED

The commitments received include:

(in MAD million)	31/12/2018	31/12/2017	31/12/2016
Commitmente received	**1,327**	**1,289**	**1,233**
Guarantees and endorsementst	*1,327*	*1,289*	*1,233*
Other commitments received	*0*	*0*	*0*
Forward purchase commitment	*0*	*0*	*0*
Commitment of the Moroccan State to contribute the assets of social works	*0*	*0*	*0*
Investment agreement*: exemption from customs duties on imports related to investments*	*0*	*0*	*0*

NOTE 32 — RISK MANAGEMENT

The Group is exposed to different risks of market related to its activity.

Credit risk:

Maroc Telecom minimizes its credit risk by committing solely to credit transactions with merchant banks or financial institutions that have a high credit rating and by splitting its transactions among selected institutions;

Maroc Telecom's receivables show no major concentration of credit risk, as their dilution ratio is high.

Currency risk:

Maroc Telecom Group is exposed to exchange rate fluctuations to the extent that inflows and outflows are in different currencies;

Maroc Telecom receives inflows in foreign currencies in the form of international operator's revenues, and makes expenditures in foreign currencies in the form of payments to international suppliers (notably, as capital expenditure and when buying terminals) and payments for interconnections with foreign operators. These outflows are mainly denominated in euros.

In Morocco, at December 31, 2018, euro-denominated outflows in foreign currencies accounted for 67% of total outflows in foreign currencies total outflows MAD 4,257 million. In 2018, these outflows in foreign currencies were less than inflows in foreign currencies amounting to MAD 5,613 million.

Internationally, at December 31, 2018, dollar-denominated outflows in foreign currencies accounted for 26% of total outflows in foreign currencies, totaling MAD 4,346 million. In 2018, these outflows in foreign currencies were more than inflows in foreign currencies amounting to MAD 598 million.

In addition, Maroc Telecom Group held debt of MAD 15,605 million at December 31, 2018 vs. MAD 15,090 million at December 31, 2018. The bulk of this debt is denominated in Euro and MAD:

(in MAD million)	31/12/2018	31/12/2017	31/12/2016
Euro	937	2,067	3,277
Moroccan dirham	8,118	7,535	7,064
Other (mainly CFA franc)	6,550	5,488	4,434
CURRENT DEBT	**15,605**	**15,090**	**14,775**

Maroc Telecom cannot offset its foreign currency disbursemen0ts and rceipts, as current Moroccan regulations only allow it to retain 80% of its foreign currency telecom revenues in a foreign currency account, the remaining 20% having to be settled in dirhams. Maroc Telecom Group results may therefore be sensitive to fluctuations in exchange rates, particularly in terms of dirham, US dollars or euros.

In 2018, the euro slipped by 1.78% against the dirham (from 11,1870 dirhams per euro on Sunday, December 31, 2017 to 10.9875 on Monday, December 31, 2018). Over the same period, the US dollar rose by 3.03%, from 9,3295 dirhams per dollar at December 31, 2017, to 9,6121 at December 31, 2018.

The subsidiaries whose accounting currency is the CFA franc and the Mauritanian subsidiary whose currency is the ouguiya increase the Group's exposure to currency risk, particularly as regards to fluctuations in the exchange rate of the euro and the ouguiya against the dirham.

However, based on the Group's 2018 financial statements, a 1% devaluation of the dirham against the euro would have the following limited impacts:

- revenues = + MAD 156 million
- earnings from operations = +MAD 40 million
- net earnings, Group share = +MAD 17 million

At Maroc Telecom, assets in foreign currencies consist mainly of receivables from its subsidiaries and foreign operators. Liabilities in foreign currencies consist mainly of debts to the parent company, suppliers and operators.

Internationally, assets in foreign currencies consist mainly of receivables from foreign operators. The Group's currency liabilities are made up primarily of payables to foreign suppliers and operators.

(in MAD million)	Euro /FCFA	USD	MRO	Total foreign currencies	MAD	Final balance
Total assets	28,518	318	1,618	2	31,675	62,131
Total shareholders' equity and liabilities	-16,872	-1,017	1,030	-8	-43,204	-62,131
NET POSITION	**11,646**	**-699**	**588**	**-6**	**-11,529**	**0**

The Group has a currency hedging arrangement in the form of a forward swap (euro/dollar) on US dollar-denominated borrowing.

The following table shows the Company's net foreign-currency positions in euros and US dollars, and the aggregate of other currencies, at December 31, 2018:

(in MAD million)	Euro (2)	USD (2)	Other currencies (against the euro*) (1)
Assets	1,349	64	2
Liabilities	-367	-274	-8
Net position	982	-210	-6
Commitments (3)	-154	-176	
AGGREGATE NET POSITION	**828**	**-386**	**-6**

(*) based on 1 euro = 10,8975 dirhams, the Bank-Al-Maghrib average rate at Dec.31, 2018.
(1) Other currencies are mainly the Japanese yen (YEN), Swiss franc (CHF) and Swedish krona (SEK).
(2) The foreign-currency position in euros and in dollars is calculated by applying, to receivables and debts expressed in Special Drawing Rights (SDR) of foreign operators at December 31, 2018, the proportion per currency of inflows in 2018.
(3) For the balance of commitments owed on contracts in progress, the breakdown by currency corresponds to the actual remaining part of the contracts signed.

Liquidity risk:

Maroc Telecom estimates that the cash flows generated by its operating activities, its holdings of cash and cash equivalents, and funds available via lines of credit, will be sufficient to cover the disbursements and capital expenditures necessary for its operations, for servicing its debt, for dividend payments, and for external growth operations in progress on December 31, 2018.

Interest-risk:

Maroc Telecom Group's debt is mainly at a fixed rate of interest. As the variable-rate component of its debt is relatively small, Maroc Telecom Group is not significantly exposed to favorable or unfavorable fluctuations in interest rates.

NOTE 33 — POST CLOSING EVENTS

33.1 HIGHLIGHT

None.

5.4 STATUTORY FINANCIAL STATEMENTS

LIST OF CONTENTS TO THE NOTES TO THE FINANCIAL STATEMENTS

Pursuant to regulation (EC) no. 1606/2002 of the European Parliament of 19 July 2002, Maroc Telecom Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IAS/IFRS), as endorsed by the European Union.

STATUTORY AUDITORS' GENERAL REPORT YEARS ENDED DECEMBER 31, 2018

To shareholders of Itissalat Al Maghrib "IAM" SA

Avenue Annakhil, Hay Riad

Rabat, Maroc

In accordance with the terms of our appointment by the General Meeting, we have audited the accompanying financial statements of Itissalat Al-Maghrib (IAM) SA, including the statement of financial position, the statement of comprehensive income, the statement of operating data, the statement of cash flows, and the additional disclosures, concerning the year ended 31 December 2018. These financial statements show shareholders' equity and reserves of MAD 15,968,628 thousand and net profit of MAD 6,300,720 thousand.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for preparing these financial statements to give a true and fair view of the Company, in accordance with the accounting standards generally accepted in Morocco. This responsibility includes planning, implementing, and monitoring internal controls relating to the preparation and presentation of financial statements that are free of material misstatement, and selecting accounting estimates that are appropriate to the circumstances.

AUDITORS'RESPONSIBILITY

Our responsibility is to render an opinion on these financial statements on the basis of our audit. We have conducted our audit in accordance with the audit standards applicable in Morocco. These standards require us to comply with a Code of Ethics and to plan and perform the audit in order to obtain reasonable assurance that the financial statements are free from material misstatement. An audit involves implementing procedures in order to gather information about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditors' judgment, including the assessment of risk that the financial statements could contain material misstatements. In assessing such risk, the auditors take into consideration the entity's current internal controls relating to the preparation and presentation of the financial statements, in order to define audit procedures that fit the circumstances, but not for the purpose of stating an opinion on the effectiveness of the internal control. An audit also involves evaluating the appropriateness of the accounting policies used, the soundness of the accounting estimates made by management, and the overall presentation of the financial statements.

We believe that the information gathered is sufficient and appropriate to provide a basis for our audit opinion.

OPINION ON THE FINANCIAL STATEMENTS

In our opinion, the financial statements referred to in the first paragraph above give a true and fair view of ITISSALAT ALMAGHRIB (IAM) SAs assets, liabilities, and financial position at 31 December 2018, and of its operations for the year then ended, in accordance with the accounting principles generally accepted in Morocco.

SPECIFIC CONTROLS AND INFORMATION

We have also performed the specific verifications required by law. In particular, we ensured that the information contained in the Management Board's report to the Shareholders was consistent with the Company's financial statements.

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February 16, 2019

The Statutory Auditors

Deloitte Audit	Abdelaziz ALMECHATT
Sakina Bensouda-korachi Partner	Abdelaziz Almechatt Partner

ASSETS

(In MAD thousands)	Gross	Amortization and provisions	NET 31/12/2018	NET 31/12/2017	NET 31/12/2016
Capitalized costs (A)	**0**	**0**	**0**	**0**	**0**
Start-up costs	0	0	0	0	0
Deferred costs	0	0	0	0	0
Bond redemption premiums	0	0	0	0	0
Intangible assets (B)	**12,115,855**	**9,775,690**	**2,340,165**	**2,472,385**	**2,501,845**
Research and development costs	0	0	0	0	0
Patents, trademarks, and similar rights	11,707,441	9,707,906	1,999,535	2,035,919	2,171,240
Goodwill	70,717	67,784	2,933	6,414	10,722
Other intangible assets	337,697	0	337,697	430,052	319,882
Property, plant, and equipment (C)	**69,370,332**	**50,939,933**	**18,430,398**	**19,367,986**	**18,629,831**
Land	955,370	0	955,370	954,671	953,601
Buildings	7,664,650	4,835,841	2,828,809	2,701,885	2,684,928
Technical plant, machinery, and equipment	53,330,171	41,489,700	11,840,471	12,270,408	12,130,825
Vehicles	273,250	49,897	223,353	8,545	73,420
Office equipment, furniture, and fittings	4,723,170	4,260,743	462,427	521,858	581,644
Other property, plant, and equipment	11,048	0	11,048	11,048	11,048
Work in progress	2,412,673	303,753	2,108,920	2,899,570	2,194,365
Financial assets (D)	**12,690,013**	**183,558**	**12,506,455**	**12,386,552**	**12,382,829**
Long-term loans	2,369,330	0	2,369,330	3,074,386	2,996,776
Other financial receivables	4,223	0	4,223	3,382	3,382
Equity investments	10,316,460	183,558	10,132,903	9,308,784	9,382,670
Other investments and securities	0	0	0	0	0
Unrealised foreign exchange losses (E)	**18,725**	**0**	**18,725**	**53,895**	**52,964**
Decrease in long-term receivables	6,294	0	6,294	52	52,964
Increase in long-term debt	12,432	0	12,432	53,843	0
TOTAL I (A + B + C + D + E)	**94,194,926**	**60,899,181**	**33,295,745**	**34,280,818**	**33,567,470**
Inventories (F)	**362,097**	**143,888**	**218,209**	**202,852**	**217,755**
Merchandise	254,869	96,095	158,775	120,764	145,367
Raw materials and supplies	107,228	47,794	59,434	82,088	72,388
Work in progress	0	0	0	0	0
Intermediary and residual goods	0	0	0	0	0
Finished goods	0	0	0	0	0
Current receivables (G)	**15,184,802**	**7,918,175**	**7,266,627**	**7,331,267**	**6,983,083**
Trade payables, advances and deposits	13,102	0	13,102	13,564	25,576
Accounts receivable and related accounts	13,454,297	7,635,328	5,818,969	5,845,006	5,502,874
Employees	4,369	0	4,369	3,793	2,906
Tax receivable	385,359	0	385,359	595,320	459,520
Shareholders' current accounts	0	0	0	0	0
Other receivables	972,665	282,847	689,817	638,625	923,384
Accruals	355,009	0	355,009	234,959	68,824
Marketable securities (H)	**128,806**	**0**	**128,806**	**128,759**	**126,633**
Unrealized foreign exchange losses (I) (current items)	**64,763**	**0**	**64,763**	**61,708**	**114,726**
TOTAL II (F + G + H + I)	**15,740,469**	**8,062,063**	**7,678,405**	**7,724,586**	**7,442,198**
Cash and cash equivalents	397,735	0	397,735	497,991	973,998
Checks	0	0	0	0	4,123
Bank deposits	394,833	0	394,833	495,067	966,649
Petty cash	2,903	0	2,903	2,924	3,226
TOTAL III	**397,735**	**0**	**397,735**	**497,991**	**973,998**
GRAND TOTAL I + II + III	**110,333,129**	**68,961,245**	**41,371,885**	**42,503,396**	**41,983,665**

SHAREHOLDERS' EQUITY AND LIABILITIES

	NET		
(In MAD thousands)	31/12/2018	31/12/2017	31/12/2016
Shareholders' equity (A)	**15,968,628**	**15,363,637**	**15,254,928**
Share capital [1]	5,274,572	5,274,572	5,274,572
Less: capital subscribed and not paid-in	0	0	0
Paid-in capital	0	0	0
Additional paid-in capital	0	0	0
Revaluation difference	0	0	0
Statutory reserve	879,095	879,095	879,095
Other reserves	3,514,240	3,510,509	2,909,976
Retained earnings [2]	0	0	0
Unallocated income [2]	0	0	0
Net income of the year [2]	6,300,721	5,699,461	6,191,285
Quasi-equity (B)	**0**	**0**	**0**
Investment subsidies	0	0	0
Regulated provisions	0	0	0
Debenture bonds (C)	**2,713,506**	**3,867,811**	**4,866,688**
Debenture bonds	0	0	0
Other long-term debt	2,713,506	3,867,811	4,866,688
Provisions (D)	**34,190**	**70,477**	**70,658**
Provisions for contingencies	18,725	53,895	52,964
Provisions for losses	15,465	16,582	17,694
Unrealized foreign exchange gains (E)	**92**	**36,248**	**60,174**
Increase in long-term receivables	92	36,248	0
Decrease in long-term debt	0	0	60,174
TOTAL I (A + B + C + D + E)	**18,716,416**	**19,338,173**	**20,252,447**
Current liabilities (F)	**13,136,149**	**14,508,512**	**13,244,286**
Accounts payable and related accounts	6,874,507	8,428,399	7,772,383
Trade receivables, advances and down payments	140,135	115,726	96,756
Payroll costs	1,024,899	1,117,965	1,012,981
Social security contributions	76,358	116,790	97,086
Tax payable	3,042,619	2,567,667	2,534,463
Shareholders' current accounts	1	1	1
Other payables	489,036	783,018	432,468
Accruals	1,488,593	1,378,946	1,298,148
Other provisions for contingencies and losses (G)	**1,495,110**	**1,185,365**	**1,436,913**
Unrealized foreign exchange gains (Current items) (H)	**34,519**	**70,061**	**53,949**
TOTAL II (F + G + H)	**14,665,778**	**15,763,938**	**14,735,149**
BANK OVERDRAFTS	**7,989,691**	**7,401,285**	**6,996,069**
Discounted bills	**0**	**0**	**0**
Treasury loans	0	0	0
Bank loans and overdrafts	7,989,691	7,401,285	6,996,069
Total III	7,989,691	7,401,285	6,996,069
GRAND TOTAL I + II + III	**41,371,885**	**42,503,396**	**41,983,665**

(1) Personal capital debtor (-).
(2) Beneficiary (+), deficit (-).

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STATEMENT OF COMPREHENSIVE INCOME (EXCLUSIVE OF VAT)

(In MAD thousands)	31/12/2018	31/12/2017	31/12/2016
I- Operating income	**21,376,576**	**20,324,642**	**21,065,643**
Sales of goods	371,786	382,127	378,063
Sales of manufactured goods and services rendered	20,362,272	19,518,264	19,680,420
Operating revenues	**20,734,058**	**19,900,391**	**20,058,482**
Change in inventories	0	0	0
Company-constructed assets	0	0	0
Operating subsidies	0	0	0
Other operating income	35,534	31,436	629,850
Operating write-backs: expense transfers	606,984	392,815	377,310
TOTAL I	**21,376,576**	**20,324,642**	**21,065,643**
II- Operating expenses	**13,982,259**	**13,648,763**	**14,071,410**
Cost of goods sold	637,577	629,207	688,723
Raw materials and supplies	3,598,477	3,503,463	3,681,985
Other external expenses	2,733,310	2,777,274	2,740,708
Taxes (except corporate income tax)	245,161	222,417	185,290
Payroll, costs	1,940,240	2,190,425	2,339,746
Other operating expenses	2,540	2,540	2,540
Operating allowances for amortization	3,603,662	3,644,867	3,639,680
Operating allowances for provisions	1,221,293	678,570	792,737
TOTAL II	**13,982,259**	**13,648,763**	**14,071,410**
III- Operating income I-II	**7,394,317**	**6,675,879**	**6,994,233**
IV- Financial income	**1,773,962**	**1,532,300**	**1,772,812**
Income from equity investments and other financial investments	1,004,118	932,680	1,179,331
and other financial investments	0	0	0
Foreign exchange gains	414,527	150,096	97,340
Interest and other financial income	239,713	281,834	364,508
Financial write - backs: expense transfers	115,603	167,691	131,633
TOTAL IV	**1,773,962**	**1,532,300**	**1,772,812**
VI- Financial expenses IV - V	**677,641**	**526,028**	**491,986**
Interest and loans	268,763	253,230	209,721
Foreign exchange losses	306,796	103,347	94,477
Other financial expenses	2,184	95	98
Financial allowances	99,897	169,356	187,691
TOTAL V	**677,641**	**526,028**	**491,986**
VI- Financial income IV - V	**1,096,321**	**1,006,272**	**1,280,826**
VII- Ordinary income III + VI	**8,490,638**	**7,682,151**	**8,275,059**
VIII- Extraordinary income	**556,261**	**924,968**	**1,083,408**
Proceeds from disposal of fixed assets	13,310	42,771	634,826
Subsidies received	0	0	0
Write-backs of investment subsidies	0	0	0
Other extraordinary income	296,811	245,287	245,754
Extraordinary write-backs: expense transfers	246,141	636,911	202,827
TOTAL VIII	**556,261**	**924,968**	**1,083,408**
IX- Extraordinary expenses	**371,607**	**942,084**	**1,104,808**
Net book value of disposed assets	2,780	66,687	415,948
Subsidies granted	0	0	0
Other extraordinary expenses	13,337	587,866	161,591
Regulated provisions	0	0	0
Extraordinary allowances for depreciation and provisions	355,489	287,531	527,269
TOTAL IX	**371,607**	**942,084**	**1,104,808**
X- Extraordinary income VIII - IX	**184,655**	**-17,116**	**-21,400**
XI- Income before tax VII + X	**8,675,292**	**7,665,035**	**8,253,658**
XII- Corporate income tax	**2,374,572**	**1,965,575**	**2,062,373**
XIII- Net income XI - XII	**6,300,721**	**5,699,461**	**6,191,285**
XIV- Total income (I + IV + VIII)	**23,706,798**	**22,781,911**	**23,921,863**
XV- Total expenses (II + V + IX + XII)	**17,406,078**	**17,082,450**	**17,730,578**
XVI- Net income (total income - Total expenses)	**6,300,721**	**5,699,461**	**6,191,285**

STATEMENT OF OPERATING DATA

			Operating Statement *(in MAD thousands)*	31/12/2018	31/12/2017	31/12/2016
	1		Sales of goods	371,786	382,127	378,063
	2	-	Cost of goods sold	637,577	629,207	688,723
I		=	Gross margin on sales	-265,790	-247,080	-310,660
II		+	**Production for the year: (3+4+5)**	**20,362,272**	**19,518,264**	**19,680,420**
	3		**Sales of manufactured goods and services rendered**	**20,362,272**	**19,518,264**	**19,680,420**
	4		Change in inventories	0	0	0
	5		Self-constructed assets	0	0	0
III		-	Cost of current year production	6,331,786	6,280,737	6,422,693
	6		**Raw materials and supplies**	**3,598,477**	**3,503,463**	**3,681,985**
	7		Other external expenses	2,733,310	2,777,274	2,740,708
IV		=	Added value (I + II-III)	13,764,695	12,990,446	12,947,066
	8	+	Operating subsidies	0	0	0
	9	-	Taxes	245,161	222,417	185,290
	10	-	Payroll costs	1,940,240	2,190,425	2,339,746
V		=	**Gross operating surplus**	**11,579,294**	**10,577,605**	**10,422,030**
		=	**Net loss from operations**	**0**	**0**	**0**
	11	+	Other operating income	35,534	31,436	629,850
	12	-	Other operating expenses	2,540	2,540	2,540
	13	+	Operating write-backs, expense transfers	606,984	392,815	377,310
	14	-	Operating allowances	4,824,955	4,323,437	4,432,418
VI		=	**Operating income (+ or -)**	**7,394,317**	**6,675,879**	**6,994,233**
VII		+ / -	**Financial income**	**1,096,321**	**1,006,272**	**1,280,826**
VIII		=	**Ordinary income (+ or -)**	**8,490,638**	**7,682,151**	**8,275,059**
IX		+ / -	**Extraordinary income**	**184,655**	**-17,116**	**-21,400**
	15	-	**Corporate income tax**	**2,374,572**	**1,965,575**	**2,062,373**
X		=	**Net income (+ or -)**	**6,300,721**	**5,699,461**	**6,191,285**

			Operating cash flow *(in MAD thousands)*	31/12/2018	31/12/2017	31/12/2016
	1		Net income			
		+	Profit	6,300,721	5,699,461	6,191,285
		-	Loss	0	0	0
	2	+	Operating allowances (1)	3,603,662	3,644,867	3,639,680
	3	+	Financial allowances (1)	35,134	107,647	72,964
	4	+	Extraordinary allowances (1)	355,489	287,531	272,269
	5	-	Operating write-backs (2)	1,117	1,112	1,121
	6	-	Financial write-backs (2)	53,895	52,964	37,789
	7	-	Extraordinary write-backs (2) (3)	246,141	251,018	202,827
	8	-	Proceeds on disposal of fixed lined assets	13,310	42,771	634,826
	9	+	Net book value of disposed assets	2,780	66,687	415,948
I			**Cash earnings**	**9,983,323**	**9,458,328**	**9,715,583**
	10	-	Dividend payments	5,695,730	5,590,752	5,589,883
II			**Net cash earnings**	**4,287,594**	**3,867,577**	**4,125,700**

(1) Excluding allowances related to current assets and liabilities and cash
(2) Excluding write-backs relating to current assets and liabilities and cash
(3) Including write-backs of investments subsidies

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STATEMENT OF CASH FLOWS

SELECTED BALANCE-SHEET DATA

Masses (In MAD thousands)	31/12/2018 (A)	31/12/2017 (B)	Changes (A-B) Uses (C)	Sources (D)
1 Equity and long-term liabilities	18,716,416	19,338,173	621,757	
2 Less long-term assets	33,295,745	34,280,818		985,074
3 Working capital (1-2) (A)	**-14,579,328**	**-14,942,645**		**363,317**
4 Current assets	7,678,405	7,724,586		46,181
5 Less current liabilities	14,665,778	15,763,938	1,098,160	
6 Working capital requirement (4-5) (B)	**-6,987,373**	**-8,039,351**	**1,051,979**	
7 Net cash (A-B)	**-7,591,956**	**-6,903,294**		**688,662**

USES AND SOURCES

	31/12/2018		31/12/2017		31/12/2016	
(in MAD thousands)	Uses	Sources	Uses	Sources	Uses	Sources
I - Long-term financing sources						
Net cash earnings (A)		**4,287,594**		**3,867,577**		**4,125,700**
Cash earnings		9,983,323		9,458,328		9,715,583
Dividends		5,695,730		5,590,752		5,589,883
Disposals and reductions of fixed lined assets (B)		**831,206**		**590,137**		**990,516**
Reduction of intangible assets		0		23		464
Reduction of property, plant, and equipment		0		44,695		1,430
Disposal of property, plant, and equipment		13,310		42,771		74
Disposal of financial assets		0		0		634,752
Write-backs of long-term receivables		817,896		502,648		353,796
Increase in shareholders' equity and quasi equity (C)		**0**		**0**		**0**
Increase in equity, capital contribution		0		0		0
Investment subsidies		0		0		0
Increase in long-term debt (D)		**0**		**0**		**0**
(Net of redemption premiums)						
TOTAL (I) LONG-TERM RESOURCES (A + B + C + D)		5,118,799		4,457,714		5,116,216
II - Long-term uses for the year						
Additions & increase in fixed lined assets (E)	**3,642,589**		**4,972,443**		**3,969,460**	
Acquisitions of intangible assets	439,864		658,550		497,181	
Acquisitions of property, plant, and equipment	2,206,120		3,822,795		3,268,237	
Acquisitions of financial assets	840,528		0		110,976	
Increase in long-term receivables	156,078		491,098		93,067	
Increase in property, plant, and equipment	0		0		0	
Reimbursement of equity (F)	**0**		**0**		**0**	
Reimbursement of long-term debt (G)	**1,112,894**		**1,112,894**		**1,112,894**	
Capitalized costs (H)	**0**		**0**		**0**	
TOTAL (II) STABLE USES (E + F + G + H)	4,755,483		6,085,337		5,082,354	
III - Change in working capital requirement	**1,051,979**	**0**	**0**	**746,400**	**357,183**	**0**
IV - Change in cash and cash equivalents	**0**	**688,662**	**0**	**881,222**	**0**	**323,321**
GRAND TOTAL	5,807,462	5,807,462	6,085,337	6,085,337	5,439,537	5,439,537

A1 — MAIN VALUATION METHODS USED BY THE COMPANY

ACCOUNTING POLICIES

The Company's financial statements have been prepared in accordance with generally accepted accounting practices and, in particular, with the principles related to historical costs, separation of accounting periods, prudence, and consistent accounting methods from one year to the next, and no netting.

INTANGIBLE ASSETS AND PROPERTY, PLANT, AND EQUIPMENT

The assets transferred by the Moroccan government on February 26, 1998, to establish Itissalat Al-Maghrib (MarocTelecom), were recorded as a net amount in the opening, which was approved by:

- Postal Services and Information Technology Act no. 24-96;
- joint order no. 341-98 of the Ministry of Telecommunications and the Ministry of Finance, Commerce, and Industry, approving the inventory of assets transferred to Itissalat Al-Maghrib Itissalat Al-Maghrib.

Assets acquired thereafter are recorded at their acquisition or production cost, which for networks essentially comprises design and planning costs, construction costs, site development costs, network-rollout costs, customs duties, and internal costs related to network development. Financial expenses corresponding to interest on capital borrowed to finance property, plant, and equipment are not expensed as production costs during the production period.

Expenses of maintenance and network maintenance are expensed for the year. Capital assets are amortized evenly according to their nature (intangible – tangible) and according to their destination (transmission, network equipment).

The depreciation and amortization are calculated using the straight-line method over the estimated useful life lives of the assets, as follows:

- intangible assets:
  - Licenses — from 4 to 25 years
- property, plant, and equipment:
  - constructions and buildings — 20 years
  - civil engineering — 15 years
  - network equipment:
    - transmission (Mobile) — 10 years
    - switching — 8 years
    - transmission (Fixed-line) — 10 years
- other property, plant, and equipment:
  - furniture and fittings — 10 years
  - computer equipment — 5 years
  - office equipment — 10 years
  - transportation equipment — 5 years

An additional provision is recorded for technical obsolescence, reduction in estimated useful life, or asset impairment.

Assets not yet in service are recorded as work-in-progress.

FINANCIAL ASSETS

Investment securities are recorded at their purchase price. An impairment charge is recorded for the difference if this value is higher than the carrying value. The carrying value is determined on the basis of the Group's proportionate share of equity as represented by the securities. This figure may be adjusted to reflect the companies'growth and earnings outlooks.

Other financial assets, which include receivables, loans, and deposits, are recognized on the basis of their nominal value. Provisions may be recorded to reflect collection risk.

INVENTORIES

Inventories comprise:

- Mobile handsets and accessories intended for sale to customers upon line activation;
- technical support required for network rollout and maintenance other than cable and spare parts.

Inventories of Mobile handsets and accessories are accounted for using the weighted average cost method; a provision is recorded to account for obsolescence risk and for unsold inventory.

Technical-equipment inventories are measured at cost (including customs duties and other costs) and are depreciated on the basis of their value in use or obsolescence.

ACCOUNTS RECEIVABLE

Accounts receivable are recorded at nominal value.

- trade receivables: impairment provisions are recorded to cover collection risk, which is estimated on the basis of the age of the receivable.
- government receivables: Provisions are recorded to cover the risk of the Moroccan government not recognizing these receivables. These provisions are evaluated statistically.
- other receivables: where appropriate, other provisions are recorded on the basis of estimated collection risk.

ACCRUALS (ASSETS)

This line item includes mainly prepaid expenses.

CASH AND INVESTMENT SECURITIES

Cash and investment securities comprise highly liquid assets and short-term investments measured at historical cost.

PROVISIONS FOR CONTINGENCIES AND LOSSES

These include long-term and other provisions for contingencies and losses:

- long-term provisions for contingencies and losses correspond to provisions for translation differences and life annuities;
  - other provisions for contingencies and losses comprise provisions for restructuring, loyalty programs, and disputes and legal risks known at period end. These provisions are measured on the basis of the advancement of procedures underway and estimated risks at period end;
  - no provision for postretirement benefits has been recorded in the financial statements, because pension expenses are covered by statutory pension plans established for employees in Morocco.

ACCRUALS (LIABILITIES)

This item contains deferred revenue concerning mainly prepaid subscriptions and unused minutes sold.

RECEIVABLES AND PAYABLES IN FOREIGN CURRENCIES

Receivables in foreign currencies are translated into the presentation currency using the exchange rate on the transaction date. At period end, receivables and payables in foreign currencies are translated into the presentation currency using the exchange rate on the closing date; unrealized gains or losses are recorded on the statement under “Accruals (assets)” or “Accruals (liabilities).” Unrealized losses are accrued in full.

In accordance with the principles of clarity and prudence, no exceptions shall be made between unrealized gains and unrealized losses, unless otherwise specified in the CGNC. To this end, the translation differences on the USD 200 million loan granted by Golden Falcon to IAM to finance investments in the new IAM Subsidiaries were offset against the loans granted to the subsidiaries.

REVENUES

Revenues are recorded on the basis of consumption by subscribers and customers at the end of the period, net of subsidies and commissions.

- Sales of goods and services correspond to income from outgoing and incoming communications and are recognized at the time they occur (telephone communications and line-activation costs). Subscriptions are billed in advance each month and recognized under deferred revenue as a liability on the statement, before being transferred to revenues for the period. For prepaid services, revenues are recognized at the time of consumption. They also include income from sales of advertising in paper and electronic telephone Directories; this revenue is recognized when the advertisements are published.

They also include the proceeds from the sale of advertising inserts in the printed and electronic Directories which are taken into account in the result when they are published.

- Sales of merchandise concern revenues from handset sales, which are recognized either at the time of delivery or upon line activation.
- Customer acquisition and loyalty costs include discounts on Mobile handsets and promotional offers of free airtime granted to new customers. Discounts on Mobile handsets are deducted from revenues on the date of delivery to the customer or distributor. Discounts granted to distributors as remuneration for services are recognized mainly under revenues, at the time of delivery.

OTHER INCOME

Other income from operations includes:

- expense reclassifications (mainly telecommunication costs specific to IAM, recognized under “Other external expenses”);
- reversal of operating provisions (inventories and provisions for contingencies and losses).

OTHER EXTERNAL EXPENSES

In addition to rental expenses, maintenance costs, advertising expenses, and general expenses, other external expenses include:

- ANRT regulatory fees for radio-frequency assignment, in accordance with act 24-96 and Order 310-98 of February 25, 1998;
- expenses related to the universal service obligation, in accordance with act 24-96 and Order 2,00.1333 of October 9, 2000 (IAM contract specifications);
- costs related to research, training, and telecommunications standardization, in accordance with act 24-96 and Order 2,00.1333 of October 9, 2000 (IAM contract specifications).

FINANCIAL INSTRUMENTS

Except the operation of purchase of foreign currency (dollar against euro) set up in late 2015 to cover the loan of USD 200 million granted by Golden Falcon to IAM for investment financing of the new subsidiaries, the Company does not use any financial instrument, including any currency hedge.

A2 — EXCEPTIONS

FROM 01/01/18 TO 12/31/18

Exemptions	Justification of exemptions	Effect of exemptions on assets, financial position, and results
I- Exemptions from basic accounting principles	**None**	**None**
II- Exemptions from valuation methods	**None**	**None**
III- Exemptions from rules for preparing and presenting summary financial statements	**None**	**None**

A3 — CHANGES IN METHOD

FROM 01/01/18 TO 12/31/18

Type of commitment	Justification of exemptions	Effect of exemptions on assets, financial position, and results
Changes affecting valuation methods	None	None
Changes affecting presentation guidelines	None	None

B1 — CAPITALIZED COSTS

FROM 01/01/18 TO 12/31/18

Main account	Description	Amount
2110	Incorporation fees	None
2116	Development costs	None
2118	Other preliminary expenses	None
2120	Costs allocated over several fiscal years	None
	TOTAL	

B2 — NON FINANCIAL ASSETS

FROM 01/01/18 TO 12/31/18 *(IN MAD THOUSANDS)*

		Increase			Decrease			
Description	**Gross Balance carried forward**	**Acquisition**	**Self constructed assets**	**Transfers**	**Disposals**	**Retirement**	**Transfers**	**Gross Balance at year-end**
Capitalized costs	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Start-up costs	0	0	0	0	0	0	0	0
Deferred costs	0	0	0	0	0	0	0	0
Bond redemption premiums	0	0	0	0	0	0	0	0
Intangible assets	**11,990,431**	**439,864**	**0**	**445,764**	**227,984**	**0**	**532,218**	**12,115,855**
Research and development costs	0	0	0	0	0	0	0	0
Patents, trademarks, and similar rights	11,489,661	0	0	445,764	227,984	0	0	11,707,441
Goodwill	70,717	0	0	0	0	0	0	70,717
Other intangible assets	430,052	439,864	0	0	0	0	532,218	337,697
property, plant, and equipment	**67,390,536**	**2,206,120**	**0**	**3,025,612**	**312,779**	**0**	**2,939,157**	**69,370,332**
Land	954,671	0	0	1,607	907	0	0	955,370
Buildings	7,296,310	0	0	371,107	2,767	0	0	7,664,650
Technical plant, machinery, and equipment	51,323,298	0	0	2,314,316	307,443	0	0	53,330,171
Vehicles	46,578	0	0	228,137	1,466	0	0	273,250
Office equipment	4,612,920	0	0	110,445	196	0	0	4,723,170
Other property, plant, and equipment	11,048	0	0	0	0	0	0	11,048
Work in progress	3,145,711	2,206,120	0	0	0	0	2,939,157	2,412,673

B2 BIS — DEPRECIATION SCHEDULE

FROM 01/01/18 TO 12/31/18 *(IN MAD THOUSANDS)*

Description	Accumulated depreciation opening of period	Allowances for period *	Amortization of disposed assets	Amount at year end
Capitalized costs	**0**	**0**	**0**	**0**
• Start-up costs	0	0	0	0
• Deferred costs	0	0	0	0
• Bond redemption premiums	0	0	0	0
Intangible assets	**9,518,046**	**485,431**	**227,787**	**9,775,690**
• Research and development costs	0	0	0	0
• Patents, trademarks, and similar rights	9,453,742	481,951	227,787	9,707,906
• Goodwill	64,304	3,480	0	67,784
• Other intangible assets	0	0	0	0
Property, plant and equipment	**47,776,410**	**3,169,967**	**310,196**	**50,636,181**
• Land	0	0	0	0
• Buildings	4,594,425	244,183	2,767	4,835,841
• Technical plant, machinery, and equipment	39,052,890	2,742,577	305,767	41,489,700
• vehicles	38,033	13,330	1,466	49,897
• office equipment	4,091,062	169,877	196	4,260,743
• Other property, plant, and equipment	0	0	0	0
• Work in progress	0	0	0	0

(*) Including extraordinary allowances:	
• Asset retirement	*0.00*
• Corrective action to remedy delays to entry into service	*52 Mdh*
Total of extraordinary allowances	*52 Mdh*

B3 — GAINS AND LOSSES FROM DISPOSALS AND RETIREMENT OF FIXED LINED ASSETS

FROM 01/01/18 TO 12/31/18 *(IN MAD THOUSANDS)*

Disposal or retirement date	Principal amount	Gross amount	Accumulated depreciation	Net book value	Proceeds from disposal of assets	Gains	Losses
06/30/2018	222	227,984	227,787	197	0		197
11/27/2018	231	907	0	907	7,595	6,688	0
11/27/2018	232	2,767	2,767	0	4,405	4,405	0
06/30/2018	233	307,443	305,767	1,676	1,029		647
05/24/2018	234	1,466	1,466	0	123	123	
05/30/2018	235	196	196	0	158	158	
TOTAL		**540,763**	**537,983**	**2,780**	**13,310**	**11,374**	**844**

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B4 — EQUITY INVESTMENTS

FROM 01/01/18 TO 12/31/18 *(IN MAD THOUSANDS)*

	Operating sector	Share capital	% of interest	Overall acquisition price	Net book value	Derived from latest selected financial data of issuer: Closing date	Net equity	Net income	Income recorded in statement of comprehensive income
	1	2	3	4	5	6	7	8	9
ARABSAT	Operation and marketing of telecommunication systems	1,559,468	0,61	6,454	6,454	31/12/2018	0	0	2,494
ADM	Building and operation of Moroccan road network	15,715,629	0,13	20,000	16,000	12/31/2017	26,627,923	44,797	0
THURAYA	Regional satellite operator	6,260,691	0,16	9,872	1,874	12/31/2017	2,527,783	-253,457	0
CASANET	Internet service provider	14,414	100	18,174	18,174	31/12/2018	56,011	6,484	4,094
CMC	Financial holding compagny	303,539	80	399,469	399,469	31/03/2018	334,514	135,949	103,771
FONDS AMORCAGE SINDBAD	Seed capital fund	43,000	10	4,479	0	12/31/2016	8,350	-628	0
Médi1 TV	Media (Satellite television)	199,246	8	169,540	22,760	12/31/2017	296,422	-102,982	0
ONATEL	Telecommunications	567,584	61	2,928,777	2,928,777	31/12/2018	1,212,230	531,097	249,419
Gabon Telecom	Telecommunications	898,701	51	696,641	696,641	31/12/2018	1,437,390	358,948	138,977
Sotelma	Telecommunications	146,771	51	3,143,911	3,143,911	31/12/2018	723,646	541,209	190,541
MT FLY SA	Operating aicraft for passenger and/or freight transport	2,096	100	20,300	0	12/31/2018	6,194	1,246	0
Etisalat Bénin SA	Telecommunications	173,752	100	864,716	864,716	31/12/2018	43,778	-129,780	0
Atlantique Télécom Côte d'Ivoire	Telecommunications	333,873	85	890,932	890,932	31/12/2018	481,993	81,306	188,218
Atlantique Télécom Togo	Telecommunications	133,549	95	596,672	596,672	31/12/2018	281,366	121,107	126,605
Atlantique Télécom Niger	Telecommunications	18,525	100	351,959	351,959	31/12/2018	-149,561	-79,948	0
Atlantique Télécom Centrafrique	Telecommunications	33,470	100	171,474	171,474	31/12/2018	-164,749	-70,585	0
Prestige Télécom Côte d'Ivoire	Telecommunications	15,132	100	23,090	23,090	12/31/2017	-20,932	-34,890	0
TOTAL				**10,316,460**	**10,132,903**		**33,702,360**	**1,149,873**	**1,004,118**

B5 — PROVISIONS

FROM 01/01/18 TO 12/31/18 *(IN MAD THOUSANDS)*

Description	Opening balance	Allowances			Write-backs			Closing balance
		Operating	Financial	Extraordinary	Operating	Financial	Extraordinary	
1- Provisions for depreciation of fixed lined assets	413,289	0	16,409	303,753	0	0	246,141	487,310
2-Regulated provisions	0	0	0	0	0	0	0	0
3-Provisions for contingences and losses	70,477	0	18,725	0	1,117	53,895	0	34,190
Sub total (A)	**483,766**	**0**	**35,134**	**303,753**	**1,117**	**53,895**	**246,141**	**521,500**
4-Provisions for depreciation of current assets	7,673,914	548,990	0	0	160,841	0	0	8,062,063
(excluding cash and cash equivalent)								
5-Other provisions for contingencies	1,185,365	672,303	64,763	0	365,613	61,708	0	1,495,110
6-Provisions for depreciation of cash and cash	0	0	0	0	0	0	0	0
Equivalents sub total (B)	**8,859,279**	**1,221,293**	**64,763**	**0**	**526,453**	**61,708**	**0**	**9,557,173**
TOTAL (A + B)	**9,343,045**	**1,221,293**	**99,897**	**303,753**	**527,571**	**115,603**	**246,141**	**10,078,674**

Including:		**Including:**	
Depreciation of inventories class 2	56 Mdh	Spare parts	73 Mdh
Delays to entry into service of work progress	189 Mdh	Delays to entry into service of work progress	173 Mdh
TOTAL	**245 MDH**		**246 MDH**

B6 — RECEIVABLES

FROM 01/01/18 TO 12/31/18 *(IN MAD THOUSANDS)*

Receivables	Total	Breakdown by maturity			Other breakdown			
		More than one year	Less than one year	Expired but not recovered	Amount in foreign currency	Amounts due from government and public bodies	Amounts due from related parties	Amounts in Notes
Fixed lined assets	**2,373,553**	**79,652**	**2,080,596**	**213,305**	**2,347,629**	**0**	**2,353,168**	**-**
Long-term loans	2,369,330	75,429	2,080,596	213,305	2,347,068	0	2,353,168	-
Other financial receivables	4,223	4,223	0	0	560	0	0	-
Current assets	**15,184,802**	**0**	**2,761,797**	**12,423,005**	**2,576,761**	**1,206,509**	**1,958,041**	**-**
Trade payables, advances, and deposits	13,102	0	13,102	0	357	0	0	-
Accounts receivable and related accounts	13,454,297	0	1,864,501	11,589,796	1,561,777	643,026	1,053,244	-
Employees	4,369	0	4,369	0	0	0	0	-
Tax receivables	385,359	0	385,359	0	0	385,359	0	-
Shareholders' current accounts	0	0	0	0	0	0	0	-
Other receivables	972,665	0	139,456	833,209	760,494	175,523	650,277	-
Accruals	355,009	0	355,009	0	254,133	2,600	254,521	-

B7 — LIABILITIES

FROM 01/01/18 TO 12/31/18 *(IN MAD THOUSANDS)*

		Breakdown by maturity			Other breakdown			
Liabilities	Total	More than one year	Less than one year	Expired but not recovered	Amount in foreign currency	Amounts due from government and public bodies	Amounts due from related parties	Amounts in Notes
Long-term debt	**2,713,506**	**1,985,642**	**727,864**	**0**	**2,707,189**	**0**	**2,706,631**	**0**
Debenture bonds	0	0	0	0	0	0	0	0
Other long-term debt	2,713,506	1,985,642	727,864	0	2,707,189	0	2,706,631	0
Current liabilities	**13,136,149**	**80,315**	**12,781,685**	**274,149**	**1,890,445**	**3,653,546**	**148,217**	**0**
Accounts payable and related accounts	6,874,507	80,315	6,543,519	250,674	1,769,020	63,659	138,194	0
Trade receivables, advances, and deposits	140,135	0	116,661	23,474	121,425	0	10,023	0
Employees	1,024,899	0	1,024,899	0	0	0	0	0
Social-security authorities	76,358	0	76,358	0	0	76,358	0	0
Tax payable	3,042,619	0	3,042,619	0	0	3,042,619	0	0
Shareholders' current accounts	1	0	0	1	0	0	0	0
Other payables	489,036	0	489,036	0	0	470,909	0	0
Accruals	1,488,593	0	1,488,593	0	0	0	0	0

B8 — GUARANTEES GIVEN OR RECEIVED

FROM 01/01/18 TO 12/31/18 *(IN MAD THOUSANDS)*

Third parties	Amount covered by guarantee	Description (1)	Date and place of registration	Purpose (2) (3)	Net book value of the guarantee given at balance-sheet date
Guarantees given					
Guarantees received				Guarantees received are from	
Long-term loans	16,161	(2)		employees	16,161

(1) Collateral: 1- Mortgage: 2-Pledge: 3-Warrant: 4-Others: 5-To be specified
(2) Specify whether the security is given for the benefit of companies or third parties (data security) (Affiliated companies, partners, staff)
(3) Specify whether the collateral received by the Company from persons other than the debtor (collateral received)

B9 — FINANCIAL COMMITMENTS GIVEN OR RECEIVED, EXCLUDING LEASING TRANSACTIONS

FROM 01/01/18 TO 12/31/18 *(IN MAD THOUSANDS)*

Commitments given	Amounts year end	Amounts previous year
Investment not yet realized		
• Investment Agreement	0	1,753,693
• Including Investment commitment	843,160	3,642,404
	843,160	**3,642,404**
Guarantees from banks		
• Documentary credit	-	-
• Endorsements	193,158	265,235
	193,158	**265,235**
Operating lease obligations *	77,987	57,012
	77,987	**57,012**
Guarantees by Etisalat for financing Opcos:		
Maroc Telecom replaces the Etisalat Group companies' for the guarantees given by them, as part of current operations of companies acquired. (M€ 0.18 at December 31, 2018 & M€ 0.19 at December 31, 2017).	1,997	2,096
	1,997	**2,096**
Bank guarantee AT Niger		
Commitment of payment on request of the balance in case of insufficiency of provision of the IAM account:		
• Comfort letter of 09/23/2016 from the amount of EUR 23,909,452.00	0	268,288
• Letter of comfort of 08/31/2018 in the amount of EUR 19,818,372.24	223,416	0
• Letter of comfort of 10/30/2018 in the amount of EUR 9,909,186.12	111,708	0
	335,125	**268,288**
Other Bank guarantees		
Make sure that the subsidiary makes the usual diligence to respect its commitments.		
Concerned subsidiaries (AT RCA; AT CDI; AT Niger; Etisalat Benin; AT Togo; Gabon Telecom; Onatel)		
Commitment of prior authorization of the bank in case of total or partial transfer.		
Concerned subsidiaries: AT RCA; Etisalat Benin		
Commitment of prior information of the bank in case of total or partial transfer.		
Concerned subsidiaries (AT RCA; AT CDI; AT Niger; Etisalat Benin; AT Togo; Gabon Telecom; Onatel)		
Make sure than that the subsidiary maintains a satisfying economic and financial situation enabling it to meet its commitments toward its lenders		
Concerned subsidiaries (AT RCA; AT CDI; AT Niger; Etisalat Benin; AT Togo; Gabon Telecom; Onatel)		
Other commitments given SWAP agreement		
• Commitment in terms (11/20/2019) of sales of 154 million Euro against 176 million Dollars in the contract for the SWAP agreement signed with ATW.		
Investment commitment 2016-2018		
• Commitment to create 150 direct jobs and stable employment in a period of 36 months		
• Commitment entirely made in 2017		
TOTAL	**1,449,951**	**4,235,035**

(*) 2 to 15 year rent contract with tacit renewal. The amount indicated is related to the notice period in case of termination. The leases of transport equipment are for 4 to 5 years, the commitment corresponds to the compensation to be paid to the lessors in the event of early termination of the contract.

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Commitments received	Amounts year end	Amounts previous year
Endorsements and guarantees	734,218	678,547
Other commitments received		
SWAP agreement		
• Commitment to purchase in terms (11/20/2019) of 176 million Dollars against 154 million Euro under the currency hedging contract with ATW.		
• Commitment by the Moroccan government to social outreach initiatives		
Investment commitment		
• Exemption of the customs duties on the imports relating to the investments		
TOTAL	734,218	678,547

B10 — FINANCE-LEASE ASSETS

FROM 01/01/18 TO 12/31/18 *(IN MAD THOUSANDS)*

Section	Date of the first term	Contract length in months	Estimated value at the date of the contract 'value	Theoretical amortization period	Accumulated fees of previous years	Accumulated royalties amount	Remaining royalties to pay		Residual purchase price	Observations
							Less than one year	More than one year		
1	2	3	4	5	6	7	8	9	10	11
		None					None			

B11 — ANALYSIS OF STATEMENT OF COMPREHENSIVE INCOME (ITEMS)

FROM 01/01/18 TO 12/31/18 *(IN MAD THOUSANDS)*

Item		Current year 2018	Previous year
711	**Operating income**		
	Sales of goods	**371,786**	**382,127**
	Sales of goods in Morocco	371,786	382,127
	Sales of goods abroad	0	0
	Other sales of goods		
	TOTAL	**371,786**	**382,127**
712	**Sales of manufactured goods and services rendered**	**20,362,272**	**19,518,264**
	Sales of manufactured goods in Morocco		
	Sales of manufactured goods abroad		
	Sales of service rendered in Morocco	17,277,309	16,408,402
	Sales of service rendered abroad	3,084,963	3,109,862
	Royalties for patents, trademarks, rights		
	Other sales of manufactured goods and services rendered	0	0
	TOTAL	**20,362,272**	**19,518,264**
713	**Change in inventories**	**0**	**0**
	Change in manufactured goods inventory	0	0
	Change in services inventory	0	0
	Change in product inventory WIP	0	0
	TOTAL	**0**	**0**
714/718	**Other operating income**	**35,534**	**31,436**
	Directories' fees received	0	0
	Other operating income	**35,534**	**31,436**
	TOTAL	**35,534**	**31,436**
719	**Operating write-backs**	**606,984**	**392,815**
	Expense transfers	**0**	**0**
	Write-backs	527,571	309,341
	Expense transfers	79,413	83,474
	TOTAL	**606,984**	**392,815**
738	**Financial income**		
	Interest and other financial income	**239,713**	**281,834**
	Interest and similar income	235,248	277,503
	Income from receivables of controlled entities	0	0
	Net proceeds from disposal of marketable securities	2,037	2,215
	Other interest and financial income	2,428	2,116
	TOTAL	**239,713**	**281,834**

FROM 01/01/18 TO 12/31/18 *(IN MAD THOUSANDS)*

Item		Current year 2018	Previous year
611	**Operating expenses**		
	Cost of goods sold	**637,577**	**629,207**
	Cost of goods	660,677	585,675
	Change in inventory (+/-)	-23,100	43,532
	TOTAL	**637,577**	**629,207**
612	**Raw material and supplies**	**3,598,477**	**3,503,463**
	Raw materials	0	0
	Change in raw material inventory	0	0
	Supplies and packaging	140,725	143,790
	Change in supplies and packaging inventory	24,696	-1,701
	Cost of consumable materials and supplies	688,744	609,554
	Cost of research, surveys, studies, and services	2,744,312	2,751,821
	TOTAL	**3,598,477**	**3,503,463**
613/614	**Other external expenses**	**2,733,310**	**2,777,274**
	Rent and rental expenses	317,741	297,371
	Finance lease installments	0	0
	Maintenance and repairs	492,219	554,876
	Insurance premiums	12,070	14,257
	Payments of external staff	251,356	244,677
	Payments for intermediaries and fees	233,196	209,823
	Fees for patents, trademarks, rights, etc.	654,192	663,241
	Transportation	44,967	40,443
	Travel and entertainment expenses	69,209	71,177
	Other external expenses	658,359	681,409
	TOTAL	**2,733,310**	**2,777,274**
617	**Payroll costs**	**1,940,240**	**2,190,425**
	Payroll	1,672,047	1,861,138
	Social security	268,193	329,287
	Other payroll costs	0	0
	Total	1,940,240	2,190,425
618	**Other operating expenses**	**2,540**	**2,540**
	Directors' fees	2,540	2,540
	Losses on uncollectable receivables	0	0
	Other financial expenses	0	0
	Total	**2,540**	**2,540**
638	**Financial expenses**		
	Other financial expenses	2,184	95
	Net losses on disposal of marketable securities	2,184	95
	Other financial expenses	0	0
	Total	**2,184**	**95**
658	**Extraordinary expenses**		
	Other extraordinary expenses	13,337	587,866
	Contract cancellation payments and forfeiture of deposits	0	0
	Back tax payments (other than income tax)	0	0
	Tax penalties and fines	74	800
	Uncollectable receivables	0	0
	Other extraordinary expenses	13,263	587,066
	TOTAL	**13,337**	**587,866**

B12 — RECONCILIATION OF NET INCOME TO TAXABLE INCOME

FROM 01/01/18 TO 12/31/18 *(IN MAD THOUSANDS)*

Determination of income	Amount	Amount
I- NET INCOME		
• Net profit	**6,300,721**	
• Net loss		
II- TAX ADD-BACKS	**3,133,019**	
1. Ordinary	**2,833,135**	
• Income tax 2018	2,374,572	
• Amortization in excess of MAD 300.000	705	
• POP Paris expenses (IAM branch)	1,367	
• Unrealized foreign exchange gains 2018	34,611	
• Gifts exceeding MAD 100 per unit	194	
• Donations in cash or kind	1,685	
• Provisions	420,000	
2. Extraordinary	**299,884**	
• Amortization	51,736	
• Provisions	247,465	
• Tax penalties and fines	74	
• Contribution for the support of social solidarity	0	
• Other provisions for contingencies and losses	608	
EXPENSES FROM PRIOR YEARS		
III- Tax deductions		**1,285,795**
1. Ordinary		**1,110,427**
• Unrealized foreign exchange gains 2017		106,309
• POP Paris income (IAM branch)		0
• Revenues from equity investments		1,004,118
2. Extraordinary		**175,368**
• Allowance on net capital gains from disposal		0
• Provisions & amortization		175,368
• Reversal of provisions for impairment of investments		0
TOTAL	**3,133,019**	**1,285,795**
IV- GROSS TAXABLE INCOME		
• Gross profit		8,147,944
• Gross taxable loss		
V- LOSS CARRIED FORWARD		**0**
VI- TAXABLE INCOME		**8,147,944**
• Net taxable profit		
• Net taxable loss		

B13 — DETERMINATION OF ORDINARY INCOME AFTER TAX

FROM 01/01/18 TO 12/31/18 *(IN MAD THOUSANDS)*

I - DETERMINATION OF INCOME

	Amount
I - Determination of income	
Ordinary income from statement of comprehensive income (+)	8,490,638
Add-backs on ordinary operations	458,563
Deduction of ordinary operations	1,110,427
Ordinary income theoretically taxable (=)	**7,838,773**
Theoretical tax on ordinary income (-)	2,430,020
Exemption of export revenues	-145,399
Ordinary income after tax (=)	**6,206,017**
II - Information on the tax treatment of benefits granted by the investment codes	
IAM receives a tax break of 17.50% on its international revenue, instead of 31%	
Granted by the Investment Codes or by specific legal provisions	

B14 — ANALYSIS OF VAT

FROM 01/01/18 TO 12/31/18 *(IN MAD THOUSANDS)*

Description	Opening balance 1	Operations 2	VAT returns 3	Closing balance (1+2-3)
A/ Invoiced VAT	**2,322,970**	**3,576,542**	**3,563,806**	**2,335,706**
B/ Recoverable VAT	**483,558**	**1,422,507**	**1,535,754**	**370,311**
• On expenses	266,451	872,730	885,639	253,541
• On assets	217,107	549,777	650,114	116,769
C/ VAT payable (VAT credit) VAT = (A-B)	**1,839,412**	**2,154,035**	**2,028,052**	**1,965,395**

C1 — SHAREHOLDER STRUCTURE

FROM 01/01/18 TO 12/31/18 *(IN MAD)*

Surname, first name, business name of main shareholders (1)	Adress	Stocks held: Previous year	Stocks held: Current year	Nominal value of each stock or share	Capital amount: Subscribed	Capital amount: Called	Capital amount: Full paid
1	2	3	4	5	6	7	8
1/ Kingdom of Morocco		263,728,575.00	263,728,575.00	6.00	1,582,371,450.00	1,582,371,450.00	1,582,371,450.00
2/ Société de Participation dans les Télécommunications		465,940,477.00	465,940,477.00	6.00	2,795,642,862.00	2,795,642,862.00	2,795,642,862.00
3/ M. MOHAMED BOUSSAID		10.00	10.00	6.00	60.00	60.00	60.00
4/ M. MOHAMED HASSAD		10.00	10.00	6.00	60.00	60.00	60.00
5/ M. ALAMI MOHAMED		2,900.00	2,900.00	6.00	17,400.00	17,400.00	17,400.00
6/ M. EISSA MOHAMED AL SUWAIDI		1.00	1.00	6.00	6.00	6.00	6.00
7/ M. MOHAMED HADI AL HUSSAINI		1.00	1.00	6.00	6.00	6.00	6.00
8/ M. AHMED ABDULKARIM JULFAR		1.00	1.00	6.00	6.00	6.00	6.00
9/ M. DANIEL RITZ		1.00	1.00	6.00	6.00	6.00	6.00
10/ M. MOHAMMED SAIF AL SUWAIDI		1.00	1.00	6.00	6.00	6.00	6.00
11/ M. SERKAN OKANDAN		1.00	1.00	6.00	6.00	6.00	6.00
12/ M. JEAN FRANCOIS DUBOS		10.00	10.00	6.00	60.00	60.00	60.00
13/ M. REGIS TURRINI		10.00	10.00	6.00	60.00	60.00	60.00
14/ M. JACQUES ESPINASSE		10.00	10.00	6.00	60.00	60.00	60.00
15/ M. FRANCK ESSER		10.00	10.00	6.00	60.00	60.00	60.00
16/ M. JEAN-RENE FOURTOU		10.00	10.00	6.00	60.00	60.00	60.00
17/ M. JACQUES CHAREYRE		10.00	100.00	6.00	600.00	600.00	600.00
18/ M. TALBI ABDELAZIZ		10.00	10.00	6.00	60.00	60.00	60.00
19/ M. SALEH ABDOOLI		1.00	1.00	6.00	6.00	6.00	6.00
20/ M. ABDERRAHMANE SEMMAR		1.00	1.00	6.00	6.00	6.00	6.00
21/ M. HATEM DOWIDAR		1.00	1.00	6.00	6.00	6.00	6.00
22/ Various shareholders		149,423,199.00	149,423,199.00	6.00	896,539,194.00	896,539,194.00	896,539,194.00

(1) If the number of shareholders is less than or equal to 10, the Company should list all the shareholders. Otherwise, the Company may list only the 10 principal shareholders.

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C2 — APPROPRIATION OF YEAR-END INCOME

FROM 01/01/18 TO 12/31/18 *(IN MAD THOUSANDS)*

	AMOUNT		AMOUNT
A. source of income (Decision of April 24, 2018)		**B. Income appropriation**	
Retained earnings at December 31, 2017	0	Legal reserve	0
Net income to be allocated	0	Other reserves	3.731
Net income for the period	5,699,461	Directors' share in profits	0
Withholding from reserves	0	Dividends	5,695,730
Other reserves	0	Other allocations	0
		Retained earnings	0
TOTAL A	**5,699,461**	**TOTAL B**	**5,699,461**

C3 — INCOME AND OTHER SIGNIFICANT ITEMS OVER THE PAST THEE YEARS

FROM 01/01/18 TO 12/31/18 *(IN MAD THOUSANDS)*

Description	31/12/2018	31/12/2017	31/12/2016
Net equity of the Company			
Shareholders' equity and quasi-equity less capitalized costs	15,968,628	15,363,637	15,254,928
Operations and income from period			
Revenues excluding tax	20,734,058	19,900,391	20,058,482
Income before tax	8,675,292	7,665,035	8,253,658
Corporate income tax	2,374,572	1,965,575	2,062,373
Dividends	5,695,730	5,590,752	5,589,883
Unappropriated income (placed in reserves or to be allocated)	3,731	600,534	348,023
Earnings per share			
Earnings per share for period (MAD)	7,17	6,48	7,04
Dividends per share (MAD)	6,48	6,36	6,36

C4 — TRANSACTIONS IN FOREIGN CURRENCIES DURING THE YEAR

FROM 01/01/18 TO 12/31/18 *(IN MAD THOUSANDS)*

Description	Foreign currency inflows in MAD	Foreign currency outflows in MAD
Permanent financing	-	
Gross assets		3,502,296
Receipts from sale of fixed lined assets	1,073,792	
Repayment of long-term debt		-
Other court-term debt	2,267,825	
Income	2,233,330	
Expenses		726,264
TOTAL INFLOWS	**5,574,947**	
TOTAL OUTFLOWS		**4,228,560**
FOREIGN CURRENCY BALANCE		**1,346,387**
TOTAL	**5,574,947**	**5,574,947**

C5 — DATE OF FINANCIAL STATEMENTS AND SUBSEQUENT EVENTS

I. DATES

Date of statement of financial position [(a)]: 12/31/2018

Date of preparation of the financial statements [(b)]: 01/26/2019

Date of rectifying declaration:

II. EVENTS SUBSEQUENT TO THE DATE OF THE FINANCIAL STATEMENTS AND KNOWN PRIOR TO INITIAL DISCLOSURE OF THE FINANCIAL STATEMENTS

Dates	Indication of events
	None

(a) Justification in the event of a change in the balance-sheet date.
(b) Justification in the event of noncompliance with the regulatory requirement to prepare financial.

5.5 STATUTORY AUDITOR'S SPECIAL REPORT

Financial Year from January 1st, 2018 to December 31st, 2018

Dear Shareholders,

As statutory auditors of the company, we hereby submit our report on related-party agreements, in accordance with Articles 95 to 97 of 17-95 Act, as amended and completed by Acts 20-05 and 78-12.

Our responsibility is to present the main characteristics and modalities of the agreements which we have been informed of by the Chairman of the Supervisory Board or that we discovered during our engagement, without giving an opinion on their usefulness and appropriateness, or looking for the existence of other agreements. It is your responsibility, under the law above, to decide on their approval.

We have performed the procedures that we considered necessary under the standards of the profession in Morocco. These procedures are designed to verify the consistency of the information provided to us with the documentation from which they originate.

1. RELATED-PARTY AGREEMENTS CONCLUDED IN 2018

None.

2. RELATED-PARTY AGREEMENTS CONCLUDED IN PREVIOUS YEARS THAT REMAINED EFFECTIVE IN 2018

2.1 AGREEMENT RELATED TO THE ACQUISITION OF ETISALAT SUBSIDIARIES

- **Parties concerned:**
  - Etisalat is the major shareholder of IAM.
  - M. Eissa Mohammad AL SUWAIDI is vice-president of the Supervisory Board of IAM
  - Mohammad Hadi AL HUSSAINI is member of the Supervisory Board of IAM
  - Hatem DOWIDAR is member of the Supervisory Board of IAM
  - Saleh ABDOOLI is member of the Supervisory Board of IAM
  - Serkan OKANDAN is member of the Supervisory Board of IAM
- **Agreement form:** Written agreement.
- **Nature and purpose of the agreement:** Acquisition of participation securities.
- **Main terms:** In May 2014, Itissalat Al Maghrib (IAM) concluded an agreement with Etisalat subsidiaries (Etisalat International Benin Ltd and Atlantique Telecom SA) on the acquisition of subsidiaries presented below:
  - Etisalat Bénin SA (ETB)
  - Atlantique Telecom Côte d'Ivoire (AT CIV)
  - Atlantique Telecom Togo (AT TOGO)
  - Atlantique Telecom Gabon (ATG)
  - Atlantique Telecom Niger (AT Niger)
  - Atlantique Telecom Centrafrique (AT RCA)
  - Prestige Telecom Côte d'Ivoire (Prestige CIV).
- **Services provided:** The agreement concerns the payment by Itissalat Al Maghrib (IAM) of total amount of 474 million euros (equivalent to 5.16 billion dirhams) for the acquisition of the above-mentioned subsidiaries (Shares and debts). The payment was not yet realized at December 31, 2014. Moreover, in accordance with the acquisition agreement, in 2015 IAM received a loan of 200 million USD at zero interest rate from Etisalat, which at 2015, 2016, 2017 and 2018 had been reallocated in Euro to newly acquired subsidiaries (AT CIV, AT Niger, AT RCA) for 192 million USD, which is 176.5 million euros.

- **Amounts paid:**
  - In 2018, Itissalat Al Maghrib (IAM) paid a total amount of 1.1 billion dirhams to Etisalat Benin International and Atlantique Telecom SA under the acquisition agreement. The remaining amount due by IAM amounts to 0.7 billion dirhams by the end of 2018.
  - Itissalat Al Maghrib (IAM) has also granted loans to its subsidiaries after the completion of the "Alysse Operation". The situation of these loans as of December 2018 is detailed as below:
  - **Atlantique Côte d'ivoire :**

    Loan balance: 100.6 million euros as of December 31st, 2018 (equivalent to 1,082.7 million dirhams).

    Revenues of the fiscal year: IAM booked a revenue related to interests and penalties for respectively 7.2 and 0.7 million euros in 2018 (equivalent to 78.5 and 7.1 million dirhams).

    Amount paid: No amount was collected by IAM for the financial year 2018.
  - **Atlantique Niger :**

    Loan balance: 29.3 million euros as of December 31st, 2018 (equivalent to 314 million dirhams).

    Revenues of the fiscal year: IAM booked a revenue related to interests and penalties for respectively 1.7 and 0.13 million euros in 2018 (equivalent to 18.1 and 1.4 million dirhams).

    Amount paid: 0.2 million euros was collected by IAM for the financial year 2018 (equivalent to 1.7 million dirhams).
  - **Atlantique RCA :**

    Loan balance: At December 31st,2018, the total current account advances granted to this subsidiary amount to 22.8 million euros (equivalent to 255 million dirhams).

    Revenues of the fiscal year: IAM booked a revenue related to interests and penalties for respectively 1.9 million euros and 0.1 million euros in 2018 (equivalent to 20.6 and 1.1 million dirhams).

    Amounts paid: IAM paid to her subsidiary a total amount of 13.6 million euros current the financial year 2018 (equivalent to 155.2 million dirhams).

    Amount received: No amount was collected by IAM for the financial year 2018.

    Amount received: No amount was collected by IAM for the financial year 2018.

2.2 AGREEMENTS RESULTING FROM THE ACQUISITION OF NEW SUBSIDIARIES – «ALYSSE OPERATION»

Following the acquisition of the new subsidiaries "Alysse Operation" and since January 26, 2015, Itissalat Al Maghrib (IAM) substituted to Atlantique Telecom SA (ATH) and Golden Falcon Investments LLC (GFI LLC) in all their rights and obligations resulting from the agreements signed between ATH, GFI LLC and the subsidiaries acquired by IAM. These Agreements are as follows, by subsidiary:

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2.2.1. AGREEMENTS SIGNED WITH ATLANTIQUE TELECOM CÔTE D'IVOIRE (AT CI)

- **Parties concerned:** Itissalat Al Maghrib is the major shareholder of Atlantique Telecom Côte d'Ivoire, and Mr. Brahim BOUDAOUD is a member of the joint management bodies.
- **Agreement form:** Written agreements.
- **Nature and purpose of the agreement:** As of January 26, 2015, IAM substituted to Atlantique Telecom SA (ATH) in all their rights and obligations resulting from the following agreements:
  - Technical assistance agreement between AT CI and ATH on July 4th, 2006.
  - Brand license agreement between AT CI and ATH on June 12th, 2006.
  - Share loan agreement between AT CI and ATH on February 17th, 2012, with an initial amount of 125 million euros.
- **Main terms:** Itissalat Al Maghrib (IAM) substituted to ATH in all its rights and obligations resulting from the agreements listed above signed between ATH and AT CI. All amounts due by AT CI under these agreements shall be paid to IAM. In accordance with these agreements, AT CI is still engaged to IAM at the same level as previously by ATH.
- **Services provided:**
  - Technical assistance services: the revenues booked by Itissalat Al Maghrib for 2018 amount to (after withholding taxes) 147 million dirhams.

- Brand licenses: the revenues booked by IAM for 2018 amounts to 26 million dirhams.
- Shareholder loans: no amount of the loan balance as of December 31st, 2018.

- **Amounts received:** Itissalat Al Maghrib received in 2018, as loan reimbursement, an amount of 3.6 million euros (equivalent to 39.1 million dirhams) of principal and interests. The receipts related to technical assistance a brand licenses during 2018, are estimated to an amount of 183.8 million dirhams.

2.2.2. AGREEMENTS SIGNED WITH ETISALAT BÉNIN (ETB)

- **Parties concerned:** Itissalat Al Maghrib is the major shareholder of Etisalat Bénin, and Mr. Brahim BOUDAOUD is a member of the joint management bodies.
- **Agreement form:** Written agreements.
- **Nature and purpose of the agreement:** As of January 26, 2015, IAM substituted to Atlantique Telecom SA (ATH) and Golden Falcon Investments LLC (GFI LLC) in all their rights and obligations resulting from the following agreements:
  - Technical assistance agreement between Etisalat Bénin and ATH on November 3rd, 2011.
  - Brand license agreement between Etisalat Bénin and ATH on January 1st, 2014.
  - Loan agreement between Etisalat Bénin and GFI LLC on May 1st, 2013.
- **Main terms:** Itissalat Al Maghrib (IAM) substituted to ATH and GFI LLC in all their rights and obligations resulting from the above-mentioned agreements signed between ATH and Etisalat Bénin on one hand and GFI LLC and Etisalat Bénin on the other hand. All amounts due by Etisalat Bénin under these agreements shall be paid to IAM. In accordance with these agreements, Etisalat Bénin is still engaged to IAM at the same level as previously to ATH and to GFI LLC.
- **Services provided:**
  - Technical assistance services: the revenues booked by Itissalat Al Maghrib for 2018 amount (after withholding taxes) to 75.5 million dirhams.
  - Brand licenses: the revenues booked by IAM for 2018 represented 13.6 million dirhams.
  - Shareholder loan: Loan balance 64.3 million euros as of the end of 2018 (equivalent to 701 million dirhams). Itissalat Al Maghrib (IAM) booked financial revenue of 8.8 million euros (equivalent to 95.9 million dirhams).
- **Amounts received:** Itissalat Al Maghrib (IAM) received a total payment of 18.2 million euros (equivalent to 198.9 million dirhams) during 2018, as a repayment of principal. Furthermore, a repayment of 40 million euros (equivalent to 436 million dirhams) is due to a capital increase by offsetting receivables. The amount related to the receipts of technical assistance and brand licenses in 2018 is 23.1 million dirhams.

2.2.3. AGREEMENTS SIGNED WITH ATLANTIQUE TELECOM TOGO (AT TOGO)

- **Parties concerned:** Itissalat Al Maghrib is the major shareholder of Atlantique Telecom Togo, and Mr. Brahim BOUDAOUD is a member of the joint management bodies.
- **Agreement form:** Written agreements.
- **Nature and purpose of the agreement:** As of January 26, 2015, IAM substituted to Atlantique Telecom SA (ATH) in all its rights and obligations resulting from the following agreements:
  - Technical assistance agreement between AT Togo and ATH on July 17th, 2008.
  - Brand license agreement between AT Togo and ATH on December 1st, 2006.
  - Share loan agreement between AT Togo and ATH on August 1st, 2013, with an initial amount of 5.8 million euros.
  - Share loan agreement between AT Togo and ATH on August 1st, 2013, with an initial amount of 24 million euros.
- **Main terms:** IAM substituted to ATH in all its rights and obligations resulting from the agreements listed above signed between ATH and AT Togo. All amounts due by AT Togo under these agreements shall be paid to IAM. In accordance with these agreements, AT Togo is still engaged to IAM at the same level as previously to ATH.
- **Services provided:**
  - Technical assistance services: the revenues booked by Itissalat Al Maghrib for 2018 represented a net amount (after withholding taxes) of 47.8 million dirhams.
  - Brand licenses: the revenues booked by IAM for 2018 represented 8.6 million dirhams.
  - Shareholder loans: no amount of the loan balance as of December 31st, 2018.
- **Amounts received:** IAM received for the financial year 2018 a total payment of 12 million euros (equivalent to 130 million dirhams). The amount related to the receipts of technical assistance and brand licenses in 2018 is 43.2 million dirhams.

2.2.4. AGREEMENTS SIGNED WITH ATLANTIQUE TELECOM NIGER (AT NIGER)

- **Parties concerned:** Itissalat Al Maghrib is the major shareholder of Atlantique Telecom Niger, and Mr. Brahim BOUDAOUD is a member of the joint management bodies.
- **Agreement form:** Written agreements.
- **Nature and purpose of the agreement:** As of January 26th, 2015, IAM substituted to Atlantique Telecom SA (ATH) in all their rights and obligations resulting from the following agreements:
  - Technical assistance agreement between AT Niger and ATH on December 29th, 2004.
  - Brand license agreement between AT Niger and ATH on January 1st, 2008.
  - Share loan agreement between AT Niger and ATH on August 1st, 2013, with an initial amount of 1.7 million euros.
  - Financing agreement between AT Niger and ATH on November 25th, 2008.
  - Loan agreements signed between AT Niger and ATH in January 2015.
  - Treasury signed between AT Niger and ATH on December 3th, 2003.
- **Main terms:** IAM substituted to ATH in all its rights and obligations resulting from the agreements listed above signed between ATH and AT Niger. All amounts due by AT Niger under these agreements shall be paid to IAM. In accordance with these agreements, AT Niger is still engaged to IAM at the same level as previously to ATH.
- **Services provided :**
  - Technical assistance services: the revenues booked by Itissalat Al Maghrib for 2018 amount to (after withholding taxes) 31.4 million dirhams.
  - Brand licenses: the revenues booked by IAM for 2018 amount to 5.7 million dirhams.
- **Amounts received:** No amount was collected by IAM for the financial year 2018.

2.2.5. AGREEMENTS SIGNED WITH ATLANTIQUE TELECOM CENTRAFRIQUE (AT RCA)

- **Parties concerned:** Itissalat Al Maghrib is the major shareholder of Atlantique Telecom Centrafrique, and Mr. Brahim BOUDAOUD is a member of the joint management bodies.
- **Agreement form:** Written agreements.
- **Nature and purpose of the agreement:** As of January 26th, 2015, IAM substituted to Atlantique Telecom SA (ATH) in all their rights and obligations resulting from the following agreements:
  - Technical assistance agreement between AT RCA and ATH on July 4th, 2006.
  - Brand license agreement between AT RCA and ATH on July 1st, 2011.
  - Shareholder loan agreement between AT RCA and ATH on August 1st, 2013, with an initial amount of 2.6 million euros.
  - Loan agreements signed between AT RCA and ATH in January 2015.
- **Main terms:** IAM substituted to ATH in all its rights and obligations resulting from the agreements listed above signed between ATH and AT RCA. All amounts due by AT RCA under these agreements shall be paid to IAM. In accordance with these agreements, AT RCA is still engaged to IAM at the same level as previously to ATH.
- **Services provided :**
  - Technical assistance services: the revenues booked by Itissalat Al Maghrib for 2018 amounts (after withholding taxes) to 1.7 million dirhams.
  - Brand licenses: the revenues booked by IAM for 2018 amounts to 0.3 million dirhams.
- **Amounts received:** No amount was collected by IAM for the financial year 2018.

2.3 TECHNICAL SERVICES AGREEMENT WITH ETISALAT

- **Parties concerned:**
  - Etisalat is the major shareholder of IAM.
  - M. Eissa Mohammad AL SUWAIDI is vice-president of IAM Supervisory Board.
  - M. Mohammad Hadi AL HUSSAINI is member of IAM Supervisory Board.
  - M. Hatem DOWIDAR is member of IAM Supervisory Board.
  - M. Saleh ABDOOLI is member of IAM Supervisory Board.
  - M. Serkan OKANDAN is member of IAM Supervisory Board.
- **Agreement form:** Written agreement.
- **Nature and purpose of the agreement:** Supply of technical assistance.
- **Main terms:** In May 2014, the Company concluded a service agreement with the Emirates Telecommunications Corporation (Etisalat), under which,Etisalat will provide, either directly or through its subsidiaries, technical support work. These services are carried out mostly by expatriate employees.
- **Services provided:** Itissalat Al Maghrib accounted in 2018 within its expenses 2.6 million dirhams regarding this agreement.
- **Amounts paid:** During 2018, Itissalat Al Maghrib paid a total amount of 2.6 million dirhams regarding this agreement. There is no amount still due to Etissalat by the end of 2018.

2.4 FÉDÉRATION ROYALE MAROCAINE D'ATHLÉTISME « FRMA »

- **Parties concerned:** M. Abdeslam AHIZOUNE, Chairman of the IAM Management Board.
- **Agreement form:** Written agreement.
- **Nature and purpose of the agreement:** Sponsorship agreement.
- **Main terms:** The sponsoring agreement between IAM and FRMA was initially conclude in July 2012 for an amount of 6 million dirhams per annum and for a period of 3 years. Then, this agreement was renewed on July 2014 for 3 years for an amount of 4 million dirhams.
  - The Supervisory Board on December 7, 2018 authorized the renewal of this agreement for one year for an amount of 3 million dirhams, plus the costs related to travel and missions of the President of the FRMA.
- **Products or services delivered or provided:** The amount expensed by IAM related to this agreement for 2018 amounted to 2.9 million dirhams.
- **Amounts** paid: IAM paid to the FRMA a total amount of 3.6 million dirhams in 2018.

2.5 AGREEMENT WITH SOTELMA

- **Parties concerned:**
  - Itissalat Al Maghrib is the major shareholder of Sotelma.
  - M. Larbi GUEDIRA is member of IAM and Sotelma Management Boards.
- **Agreement form:** Written agreement.
- **Nature and purpose of the agreement:** Providing Services and technical assistance.
- **Main terms:** In 2009, Sotelma and IAM concluded an agreement under which IAM provides technical assistance and services. These services are carried out mostly by expatriate employees.
- **Products or services delivered or provided:** In 2018, IAM provided Sotelma with technical assistance services, in various fields.

  On December 31, 2018, the amount booked in revenues by IAM amounts to MAD 16.7 million (excluding VAT).

  The balance of the receivable hold by IAM at December 31, 2018 on Sotelma totalized MAD 10.5 million dirhams.
- **Amounts received:** IAM received 12.1 million dirhams in 2018.

2.6 AGREEMENT WITH ONATEL

- **Parties concerned:** IAM is the major shareholder of Onatel,
- **Contract form:** Written agreement.
- **Nature and purpose of the agreement:** Supply of services and technical assistance.
- **Main terms:** In September 2007, Onatel and IAM concluded an agreement under which IAM provides technical assistance and services. These services are carried out mostly by expatriate employees.
- **Products or services delivered or provided:** During fiscal year 2018, IAM provided technical assistance services to Onatel in various fields.

  At December 31, 2018, revenues booked by IAM amount to 10.8 million dirhams (excluding VAT).

  At December 31, 2018, the Onatel receivable on IAM's books totalized 8.7 million dirhams.
- **Amounts received:** IAM received MAD 4 million dirhams in 2018, regarding this agreement.

2.7 AGREEMENT WITH GABON TELECOM

- **Parties concerned:**
  - Itissalat Al Maghrib (IAM) is the major shareholder of Gabon Telecom (GT).
  - M. Brahim BOUDAOUD is the common member of the Management Board of IAM and Gabon Telecom.
- **Form of the agreement:** Written agreement.
- **Nature and purpose of the agreement:** Service commitment agreement.
- **Main terms:** On November 22nd, 2016, Gabon Telecom (which absorbed the subsidiary Atlantique Telecom Gabon on June 29, 2016 with effect from January, 1st, 2016) and Itissalat Al Maghrib (IAM) concluded an agreement under which IAM provides technical assistance and services, with retroactive effect starting from January, 1st, 2013.

  These services are carried out mostly by expatriate employees or by resort to a third party, after Gabon Telecom agreement.
- **Products or services delivered or provided:** In 2018, Itissalat Al Maghrib (IAM) provided technical assistance services to Gabon Telecom (GT) in various fields.

  Under all of these services' provisions, IAM recorded in its accounts:
- **Service commitment agreement:**

  During 2018, the revenues booked by Itissalat Al Maghrib (IAM) represented a total amount (excluding VAT) of 14.4 million dirhams.
- The receivable balance regarding commitment agreement, hold by Itissalat Al Maghrib (IAM) as of December 31st, 2018 amounts to 8.5 million dirhams.
- **Management fees:**
  - **Technical assistance services:** During 2018, the revenues booked by Itissalat Al Maghrib (IAM) represented a total amount (excluding VAT) of 93.8 million dirhams.
  - **Supply of services:** Itissalat Al Maghrib (IAM) booked within its revenues a fee for the supply of services provided to its subsidiary amounting to (excluding VAT) 17.4 million dirhams.

    The receivable balance regarding management fees, hold by Itissalat Al Maghrib (IAM) as of December 31st, 2018 amounts to 86.4 million dirhams.
- **Amounts received:** In 2018, IAM received a total amount of 354.2 million dirhams related to the services commitment at Gabon Telecom and 28.2 million dirhams about the clearance of claims of AT Gabon (Company acquired by Gabon Télécom).
- **Loan:** The remaining balance related to the acquisition of Moov subsidiaries amount ZERO euro as at December 31st, 2018. IAM booked a revenue related to penalties for respectively 7 thousand euros in 2018 (equivalent to 80 thousand dirhams).
- **Amount received:** Itissalat Al Maghrib received in 2018, as loan reimbursement, an amount of 1 million euros (equivalent to 10.8 million dirhams).

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2.8 AGREEMENT WITH MAURITEL

- **Parties concerned:**
  - IAM is the major shareholder of Mauritel
  - Mr. Hassan RACHAD is the common member of IAM and Mauritel Management Boards.
- **Agreement form:** Written agreement.
- **Nature and purpose of the agreement:** Services and technical assistance.
- **Main terms:** In 2001, Mauritel and IAM concluded an agreement under which IAM provides technical assistance and equipments.
- **Products or services delivered or provided:** IAM provides Mauritel with telecommunication equipments and technical assistance.

  Under this agreement, the amount of revenues invoiced by IAM amounts to 10.9 million dirhams (excl. tax) in 2018.

  At December 31, 2018, the Mauritel receivable on IAM's books stood at 4.1 million dirhams
- **Amounts received:** IAM received 11.7 million dirhams in 2018 regarding this agreement.

2.9 AGREEMENT WITH CASANET FOR CURRENT-ACCOUNT ADVANCE/ SHAREHOLDER LOAN

- **Parties concerned:**
  - IAM is the major shareholder of Casanet.
  - Mr. Hassan RACHAD is member of IAM and Casanet Management Boards.
- **Agreement form:** Written agreement.
- **Nature and purpose of the agreement:** Advance by IAM to Casanet on non-interest-bearing account.
- **Main terms:** At its meeting held on December 4, 2007, the Supervisory Board authorized IAM to underwrite all necessary capital expenditures through the provision of non-interest-bearing current-account advances for 6.1 million dirhams.

  In 2008, Itissalat Al Maghrib made a current-account advance of 2.3 million dirhams to Casanet.

  In 2010, Itissalat Al Maghrib made a current-account advance of 1.03 million dirhams to Casanet.

  In 2012, Itissalat Al Maghrib made a current-account advance of 2.8 million dirhams to Casanet, bringing the current-account balance to 6.1 million dirhams at December 31, 2012.

  At December 31, 2018, the current-account balance totalized 6.1 million dirhams.
- **Products or services delivered or provided:** Advance on non-interest-bearing current account.
- **Amounts received or paid:** None.

2.10 SERVICE AGREEMENT WITH CASANET

- **Parties concerned:**
  - IAM is the major shareholder of Casanet.
  - Mr. Hassan RACHAD is member of IAM and Casanet Management Boards.
- **Agreement form:** Written agreement.
- **Nature and purpose of the agreement:** Maintaining services, web hosting, technical assistance, and equipment.
- **Main terms:** Since 2003, Itissalat Al Maghrib has concluded several service agreements with its subsidiary Casanet.
- **Products or services delivered or provided:** Several contracts and orders were executed by Casanet for IAM in fiscal year 2018.
  At December 31, 2018, the expense booked by IAM under these agreements amounts to
  44.2 million dirhams (excluding taxes and including penalties for late payment for 28 thousand dirhams tax included).
  Payables totalized 29 million dirhams at December 31, 2018.
- **Amounts paid:** IAM paid 48.5 million dirhams in 2018, regarding this agreement.

Casablanca, February 16, 2019

The Statutory Auditors

DELOITTE AUDIT	ABDELAZIZ ALMECHATT
Sakina BENSOUDA-KORACHI	*Abdelaziz AL MECHATT*
Associée	Associé

6
RECENT DEVELOPMENTS AND MARKET OUTLOOK

6

RECENT DEVELOPMENTS AND MARKET OUTLOOK

6.1 RECENT DEVELOPMENTS

ORDINARY SHAREHOLDERS' MEETING OF APRIL 23, 2019

Itissalat Al-Maghrib, a Moroccan public limited company with Management and Supervisory Boards and share capital of MAD 5,274,572,040, whose headquarters are in Rabat, Avenue Annakhil, Hay Riad, and which is registered under number 48,947 in the Rabat Trade and Companies Register, hereby invites shareholders to its headquarters on April 23, 2019 at 3 pm for an Ordinary General Shareholders' Meeting convened to deliberate on the following agenda:

1. Approval of the reports and summary annual financial statements for the fiscal year ended December 31, 2018;
2. Approval of the consolidated financial statements for the fiscal year ended December 31, 2018;
3. Approval of the related-party agreements reviewed in the Statutory auditors' special report;
4. Appropriation of 2018 earnings – Dividend;
5. Ratification of the co-optation and reappointment of Mr Mohamed BENCHÂABOUN;
6. Reappointment of Mr. Eissa Mohammed Ghanem Al Suwaidi to the Supervisory Board;
7. Reappointment of Mr. Abedlouafi Laftit to the Supervisory Board;
8. Reappointment of Mr. Abderrahmane Semmar to the Supervisory Board;
9. Reappointment of Mr. Hatem Dowidar to the Supervisory Board;
10. Reappointment of Mr. Saif Al Suwaidi to the Supervisory Board;
11. Reappointment of Mr. Mohammed Hadi Al Hussaini to the Supervisory Board;
12. Reappointment of a Statutory auditor;
13. Repeal of the current share buyback program and authority to be granted to the Management Board to again trade in the Company's shares and the establishment of a liquidity contract on the Casablanca Stock Market;
14. Powers to perform formalities.

INSTITUTION OF A SOCIAL WELFARE TAX

In Morocco, the 2019 finance act set forth the establishment of a social welfare tax on profits, which will be applied, at a proportional rate of 2.5%, to profits made by the companies subject to corporate income tax that earn 40 million dirhams or more in profit, for the two consecutive financial years whose returns are filed as from January 1, 2019.

PROMULGATION OF ACT 121.12 AMENDING AND COMPLETING ACT 24-96 ON THE POSTAL SERVICE AND TELECOMMUNICATIONS

This law grants the ANRT the power to apply the law on competition, including sanctions. It also includes a universal obligation to share infrastructure and an increase in the amount of sanctions.

APPOINTMENT TO THE EXECUTIVE COMMITTEE OF MAROC TELECOM

At its meeting on February 15, 2019, the Supervisory Board recognized the expiration of the terms of office of the members of the Executive Committee at March 1, 2019 and decided to reappoint Abdeslam Ahizoune as Chairman of the Executive Committee, and Brahim Boudaoud, Hassan Rachad, and François Vitte as members of the Executive Committee, and it also appointed Mr. Abdelkader Maamar as a member of the Executive Committee, replacing Larbi Guedira, who is retiring.

MAROC TELECOM AND MILLICOM SIGNED AN AGREEMENT TO ACQUIRE TIGO TCHAD

On March 14, 2019, Maroc Telecom announced it had signed an agreement with Millicom to acquire all of the share capital of its subsidiary Tigo Tchad, the leading mobile carrier in Chad.

The aim of this acquisition, which fits in with its international development strategy, is to expand and consolidate the presence of the Maroc Telecom Group in the region.

Completion of the operation and, consequently, its final approval are subject to certain conditions, particularly the approval of the Chadian Authorities.

6.2 MARKET OUTLOOK

The comments relating to market outlook contain forward-looking statements and information relating to Company expectations. Forward-looking statements involve risks and uncertainties inherent to forecasts and are based solely on assessments undertaken as of the date on which such statements are made. Because of the significant number of factors involved, including those listed in Section 2.1, the Company warns investors that actual results could differ materially from expectations.

The telecommunications market in Morocco offers significant potential for growth because of the following favorable economic and social factors, and the generalized use of information and communication technologies.

Morocco should benefit particularly from:

- a favorable economic environment in 2019: GDP is expected to grow 3.2% and the budget deficit to be reduced to 3.3% of GDP (source: Ministry of Finance); the International Monetary Fund also estimates growth of about 3.2%;
- a population that is growing at an annual rate of 1.25% and which is increasingly urban: 60.3% of the population lives in urban centers (source: latest census of the High Commission for Planning, 2014);
- a new dynamic of investment and corporate support;
- launch of the 3rd INDH phase for the 2019-2023 period, at a total cost of 18 billion dirhams to fight poverty and social exclusion (National Initiative for Human Development, launched in 2005).

These are all factors that herald more intensive usage of new information technologies. Access to Internet services will continue to be carried by the mobile networks, but also by fiber optic fixed-line infrastructures, the only technologies capable of absorbing the constantly growing volumes of data exchanged.

The Internet customer base has reached 23.8 million subscribers, bringing internet penetration to 67.5%. This customer base is up 5.4% year-on-year. The growth potential of this market is sustained, supported by the penetration of the smartphones that are revolutionizing usages. Smartphone ownership increased by over 500% from 2011 to 2017.

Changes in use also include the increasing use of Voice over IP applications, i.e., technologies that enable the free routing of voice communications over the internet, which have been deregulated in Morocco since November 2016. Even though it encourages Data use, this alternative means of communication replaces traditional Voice communications and has a marked impact on incoming international traffic in particular.

Thanks to the accelerated deployment of its networks (3G and 4G+ for mobile, ADSL and optical fiber for Fixed-line), Maroc Telecom plans to take advantage of the popularity of the internet and support the increase in usages that will continue in the coming years.

Changes in internet usages will create significant pressures on current infrastructure capacities. As a result, these new needs will require investments. Given the magnitude of the investments required, the trend toward new mobile technologies must include monetization of data services, the primary vector for maintaining positive growth in the sector.

The new regulatory framework established by the regulator in 2016 ended the mindless price cuts made by mobile operators and the destruction of value, which ultimately led to the birth of a new market model centered on innovation-based competition, adapted offers and the quality of the networks and services. Since March 2017, the Moroccan regulator has also reinstated an asymmetry of +20% for Inwi and +6% for Orange on Mobile termination rates in favor of the competitors.

The Group's revenue from the International segment was close to 45% at end-2018. The support and massive investment plans in subsidiaries will continue and reduce the operator's exposure to its domestic market.

In sub-Saharan Africa, where Maroc Telecom's principal subsidiaries operate, the telecommunication market offers very high growth potential because of:

- continued rapid growth, estimated at 5.8% in 2019 compared to 5.7% in 2018 (source: International Monetary Fund);
- the sharp increase in public and private investment; and
- a penetration rate projected to increase significantly in the coming years.

7
NOTES TO THE FINANCIAL STATEMENTS

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NOTES TO THE FINANCIAL STATEMENTS

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Registration Document
NA: not applicable

In compliance with Article 28 of European Commission Regulation (EC) 809/2004 of April 29, 2004, the following information is incorporated by reference in this Registration Document:

- the consolidated financial statements for the accounting period ended December 31, 2017, and the relevant Statutory auditors' report and the Group financial report presented on pages 106, 121 and 122 of Registration Document no. D.18-0302 filed with the AMF on April 9, 2018;
- the consolidated financial statements for the fiscal year ended December 31, 2016, and the relevant Statutory auditors' report and the Group financial report presented on pages 152 and 154 of the Registration Document no. D.17-0386 filed with the AMF on April 14, 2017.

ORDINARY SHAREHOLDERS' MEETING OF APRIL 23, 2019

FIRST RESOLUTION

Approval of the reports and summary annual financial statements for the accounting period ended December 31, 2018

Having satisfied the quorum and majority requirements pertaining to Ordinary Shareholders' Meetings, the Shareholders' Meeting, after hearing:

- the management report of the Management Board and the observations of the Supervisory Board on said report; and
- the general report of the Statutory auditors on the financial statements for the accounting period ended December 31, 2018.

hereby approves the summary financial statements for said fiscal year and the operations accounted for therein or summarized in said reports.

Consequently, the Shareholders' Meeting resolves to give final discharge to the members of the Supervisory and Management Boards for the performance of their duties in the 2018 accounting period.

SECOND RESOLUTION

Approval of the consolidated financial statements for the accounting period ended December 31, 2018

Having satisfied the quorum and majority requirements pertaining to Ordinary Shareholders' Meetings, the Shareholders' Meeting hereby approves as necessary the consolidated financial statements, as presented, for the accounting period ended December 31, 2018.

THIRD RESOLUTION

Approval of the related-party agreements reviewed in the Statutory auditors' special report

Having satisfied the quorum and majority requirements pertaining to Ordinary Shareholders' Meetings and having heard the special report of the Statutory auditors on the related-party agreements covered by Article 95 of Law 17-95 relating to corporations, which was amended and supplemented by Law 20-05 and Law 78-12, the Shareholders' Meeting hereby approves all operations and agreements reviewed in said report.

FOURTH RESOLUTION

Appropriation of 2018 earnings – Dividend

Having satisfied the quorum and majority requirements pertaining to Ordinary Shareholders' Meetings, the Shareholders' Meeting hereby resolves to allocate as follows the earnings for the accounting period ended December 31, 2018, which amount to MAD 6,300,720,613.39, namely:

Profits available for distribution	MAD 6,300,720,613.39
Optional reserve	MAD 296,499,441.19
Total dividend amount*	MAD 6,004,221,172.20

* *This amount is adjusted to reflect the number of treasury shares held on the dividend payment date.*

The Shareholders' Meeting therefore resolves to set the dividend at MAD 6.83 for each of the shares comprising the share capital and held on the record date. The dividend will be paid out on or after June 04, 2019.

Ordinary dividends were paid in the past three accounting periods as follows:

Fiscal years	2017	2016	2015
Dividends per share *(in MAD)*	6.48	6.36	6.36
Total dividends paid *(in MAD million)*	5,696	5,590	5,589

FIFTH RESOLUTION

Ratification of the co-option and renewal of the mandate of Mr Mohamed BENCHÂABOUN

Having satisfied the quorum and majority requirements pertaining to Ordinary Shareholders' Meetings, the Shareholders' Meeting hereby confirms the co-option and reappointment of Mohamed BENCHÂABOUN to the Supervisory Board for six (6) accounting periods, i.e. until the end of the Shareholders' Meeting called to approve the financial statements for the period ending December 31, 2024.

SIXTH RESOLUTION

Reappointment of Eissa Mohammed Ghanem AL SUWAIDI to the Supervisory Board

Having satisfied the quorum and majority requirements pertaining to Ordinary Shareholders' Meetings, the Shareholders' Meeting, hereby reappoints Eissa Mohammed Ghanem al Suwaidi to the Supervisory Board for six (6) accounting periods, i.e. until the end of the Shareholders' Meeting called to approve the financial statements for the period ending December 31, 2024.

SEVENTH RESOLUTION

Reappointment of Abdelouafi LAFTIT to the Supervisory Board

Having satisfied the quorum and majority requirements pertaining to Ordinary Shareholders' Meetings, the Shareholders' Meeting, hereby reappoints Abdelouafi Laftit to the Supervisory Board for six (6) accounting periods, i.e. until the end of the Shareholders' Meeting called to approve the financial statements for the period ending December 31, 2024.

EIGHTH RESOLUTION

Reappointment of Abderrahmane SEMMAR to the Supervisory Board

Having satisfied the quorum and majority requirements pertaining to Ordinary Shareholders' Meetings, the Shareholders' Meeting, hereby reappoints Abderrahmane Semmar to the Supervisory Board for six (6) accounting periods, i.e. until the end of the Shareholders' Meeting called to approve the financial statements for the period ending December 31, 2024.

NINTH RESOLUTION

Reappointment of Hatem DOWIDAR to the Supervisory Board

Having satisfied the quorum and majority requirements pertaining to Ordinary Shareholders' Meetings, the Shareholders' Meeting, hereby reappoints Hatem Dowidar to the Supervisory Board for six (6) accounting periods, i.e. until the end of the Shareholders' Meeting called to approve the financial statements for the period ending December 31, 2024.

TENTH RESOLUTION

Reappointment of Mohammed Saif AL SUWAIDI to the Supervisory Board

Having satisfied the quorum and majority requirements pertaining to Ordinary Shareholders' Meetings, the Shareholders' Meeting, hereby reappoints Mohammed Saif Al Suwaidi to the Supervisory Board for six (6) accounting periods, i.e. until the end of the Shareholders' Meeting called to approve the financial statements for the period ending December 31, 2024.

ELEVENTH RESOLUTION

Reappointment of Mohammed Hadi AL HUSSAINI to the Supervisory Board

Having satisfied the quorum and majority requirements pertaining to Ordinary Shareholders' Meetings, the Shareholders' Meeting, hereby reappoints Mohammed Hadi Al Hussaini to the Supervisory Board for six (6) accounting periods, i.e. until the end of the Shareholders' Meeting called to approve the financial statements for the period ending December 31, 2024.

TWELFTH RESOLUTION

Reappointment of the Statutory auditors

Having satisfied the quorum and majority requirements pertaining to Ordinary Shareholders' Meetings, the Shareholders' Meeting, hereby reappoints Deloitte Audit, represented by Sakina BENSOUDA-KORACHI, as Statutory auditors for three (3) accounting periods, i.e. until the end of the Shareholders' Meeting called to approve the financial statements for the period ending December 31, 2021.

THIRTEENTH RESOLUTION

Cancellation of the current stock buyback program and authorization given to the Management Board to trade in the Company's shares and establish a liquidity contract on the Casablanca stock exchange

Having satisfied the quorum and majority requirements pertaining to Ordinary Shareholders' Meetings, and having heard the Management Board's report, the Shareholders' hereby cancels, from May 8, 2019, the stock buyback program authorized by the Ordinary Shareholders' Meeting of April 24, 2018 to stabilize the share price and scheduled to end on November 8, 2019.

The Ordinary Shareholders' Meeting, abiding by the terms and conditions of:

- Articles 279 and 281 of Law 17-95 of August 30, 1996, pertaining to Moroccan corporations (*sociétés anonymes*), as amended and supplemented by Laws 20-05 and 78-12;
- decree no. 2-10-44 of 17 Rajab 1431 (June 30, 2010), amending and supplementing Decree no. 2-02-556 of 22 Dou-al Hijja 1423 (February 24, 2003) determining the forms and conditions under which corporations can buy back their own shares on the stock exchange in view of regulating the share price; and
- of the AMMC (Moroccan securities authority) circular.

And having heard the report of the Management Board on the share buyback program undertaken by Itissalat Al-Maghrib with a view towards regulating share price, has reviewed all items in the notice approved by the AMMC.

The Ordinary Shareholders' Meeting expressly authorizes the establishment of a new program by Itissalat Al-Maghrib to buy back its own shares on the stock exchange, in Morocco or abroad, as proposed by the Management Board.

Incidentally, and subject to compliance with the current legal and regulatory provisions, the Shareholders' Meeting expressly authorizes establishing a liquidity contract on the Casablanca stock exchange, backing this buyback program.

The number of shares specified by this liquidity contract can under no circumstance exceed the lower of the following two limits:

- 300,000 shares, or 20% of the total number of shares indicated in the buyback program;
- the maximum limit allowed by the laws cited above.

The characteristics of the new buyback program are as follows:

Stock concerned	**Shares of Itissalat Al-Maghrib**
Maximum number of shares to be held within the scope of the share buyback program, including shares covered by the liquidity agreement	0.17% of the capital i.e., 1,500,000 shares
Maximum expenditure allowable for implementation of buyback program	MAD 283,500,000
Authorized period	18 months
Program calendar	From May 8, 2019 to November 6, 2020
Share price (excluding commissions):	
• Minimum sale price	MAD 98 per share (or equivalent in euros)
• Maximum sale price	MAD 189 per share (or equivalent in EUR)
Financing method	With free cash flow

The Shareholders' Meeting hereby grants all powers unreservedly to the Chairman of the Management Board, or to any other member of the Management Board, to proceed with the revocation of the share buyback program authorized at the Ordinary Shareholders' Meeting of April 24, 2018, and to implement, within the limits set out above, in Morocco and abroad, the new share buyback program and the liquidity contract related thereto, at the dates and under the terms and conditions that said Board deems fit.

FOURTEENTH RESOLUTION

Powers to perform legal formalities

Having satisfied the quorum and majority requirements pertaining to Ordinary Shareholders' Meetings, the Shareholders' Meeting hereby grants the Chairman of the Management Board all powers, which can be delegated to any person of his choice, to perform all formalities required by law.

GLOSSARY

3RP (Shared Radio Network). A radio network in which the transmission methods are shared between the users of several companies or bodies for internal communications. This sharing is marked by the fact that these methods are allocated to users solely for the duration of each communication.

4G. 4G is the 4th generation of standards for Mobile telephony. Succeeding the 2G and 3G, it allows for "very-high-speed mobile broadband", in other words data transmissions with theoretical speeds of more than 100 broadband Mb/s, i.e., higher than 1 Gbps.

ADSL (Asymmetrical Data Subscriber Line). Technology enabling users to receive high-bandwidth services and make phone calls simultaneously through their existing phone lines. The transmission capacity going from the network to the consumer is greater than that from the consumer to the network, and therefore asymmetric.

AMRTP. The Malian regulatory authority for telecommunications and postal services.

ANRT. Regulatory authority for electronic communications and postal services.

ARCEP. Regulatory authority for electronic communications and postal services.

ARE. Mauritanian telecommunications regulator.

ARPU. Revenues generated (prepaid and postpaid) for a given period, excluding roaming-in revenues (incoming and outgoing calls, revenues from value-added services), divided by the average number of customers (prepaid and postpaid) over the same period, on a monthly basis. The average customer base is the average of all average monthly customer bases (prepaid and postpaid) for the period. The monthly average customer base corresponds to a given month's mean number of customers (prepaid and postpaid) taken at the beginning and at the end of that month.

ATM (Asynchronous Transfer Mode). Network technology that accommodates the simultaneous transmission of data, voice and video. It is based on asynchronous transmission of short packets of fixed length.

Average churn rate. Indicator calculated by dividing the number of contracts terminated (customers with prepaid and postpaid plans) over a given period by the total average customer base (prepaid and postpaid) for the same period, expressed yearly. The average customer base is the average of all average monthly customer bases (prepaid and postpaid) for the period. The monthly average customer base corresponds to a given month's mean number of customers (prepaid and postpaid) taken at the beginning and at the end of that month.

BTS (Base Transceiver Station). Element of the mobile radio network, consisting of an antenna system and radio transmitters/receivers (TRX). It provides GSM network coverage in a specific geographical segment.

Call completion rate. Quality indicator measuring, at peak time on the network, the number of calls successfully completed by the existing Mobile customer base (for the BSS radio portion), compared to all calls transmitted over the network.

CAMEL (Customised Applications for Mobile Networks Enhanced Logic). A technology that enables users to call their home country without needing an area code. The technology works for voice calls as well as short messages (SMS).

CGSUT *(Comité de Gestion du Service Universel des Télécommunications).* Telecommunications Universal Service Management Board.

Churn rate. Indicator calculated by dividing the number of contracts terminated over a given period by the average customer base over the same period, expressed yearly. The monthly average customer base corresponds to a given month's mean number of customers taken at the beginning and at the end of that month.

CTI *(Centre de Transit International).* International Transit Center. A switch that carries international calls to foreign operators' networks.

Divisions. Indicates Maroc Telecom's Mobile or Fixed-line and Internet divisions.

Dropped-call rate. Quality indicator measuring, for the existing Mobile customer base, the number of dropped communications in comparison to the set of communications established on the network.

DSLAM *(Digital Subscriber Line Access).* ADSL equipment located at a telephone exchange. It is an electronic assembly holding several cards that are equivalent to the client filter and modem. The filter separates incoming phone and data signals, and the modem translates back the ATM cells (small packets transported over ATM connections).

EDGE (Enhanced Data Rates for GSM Evolution). is a Mobile telephony standard that builds on GPRS, which is a GSM extension with backward compatibility.

Fidelio. Fidelio was the first points-based loyalty program introduced in Morocco. It is reserved to postpaid customers and was launched on June 1, 2002. This program allows points to be collected on the basis of expenditure and provides advantages in the form of free or discounted handsets and free calls and SMS messages.

Frame Relay. Technology used to send high-bandwidth data over long distances, enabling the transmission of large amounts of data, the handling of fluctuations in data flows, and voice transmission.

GMPCS (Global Mobile Personal Communications by Satellite). Personal communications system providing cross-border, regional or worldwide coverage via a network of satellites accessible by small, easily transportable handsets.

GPRS (General Packet Radio Service). Packet switching system that increases data rates over GSM networks.

GSM (Global Systems for Mobile Communications). European digital radio transmission standard for Mobile telephony, known as 2G (second generation), developed by ETSI (European Telecommunications Standards Institute) and adopted in 1987. It is the most widely used standard in the world. Used since 1992, this technology uses two frequency bands, 900 and 1,800 MHz, and can transmit voice just as well as data.

IN platforms (Intelligent Network). Platform allowing value-added services to be made available (prepaid card, prepaid line, kiosk, capped rate plan, etc.).

Inter-segment revenues. Inter-segment revenues are mainly generated from interconnection services relating to traffic between the fixed-line and mobile networks and the provision to the Mobile segment of leased lines by the Fixed-line segment. Since July 1, 2004, inter-segment revenues also include revenues from the provision of interconnection services with Mauritel.

Interconnection. Reciprocal service offered by the operators of two different telecommunications networks, enabling all subscribers within the two groups to communicate freely with one another.

IP (Internet Protocol). Telecommunications protocol used on networks to carry internet traffic and based on the transmission of data packets.

ISDN (Integrated Services Digital Network). Entirely digital telecom network enabling the simultaneous transmission of voice and data (fax, internet, etc.).

ISP (Internet Service Provider). A company or an organization offering internet access to retail, professional, and business users.

Kbits/s (Kilobits per second). Unit of measurement for the speed at which data can be transmitted along a line.

Leased line. Any part of a network (or an access line to that network) that is supplied as a dedicated channel with all of its capacity available exclusively to the user and on which there are no controls or signaling.

LO BOX (GSM gateway). Equipment, compatible with the GSM standard, that has been designed to act as an interface between the GSM network and equipment that is normally meant to be connected to the fixed-line public telecommunications network, e.g., private switching systems (PABX) or ordinary telephones.

Maroc Telecom Group. The Maroc Telecom entity comprising all fully consolidated companies.

MENA (The Middle East and North Africa). Region comprising the following countries: Algeria, Bahrain, Egypt, Gaza and the West Bank, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Saudi Arabia, Syria, Tunisia, Turkey, UAE and Yemen.

MMS (Multimedia Messaging Service). Multimedia version of SMS enabling real multimedia files (video, audio, high-resolution images) to be attached to text messages.

MSAN (Multi-Service Access Node). New telecommunications technology that shortens last miles, thereby increasing speeds, integrating ADSL and voice and allowing for services such as videotelephony and three-way calling.

MSC (Mobile Switching Center). A central switching point for Mobile service that controls the routing of calls.

Multiplexer. Telecom network equipment that enables the insertion or extraction of data packages.

Network Intelligent Call Center *(Centre d'Appels Intelligent Réseau* – CAIR). Call Center Offer launched by Maroc Telecom, intended for companies whose customer relations management constitutes a true strategic variable. CAIR's objective is to enable effective management of the customer relationship without significant investment from the customer. This is because the technical functionalities of the call center are managed within the Maroc Telecom network.

NICT : New information and communication technology

NMT (Nordic Mobile Telephone) standard. Mobile network launched by Maroc Telecom and based on analog technology operating in the 450 MHz frequency band.

NSS System (Network Sub-System). All elements/equipment, in particular switchgear, required to make up a GSM network.

Optical local loop. Fiber optic-cable-based access network used to connect broadband customers.

PABX (Private Automatic Branch eXchange). Equipment able to establish temporary connections between inbound and outbound lines in order to route communications.

PCM (Pulse Code Modulation). Transmission of the spoken word through the sampling and digital coding of the signal. The PCM circuit is the heart of the 2 Mb/s telephone network.

Postpaid (services). Formula whereby services are paid for after being used (free services may also be included in this formula).

Power CP. New, more powerful processor, based on Siemens technology, for MSC mobile switches.

PPT. Smart Network service allowing the marketing of capped-rate plans, not with a line number (CLI) but with any virtual phone number.

Prepaid (services). Formula whereby services are paid for before being used (free services may also be included in this formula).

PSTN (Public Switched Telephone Network). This is the classic 2-line network. This system is switched in the sense that the connection is temporarily established with the person called, as opposed to cable, where the connection is permanent.

Radio paging. Transmission of numeric or alphanumeric messages to a mobile handset or group of mobile handsets.

Radio-relay system. Technique used to transmit a signal (voice, data or video) by radio wave. These links consist of relays that are installed on pylons or at high points which are used to ensure that the signal is routed from the source to the destination.

Roaming. Function enabling customers abroad to make and receive calls via an operator other than the one to which they subscribe.

SDH (Synchronous Digital Hierarchy). Digital method of optimizing transmissions over fiber optic and radio systems.

Signal failure rate. General term, applicable to various services, expressing the number of lines or services declared to have failed during the period, compared to the set of lines or services for the same period.

Signaling Transfer Point (STP) system. Signaling transfer point for S7 signaling systems. The STP allows signaling messages to be routed and transferred by means of the SS7 protocol.

SIM (Subscriber Identity Module) card. Without a SIM card, calls cannot be made from a mobile phone. In particular, the SIM card stores the user's personal profile and a PIN code protecting access to the card.

Single RAN. Solution for network operators that lowers energy consumption, transmission costs, maintenance, and the amount of ground infrastructure needed with respect to traditional BTS solutions.

SMS (Short Message Service). Written message, limited to 160 characters, exchanged between mobile telephones.

SMSC (Short Message Service Center) Servers. Service allowing the sending and receiving of written messages containing a maximum of 160 characters. Messages can be sent via an operator, via the internet or directly using the keyboard on a mobile phone. If the recipient's phone is turned off, the messages are still saved at the operator's message center. The length of time these messages are stored for varies depending on the operator. Nonetheless, in order for messages to be received, the maximum storage capacity of the handset must not have been reached.

SMW3 (SEA-ME-WE3/Southeast Asia – Middle East – Western Europe). Fiber optic submarine cable linking four continents.

SRS (Self-Routing Switch). A switch is a set of controls that allow a temporary link or connect to be established between an incoming path and an outgoing path corresponding to subscriber lines or circuits.

SSNC (Signaling System Network Control). A new component developed by Siemens that controls signaling traffic for MSCs (mobile switching centers) in such a way as to increase handling capacity.

SS7 Network (Signaling System 7). American name for the CCITT 7 network signaling protocol.

Success rate. Quality indicator measuring the number of SMS successfully sent by the existing Mobile customer base, as compared to all SMS transmitted on the network.

Unbundling. An incumbent operator, owner of the local loop, has an obligation to provide pairs of copper wires to third-party operators, in exchange for compensation. Such third-party operators install their own transmission equipment in order to connect their networks to their customers' premises. Partial unbundling allows a third-party operator to take over the internet connection while the incumbent operator still provides telephony subscription and services. Full unbundling allows a third-party operator to connect the entire customer line to its own network, and thus to offer both telephony and broadband services.

USF. Universal Service Fund.

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MAROC TELECOM
Itissalat Al Maghrib
Moroccan corporation (Société anonyme)
with a share capital of MAD 5,274,572,040
RC 48 947
Headquarters
Avenue Annakhil, Hay Riad Rabat, Morocco